



Rules for Participation 2020

**RULES FOR
STATE AID DE MINIMIS (OPTION A)**



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Science & Technology

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1 The Research Excellence Programme

The Research Excellence Programme is a national funding programme which supports the early stage development of innovative projects proposed by public entities, higher education institutes and industry players.

In line with the “National Research and Innovation Strategy 2020”, the primary aim of the programme is to spur the growth of new knowledge through experimental evidence following scientific hypotheses. This programme was designed in response to the need and desire for public and private entities in Malta to focus on early conceptual research endeavours. The programme is intended to fund projects which are still in the early stages of research, but which nonetheless boast a high degree of excellence as well as national and international relevance.

The programme also aims to:

- Form a more comprehensive Maltese R&I system.
- Build capacity in new, multidisciplinary areas in the Maltese R&I sector.
- Fund the initial research in products or services that could have a significant impact on industry and which could ultimately lead to new avenues for economic growth.
- Generate knowledge and build capacity for future areas and contribute to smart specialisation strategies and policy development.
- Strengthen and contribute to existing collaborations.

The scope of the programme is to provide financial support for research, development and innovation through a bottom up approach, whereby excellence in areas other than those identified in the Smart Specialisation, may arise and be considered for future policy initiatives.

1.2 Contacts

For general enquires kindly contact:

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For escalated enquiries kindly contact:

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2 Definitions

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

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.

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

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

Evaluators are the consultants who responded to Call for Expression of Interest issued by the MCST, which call is intended to provide evaluation services for submissions made through this Programme.

Industrial Entity is defined as a Legal Entity having more than 50% private shareholding, 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, and have the financial means to execute the project and a potential to use the results. In addition to research and innovation contributions and knowledge transfer, the entity may contribute to the consortium by developing, testing, commercializing or using such a product or service. Provided that a registered NGO, or a Professional Body as defined in this Section is considered as forming part of this definition.

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.

Legal Entity means any entity created within the European Union, having an operating base in Malta and which has legal personality, which may, acting under its own name, exercise rights and be subject to obligations.

Maltese Legal Entity means any entity created under the Laws of Malta, which has a 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).

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

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

Project Coordinator/ Principal Investigator is one of the beneficiaries of a project consortium who is appointed as the single point of contact between the Lead Agency and/or the funding bodies and the consortium partners from proposal submission to project end. He/she will have the responsibility of ensuring that all the partners involved in the consortium are eligible and of supervising the project workflow with the help of WP leaders. Additionally, he/she will be required to submit the project application on behalf of the consortium and must also compile and submit reports / deliverables to the funding bodies which in turn will relay these documents to the Lead Agency. Can also be referred to as **Principal Investigator**.

Professional Body is an organisation, association, 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 a person who has undergone a period of study at a university or a recognised institution of higher learning, and has obtained the formal qualifications entitling such person to practise the respective profession; and who provides a specialised service to the public, based primarily on a fiduciary relationship between herself/himself and the party to whom s/he provides such service on his own personal capacity and responsibility.

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. Public Sector Entities refers to authorities, corporations, agencies and commercial public-sector entities in which the Government has a majority shareholding and which 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, 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 knowledge-dissemination organization means an entity (such as university or research institute, technology transfer agency, innovation intermediary, research-oriented physical or virtual collaborative entity), 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 shall include all enterprises having at least one of the following relationships with one another:

- 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 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,

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

Subcontracted Activity means any activity related to the project, (including but not limited to consultancy), and 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.

3 Eligibility Criteria and Applications

These Rules for Participation are applicable to undertakings that carry out an economic activity within the meaning of Article 107 TFEU.

This section provides details as to the criteria which must be checked in order to assess the Beneficiary's eligibility to apply and the application's fit within this Programme.

3.1 Eligibility for Participation

Any applicants who at the time of proposal submission would have been deemed by the MCST to be non-compliant with the terms and conditions of any previous or current Grant Agreement, including but not limited to applicants who at the time of proposal submission are the beneficiaries of another MCST administered scheme are in default of the Grant Agreement, shall automatically be disqualified from participation in this Programme.

Eligible candidates:

1. **Any Public Entity / Research and knowledge-dissemination organisation** operating in Malta as defined in Section 1.3 may apply and will be eligible for funding subject to the terms and conditions laid out in this document.
2. **Any Industrial Entity** as defined in Section 1.3 may apply and will be eligible for funding subject to the terms and conditions laid out in this document.
Applicants, who fall within the definition of Industrial Entity, will be required to provide the following documents which will be considered during the national eligibility check stage (to be included as an annex to the National application form):
 - a. Memorandum & Articles of Association or other constitutive documentation.
 - b. Audited financial statements for last 3 fiscal years.If the Applicant is a start-up and the above documents are not available, the Applicant shall provide the financial projections for three (3) years signed by an auditor, including:
 - c. An income statement,
 - d. A cash flow statement, and
 - e. A statement of financial position

Professional Bodies and NGOs are eligible to participate in a project, however they will only be eligible for funding under this Programme in respect of a research and innovation activity.

Kindly note that only one beneficiary per proposal can benefit from this grant.

4 Eligibility Under the State Aid Regime

These Rules for Participation will be implemented in line with the terms and conditions of 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 [OJ L 352/1, 24.12.2013], as amended by Commission Regulation (EU) 2020/972 of 2 July 2020 amending Regulation (EU) No 1407/2013 as regards its prolongation and amending Regulation (EU) No 651/2014 as regards its prolongation and relevant adjustments [OJ L 215/3, 7.7.2020] (hereinafter referred to as the *de minimis* Regulation).

The *de minimis* Regulation stipulates that a single undertaking cannot receive more than €200,000 (or €100,000 in the case of single undertakings performing road freight transport for hire or reward) over 3 fiscal years, including *de minimis aid* from any other *de minimis* schemes. Applicants should ensure and declare that they are eligible for the requested grant under State Aid rules before applying.

For the purposes of this Section, an “undertaking” shall mean any entity engaged in an economic activity, regardless of its legal status and of the way in which it is financed.

All applications must be accompanied by a State Aid *de Minimis* declaration form. **For successful applications, an updated declaration form shall be provided at the time of the signing of the Grant Agreement, ensuring that the applicant remains eligible for funding under the State Aid regime.**

The *de Minimis* aid to be received by every successful applicant under these Rules for Participation (*de Minimis* regulation Option A) for the Research Excellence Programme shall include all approved eligible costs for that entity at the relevant aid intensity.

For the purposes of the *de Minimis* Regulation, “**Single Undertaking**” includes all enterprises having at least one of the following relationships with one other:

- (a) One enterprise has most of the shareholders’ or members’ voting rights in another enterprise.
- (b) One enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise.
- (c) One enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association.
- (d) 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 (a) to (d) above through one or more other enterprises shall be a single undertaking.

In line with Article 1 of the *de Minimis* Regulation, no aid will be granted to those undertakings and/or sectors expressly excluded from receiving such aid.

The rules laid down in Article 5 of the *de Minimis* Regulation on cumulation will be respected.

5 The Application Process

The Call for Project Proposals will be open between **7th October 2020 to 23:59PM on the 18th November 2020**. The selection and funding of proposals under this Programme shall be on a competitive basis.

Applicants should refer to the eligibility criteria in Section 4.1.

5.1 Application Submission

The Research Excellence project application must present a coherent, comprehensive and credible plan based on:

- ✓ Reasonable estimates of human resources, finance, deliverables and timeframes; and
- ✓ Templates provided by MCST.

Submission, evaluation and selection of project applications will be in the form of a one-stage process. The applicant must ensure complete compliance with the ‘Rules for Participation 2020 Call 1’ prior to submission as no amendment or negotiation thereto will be allowed after submission. Any unapproved deviations will result in the failure of the application during the administrative check.

The legal representative of the participating organisation of the applicant must sign off on the application and enter the date of signature in blue ink (not electronically). The legal representative of the applying organisation must also sign off all relevant declarations found within the Appendices of the Application Form.

All applications shall be evaluated according to the procedure outlined under Section 11 of these Rules for Participation. The application process is a single stage process. This means that once an application has been submitted, modifications thereto will not be allowed. Moreover, requests made by the applicant to allow negotiations on the content of the proposals, after submission will be rejected. In cases, where deviations from the mandatory deliverables or budgets detailed herein are required, applicants should be guided by section 5.3 below. The content of the Application Form will be directly appended to the Grant Agreements for successful applicants and will constitute the Grant Agreement technical obligations.

Any text or appendices within the submitted application, which are in excess of the prescribed maximum word count and/or page limits, shall be **disregarded in the scientific evaluation process**.

Application Forms can either be sent electronically to rep.mcst@gov.mt, keeping Mr. Stephen Borg (stephen.i.borg@gov.mt) and Ms. Claudine Dimech (claudine.dimech@gov.mt) in copy, with “Research Excellence Programme Application Submission” as a subject.



Contact Information:

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

All Submissions must include:

- ✓ The application form in MS Word (.docx) format and a signed scanned copy (to be sent by email or on a pen drive)
- ✓ A precise plan of project activities, timeframes and deliverables.
- ✓ A precise indication of project costs
- ✓ A detailed plan of how Beneficiary's knowledge and, where applicable subcontractors, will be used to perform the project tasks and to achieve the project objectives. (At this stage, if subcontractors have not been identified, one should mention the tasks that will be passed on and the expertise required.)
- ✓ The De Minimis State Aid Declaration Form (An updated State Aid Declaration form is to be submitted upon the signing of the Grant Agreement should the project be selected for funding), as well as declarations on Indirect State Aid.
- ✓ Where applicable, the pre-agreed deviations as an appendix.
- ✓ Memorandum & Articles of Association or any constitutive documents as the case may be. (excluding public entities).
- ✓ Audited financial statements for last 3 fiscal years excluding public entities. (In the event that the applicant is a start-up and the above documents are not available, the applicant 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)

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

All received applications shall be acknowledged in writing or by email. Incomplete applications as at **the deadline of this call** will not be considered.

5.2 Considerations at Application Stage

5.2.1 Respecting Lead Times

All organisations, including MCST, have their internal procedures for processing, approving and signing off on legally binding documents. Beneficiaries are to ensure that they are aware of these lead times in their organisation as well as in the other organisations which may be involved. It is the applicant's responsibility to ask for information on lead times pertaining to MCST.

Applicants should also consider personal commitments, vacation leave etc, when planning to apply. **All project application submissions must reach the MCST by not later than 23:59pm (CET) on the day of the deadline. All pages of the application must be dated, signed and initialised (stamped or signed) by the applicant's legal representative.**

5.2.2 Assistance with Applications

Prospective Project Applicants are encouraged to seek the advice of MCST 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 MCST's guidance through proposal-specific one-to-one sessions to ensure that the single-stage application documentation is complete and effective, as once submitted, it cannot be edited.

5.3 Deviations

If an Applicant deems that there is a justifiable reason to deviate from the procedures detailed herein, the said applicant must submit a specific request detailing the reasons justifying such request to the MCST *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 MCST. If the MCST accepts such request, the applicant should append the justification and approval to the application form submitted entitled "pre-agreed deviations".

Applicants should note that:

- Transfer of project funds between line items that are **less than 15% of the project value will be considered by MCST** provided that the project coordinator makes the request to MCST via email.
- Transfer of project funds between line items that are **greater than 15% of the stage value or project value respectively, will be considered by MCST upon an official, signed request** by the coordinator to MCST. The change will then be implemented in an addendum signed by MCST and counter-signed by the applicant.

6 Confidentiality of Submissions

Unless otherwise indicated, all project application submissions except for the project names and abstracts, shall be treated with strict confidence. However, all project applications will be passed on in their entirety to the external evaluators and due diligence experts, who are bound by confidentiality and who shall also be required to declare that they do not have any conflict of interest in reviewing the individual proposals. Stage reports compiled throughout the Research Excellence Programme or similar reports submitted by applicants on their own accord, may, at the discretion of the MCST, be submitted in part or in their entirety to external evaluators. Stage reports submitted under this programme may also, at the discretion of the MCST, be forwarded in part or in their entirety to external evaluators appointed by MCST. All evaluators are bound by confidentiality.

7 Programme Parameters

MCST reserves the right to carry out financial and/or technical audits at its discretion, at any time during the duration of the project to ensure that Programme Parameters, as per contractual obligations are being observed.

7.1 Project Start Date and Duration

The project must start by at least **1st January 2021** or as otherwise stated by the MCST. The project should have a duration of one year.

7.2 Project Grant

The maximum possible funding for a project is €50,000.

7.3 Deliverables

7.3.1 Mandatory Deliverables

The Beneficiary is under an obligation to:

- ✓ Report on project progress as per the list hereunder and in line with the templates provided:
 - Hold a minimum of one meeting per year to verbally update the MCST on progress. This includes delivering a presentation midway through the project

duration. (Kindly note, that the contracting authority may, at its own discretion, request additional meetings , if required).

- Submit an end of Project Technical Report.
- Submit an end of Project Audited Financial Report.

The Reports must include sufficient evidence on the achievement of the project objectives, as well as the parameters indicated in the application, and they must be provided in accordance with the templates presented to the Coordinator by the MCST. The Technical Report must be submitted prior to the termination of the project within which it is due. The Financial Report must be submitted within one month from the completion of the project to account for lead time and payroll in the lifetime of the project.

Any changes to the project objectives, work-packages or any other parameter committed to in the application, are to be communicated in writing with clear justification to the MCST prior to the deadline. The written request will be referred to the Unit Director for approval. The MCST will acknowledge receipt and endeavour to reply in a timely manner so that the momentum of the project remains unaffected.

Acceptance or otherwise of any changes shall be at the sole discretion of the MCST and its decision shall be binding, final and irrevocable. Any other communication shall not be considered valid or binding.

7.3.2 Recommended Deliverables

Further to the mandatory deliverables, the MCST recommends the deliverables below. Although the deliverables cited below are not mandatory, if the applicant includes such recommended deliverables at the proposal stage, this may enhance the strength of the application form. The recommended deliverables may include:

- ✓ A plan to assess the research after its conclusion and further research
- ✓ The attainment of any certification or degrees
- ✓ A strategic plan to exploit or further develop the results of the research
- ✓ Generation of new knowledge (Reports after the conclusion of testing)
- ✓ Collaborations between the Beneficiary and centres of high repute
- ✓ IP generation
- ✓ Dissemination activities (Local newspapers, conferences, publications, etc.)

(Kindly note that the list of examples given above is not exhaustive)

The MCST appreciates that the fulfilment of the recommended deliverables may be dependent on external factors. The Beneficiary is expected to take these deliverables into consideration when submitting their application form. Although these deliverables are non-compulsory, if listed as committed deliverables in the application stage, they must be adhered to.

8 Eligible Costs

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

Start Date means the date which is stated in the grant agreement.

End Date means the date when the Project period, having commenced on the Start Date, expires.

Project period is the period allocated for the execution of the Project, and as indicated by the applicant. For the purposes of the Research Excellence Programme, this period is of twelve months.

Project Value is the project grant in its entirety including any co-financing (10%)

Project Grant or **Project Budget** is the granted funding provided.

The **Eligible Direct Costs** are:

- Personnel Costs

There are no limitations posed with regards to the number of employees involved in a single project. Furthermore, both new and existing personnel shall be eligible for funding. Management costs are limited to 15% of the project value. Any project management which is not carried out by the applicant shall be deemed as subcontracting.

The hourly rate (z) is calculated using the following formula:

$$€ z = (\text{gross basic salary} + \text{allowances}) / \text{yearly weekday hours}$$
 Eligible salaries are pinned to the hourly rates in the Table below (including Employer National Insurance and other contributions) and personnel limits per project:

Role in Project	Hourly rates	Limits per project
Top Management or equivalent	€ 32.09/hour to € 39.51/hour	Max 2 per project
Middle Management, or equivalent	up to € 32.08/hour	Max 2 per project

Senior Researcher ¹ or equivalent	€ 22.82/hour to € 32.08/ hour	No Limits
Researcher ² or equivalent	€12.66 to € 22.81/hour	No Limits
Operational, technician, research support assistant or equivalent	up to €12.65/hour	No Limits

The rates stated in the table above are for the year 2020. For subsequent years a 5% increase per year is allowed. Kindly ensure that only hourly rates are provided in the application form.

Personnel in salary brackets that are higher than those noted above will still only be reimbursed at the rates of the eligible brackets above, depending on their role in the project. The hourly rates will have to be noted in the application, along with the number of hours on the project per individual.

Students can be engaged on the project and be paid an annual stipend of €6,000 when reading for a full-time Master's degree or an annual stipend of €8,000 when reading for a full-time Doctoral degree. In the case of a part-time Post-graduate degree, the respective stipend will be calculated pro-rata and at the discretion of the MCST.

Completed time sheets are to be retained for all personnel (including students), as proof of the 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 since this evidence may be required by the auditors.

- **Specialised equipment (Purchase or Lease):** Purchase of specialised equipment including software. For an individual item of equipment over 20% of the project value, it is recommended that specifications and justification are provided in the application form.
- **Travel:** Travel is permitted for attending of a conference or coordinating with foreign collaborators or stakeholders with a maximum of €2000 (including indirect costs).
- **Scientific information:** Access to sources of scientific information sources include databases, publications and conferences.

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.

- **Consumables:** The overall value of consumables typically cannot exceed 30% of the project value. Proposals with consumables exceeding 30% of the project value need to be discussed at application stage.
- **Subcontracting Activities:** Kindly refer to section 8.1
- **Indirect Costs:** Kindly refer to section 8.3
- **Other relevant costs:** Other operational expenses which are directly related to the project, e.g. costs incurred for dissemination activities.

8.1 Subcontracted Activities

Subcontracted Activities must not exceed 20% of the project value. Subcontracted activities must be approved by the Committee before the commencement thereof, in order to ensure the strict adherence to fair, impartial and transparent procurement procedures.

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

Subcontracting to foreign companies should only be resorted to, if suitable expertise is not available locally at a competitive price. This course of action must be duly justified. The Beneficiary may consider joint bids from subcontractors (local or foreign) 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. Beneficiaries have to ensure that there is no discrimination between bidders, and that all bidders are to be treated equally and transparently in all calls for quotations.

8.2 Audits

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

- Any expenses incurred during the project's lifetime must be consistent with the principles of economy, efficiency and effectiveness.
- In the event of purchases of any value private entity, beneficiaries are required to demonstrate adequate market testing, by obtaining three quotations from three different, independent, and relevant sources.
- Public entity beneficiaries are to follow Public Procurement Regulations in their entirety.
- Any calls for the recruitment of staff on a project must be well advertised and conducted in a strictly transparent manner including an interview process.

8.3 Eligible Indirect Costs

Overheads will be covered at 10% of direct eligible costs for all line items being requested.

8.4 Ineligible Costs

The non-exhaustive list below demonstrates examples of 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
- ✓ 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 conferences or businesses lunches
- ✓ Personnel hours for travelling

(This is a non-exhaustive list, any line items not seen to be compliant with the nature of the research excellence programme will be subtracted from the grant)

8.5 Collaborators

Should the applicant have any collaborators, these must be included in the application form. The expected contribution/s by the said collaborators should be stated and supported by a letter of intent. These collaborators may be foreign or local. They are not eligible to receive funding through this proposal.

8.6 Co-Financing

The following rates of co-financing shall be applicable:

The Programme's financial contribution to a Beneficiary which is applying under the *De minimis state aid option* shall be limited to 90% of eligible costs incurred by that Beneficiary. Therefore, such a Beneficiary must contribute the remaining 10% to the Project. It is not possible for a Beneficiary to cover the contribution of 10% 'in-kind'. This includes, but is not limited, to limited liability companies, Partnerships and Higher Education institutes.

9 Evaluation

Project applications will be evaluated through a three-step process. Primarily, projects will undergo an administrative compliance evaluation. If deemed successful, a project application will be forwarded to a Committee of Evaluators for an external evaluation and subsequently for a Due Diligence assessment. Failure to achieve a minimum of 70% pass from the external evaluation will fail the project application. For a project application to be successful, it must pass all three steps.

External Evaluators will be evaluating project applications for the following criteria:

Scientific Excellence (50%): Threshold 35%

- ✓ Are the proposal's aims and objectives clear? Are these they reasonable and ambitious within the context of this programme?
- ✓ Is the research innovative? Does it challenge current methods, barriers, or applications in its field? What is the likelihood that the research will lead to new discoveries or fundamental advances within its field?
- ✓ Is there potential in the proposal to contribute to the organisation's research base and scientific excellence, with the clear potential to upskill current or new researchers?
- ✓ Does the proposal appear to be technologically and practically feasible in achieving the set-out objectives? Does the research develop or employ novel concepts, approaches, methodologies, technologies, applications, treatments, tools, and/or interventions?

Impact (25%): Threshold 15%

- ✓ Is the proposal compelling and would it result in a disciplinary or interdisciplinary advancement?
- ✓ Does the proposal address National, European Union or Global Priorities? Has the proposal been able to characterise the influences and impacts that the basic research has on the end-users of research, and on society at large?
- ✓ Does the proposal outline potential impacts resulting from dissemination measures or describe in detail the possibility of journal publications? Are these publications open access?
- ✓ Does the proposal contain a mechanism for assessing success and evaluating outcomes? In the case of positive outcomes, does the proposal present a strategy for further research to be conducted?

Implementation (25%): Threshold 15%

- ✓ Does the proposed project participant have the required skills and expertise to undertake the project successfully and deliver the objectives?

- ✓ Have any co-collaborators been identified? Is their support enforced with a letter of intent with specified activities? Are the skills and resources of the co-collaborators complimentary with those of the applicant?
- ✓ Is the general scientific and technical approach proposed sound and credible? Are the tasks proposed appropriate for the timeframe allowed?
- ✓ Is the proposal coherent and effective in terms of the work plan, including appropriateness of the allocation of deliverables, tasks and resources? Is the requested budget appropriate and convincing in relation to the project ambitions?
- ✓ Have potential risks been described and will they be managed as such to ensure the best possible chances of success in the outcomes of the research?

Other considerations:

If two or more projects obtain the same mark following evaluation, then MCST shall give priority to that project which provides the best consideration to the implementation of gender equality in the research project.

10 Post Selection Process

10.1 The Grant Agreement

Following the successful evaluation of the application, the Beneficiary will be invited to sign a Grant Agreement establishing the terms and conditions governing the financing of the project. The Grant Agreement will include the original project proposal as an annex. The beneficiary will be expected to execute the project in line with the original proposal.

Hard copies of the Grant Agreement must be signed by the beneficiary within one (1) week from the date on which the Project Coordinator receives them. The Project leader must ensure that the respective legal representative/s are available to endorse the grant agreement within this 1-week timeframe. Failure to endorse the grant agreement within the stipulated timeframe may result in a withdrawal of the offer for funding.

10.2 Start Date and End Date

The project will start on a pre-determined date as agreed by all the respective parties and as stipulated in the Grant Agreement. The start date is deemed as the date of the countersignature by the Executive Chairman of the Malta Council for Science and Technology (Hereinafter referred to as the “Agreement Date”).

MCST will endeavour to transfer the first tranche of funding to the project account held by the Beneficiary as soon as possible after the Agreement Date, as described in the Grant Agreement. Between the Agreement Date and the Start Date, the Beneficiary should ensure that all activities required for a smooth project start are completed. These may include but not limited to:

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

To be eligible for funding, all expenses must be incurred between the Start Date and the End Date of the Project.

11 Double Funding

Funding under this Programme is made available on the basis that the project Beneficiary would not have benefited and will not benefit from any other grant or financial incentive of whatever nature, applied for and/or utilised for the same scope as that subject of the funding requested under this Programme. Provided that, in the case where the application covers work that is part of a larger project, the Beneficiary 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, Beneficiary is automatically accepting and authorising MCST 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.

12 Funding, Management and Progress Monitoring

12.1 Allocation and Disbursement of Funding

For the purposes of funding and reporting, a project submission shall be considered to be a single stage.

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.

Periodic funding will be allocated according to the following schedule:

At the beginning of the project, MCST will provide the relevant pre-financing to the Beneficiary. This will include both direct and indirect eligible costs.

A retention consisting of 25% of the project grant shall be withheld by MCST and only released upon the successful completion of the project. The amount of retention will be deducted from the pre-financed funds.

The Project Coordinator will be required to submit a Final Technical Report at the end of the project, as well as a Final Financial Report. The latter must contain a detailed account of the actual expenditure disbursed for the project.

In cases where an extension is required, the beneficiaries are expected to notify MCST, in writing, at least one month prior to the deadline. Such notification must be sent to Ms. Claudine Dimech (claudine.dimech@gov.mt) keeping Mr. Stephen Borg (stephen.i.borg@gov.mt) in copy.

12.2 Final Financial Audit

Upon the termination of the project or following the expiration of the Grant Agreement, the Lead Partner will be required to submit a Final Technical Project Report together with an Audited Final Financial Report for the whole project, thus covering the work and expenditure undertaken by all the Partners. The Final Financial Report must be audited by certified auditors appointed by each of the partners. Such appointed auditor/s shall be deemed responsible for the financial audit of the relevant partner and approved by MCST, once submitted. The financial audit must determine the total eligible costs, which costs are to be compared to the funds forwarded to the Partners. The MCST reserves the right to appoint an independent auditor to audit the Project Financial Audit as submitted by the applicant. Upon finalisation of the financial audit, the technical audit may be performed based on the templates provided by the MCST.

When the audits are finalised and verified, the MCST shall release the retention money due to the Beneficiary. In the case of overpayment, the Beneficiary will be required to refund the unutilised to MCST.

12.3 The Technical and Financial Reports

The Technical and Financial Report shall include:

- ✓ An account of the activities and achievements carried out in the lifetime of the project compared with the contents of the application as originally submitted.
- ✓ An account of actual expenditure compared with the originally submitted, budgeted expenditure. All financial reports must be signed by the person responsible for the financial management and assembled as per the instructions laid down in the Grant Agreement.

The applicant is obliged to make use of the Technical and Financial report templates which are provided by the MCST together with the Grant Agreement .

In addition to the audit verifications, the MCST may, at its discretion and as it deems fit, also conduct a detailed audit consisting of a financial and a technical section, following the completion of the project. The 3-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 R&I Project Account

The Project Management Audit

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

Technical Audit

- Brief summary of the project including scientific hypothesis investigated in the research
- Interpretation of Research Results

The MCST reserves the right to request additional project-related information and conduct intermediate audits at any time as it may deem necessary.

If a project is found to be in breach of the Grant Agreement or should it materially depart from the contents of the originally submitted application, the MCST reserves the right to retract the award and the applicant may be required to refund the Grant in part or in full. In any such event, the MCST may also exclude an applicant from participating in future calls of the Programme.

12.4 Accountability

Applicants must keep a separate bank account or records, which must be clearly distinguishable from its other accounting records. All relevant expenses must be recorded in this account.

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

13 Dissemination and Externalisation

13.2 Referencing

Any articles and text material published in relation to the completion of tasks proposed in 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 Research Excellence Programme’.

Any websites or printed material related to the project should also include the MCST logo, the Ministry logo or any other logo related to this Programme, and as provided by MCST, where possible.

If any printed material is published without a mention of the Research Excellence Programme and MCST, the Beneficiary shall be obliged to publish a correction at its own expense in the subsequent issue of the publication or for it to be edited accordingly in the cases of online publications. In the case where such publicity does not mention the Research Excellence Programme and MCST, associated costs will be considered ineligible and will not be considered to fulfil any deliverables proposed in the application form.

14 Supervening Circumstances

The Project Coordinator is obliged to immediately advise the Unit Director, of any internal or external significant event which might either affect the validity or the 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 MCST shall acknowledge receipt of the said notification 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 comply with this obligation may be deemed by the MCST to constitute material non-compliance on the part of the Beneficiary and the MCST may, thereafter, take such action as is necessary in terms of the Grant Agreement, and in consequence of such non-compliance.

14.1 Time Extensions

Time extension requests are to be submitted in writing **one (1) month before the end of the project** to Ms. Claudine Dimech, who will seek the approval of the Unit Director. Such extensions will be granted at the sole and unfettered discretion of MCST and the maximum extended period may not exceed **a three (3) months**. Provided that the fact that MCST has

agreed to grant the request for an extension at one stage, would not in any manner bind, denote or be interpreted as binding that the MCST would accept a request for an extension during any other stage.

14.2 Default

If the implementation of a project becomes impossible or implementation is not completed, MCST 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. Prior to taking any drastic action, the MCST will provide a maximum of two notices indicating a rectification period of one month each.

15 Interpretation of Rules

This document endeavours to establish comprehensive and clear rules governing the participation in the Research Excellence Programme. However, should circumstances arise where the rules are inadequate, unclear, ambiguous or conflicting, the MCST 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.