



GOVERNMENT OF MALTA
PARLIAMENTARY SECRETARIAT
FOR YOUTH, RESEARCH
AND INNOVATION



The Malta Council for
Science & Technology

FUSION Research and Innovation: Technology Extension Support Programme

Rules for Participation 2023

Rules for *de minimis* State Aid – Annex with Additional Information



FUSION
The R+I
Programme



**TECHNOLOGY
EXTENSION SUPPORT**
PROGRAMME



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1 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.

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.

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.

Eligible undertakings are defined as undertakings planning to carry out research and innovation activities that are eligible to apply for assistance under this scheme. In order to be eligible, applicants must additionally satisfy the following criteria.

They must be either: a) a partnership constituted under the Companies Act, being a partnership *en nom collectif*, or *en commandite*; or b) a limited liability company; or c) professional body; d) NGOs; e) Non-profit making entities (including Foundations).

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 MCST's Call for Applications to provide evaluation services for submissions made through this Programme.

Higher Education Institute is defined as an entity in accordance with Subsidiary Legislation 607.03 Licensing, Accreditation and Quality Assurance, offering postsecondary level academic instruction that leads to an associate or higher degree. The term 'Higher Education Institute' include **universities and further and higher education institutes**, who are active in teaching and research, and hold a **valid license** (self-accrediting, full or indefinite license). The entity must have an operating base in Malta.

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.

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.

NGO means any Voluntary or Non-Governmental Organisation set up in accordance with The Voluntary Organisations Act (Cap. 492 of the Laws of Malta).

‘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.

Operating base in Malta means if the legal entity a) owns, leases, or has been given the right of use by a third party, adequate premises from where to conduct an eligible economic activity in the region of Malta; and b) employs at least one (1) person that is based in Malta and is liable to pay income tax in Malta.

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

Project Coordinator is the individual with experience in research project management who will assume the responsibilities defined within this document and who is appointed as the single point of contact from proposal submission to project end. He/she will have the responsibility of ensuring that all the partners involved 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 and must also compile and submit reports / deliverables to the funding bodies. The

Project Coordinator shall be an employee of the beneficiary carrying out the R&I project and will act as the Project Contact Point.

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 such person to practice 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.

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 also 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.



2 Deviations after Grant Award

Applicants should note that:

- Transfers of project funds between line items **over the course of the project** that are **cumulatively less than 20% of the grant value are automatically eligible** provided that:
 - i. the limits mentioned in the Rules of Participation in Section 9 are adhered to
 - ii. expenses are exclusively used throughout the project lifetime to the sole benefit of the project
 - iii. requested costs should be eligible as per Rules of Participation
- Should transfers of project funds between line items be **cumulatively greater than 20% of the grant value, these will be considered as significant alterations to the proposal, and will not be eligible**.

Kindly note that with respect to transfer of project funds, these should be reflected in the project progress meetings and in the Project Audited Financial Report, mentioned in Section 6.1.

Kindly note that the structure of the line items will be as follows:

- Transfers between different budget categories will always contribute to the 20% limit.
- Each manager will be considered as its own line item (transfers between managers will contribute to the 20% limit)
- Research personnel will be considered a single line item (transfers between research personnel will not contribute to the 20% limit)
- Equipment under €5,000 will be considered a single line item (transfers between equipment (under €5,000) will not contribute to the 20% limit). However, each piece of equipment over €5,000 will be considered their own line items (transfers between equipment (over €5,000) will contribute to the 20% limit).
- Subcontracted activities of under €5,000 will be considered a single line item (transfers between subcontracting (under €5,000) will not contribute to the 20% limit). However, subcontracting over €5,000 will be considered their own line items (transfers between subcontracting (over €5,000) will contribute to the 20% limit).
- Consumables of under €5,000 will be considered a single line item (transfers between consumables (under €5,000) will not contribute to the 20% limit). However, consumables over €5,000 will be considered their own line items (transfers between consumables (over €5,000) will contribute to the 20% limit).
- Items listed under 'Other' will be considered their own line items (transfers between other costs will contribute to the 20% limit).



Kindly note that the term 'own line item' refers to a whole budget category whereas 'single line item' refers to one individual line item within a budget category.

Should an equipment/ subcontracting originally proposed to be over €5,000, but get reduced to less than €5,000 over the course of the project, this will still be considered as an individual line item. Should an item of equipment/subcontracting originally proposed to be less than €5,000, be increased to over €5,000 over the course of the project, this will alter to an individual line item.

For reference purposes, please find attached the above transfers in a tabular format:

Will contribute to the 20% limit	Will not contribute to the 20% limit
Transfers between different budget categories	
Transfers between managers	Transfers between research personnel
Transfers between items of equipment (over €5,000)	Transfers between items of equipment (under €5,000)
Transfers between subcontracted activities (over €5,000)	Transfers between subcontracted activities (under €5,000)
Transfers between consumables (over €5,000)	Transfers between consumables (under €5,000)
Transfers between items in the 'Other' category	

3 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 Technology Extension Support 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.

Kindly note that the Council may undertake a due diligence exercise through its contractors for the purpose of administrative compliance. Further assurances, such as bank guarantees, may be required at the discretion of 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:

- a. The Rules for Participation
- b. 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). This has now been 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.
- c. Data Protection Act, Chapter 586 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).
- d. 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'.

Further information may be found within the application form.

4 Evaluation

Project applications will be evaluated through a three-step process. Primarily, projects will undergo an administrative compliance evaluation. In instances where errors in the budget are noted during the evaluation process, these will be categorised by the Council into major deviations (**affecting 10% or over of the grant value**) or minor deviations (**affecting less than 10% of the grant value**) e.g., if the grant value requested would be that of €40,000, any errors in line items which cumulatively exceed the budget by €4,000, would be considered as a major deviation. Minor deviations will be amended by the Council and evaluated on that basis. The beneficiary will be given the opportunity to accept or decline proceeding with the project if awarded. On the other hand, major deviations will be considered as administratively non-compliant.



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 65% pass from the external evaluation will fail the project application. For a project application to be successful, it must pass all three steps. The projects will be ranked and awarded until the funds are consumed.

Should a proposal score more than 80 marks yet not be granted due to funds being consumed by higher ranked proposals, the proposal will receive a **"Quality Proposal Acknowledgment" (QPA)**. Using the QPA, the Council will seek further funding on behalf of the applicant. Please note that there is no guarantee that these funds will be secured in favour of the proposal. The applicant will be notified following the evaluation and ranking of all proposals if they receive a QPA.

The Council will have 3 months from the notification date to seek the funding requested and respond to the applicant. Should a project be granted further funding through this mechanism, the awarded process (Further evaluations, agreement, etc.) continues as regular. Should the 3-month window elapse, the project will not be successful and will not be granted funding. Should multiple proposals be provided with a QPA and insufficient funds provided to grant all QPA projects, the Council will respect the ranking devised through the evaluation process and award the next best ranked projects.

In the event that the Due Diligence assessment results in too high an exposure risk to the Council, the Applicant will no longer be entitled to participate in the project or further assurances may be requested.

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

Effectiveness of Private – Higher Education Institute Partnership (50%): Threshold (35%)

- ✓ Are the participants of the Private – Higher Education Institute complementary to each other? Do they have the required skills and expertise to undertake the project successfully and deliver the objectives? Are the necessary skills included in the Curriculum Vitae's?
- ✓ Is the challenge being experienced identified clearly? Are the proposal's aims and objectives clear? Is this reasonable within the context of this programme?
- ✓ Does the proposal appear to be technologically and practically feasible in achieving the proposed solution? Does the proposal result in an impactful product or process improvement?



Coherence and effectiveness of proposal implementation (50%): Threshold (30%)

- ✓ 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 this proposal's ambitions? Are the line items being requested pertinent to the project?
- ✓ Have potential risks been factored into the work packages of the proposal? Are the mitigation strategies appropriate for the risks identified?
- ✓ Is the proposal likely to result in further activity beyond the lifetime of the project? Does the proposal take into consideration dissemination and outreach?

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.

5 Post Selection Process

5.1 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 Coordinator 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.

5.2 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 CEO 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.

6 Progress Monitoring

6.1 Final Financial Audit

Upon the termination of the project or following the expiration of the Grant Agreement, it 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. The Final Financial Report must be audited by certified auditors appointed by the entity. Such appointed auditor/s shall be deemed responsible for the financial audit of the relevant entity 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 entity. 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.

6.2 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. 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

The 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.

6.3 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.

7 Dissemination and Externalisation

7.1 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 FUSION: R&I Technology Extension Support 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 Technology Extension Support 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.

8 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.

8.1 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.

