

Space Research Fund

Building capacity in the downstream Earth Observation sector

A programme supported by the European Space Agency



Rules for Participation 2019 – *De Minimis / GBER Funding Modality*
Version 1.0



Contents

1	Introduction.....	4
2	The Space Research Fund.....	5
2.2	<i>Objectives of this Fund.....</i>	5
2.3	<i>Projects Scope and Thematic Areas.....</i>	6
2.4	<i>Research Streams</i>	7
2.5	<i>Contacts</i>	8
3	Definitions	9
4	Eligibility Criteria.....	16
4.2	<i>Eligibility for Participation.....</i>	16
4.3	<i>Pre-requisites.....</i>	17
4.4	<i>Funding limitations</i>	18
4.5	<i>Double Funding.....</i>	18
4.6	<i>Other terms and conditions</i>	19
5	Consortium.....	19
5.2	<i>Lead Partner and Project Coordinator</i>	20
5.3	<i>Conflict with Fundamental Aims of the Fund.....</i>	21
6	Programme Parameters	22
6.2	<i>Project Start Date and Duration.....</i>	22
6.3	<i>Project Grant.....</i>	22
6.4	<i>Deliverables</i>	23
6.4.1	Mandatory Deliverables	23
6.4.2	Recommended Deliverables	24
7	Eligible and Ineligible Costs	25
7.2	<i>Funding Distribution between Partners.....</i>	25
7.3	<i>Ineligible Costs.....</i>	26
8	The Application Process.....	27
8.2	<i>Application Submission</i>	27
8.3	<i>Considerations at Application Stage</i>	29
8.3.1	Respecting Lead Times	29
8.3.2	Assistance with Applications	29
8.3.3	Confidentiality of Submissions	29
8.4	<i>Deviations.....</i>	30
9	Evaluation.....	31
9.2	<i>Content Evaluation Criteria.....</i>	32
10	Post Selection Process.....	36
10.2	<i>The Grant Agreement.....</i>	36
10.3	<i>Start Date and End Date</i>	36
11	Funding, Management and Progress Monitoring	37
11.2	<i>Allocation and Disbursement of Funding.....</i>	37
11.3	<i>Progress Report.....</i>	38
11.4	<i>End of Project Technical Report.....</i>	38



11.5	<i>End of Project Final Financial Report and Audit Report</i>	38
11.6	<i>Detailed Audit</i>	39
11.7	<i>Subcontracting</i>	40
11.8	<i>Accountability</i>	41
12	Dissemination and Externalisation	41
12.2	<i>Dissemination and externalisation plan</i>	41
12.3	<i>Referencing</i>	41
13	Supervening Circumstances	42
13.2	<i>Project Extension</i>	42
13.3	<i>Default</i>	42
13.4	<i>Partner Withdrawal</i>	43
14	Interpretation of Rules	43
Annex A	44
A.1	<i>Aid under the De Minimis Regulation</i>	45
A.1.1	Eligible Costs	45
a)	Personnel Costs	45
b)	Specialised equipment	47
c)	<i>Travel Costs</i>	47
d)	Scientific information	48
e)	Consumables	48
f)	Subcontracted Activities	48
g)	Overheads	48
A.1.2	Additional Provisions	49
A.1.3	Aid Intensity	49
A.1.4	Applicable State Aid Regulations and Obligations	49
A.2	<i>Aid under the General Block Exemption Regulation</i>	52
A.2.1	Eligible Costs	52
a)	Personnel Costs	52
b)	Instruments and Equipment	54
c)	Scientific information	54
d)	Consumables	55
e)	Subcontracted Activities	55
f)	Overheads	55
A.2.2	Additional Provisions	55
A.2.3	Aid Intensity	56
A.2.4	Applicable State Aid Regulations and Obligations	57

1 Introduction

The term ‘space’ is often perceived as abstract. Very often, the layman associates the term with sky observation, lunar missions, rocket launches and related cutting-edge technologies. While all this is indeed a substantial part of the space sector, the term encompasses so much more. Space-related technologies have nowadays permeated into our everyday lives with a myriad of applications in varied thematic areas. Apart from the more commonly known uses of space technology, such as satellite navigation applications and satellite communications, satellite Earth observation imagery is increasingly becoming an asset to better manage and approach societal challenges in a variety of application areas.

Tasked with the governance and coordination of space-related matters in Malta, the *Malta Council for Science and Technology* has over the past years been putting effort on related awareness-raising. This is an important first step that helps broaden the mindset about space technologies: most of which are no longer a luxury but are at the core of various essential commodities in the modern world. The focus has been on space application technologies, in particular satellite Earth Observation (EO), since Malta already possesses a strong ICT sector with highly transferrable skills to EO data processing.

As stated within the very first National Space Policy, published in 2017, despite the importance of awareness-raising measures, a more focused capacity-building approach is often necessary. This is particularly important since the local sector is somewhat considered at its inception stage. It is well recognised that Training, collaborative and funding opportunities for research and innovation projects, as well as internationalisation efforts where possible, provide the means for developing critical mass. Capacity-building measures should be focussed on national needs, yet with due consideration given to European initiatives and programmes. Such consideration ensures European-calibre development to help reduce disparities between established players and emerging ones like Malta. This approach would enable Malta to be in a better position in terms of accessing European Union funds and markets on satellite data and the eventual provision of new products and services.

Amongst other initiatives, the Malta Council for Science and Technology has worked to establish a Space Research Fund that provides financial support for research, development and innovation within the area of Satellite Earth Observation. This new funding programme, which is supported through the technical expertise of the European Space Agency through a formalised Implementation Arrangement, is indeed a modest start to capacity building within the sector.

2 The Space Research Fund

2.2 Objectives of this Fund

The potential of EO data, including free and open datasets made available through Copernicus, the EU Earth Observation programme, can only be fully exploited by value-adding downstream services, which are tailor made to specific public and commercial needs. Such solutions, often encompassing research and development at the intersection of science and ICT, translate the unprocessed and raw data delivered from EO satellites and other in-situ sensors into information that is usable by the end user.

This Space Research Fund shall provide financial support for research, development and innovation in the downstream Satellite EO sector, specifically projects that deal with the processing and exploitation of data collected through EO satellites. This is a concrete capacity building measure within the Maltese downstream Satellite EO sector within the prime objective of achieving a critical mass of knowledge within the sector. Grants shall be awarded on the basis of yearly competitive calls for 20-month projects. Additional details on the scope and thematic areas of project funded through this programme is provided in Section 2.3.

The expected Impacts of the Programme, amongst others are as follows:

- Advancement of capacity-building in the sector leading to innovation within the programme, as well as a platform for post-programme innovation
- Enable Maltese beneficiaries to initiate a track-record within EO space research and hence position Maltese entities to better benefit from competitive space-related calls such as those within EU framework programmes, amongst others
- Creation of a critical mass of knowledge in the sector and hence an EO research platform for the attraction of subsequent foreign direct investment
- Spin-off of new ventures/companies from academia and/or operational technology transfer to industry, together with growth of opportunities for start-ups and SMEs within the sector and encouragement for diversification
- Eventual employment opportunities within the sector
- Provision of economic return through smarter solutions for the public sector providing cost savings as well as delivering a saleable product or spin-offs of such
- Dissemination and popularisation of the space sector through awareness raising initiatives of the research being conducted within the programme

2.3 Projects Scope and Thematic Areas

Scope of project proposals funded under this call:

- Utilization and exploitation of existing European Union EO infrastructures, in particular the Copernicus Programme, and avoidance of duplication (unless a specific local need requires local installations)
- Leveraging Malta's geographic location, topography and demography with relevance to EO test bed opportunities
- Ensuring international relevance of research to reduce competitiveness and capability barriers for Maltese entities to acquire European-projects and clients
- Exhibiting potential to leverage further funding through other streams to complement the programme size
- Development of technologies that are close to market or market-deployable
- Demonstration of the potential economic benefits of the proposals, converging academic research with industrial application of the technologies.

Project proposal thematic areas across the programme may include, but are not limited to the following:

- Themes aligned to the local Smart Specialisation Strategy, such as: Resource Efficient Buildings, Aquaculture, Maritime Services, Tourism Product Development, ICT as an innovation, Health and Aviation & Aerospace
- Maritime surveillance beyond current EU programmes and services
- Tackling migration challenges beyond current EU programmes and services
- The Blue Economy and the related conservation and sustainable use of the seas
- Urban Area Management and related sustainable development
- Supporting Smart Cities development and tackling related challenges
- Improve spatial resolution challenges of current Earth Observation Satellite systems
- Atmosphere-related research

It is to be noted that the above list is non-exhaustive, and project proposals not aligned to the above thematic areas, but proposing solutions to important alternative challenges may be acceptable. The mentioned thematic areas are applicable to the overall programme and applicants should review the Call advert to be informed of the specificities and thematic areas for each Call.

2.4 Research Streams

Considering the early stage of the local space sector, the Space Research Fund shall offer funding opportunities across the innovation chain, from early conceptual research to the development of technologies that are closer to market. This provides opportunities for innovation within the academic and research sectors while encouraging spin-offs and the diversification of start-up and SME portfolios. Moreover, this shall strengthen the nexus between academia and industry leading to operational technology transfer in a more structured and sustainable manner.

Consequently, the Space Research Fund accepts proposals under two different streams:

- Stream 1: Technology Concept Research (TRL 1 to 4)
- Stream 2: Applied Technology Development (TRL 5+)

Technology Readiness Level (TRL) definitions as relevant to this programme are defined in Table 2. While the rules for participation detailed in this document are applicable to both streams, applicants are to consider the guidelines in Table 1 when choosing their stream in the application form. Such guidelines will be considered during evaluation as detailed in Section 9. The highest scoring proposals across both streams will be selected for funding. The number of projects selected for funding will correspond to the funds available under the programme.

	Stream 1 Technology Concept Research (TRL 1 to 4)	Stream 2 Applied Technology Development (TRL 5+)
Beneficiary*	It is recommended that the beneficiary or consortium includes at least one research or knowledge dissemination organisation.	The beneficiary or consortium preferably includes an end user of the technology under development. Furthermore, it is recommended that the beneficiary or consortium includes at least one industrial entity.
Research Prospects and Impacts	Prospects of the proposal have a medium importance. It is recommended that the proposal makes reference to an eventual case study or end-user of the research being proposed.	Prospects of the proposal have a high importance under this stream. A credible route to commercialisation which promises a saleable product rooted in the needs of the end user is important.

*As detailed in Section 5, a beneficiary can be either a sole participant or a consortium of partners.

Table 1: Stream guidelines

Space Research Fund Stream	TRL	Applications and Services
Stream 2 Applied Technology Development	9	Application/service operationally deployed and used by paying customers
	8	Application/service completed and validated, commercial offer ready
	7	Trials with customers/users to validate utilisation and business models
	6	Demonstration of prototype in relevant environment, price policy identified
	5	Application/service verified using operational elements, customers/users not involved
Stream 1 Technology Concept Research	4	Application/service verification in laboratory environment, market segment(s) and customers/users identified
	3	Concept analysis performed and target market identified
	2	Application/service concept formulated, market opportunities not yet addressed
	1	Scientific Research

Table 2: TRL definitions (ESA)

2.5 Contacts

For any enquiries kindly contact:

Stephen Grixti
Senior Executive, Space Initiatives
The Malta Council for Science & Technology
Email: stephen.a.grixti@gov.mt
Tel: +356 2360 2154

3 Definitions

Activities are the tasks which were undertaken and where applicable funded through the Space Research Fund.

Applicant means anyone eligible for participation in a Project in terms of these Rules for Participation and who consequently applies for funding under this scheme.

Arm's length means that the conditions of the transaction between the contracting parties do not differ from those which would be stipulated between independent enterprises and contain no element of collusion. Any transaction that results from an open, transparent and non-discriminatory procedure is considered as meeting the arm's length principle.

Consortium means a group of two or more Partners. At least one of these Partners must fall within the definition of Maltese Legal Entity as defined in this Section. One of the partners would be the Lead Partner. Foreign Partners can appear within the consortium, over and above the minimum requirements set out in this definition, however foreign partners are not eligible for funding.

Council refers to the Malta Council for Science and Technology

Due Diligence is an investigation of a business or person prior to signing the Grant Agreement.

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

Evaluators are the consultants who responded to the Council's Call for Applications to provide evaluation services for submissions made through this Programme.

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



Innovation is defined as the internationally novel scientific/technological development of a technological process, product or service. Also, the definition of innovation within the same context, can also be applied to non-novel, yet step-change/ground-breaking enhancement of existing technological processes, products or services, or even the application of existing knowledge to new novel applications of these solutions to deliver step-change competitiveness through such an application.

Intellectual Property (IP) means statutory and other proprietary rights and includes patents, trademarks, designs, and confidential information/trade secrets, copyright.

IP Agreement means an agreement which lays down all the terms and conditions of any IP rights in relation to the Project.

Knowledge Transfer is defined as the transfer of technology or know-how between public entities, and the commercial sector for development into useful products and services. This should result in licensing or marketing agreements, spin-offs, co-development arrangements, training or the exchange of personnel.

Lead Partner means the Consortium Partner identified as being the partner responsible to ensure the correct execution of the Space Research Fund Project Grant Agreement and will have joint and several liabilities together with other Project Partners for all the obligations arising from the Grant Agreement. The Project Coordinator shall be an employee of the Lead Partner.

Maltese Legal Entity means any entity created under the law of Malta which has legal personality and which may, acting under its own name, exercise rights and be subject to obligations.

NGO means any Voluntary or Non-Governmental Organisation set up in accordance with The Voluntary Organisations Act (Cap. 492 of the Laws of Malta). Provided that a registered NGO, or a Professional Body are as defined in this Section, then they are also considered as forming part of this definition.

Non-profit making is an entity where (a) the statute of the entity contains an express exclusion of the purpose to make profits; and (b) there is express provision in the statute defining the purposes of the entity which do not include the promotion of private interests, other than a private interest which is a social purpose; and (c) no part of the income, capital or property is available directly or indirectly to any promoter, founder, member, administrator, donor or any other private interest. Provided that if a promoter, founder, member, administrator or donor is another enrolled non-profit making organisation, the limitation in paragraph (c) shall not apply provided the availability of such income, capital

or property is subject to conditions which are consistent with the general purposes of the grantor entity:

Provided further that an organisation shall continue to be deemed as non-profit making notwithstanding that:(i) it obtains a pecuniary gain from its activities when such gain is not received or credited to its members but is exclusively utilised for its established purposes; (ii) it buys or sells or otherwise deals in goods or services where such activities are exclusively related to its principal purposes; (iii) it is established for the general entertainment, pastime, education or other similar benefit only of its members; or (iv) it is established for the promotion of the social role, ethics, education and values of a trade or profession provided it does not promote the private interests of its members.

Private Entity or Private Body means any Maltese Legal Entity which has more than 50% private shareholding.

Partner means any Maltese Legal Entity, as described above that forms part of a Consortium for the purposes of applying for funding under this Programme.

Professional Body may be an organisation, an association, a chamber, society, institute or a group of professional persons not being enrolled or registered in terms of The Voluntary Organisations Act (Cap. 492 of the Laws of Malta) or not being otherwise recognised in terms of Law, and which is generally recognised and acknowledged by the professional persons it seeks to represent as their representative Body. For the purposes of this Definition, a professional person is one who has undergone a period of study at a university or a recognised institution of higher learning and has obtained the formal qualification entitling the person to practice the respective profession; and who provides a specialised service to the public, based primarily on a fiduciary relationship between himself and the party to whom he provides such service on his own personal credibility and responsibility.

Project Coordinator is the individual with experience in research project management who will assume the responsibilities defined within this document. The Project Coordinator shall be an employee of the Lead Partner of the Consortium carrying out the Space Research Fund project.

Project Grant means the granted funding provided.

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

Public Entity means any Maltese Public Service Department or Maltese Public Sector Entity, or any Maltese Legal Entity which has more than 50% government shareholding.

Public Service refers to all Ministries and Departments; and (ii) Public Sector Entities refers to authorities, corporations, agencies and commercial public-sector entities in which the

Government has a majority shareholding and that are not listed on the stock exchange. Public Entities also include foundations, local councils and public academic entities. In the case of public academic entities, this includes but is not limited to a higher education entity or a research institute, whether as a whole body or as a component unit or department within such body, provided that the entity's ongoing education and research is scientifically in line with the subject of the application being submitted during this call and the relevant smart specialisation areas and provided that the higher education entity must be in possession of a license for Higher Education according to the Further and Higher Education (Licensing, Accreditation and Quality Assurance) Regulations – Subsidiary Legislation 327.433. This does not include the license for a tuition centre.

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

- a) **Fundamental Research** means experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without any direct commercial application or use in view
- b) **Industrial Research** means the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services. It comprises the creation of components parts of complex systems, and may include the construction of prototypes in a laboratory environment or in an environment with simulated interfaces to existing systems as well as of pilot lines, when necessary for the industrial research and notably for generic technology validation
- c) **Experimental Development** means acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services

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

Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes, services and

other operations in progress, even if those changes may represent improvements;

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

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

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

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

Small and Medium Enterprises (SME) is an undertaking which fulfils the criteria laid down in Annex I of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty.

Start-up Undertaking shall be defined as an enterprise that has been established for less than five (5) years following its registration. For eligible undertakings that are not subject to registration, the five-year eligibility period may be considered to start from the moment when the enterprise either starts its economic activity or is liable to tax for its economic activity.

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

Start of Works means the earlier of either the start of construction works relating to the investment, or the first legally binding commitment to order equipment or any other commitment that makes the investment irreversible. Buying land and preparatory works such as obtaining permits and conducting feasibility studies are not considered start of works. For take-overs, ‘start of works’ means the moment of acquiring the assets directly linked to the acquired establishment;

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

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

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

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

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

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



- (e) In the case of an undertaking that is not an SME, where, for the past two years:
1. the undertaking's book debt to equity ratio has been greater than 7.5 and
 2. the undertaking's EBITDA interest coverage ratio has been below 1.0.

4 Eligibility Criteria

This Section provides details on applicant eligibility and fit within this Programme.

4.2 Eligibility for Participation

Any Maltese entity, which has the intention of being a beneficiary in a project funded through the Space Research Fund is eligible for funding subject to the terms and conditions laid out in this document.

- i. Foreign entities are eligible to participate in this Programme but are not eligible for funding.
- ii. Professional Bodies and NGOs are eligible to participate in this Programme but will only be eligible for funding if the particular activity has not been previously funded and does not itself fall within the normal sphere of activity, or within the services and consultancy normally carried out or provided, by the said Professional Body or NGO in their ordinary course of operation.
- iii. The term “defaulting” includes but is not limited to cases in which all parties participating in Council-funded projects have been deemed as being outside of the project timelines and have thus been or are in delay, and/or have not had technical deliverables, scientific and/or financial reporting and audits duly compiled and accepted by the Council for the said project.
- iv. Any application submitted by or including the participation of any legal person or legal entity having, in totality or in majority ownership, and/or the same shareholders, and/or partners or persons holding and/or exercising a controlling or management power in any other legal entity or being the same legal person which will have been at any time prior to such application declared as non-compliant or defaulting on any other contract or agreement entered into with the Council, shall be automatically declared as inadmissible.
- v. In addition, the Council reserves the right at its discretion to request a Bank Guarantee to address its concerns with regards to potential risks identified by the Council as being posed by any one or more applicants.

- vi. Any applicants that at the time of proposal submission will have been deemed by the Council to be non-compliant with the terms and conditions of any previous or then current Grant Agreement including but not limited to applicants who at the time of proposal submission are the beneficiaries of another Space Research Fund project that is out of the Grant Agreement timelines, shall automatically be disqualified from participation in this Call.
- vii. Programme funding for successful project submissions will be based on a periodic cash advance and will be regulated through a grant agreement establishing the terms and conditions governing the financing of the project.
- viii. Funding under this Programme is made available on the basis that any Partner does not benefit from any other grant, financial or fiscal/tax incentives in respect of the expenses related to execution of the project.

4.3 Pre-requisites

- i. Applicants must, at the time of application be a Maltese Legal Entity having sufficient capacity with respect to suitable qualified human resources (in addition to those that shall be recruited for the project), appropriate technology acumen and financial standing to undertake such a project. Confirmation in this regard is to be provided, possibly by referencing to the primary aims and fields of activity of the applicant and past or ongoing project experiences as well as by including CVs of key personnel.
- ii. Funds shall only be granted for projects that are in line with the terms of these Rules of Participation.
- iii. The project deliverables should have a definite completion timeframe of not more than 20 months and shall include all the requirements as specified in the End of Project Technical and Financial Report Template.
- iv. The project must be compliant with all national legislation and permitting requirements.
- v. Applicants shall have a good financial standing having passed the Due Diligence administrative check by MCST evaluators.

4.4 Funding limitations

(i) The Space Research Fund operates on two funding modalities. Applicants may opt for **one** of two funding modalities governed by the following two state aid regulations:

- *de minimis* Regulation
- General Block Exemption Regulation (GBER)

As detailed in Annex A, eligible costs and aid intensity depend on the selected funding modality. This is project specific, i.e. all partners within a particular project are to opt to only one type of funding modality (*de Minimis* **OR** *GBER*).

(ii) Funding shall only cover costs that are reasonably necessary for the implementation of the chosen project and, included in the proposed budget for the project which must be authorised. The grant shall cover eligible costs of the project, as specified in Annex A of this document, capped to a maximum of €150,000. Additionally, the minimum possible funding requested for a project across the consortium shall not be less than €75,000.

(iii) Funding will also be granted to finance projects that involve commercial elements within its operation model in its up-scaling to meet national dimensions.

(iv) Funding will not be awarded retrospectively for already-completed projects and activities, or for activities that have already acquired funding through other funding sources. Funding is only available for research that has not been previously conducted.

4.5 Double Funding

Funding under this Programme is made available on the basis that none of the project Partners have benefited and will not benefit from any other grant, fiscal/tax incentives or financial incentive of whatever nature, applied for and/or utilised for the same scope as that subject of the funding requested under this Programme. Provided that, in the case where the application covers work that is part of a larger project, the Partner must submit a table as an appendix to the application form that shows a comprehensive list of the items of work and the source of funding for each item.

By signing the Grant Agreement, project partners are automatically accepting and authorising the Council to exchange essential information related to the project with other funding agencies, both local and overseas, for any necessary checks. Any occurrence of double funding should be communicated in writing to the Unit Director prior to the signing of the Grant Agreement.

4.6 Other terms and conditions

- i. Applicants must have the necessary operational capacity, expertise and competence to undertake and complete the project within the proposed time frame, in line with the project plans for the acquisition of additional resources. MCST will conduct a Due Diligence exercise on each shortlisted applicant, the outcome of which will dictate whether the shortlisted applicant can proceed to Grant Agreement.
- ii. Projects, interventions and activities must be covered by all necessary regulatory and other relevant permits and must be carried out in full conformity with all applicable laws and permits. MCST shall have the right to withhold or cancel any letter of acceptance or Grant Agreement, or to impose additional terms and safeguards, if the applicant as a follow-up of the release of the letter of comfort from the permitting authority fails to obtain any required authorisation within 4 weeks of receiving notification of eligibility.
- iii. Potential eligibility for funding under this scheme shall not per se constitute sufficient justification for: the granting of any permit which would otherwise not be issued; circumventing or influencing any assessment; or non-application or relaxation of any appropriate conditions or quality standards.
- iv. Wherever relevant (e.g. in case of physical interventions on a building or site), the beneficiary must provide legally binding documentation that provides sufficient evidence of ownership, title, right of use or consent to intervene.
- v. Non-disclosure of any required information (including any details required for processing of the application or for subsequent administration, verification or monitoring), or submission of misleading information, shall invalidate the application and may also constitute grounds for judicial or other proceedings against the applicant.
- vi. Funding under this Programme is made available on the basis that any applicant does not benefit from any other grant, financial or fiscal/tax incentives in respect of the expenses related to execution of the project.
- vii. Any Maltese Legal Entity as described in Section 3 may be a beneficiary in a project and will be eligible for funding subject to the terms and conditions laid out in this document.

5 Consortium



Whilst a Consortium is not a requirement for eligibility to this Scheme, as in fact, a Maltese Legal Entity may be the sole applicant, partner complementarity in delivering the project objectives shall be considered during evaluation, as detailed in Section 9.

Should a Consortium be proposed at application stage, this shall only be eligible if the conditions outlined in the Definitions section of this document for a “Consortium”, are satisfied.

One of the Partners should be designated as the Lead Partner and will be responsible for the application for the Scheme, the appointment of a project coordinator and the correct execution of the project. The Lead Partner must be a Maltese Legal Entity.

Foreign entities are eligible to participate as a partner in a project and as a signatory to the Grant Agreement as described in the definition of the term “Partner”. However, foreign entities cannot receive direct funding through the grant. For those projects that require the participation of a foreign entity at a cost to the project, the foreign entities should be engaged through subcontracting as opposed to a partner and signatory in the grant agreement.

5.2 Lead Partner and Project Coordinator

For project applications involving a consortium of partners, at least one partner must have a significant role in the project, and this balance must be reflected in the allocation of tasks and funding. One of the partners should be designated as the **Lead Partner** and will be responsible for application submission on behalf of the Consortium, with prior endorsement and signature of application by the legal representative of each Partner. Should the endorsement be absent, a delegated authority should be sought and achieved. Any person may only be involved with one project partner.

The Lead Partner shall be also responsible of appointing a **Project Coordinator**. The role of Project Coordinator shall be performed by a physical person who is an employee of the Lead Partner. Legal entities other than physical persons, as well as foreign entities are not eligible to perform this role. The Project Coordinator has overall responsibility for the project, and shall have the following responsibilities:

- To coordinate the timely development of the project, including establishing and managing project activities, timeframes and financial estimates;

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

The Lead Partner is responsible to ensure that the Project Coordinator complies with all obligations assigned within the contract governing this grant, including being responsible for the timely submission of reports and effective execution of the project.

5.3 Conflict with Fundamental Aims of the Fund

The participation of individuals in a Consortium must not be of such nature as to create conflicts with the fundamentals of capacity building, knowledge transfer and eventual commercialisation, which are amongst the fundamental aims of the Space Research Fund.

Two legal entities shall be regarded as independent of each other where neither is under the direct or indirect control of the other or under the same direct or indirect control as the other.

Control may take either of the following forms:

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

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

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

Partners in a Consortium cannot be involved in any commercial transaction with another Partner in the same Consortium, or any other entity with shared shareholding, or within the same group of companies as the Partner, on any matter related to the project.

Funding distribution as applicable to consortia is further detailed in Section 7.2.

6 Programme Parameters

The Council reserves the right to carry out financial and technical audits at any time throughout the project to ensure that all programme parameters are being observed as per contractual obligations.

6.2 Project Start Date and Duration

The project must start within four (4) weeks of Grant Agreement signature, or as otherwise stated by the Council and have a duration of twenty (20) months. While research duration is expected to be 16-18 months, a duration of 20 months is being allocated to allow for necessary recruitment and ordering of equipment, software and required datasets.

For the purposes of funding and reporting, a project submission shall be divided into two Stages. Stage 1, which starts on the project start date, shall be equal to twelve (12) months duration. Stage 2, which may commence when the Council approves the attainment of deliverables associated with Stage 1, shall have a duration of eight (8) months. Funding requested for any one stage shall not exceed 80% of the project grant. Total financial contribution over the lifetime of the project shall not exceed the funding limit as established in the Grant Agreement, irrespective of actual expenditure.

6.3 Project Grant

The maximum possible funding available for a project beneficiary is €150,000. Additionally, the minimum possible funding requested for a project shall not be less than €75,000. If the beneficiary is a consortium the amount of funds stated are across the consortium.

Additional details on eligible costs and funding disbursement are provided in Sections 7 and 11.

6.4 Deliverables

6.4.1 Mandatory Deliverables

A beneficiary should:

- During project duration, publish at least two articles in local newspapers or magazines. These should not contain intellectual property but should raise awareness about the project and its benefits. A copy of these should be presented to the Council within two weeks of publication. All publications should be approved by the Council before publication and should include mention of the Council as per the guidelines in Section 12.

On project completion, or as directed by the Council, contribute to space-related outreach events held in Malta. Such events include, but are not limited to, the yearly ESPLORA space-related outreach event within the framework of the National Space Education Programme, which is supported by the European Space Agency.

- Always cooperate with the Council in the promotion of the Space Research Fund and related sector by delivering presentations about the Project or through other reasonable means at the request of the Council.
- Report on project progress as per the list hereunder. All reports are to include sufficient evidence on the achievement of the project objectives as well as the parameters indicated in the application and should be provided in accordance with the templates presented to the beneficiary by the Council. The following reporting is mandatory:
 - A minimum of two interim meetings per stage to verbally update the Council on progress. Such meetings shall be reasonably spread throughout project duration.
 - Project Progress Report, to be submitted at the end of Stage 1. Additional reporting details are found in Section 11.3.
 - End of Project Technical Report, to be submitted within one (1) month of the project completion date. In the case of a consortium, any activity details must be broken down for each Project Partner. Additional reporting details are found in Section 11.4
 - End of Project Financial Report and related Audit Report, to be submitted within one (1) month of the project completion date. In the case of a consortium, any

financial details must be broken down for each Project Partner. Additional reporting details are found in Section 11.5.

Any changes to the project objectives, work-packages or any other parameter committed in the application are to be communicated in writing to Mr. Stephen Grixti, at least one (1) month prior to the deadline. A clear justification in writing should be provided. The Council will acknowledge receipt of the request within five (5) working days and reply in a timely manner so as not to affect project performance. Acceptance or otherwise of any changes is the sole discretion of the Council and its decision is binding and final. Any other communication is not considered valid or binding.

6.4.2 Recommended Deliverables

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

- Monographs and/or peer-reviewed papers for accepted publication in international open access journals based on the work carried out through the Project;
- Oral presentation/s at international conference/s on the work carried out through the Project;
- The attainment of undergraduate degrees and/or postgraduate degrees and/or doctoral/post-doctoral research. (In cases where the project duration is insufficient for the purpose of submitting a degree, there has to be a commitment to complete the degree outside the duration of the project utilising other sources of funding.)
- Additional registration of patents or other Intellectual Property Rights (IPR) stemming from the Project, in Malta as well as in any other country;
- Additional project dissemination activities including but not limited to: fairs, workshops and events. Examples include: Science in the City, R&I cafes, Enterprise European Network events, project exhibitions, etc.
- Commercial commitments such as technology innovations to be included in a partner's existing product or service.
- Commercial commitments such as technology transfer licences.

A copy of all publications must be presented to the Council before any retention is paid by the same. The Council appreciates that the attainment of these deliverables may depend on externalities. The applicant is expected to take these into consideration when submitting the application form. Although these deliverables are non-compulsory, if quoted as committed deliverables in the Application stage, they must be adhered to.

7 Eligible and Ineligible Costs

Applicants may opt for one of two funding modalities governed by the following two state aid regulations:

- *de minimis* Regulation
- General Block Exemption Regulation (GBER)

The funding modality is project specific, i.e. all partners applying for state aid within a particular project are to opt under only one type of funding modality (*de Minimis* **OR** *GBER*).

Details on the eligible costs under each funding modality as provided in Annex as follows:

- *de minimis* Regulation: Annex A.1
- General Block Exemption Regulation (GBER): Annex A.2

Prospective applicants are welcome to contact the Council for more information on the implications of these State Aid Regulations.

7.2 Funding Distribution between Partners

The selected funding modality is project specific, i.e. all partners within a particular project are to opt to only one type of funding modality (*de Minimis* **OR** *GBER*).

In accordance with the objectives of this fund, a project application comprising a consortium of partners should represent a reasonable distribution of workload and financing across consortium partners. No single Partner should dominate the project.

Project applications submitted by a consortium of partners shall note the following funding limitations:

- Overall portion of funding for any individual Partner shall be limited to 75% of the project grant;
- Combined funding for any group of Partners within a *category* (Public Entities or Private Entities) shall be limited to 75% of the project grant.

7.3 Ineligible Costs

The following expenditure shall be considered as ineligible costs:

- Expenses related to loans, interest, etc
- Recoverable value added tax
- Expenses which are recoverable through other funding mechanisms
- Re-purchase of equipment originally procured through other funding mechanisms
- Purchase of equipment from partners or their subsidiaries within the consortium
- Opportunity costs related to foregone production and production downtime arising from the allocation of resources to the Project
- Any activity related to the reproduction of a commercial product or process by a physical examination of an existing system or from plans, blueprints, detailed specifications or publicly available information.
- Standard office equipment/ stationery
- Organising a conference
- Personnel hours for travelling
- *Travel and Subsistence is an ineligible cost in relation to applications submitted under the GBER Regulation.*
- *Any other costs not listed down in Annex.*

8 The Application Process

When the call is open, all relevant dates and documentation shall be published on the Council's website (<http://mcst.gov.mt>).

The selection and funding of proposals under this Programme shall be on a competitive basis. Applicants should refer to the eligibility criteria in Section 4.

8.2 Application Submission

The project application must present a coherent, comprehensive and credible plan based on the templates provided by the Council. Reasonable estimates of human resources, finance, deliverables and timeframes are required by said application.

All submissions shall include:

- The application form in Microsoft Word (.docx) format using the appropriate De Minimis / GBER template, and a signed scanned copy of the application form (.pdf).
- Curricula Vitae of key personnel including relevant track records. These should clearly establish that the entity/consortium has the potential to carry out the project.
- An IP agreement signed by all project partners if the applicant is a consortium. The purpose of the IP agreement is for the evaluation board to evaluate what IP is retained and resides in Malta, which is considered as an important objective of this fund.
- Where applicable, the *De Minimis* State Aid Declaration Form or any declaration forms associated with the General Block Exemption Regulation. Updated Declaration forms are to be submitted upon the signing of the Grant Agreement should the project be selected for funding.
- Where applicable, the pre-agreed deviation Annex as detailed in Section 8.4.
- Memorandum & Articles of Association of all partners (excluding public entities).
- Audited financial statements for last 3 fiscal years of all partners excluding public entities. (If the applicant or partner is a start-up and the above documents are not available, the Partner shall provide the financial projections for three (3) years signed by an independent certified public accountant, including:
 - an income statement,
 - a cash flow statement, and
 - a statement of financial position)



The Application Form must be dated, signed and initialised (stamped or signed) on each page by the applicant or in the case of a consortium by the Lead Partner’s legal representative. Additionally, the legal representative of each participating organisation within the consortium must sign on the application and enter the date of signature in blue ink (not electronically).

All applications shall be evaluated according to the procedure outlined under Section 9 of these Rules for Participation. The applicant should ensure complete compliance to the ‘Rules for Participation 2019 – De Minimis/GBER v1.0’ prior to submission as no amendment or negotiations are allowed after submission and any unapproved deviations will result in the failure of the application during the administrative check. Incomplete applications will not be considered. Any text or appendices within the submitted application, that go beyond the prescribed maximum word count and/or page limits, shall be disregarded in the evaluation process.

In cases where deviations from the mandatory deliverables or budgets detailed herein are required, applicants should be guided by Section 8.4 below. The content of the Application Form will be directly appended to the Grant Agreements for successful applicants and will constitute an integral part of the associated obligations.

Application Forms can either be sent electronically to space.mcst@gov.mt with “Space Research Fund 2019 Application Submission” as the subject line. It should be noted that emails larger than 6MB will be automatically rejected by the system and applicants are encouraged to make use of cloud storage if required. Alternatively, applications may be submitted by hand to:

Mr. Stephen Grixti
Senior Executive, Space Initiatives
Malta Council for Science and Technology
Villa Bighi, Kalkara KKR 1320

In both cases, it is the responsibility of the applicant to ensure that a confirmation of receipt is provided.

8.3 Considerations at Application Stage

8.3.1 Respecting Lead Times

All organisations, including the Council, have their internal procedures for processing, approving and signing off on legally binding documents. Beneficiaries are to ensure that they are aware of these lead times in their organisation and, if relevant, all the other organisations constituting the consortium. It is the applicant's responsibility to ask for information on lead times pertaining to the Council. Partners should also consider personal commitments, such as vacation leave, when planning to submit an application.

8.3.2 Assistance with Applications

Prospective Project Partners are encouraged to seek the advice of the Council in the preparation of the project application. This should help identify any areas of concern prior to the submission of the application and lead to a better quality of submission. Advice shall only be given in respect to these Rules for Participation and not on technical grounds. Applicants are particularly encouraged to seek the Council's guidance through proposal-specific one-to-one sessions to ensure that the single-stage application documentation is complete and effective, as once submitted, cannot be edited.

8.3.3 Confidentiality of Submissions

Unless otherwise indicated, all project application submissions except for the abstract, shall be treated in strict confidence. All project applications will be passed-on in their entirety to the external evaluators and due diligence experts, who are bound by confidentiality and shall be required to declare that they do not have any conflict of interest in reviewing the individual proposals. Reports submitted under this programme may also, at the Council's discretion, be forwarded in part or in their entirety to external evaluators appointed by the Council.

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

- i. The Rules for Participation;
- ii. Commission Regulation (EU) No 651/2014 of 17th June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty as amended by Commission Regulation (EU) No 2017/1084 of 14 June 2017 amending Regulation (EU) No 651/2014 as regards aid for port and airport infrastructure, notification thresholds for aid for culture

and heritage conservation and for aid for sport and multifunctional recreational infrastructures, and regional operating aid schemes for outermost regions and amending Regulation (EU) No 702/2014 as regards the calculation of eligible costs (hereinafter referred to as the ‘General Block Exemption Regulations’ (for Schemes notified under the General Block Exemption Regulations);

- iii. Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid (*de minimis* Regulation);
- iv. Data Protection Act, Chapter 440 of the Laws of Malta and Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).
- v. The legitimate basis to process personal data submitted by the data subject by virtue of his/her written application for aid is Regulation 6 (1)(b) of the General Data Protection Regulation (“GDPR”), as ‘processing is necessary in order to take steps at the request of the data subject prior to entering into a contract’.

8.4 Deviations

Whenever an applicant deems that there is reasonable justification to deviate in a non-substantial manner from the procedures detailed herein, the applicant must submit a specific request for deviation, with reasons justifying such request to the Council *at least fifteen (15) days prior* to the submission of the application. Acceptance or otherwise of such request shall be at the sole and unfettered discretion of the Council. In any event in which the Council accepts such request, the applicant should complete Appendix 2 in the application form entitled “pre-agreed deviations to deliverables”.

Applicants should note that:

- Transfers of project funds between line items within a particular stage of a single partner, totalling a maximum of 5% of that partner’s overall stage value, are automatically allowed and do not require prior approval by the Council. A clear indication of such transfers needs to be illustrated in the relevant reports. All reallocations are to be appropriate and within the scope of the project and its deliverables.

- Transfer of project funds between line items within a particular stage, or from one stage to the next, that are smaller than 10% of stage value or project value respectively, will be considered by the Council upon an email request by the coordinator to the Council.
- Transfer of project funds between line items within a particular stage, or from one stage to the next, that are greater than 10% of the stage value or project value respectively, will be considered by the Council upon an official, signed request by the coordinator to the Council. The change will then be implemented in an addendum signed by all partners.

9 Evaluation

Project applications will be evaluated through a three-step process:

- **Administrative compliance:** Firstly, proposals are checked for compliance with the guidelines detailed in Section 8. Projects that are administratively compliant shall pass to the next step.
- **Content Evaluation:** The evaluation board shall evaluate the content of project proposals based on the criteria details in Section 9.2. Proposals shall obtain a mark >65% over all 3 criteria (Excellence, Impact, Implementation), while obtaining a pass mark (50%) within each of the three criteria, shall pass to the next step.
- **Due Diligence:** This step involves an investigation of the applicant entities prior the signing the Grant Agreement.

For a project to be eligible for funding it must pass all three steps.

For applications submitted under the GBER funding modality, a Technical Evaluation Committee will be set up by the Council in order to assess:

- a) that the proposed research falls under one of the *Research and Development* definitions outlined in Section 3;
- b) and that the type of eligible costs defined in Annex A.

The aid intensities will be awarded accordingly.

9.2 Content Evaluation Criteria

The Evaluation board shall be evaluating applications across three criteria: Excellence, Impact and Implementation. The weighting of each criterion depends on the stream chosen at application stage:

- *Stream 1: Technology Concept Research (TRL 1 to 4)*
- *Stream 2: Applied Technology Development (TRL 5+)*

Excellence Criterion Stream 1: /40 Stream 2: /25
Clarity of the definition of sector problem areas and pain points, in which the technical objective will have an impact.
In terms of the concept, aims and objectives put forward in the research proposal as well as the development proposed, what is the degree of scientific validity?
Clarity of the technical objectives and definition of the requirements for the proposed work.
Quality of engineering approach and discussion of risks/problem areas to the proposed project. Is the proposed approach credible?
Extent to which the proposed work is ambitious, has innovation potential, and is beyond the state of the art (e.g. ground-breaking objectives, novel concepts and approaches). Adequacy of the current (TRL) and target maturity status (TRL) of the development. Is this sufficiently ambitious for the requested funding?

Impact Criterion Stream 1: /30 Stream 2: /45
Does the proposal promise publications in peer reviewed journals to an appropriate level? Are these publications open access, thus enabling increased dissemination?
Does the research go beyond comparable solutions at European level or is it simply duplicating effort? Does the proposal exhibit prospects that help strengthening the research acumen of local researchers in a way that helps better position them to participate in European funding programmes? What about prospects for international networking?
What is the potential of the idea being taken forward through other funding streams beyond the Space Research Fund? Does the applicant exhibit any vision or capability in the regard?
Are the proposed outputs and outcomes coherent with respect to the project ambition and funding requested (with respect to both the applicant entities as well as the local economy)? Do medium term (5 years) research prospects appear lucrative and credible? Furthermore, is the impact relating to a single sector or will it have cross-cutting and multidisciplinary impact on more than one sector?
Does the proposal promise solutions that may help end users (government, clients, etc.) deliver/consume smarter services? Any other environmental and socially important impacts, not covered in the above?
Is the applicant organisation/s leveraging new personnel, apart from its core team, to be involved in a significant contribution to the project? Is there evidence of growth of critical mass in this regard?
To what extent is the proposal leveraging local favourable conditions such as Malta's geographic location, topography and demography, such that it exhibits the potential of Malta to be involved in similar test bed opportunities, also with foreign researchers? How does the international networking promote test bed research for Malta?

Effectiveness of the proposed measures to exploit and disseminate the project results (including to communicate the project, and to manage research data where relevant)

Have articles in newspapers and magazines been included in the dissemination plan?

Does the proposal include additional national project dissemination activities such as: fairs, workshops and events? Examples include: Science in the City, R&I cafes, Enterprise European Network events, project exhibitions and so on? Are there also elements of European dissemination?

Implementation Criterion

Stream 1: /30

Stream 2: /30

Background and experience of the entity/entities related to the particular field concerned. Adequacy of the key personnel for the execution of the work. Does the beneficiary/consortium possess, or intend to subcontract, the necessary skills to understand the sectorial market and thus promise an effective route to commercialisation? (One should consider that micro entities are also eligible for this programme. Therefore, in cases where the applicant does not possess the necessary skills for successful research deployment, they need to at least indicate how they are to leverage partners in the consortium).

Complementarity of the different consortium partners in delivering the project objectives. Is the work plan effective with respect to partner workload distribution according to their competencies? Does the consortium exhibit potential for knowledge transfer between academia and industry? Does the consortium include potential users, or have potential users been engaged through a formalised agreement, or through a 'letter of intent' (with weight being stronger in that order)?

Is the coherence and effectiveness of the work plan, including proposed work packages, proposed deliverables and appropriateness of the allocation of resources satisfactory when considering the level of funding being requested? Are the proposed budgets coherent with the project ambitions and technology development, such that funds are planned to be used effectively and appropriately? Have the other relevant resources, such as data requirement, software packages and other relevant infrastructure been identified and accounted for in the planning of the proposal?

Appropriateness of the management structures and procedures, including risk and innovation management. Have key project risks been identified and discussed? Are the proposed solutions credible? Are the timelines realistic and well balanced considering the inherent risks of such R&I projects, including but not limited to, risks related to the recruitment process?

Other considerations:

If two or more projects obtain the same mark following evaluation, then the Council shall give priority to that project which:

- has successfully invested or obtained other sources of financing covering other parts of the project in accordance with Section 4.5 of these Rules for Participation. Such sources are to be listed in the application form.
- takes into consideration the implementation of gender equality in the research project.

10 Post Selection Process

10.2 The Grant Agreement

Following evaluation of the application, successful applicants will be invited to sign a Grant Agreement establishing the terms and conditions governing the financing of the project. The project application, including but not limited to milestones, compliance and reporting obligations, together with the IP agreement in case of a consortium, shall constitute an integral part of the Grant Agreement.

Hard copies of the Grant Agreement must be signed by all beneficiaries within one (1) week from the date on which the applicant receives them. In the case of a consortium, the coordinator should ensure that all members of the consortium are available to provide their signature during this 1-week timeframe. Failure to comply with the stipulated timeframe will result in a withdrawal of the offer for funding.

In addition to the signed copies of the Grant Agreement, the beneficiary or Project Coordinator must provide two (2) images related to the project and an abstract on the project. These will be used to publicise the award.

10.3 Start Date and End Date

The project will start on a pre-determined date as agreed by all the respective parties and determined in the Grant Agreement, which date shall be within four (4) weeks after the date of signature of this agreement by the Executive Chairman of the Malta Council for Science and Technology, hereinafter referred to as the “Agreement Date”.

As described in the Grant Agreement, the Council will endeavour to transfer the first tranche of funding to the beneficiary’s project account as soon as possible after the Agreement Date. The beneficiary should ensure that, between the Agreement Date and the Start Date, all activities required for a smooth project start are completed. These may include but are not limited to:

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

It is to be noted that to be eligible for funding, all expenses must be incurred between the Start Date and the End Date of the Project.

11 Funding, Management and Progress Monitoring

11.2 Allocation and Disbursement of Funding

For the purposes of funding and reporting, a project submission shall be divided into two Stages. Stage 1, which starts on the project start date, shall be equal to twelve (12) months duration. Stage 2, which may commence when the council approves the deliverables associated with the previous stage, shall have a duration of eight (8) months. Funding requested for any one stage shall not exceed 80% of the project grant. Total financial contribution over the lifetime of the project shall not exceed the funding limit as established in the Grant Agreement, irrespective of actual expenditure.

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

- At the beginning of each stage, the Council will provide the relevant pre-financing to the lead beneficiary. This will include both direct and indirect eligible costs.
- A retention consisting of 20% of the project grant shall be withheld by the Council and only released upon successful completion of the project and approval of all mandatory deliverables. This retention is deducted from the funds allocated to Stage 2 and from the preceding stage, if necessary.
- The beneficiary will be required to submit a Progress Report at the end of Stage 1. Apart from technical activity progress, the progress report should also contain details of actual expenditure over the first stage, together with an updated forecast of projected expenditure for the second stage. If the beneficiary is a consortium, the progress report shall be submitted by the Lead Partner, through the Project Coordinator. In this case technical and financial details must be broken down for each Project Partner. The Progress Report shall be approved by the Council before moving to the next stage.
- Normally underspends are retrieved by the Council following the financial audited report. However, the council reserves the right to modify tranche payments if it deems that the underspend within the previous stage is considerable.

11.3 Progress Report

The progress report is due at the end of Stage 1. If the beneficiary is a consortium, the progress report which is to be submitted by the lead partner, shall include all technical and financial reporting broken down for each project partner. The progress report, as directed by the appropriate template provided with the Grant Agreement, shall include the following:

- An account of project activity and achievements over the past year compared to the originally submitted application;
- An account of actual expenditure over the past year compared with the originally submitted budgeted expenditure. All financial reports must be signed by the person responsible for the financial management of the Partner, and assembled as per the instructions in the Grant Agreement;
- An updated forecast of project activity and projected achievements for Stage 2;
- An updated forecast of projected expenditure for Stage 2.

11.4 End of Project Technical Report

Following the termination of the project or expiry of the Grant Agreement, the beneficiary shall submit a Final Technical Project Report. If the beneficiary is a consortium, the progress report, which is to be submitted by the lead partner, shall include all activity broken down for each project partner. This report shall be prepared in accordance with the appropriate template provided with the Grant Agreement.

11.5 End of Project Final Financial Report and Audit Report

Following the termination of the project or expiry of the Grant Agreement, the beneficiary is required to submit an audited Final Financial Report for the whole project, thus covering the work and expenditure. If the beneficiary is a consortium, the audited Final Financial Report which is to be submitted by the Lead Partner shall cover the work and expenditure undertaken by all the Partners. The Final Financial Report needs to be audited by certified auditors appointed by each of the partners where each auditor is responsible for the financial audit of the relevant partner and approved by the Council once submitted. The audit should determine the total eligible costs and compare these to funds forwarded to the Partners.

The Council reserves the right to appoint an auditor to audit the Project Financial Audit as submitted by the beneficiary. Following finalisation of the financial audit, the technical audit may be performed based on the templates provided by the Council.

As soon as the verifications and audits are finalised and cleared the Council will disburse the second tranche of funding due to the Partners. In the case of overpayment, the Partners will be required to refund the under-spent amount to the Council within a specific timeframe, or as agreed to with the Council, through the Project Coordinator.

11.6 Detailed Audit

Over and above the audit responsibilities of the beneficiary or, in the case of a consortium, the lead partner, following the completion of the project the Council may conduct a detailed audit consisting of a financial and a technical part. Whenever conducted, the three-part audit will consist of the following:

The financial audit

- Accounts
- Physical Inventory
- Time-sheets and payslips
- Receipts for all equipment and consumables
- Bank statements for the Space Research Fund Project Account

The Project Management Audit

- Schedule management
- Change management
- Deliverables
- Achievements compared with Key Performance Indicators

Technical Audit

- Summary of the project including scientific hypothesis investigated
- Interpretation of Research Results
- Project's impact, including Prototypes and IP/patent check



The Council reserves the right to request additional project-related information and conduct intermediate audits at any time. If a project is found to be in breach of the Grant Agreement or to materially depart from the submitted application, the Council reserves the right to discontinue the award and the Partners may be required to refund the Grant in part or in full. In any such event, the Council may also exclude an applicant from participating in future calls of the Programme.

11.7 Subcontracting

When a component of the project work is a subcontracted activity, the following considerations shall apply:

- The value of the subcontracting should not exceed 25% of the total project grant. The beneficiary or Lead Partner remains responsible for the timely delivery of the subcontracted tasks;
- The beneficiary or Lead Partner shall ensure that such a third party is selected in a manner which is transparent, fair and impartial.
- The beneficiary or Lead Partner should ensure that the attainment of any services or goods are in line with the respective procurement guidelines.
- Subcontracting to foreign companies should only be considered if suitable expertise is not available locally. This must be duly justified.
- Joint bids from subcontractors (local or foreign) may be considered if these are presented in the form of a supplier consortium. Preference will be given to partners who have previous experience working together on similar projects. Participation of foreign subcontractors shall always be duly justified.
- Beneficiaries shall ensure that there is no discrimination between bidders and that all bidders are treated equally and transparently in all calls for quotations.

11.8 Accountability

When the beneficiary is a consortium, each partner should keep a separate bank account or records, clearly distinguishable from its other accounting records. All relevant expenses must be recorded in these accounts.

Eligible expenses must have been determined in accordance with the usual accounting and management principles and practices of the Partner. Direct eligible costs must be backed up with the relevant documentation as specified in the Grant Agreement.

12 Dissemination and Externalisation

12.2 Dissemination and externalisation plan

The mandatory deliverables involving dissemination can be found in Section 6.4.1. Apart from these, a dissemination and externalisation plan is recommended to be submitted together with the application form. Alternatively, the project can demonstrate its dissemination and externalisation plan through a dedicated work package.

12.3 Referencing

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

‘Project <Project Name> financed by the Malta Council for Science & Technology, for and on behalf of the Foundation for Science and Technology, through the Space Research Fund’.

Any websites or printed material related to the project should also include the Council logo, the Ministry logo or any other logo related to this Programme as provided by the Council. Such material should follow the specifications described in the Council’s Guidelines.

During the Term of Agreement and for five (5) years thereafter, the beneficiary shall include and prominently feature the Council and this Programme in any publicity related to the project, as per the Council’s guidelines.

All publications should be approved by the Council before publication and should include mention of the Council as per the above guidelines. In the case where printed material is published without a mention of the Space Research Fund and the Council, the Consortium shall be obliged to publish a correction at its own expense in the subsequent issue of the publication. This is also applicable for published material produced by persons who are not members of the consortium. In the case where such publicity does not mention the Space Research Fund and the Council, associated costs will be considered ineligible.

13 Supervening Circumstances

The Project Coordinator is obliged to immediately advise the Unit Director, of any internal or extraneous significant event which might affect the validity or implementation of the project. This obligation applies to the entire period between the submission of the preliminary project application and the completion of the project. The Council shall acknowledge receipt within five (5) working days. The reply will either give such directives as it deems necessary for the furtherance on the project or re-assess the project in its entirety accordingly.

Failure on the part of the Project Coordinator to respect this obligation may be deemed by the Council to constitute material non-compliance on the part of the Beneficiary and the Council may thereafter take such action as is necessary in terms of the Grant Agreement in consequence of such non-compliance.

13.2 Project Extension

Project extension requests are to be submitted in writing to the Council by not later than one (1) month before the original stage end date. Such extensions will be granted at the sole and unfettered discretion of the Council. Provided that the fact that the Council will have accepted a request for an extension in one stage will not in any manner bind or be interpreted as binding the Council to accept a request for an extension in another stage.

13.3 Default

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



13.4 Partner Withdrawal

A consortium partner wishing to withdraw from a funded project, must present their case to the Council through their Project coordinator. As a result, and at its discretion, the Council may request the refunding of money disbursed to that partner and may even terminate the project in its entirety. All Project partners would still be obliged to provide all stage technical and financial reporting at their own expense. The Council shall then, at its own discretion, either give such directives as it deems necessary for the reallocation of tasks among the remaining Partners or the nomination of a replacement partner, for the furtherance on the project or re-assess the project in its entirety accordingly.

In extenuating circumstances, the Council may at its discretion, consider suggestions for replacement of a Partner. However, the project proposal would need to be re-evaluated through internal evaluators and the Space Research Fund Committee. Should this be the case, the overall rules for participation would need to be adhered to and the technical and financial distribution of the projects should remain unchanged.

14 Interpretation of Rules

This document endeavours to establish comprehensive and unambiguous rules governing participation in the Space Research Fund. However, should circumstances arise where the rules are inadequate, unclear, and ambiguous or conflicting, the Council shall exercise its discretion in the interpretation of the rules or will extrapolate the rules as necessary through the setting up of ad hoc committees.

Annex A

Details on Funding Modalities

A.1 Aid under the De Minimis Regulation

A.1.1 Eligible Costs

All eligible expenses must be incurred between the Start Date and the End Date of the Project and must be limited to the budgeted value. The following subsections detail eligible direct costs.

a) Personnel Costs

The rules of personnel cost reimbursements differentiate between existing employees, referred to as *existing personnel*, and employees that have been employed **specifically** for the project, referred to *new personnel*.

Existing Personnel

- The total cost of funded hours per project for existing employees from the applicant's organisation or supporting organisation shall not exceed 20% of the project value.
- This includes existing personnel that, for the purpose of the project, are provided with separate part-time contracts to extend their working hours with the entity.
- Personnel Costs related to Project Management are further limited to 10% of the project value and form part of the 20% limit set on existing personnel costs. E.g. *For a €150,000 project value, €30,000 may be used for existing personnel costs. Of these €30,000, €15,000 may be used for management.*
- Any project management which is not carried out by any of the partners shall be deemed to be subcontracting and be subject to the 10% maximum threshold detailed above. This also contributes to the 25% maximum referred to subcontracting costs.
- The permissible number of hours funded by this fund is not to exceed an average of 10 hours per week per existing employee, as part of their normal working hours.
- Those employees that have utilised elsewhere their allocated quota of research hours defined in their contract can apply for pro rata payment, up to a maximum of an additional 10 hours per week, for supervisory, research or management hours (overseas travel hours are ineligible) as an eligible cost of the project, if this is permissible within their contract of employment. Overtime is permitted if this is part of their employment contract.

New Personnel

- The salary of senior researchers, researchers, technicians, operators and research support assistants that are employed specifically for the project shall not form part of the above-mentioned personnel costs limit of 20% of the project value.
- Students can be engaged on the project and paid an annual stipend of €6,000 when reading for a Master’s degree or an annual stipend of €8,000 when reading for a Doctoral degree. Note that for every engaged student, a full-time researcher must be employed by the consortium (1:1 ratio). **Note that for every engaged student, a full-time researcher must be employed by the beneficiary.**

The *hourly rate* for existing and new personnel is calculated as follows:

$$\text{hourly rate} = \frac{(\text{basic salary} + \text{allowances})}{\text{yearly weekday hours}}$$

While the personnel limits per project are pinned according to the below table, the salary rates (including National Insurance and Inland Revenue employer contributions and allowances) are to be considered as indicative guidelines:

Role in Project	Hourly rates (Guidelines)	Limits per project (not flexible)
Top Management or equivalent	From € 30.57 to € 37.63	Max 2 per project
Middle Management, or equivalent	From € 21.74 to € 30.56	Max 2 per project
Senior Researcher ¹ or equivalent	From € 21.74 to € 30.56	Max 2 per project
Researcher ² or equivalent	From €12.06 to € 21.73	No Limits
Operational, technician, research support assistant or equivalent	Up to €12.05	No Limits

¹ The term ‘senior researcher’ is to be used for a postdoctoral researcher with a specialist and high level of local and international experience in the field. Individuals possessing a high level of experience in industry can still be considered. The applicant is to confirm this judgement with MCST well in advance of submitting the application form.

² The term ‘researcher’ is to be used for a Bachelor’s, Master’s or a Ph.D. degree holder and hence the hourly rate should be equivalent to the degree held by the relevant individual.



The rates stated in the table above are for the year 2019. For subsequent years a 5% increase per year is recommended. Kindly ensure that only hourly rates are provided in the application form.

The Council recognises that in niche areas of research there may be a need to exceed the above-mentioned remuneration guidelines. Salary brackets that are higher than those noted above are permissible, however, together with the CVs of the said personnel will be subject to the scientific evaluation by the evaluation board. In any case the salary rates claimed in the proposal shall match the rates in the employee contracts.

Filled time sheets are to be retained for all personnel, including students, as proof of number of hours spent on the project. Documentation of the utilisation of the employees' internally funded research quota for other research activities is to be retained as this evidence may be required by the auditors.

b) Specialised equipment

Purchase of specialised equipment, including software and datasets required for achieving the objectives of the project. Details on eligible indirect costs associated with overheads related to such specialized equipment are detailed in part (**Error! Reference source not found.**

c) Travel Costs

These costs eligible if strictly related to the execution of the project. Such travel costs should be included only for senior or key personnel individuals from within the applicant's organization or supporting organisations who are dedicating effort to this project institution. The budget justification should include the destination, number of people travelling and dates or duration of your stay for all anticipated travel. Applicants are to approach the Council to request a deviation should they require any funding to be directed to travel for access to international research structures and/or training. Travel shall be considered eligible if it is the most financially advantageous path of travel utilizing normal commercial transport in the economy class. Details on eligible indirect costs associated with overheads related to such travel costs are detailed in part (g).



d) Scientific information

Access to scientific information sources including databases and publications. Details on eligible indirect costs associated with overheads related to the access of scientific information are detailed in part (**Error! Reference source not found..**

e) Consumables

Overall value of consumables typically cannot exceed 30% of project value. Proposals with consumables exceeding 30% of the project value need to be discussed at application stage. Details on eligible indirect costs associated with overheads related to such consumables are detailed in part (g).

f) Subcontracted Activities

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

Total subcontracted activities within a project shall be up to a limit of 25% of the project value, provided that prior approval is attained from the Committee before subcontracting to ensure fair procurement procedures.

g) Overheads

Overheads will be covered at 10% of direct eligible costs, excluding the costs of

- subcontracting
- items of equipment above €5000
- consumables above €5000.

Thus, eligible indirect costs associated with items of equipment and consumables costing more than €5000 is capped at €500. If the beneficiary is a consortium, the consumables capping is €500 per partner.

A.1.2 Additional Provisions

Eligible Costs are to conform with the following, and are subject to the final audit scrutiny:

- Any expenses incurred during the project must be consistent with the principles of economy, efficiency and effectiveness.
- In the event of purchases of any value private entity partners are required to demonstrate adequate market testing, obtaining three quotations from three different, independent, and relevant sources.
- Public entity partners are to follow Public Procurement Regulations in their entirety.
- Any calls for the recruitment of staff on a project is to be conducted in a strictly transparent manner, and is to include a public call in the form of an advert published in a Sunday newspaper (minimum size of advert: 2 columns by 8 cm) and interview process.
- Commercial transactions between consortium partners, or between a consortium partner and a company with similar shareholding to a consortium partner, is not allowed.

A.1.3 Aid Intensity

The financial contribution to a Partner which falls under the definition of Maltese Legal Entity shall be 100% of eligible costs incurred by that Partner up to a maximum of €150,000. Additionally, the minimum possible funding requested for a project across the consortium shall not be less than €75,000.

A.1.4 Applicable State Aid Regulations and Obligations

Assistance provided under this funding modality is in line with the [Commission Regulation \(EU\) No. 1407/2013](#) of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (the de minimis Regulation).

The total amount of de minimis aid granted to a single undertaking shall not exceed the amount of €200,000 over any period of three consecutive fiscal years. The total amount of de minimis aid granted to a single undertaking performing road freight transport for hire or reward shall not exceed €100 000 over any period of three fiscal years.

This aggregate maximum threshold applies in principle to all economic sectors with the exception of the road transport, agriculture and fisheries sectors for which different thresholds and criteria apply. The term ‘undertaking’ includes also all companies in a group (which fall under the direct or indirect ownership or control of the same ultimate parent company) and relevant partner and linked enterprises as defined in Annex I of Commission Regulation (EU No 651/2014). This period covers the fiscal year concerned as well as the previous two fiscal years. ‘Fiscal year’ means the fiscal year as used for tax purposes by the undertaking concerned.

This maximum threshold would include all State aid granted under this aid scheme and any other State aid measure granted under the *de minimis* rule including that received from any entity other than the Malta Council for Science and Technology. Any *de minimis* aid received in excess of the established threshold will have to be recovered, with interest, from the undertaking receiving the aid.

The *de minimis* declaration form must be filled in and submitted together with the application form.

Assistance approved under this aid scheme is NOT:

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

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

In terms of Article 5 of the *de minimis Regulation*, *de minimis* aid granted under this initiative may be cumulated with *de minimis* aid granted in accordance with Commission Regulation (EU) No 360/2012 up to the ceiling laid down in that Regulation. It may be cumulated with *de minimis* aid granted in accordance with other *de minimis regulations* up to the relevant ceiling fixed in terms of these National Rules for Participation.

De minimis aid which is not granted for or attributable to specific eligible costs may be cumulated with other State aid granted under a block exemption regulation or a decision adopted by the Commission



The Malta Council for
Science & Technology



PARLIAMENTARY SECRETARIAT FOR FINANCIAL SERVICES,
DIGITAL ECONOMY AND INNOVATION
OFFICE OF THE PRIME MINISTER

A.2 Aid under the General Block Exemption Regulation

Any applications submitted under this funding modality must be submitted prior to the start of works.

A.2.1 Eligible Costs

All eligible expenses must be incurred between the Start Date and the End Date of the Project and must be limited to the budgeted value. The following subsections detail eligible direct costs.

a) Personnel Costs

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

The rules of personnel cost reimbursements differentiate between existing employees, referred to as *existing personnel*, and employees that have been employed **specifically** for the project, referred to *new personnel*.

Existing Personnel

- The total cost of funded hours per project for existing employees from the applicant's organisation or supporting organisation shall not exceed 20% of the project value.
- This includes existing personnel that, for the purpose of the project, are provided with separate part-time contracts to extend their working hours with the entity.
- Personnel Costs related to Project Management are further limited to 10% of the project value and form part of the 20% limit set on existing personnel costs. E.g. *For a €150,000 project value, €30,000 may be used for existing personnel costs. Of these €30,000, €15,000 may be used for management.*
- Any project management which is not carried out by any of the partners shall be deemed to be subcontracting and be subject to the 10% maximum threshold detailed above. This also contributes to the 25% maximum referred to subcontracting costs.
- The permissible number of hours funded by this fund is not to exceed an average of 10 hours per week per existing employee, as part of their normal working hours.
- Those employees that have utilised elsewhere their allocated quota of research hours defined in their contract can apply for pro rata payment, up to a maximum of an additional 10 hours per week, for supervisory, research or management hours (overseas travel hours are ineligible) as an eligible cost of the project, if this is permissible within their contract of employment. Overtime is permitted if this is part of their employment contract.

New Personnel

- The salary of senior researchers, researchers, technicians, operators and research support assistants that are employed specifically for the project shall not form part of the above-mentioned personnel costs limit of 20% of the project value.
- Students can be engaged on the project and paid an annual stipend of €6,000 when reading for a Master's degree or an annual stipend of €8,000 when reading for a Doctoral degree. Note that for every engaged student, a full-time researcher must be employed by the consortium (1:1 ratio). **Note that for every engaged student, a full-time researcher must be employed by the beneficiary.**

The *hourly rate* for existing and new personnel is calculated as follows:

$$\text{hourly rate} = \frac{(\text{basic salary} + \text{allowances})}{\text{yearly weekday hours}}$$

While the personnel limits per project are pinned according to the below table, the salary rates (including National Insurance and Inland Revenue employer contributions and allowances) are to be considered as indicative guidelines:

Role in Project	Hourly rates (Guidelines)	Limits per project (not flexible)
Top Management or equivalent	From € 30.57 to € 37.63	Max 2 per project
Middle Management, or equivalent	From € 21.74 to € 30.56	Max 2 per project
Senior Researcher ³ or equivalent	From € 21.74 to € 30.56	Max 2 per project
Researcher ⁴ or equivalent	From €12.06 to € 21.73	No Limits
Operational, technician, research support assistant or equivalent	Up to €12.05	No Limits

³ The term 'senior researcher' is to be used for a postdoctoral researcher with a specialist and high level of local and international experience in the field. Individuals possessing a high level of experience in industry can still be considered. The applicant is to confirm this judgement with MCST well in advance of submitting the application form.

⁴ The term 'researcher' is to be used for a Bachelor's, Master's or a Ph.D. degree holder and hence the hourly rate should be equivalent to the degree held by the relevant individual.



The rates stated in the table above are for the year 2019. For subsequent years a 5% increase per year is recommended. Kindly ensure that only hourly rates are provided in the application form.

The Council recognises that in niche areas of research there may be a need to exceed the above-mentioned remuneration guidelines. Salary brackets that are higher than those noted above are permissible, however, together with the CVs of the said personnel will be subject to the scientific evaluation by the evaluation board. In any case the salary rates claimed in the proposal shall match the rates in the employee contracts.

Filled time sheets are to be retained for all personnel, including students, as proof of number of hours spent on the project. Documentation of the utilisation of the employees' internally funded research quota for other research activities is to be retained as this evidence may be required by the auditors.

b) Instruments and Equipment

Purchase of specialised equipment, including software and datasets required for achieving the objectives of the project.

Costs of instruments and equipment are eligible to the extent and for the period used for the project. Where such instruments and equipment are not used for their full life for the project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible. The depreciation costs must be verified by a Certified Public Accountant.

c) Scientific information

Access to scientific information sources including databases and publications. Details on eligible indirect costs associated with overheads related to the access of scientific information are detailed in part (f).

Such costs must be bought or licensed from outside sources at arm's length conditions.

d) **Consumables**

Overall value of consumables typically cannot exceed 30% of project value. Proposals with consumables exceeding 30% of the project value need to be discussed at application stage. Details on eligible indirect costs associated with overheads related to such consumables are detailed in part (f).

Consumables must be incurred directly as a result of the project.

e) **Subcontracted Activities**

Subcontracted Activity means any activity related to the project, (including but not limited to consultancy services used exclusively for the project), which is not carried out directly by a Partner or its employees, but is carried out by any third party (local or foreign) individual, company, partnership or entity, at arm's length conditions .

Total subcontracted activities within a project shall be up to a limit of 25% of the project value, provided that prior approval is attained from the Committee before subcontracting to ensure fair procurement procedures.

f) **Overheads**

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

- subcontracting
- items of equipment above €5000
- consumables above €5000.

Thus, eligible indirect costs associated with items of equipment and consumables costing more than €5000 is capped at €500. If the beneficiary is a consortium, the consumables capping is €500 per partner.

A.2.2 Additional Provisions

Eligible Costs are to conform with the following, and are subject to the final audit scrutiny:

- Any expenses incurred during the project must be consistent with the principles of economy, efficiency and effectiveness.

- In the event of purchases of any value private entity partners are required to demonstrate adequate market testing, obtaining three quotations from three different, independent, and relevant sources.
- Public entity partners are to follow Public Procurement Regulations in their entirety.
- Any calls for the recruitment of staff on a project is to be conducted in a strictly transparent manner, and is to include a public call in the form of an advert published in a Sunday newspaper (minimum size of advert: 2 columns by 8 cm) and interview process.
- Commercial transactions between consortium partners, or between a consortium partner and a company with similar shareholding to a consortium partner, is not allowed.

A.2.3 Aid Intensity

The aided part of the research and development project shall completely fall within one or more of the following categories:

- a) Fundamental research
- b) Industrial research
- c) Experimental development

The aid intensity for each beneficiary shall not exceed:

- a) 100% of the eligible costs for fundamental research;
- b) 50% of the eligible costs for industrial research;
- c) 25% of the eligible costs for experimental development

The aid intensities for industrial research and experimental development may be increased up to a maximum aid intensity of 80% of the eligible costs as follows:

- a) By 10 percentage points for medium-sized enterprises and by 20 percentage points for small enterprises;
- b) By 15 percentage points if one of the following conditions is fulfilled:
 - i. The project involves effective collaboration:
 - Between undertakings among which at least one is an SME, or is carried out in at least two Member States, or in a Member State and in a Contracting Party of the EEA Agreement, and no single undertaking bears more than 70% of the eligible costs, or
 - Between an undertaking 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;

- ii. The results of the project are widely disseminated through conferences, publications, open access repositories, or free or open source software.

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

A.2.4 Applicable State Aid Regulations and Obligations

The terms and conditions set out in Regulation B of these National Rules for Participation are in line with the [Commission Regulation \(EU\) No 651/2014](#) of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, as amended by Commission Regulation (EU) No 2017/1084 of 14 June 2017 amending Regulation (EU) No 651/2014 as regards aid for port and airport infrastructure, notification thresholds for aid for culture and heritage conservation and for aid for sport and multifunctional recreational infrastructures, and regional operating aid schemes for outermost regions and amending Regulation (EU) No 702/2014 as regards the calculation of eligible costs.

Assistance will not be granted if the aid is:

- i. related to export activities towards third countries or Member States, namely aid directly linked to quantities exported, to the establishment and operation of a distribution network or to the other current expenditure linked to export activity.
- ii. contingent upon the use of domestic in preference to imported goods.
- iii. granted in the sector of processing and marketing of agricultural products, in the following cases:
 - i. where the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned;
 - ii. where the aid is conditional on being partly or entirely passed on to primary producers.
- iv. granted in favour of a beneficiary which is subject to an outstanding recovery order following a previous Commission decision declaring an aid granted by Malta illegal and incompatible with the internal market.
- v. granted in favour of an undertaking in difficulty defined in terms of the Commission Regulation (EU) No 651/2014 of 17 June 2014.

Aid approved by the Council in terms of these National Rules for Participation will be suspended until the undertaking has reimbursed old, unlawful and incompatible aid that is subject to a recovery.

Rule on *cumulation of aid* shall be in line with Article 8 of the Commission Regulation (EU) No 651/2014 of 17th June 2014.



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

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

Aid granted under this incentive may only be cumulated with any other State aid, as long as those measure concern different identifiable eligible costs.