



MALTA COUNCIL FOR  
SCIENCE & TECHNOLOGY

## Research and Innovation Programme 2010

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### Rules for Participation

Version 1.0  
15<sup>th</sup> June 2010

## Table of Contents

	Page No
01. Introduction .....	1
01.1 National Strategic Plan .....	1
01.2 National Research and Innovation Programme .....	1
01.3 Priority Sectors .....	1
01.4 Definitions .....	2
01.5 Programme Scope and Focus .....	2
01.6 Value of the Programme Fund .....	2
01.7 Timeframes .....	2
02. Rules and Regulations .....	3
02.1 Definitions .....	3
02.2 General .....	3
02.3 Objectives and Scope .....	3
02.4 Consortium .....	4
02.5 Project Coordinator .....	4
02.6 Eligibility for Participation .....	4
02.7 Pre-Registration .....	4
02.8 Selection Procedure .....	4
02.9 Project Duration and Cost .....	5
02.10 Eligible Direct Costs .....	5
02.11 Eligible Indirect Costs .....	6
02.12 Funding Restrictions .....	6
02.13 Funding Levels .....	6
02.14 Subcontracting .....	6
02.15 Basis of Funding .....	7
02.16 Allocation of Funding .....	7
02.17 Accountability .....	8
02.18 Reporting and Auditing .....	9
02.19 Significant Events .....	9
02.20 Withdrawal of Participant .....	9
02.21 Default .....	9
02.22 Other Financial Assistance .....	9
02.23 State Aid Regime .....	10
02.24 Interpretation of Rules .....	10
02.25 Confidentiality of Submissions .....	10
03. Guidelines for Submissions .....	11
03.1 Eligible Projects .....	11
03.2 Evaluation Criteria .....	11
03.3 Selection Procedure .....	12
03.4 Preliminary Project Proposal .....	12
03.5 Detailed Project Proposal .....	13
03.6 Assistance with Proposal .....	13
03.7 Negotiation of Grant Agreement .....	13
ANNEX A – Preliminary Project Proposal Form .....	14
ANNEX B – Detailed Project Proposal Form .....	21

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## 01. Introduction

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### 01.1 National Strategic Plan

The Malta Council for Science and Technology (MCST) has charted the way forward in research and innovation through the formulation of a strategic plan titled *National Strategic Plan for Research and Innovation: 2007-2010 – Building and Sustaining the R&I Enabling Framework*. The strategy presents a vision for R&I in Malta as well as a set of underpinning strategic principles which guided the formulation of the plan. The R&I vision proposed for 2007 – 2010 is:

“Research and Innovation at the heart of the Maltese economy to support value-added growth and wealth.”

### 01.2 National Research and Innovation Programme

The National Research and Innovation (R&I) Programme is one of the instruments proposed in the National Strategy in support of its aims. It is a funding programme for research and innovation carried out by local organisations and will be operated in accordance with the strategic principles and recommendations of the National Strategic Plan.

### 01.3 Priority Sectors

The National Strategic Plan for R&I identified four priority areas where Government financing and State intervention will be focused. However, a degree of flexibility is to be retained and submissions for funding outside these areas will also be considered at a lower priority.

The identified priority areas are the following:

- |   |   |
|---|---|
| 1. Environment and energy resources:      | with focus on solar, wind and bio energy together with energy efficiency technologies, as well as water, desalination, waste rehabilitation technologies, soil and marine management. |
| 2. ICT:                                   | with focus on software development related to bridging technologies in security, hardware, telecommunications, health, marine and specialised applications.                           |
| 3. Value-Added Manufacturing and Services | with focus on building SMEs as cluster elements in value-added manufacturing and services provision.  |
| 4. Health-Biotech:                        | with focus on human genetics, bio-informatics for support of clinical trials including pharmacogenetic ones and bio-technology for transition of generic pharmaceuticals.             |

## 01.4 Definitions

**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) **basic research** comprising activities undertaken for the advancement of scientific or technological knowledge that may draw on existing knowledge gained from research and practical experiences and is directed to produce new materials, products and devices, the implementation of new processes, systems or services, or to substantially improve those already produced, installed or existing;
- (b) **applied research where** a final specific application is in view;
- (c) **development involving** the use of the results of basic or applied research as aforesaid for the purpose of creating new or of improving existing material, devices, products or processes, but excludes routine or periodic design, testing and analysis of equipment or products for the purposes of quality or quantity control, routine or periodic alterations to existing products or processes, or routine activities where there is no appreciable novelty or problem resolution.

**Innovation** is defined as the renewal and enlargement of the range of services and the associated markets; the establishment of new methods of design, production, supply and distribution; the introduction of changes in management, work organisation, and working conditions and skills of the workforce and covers technological, non-technological and organisational innovation.

## 01.5 Programme Scope and Focus

The National R&I Programme shall provide financial support for research, development and innovation in the field of science and technology. The focus shall be on technology transfer and collaboration between (1) academia and (2) industry or public sector entities.

## 01.6 Value of the Programme Fund

The total value of the National R&I Programme 2010 fund is €700,000.

## 01.7 Timeframes

The following are the projected timeframes for the 2010 call for proposals of the National R&I Programme:

<b>Launch of Programme</b>	<b>15 June 2010</b>
Deadline for Pre-Registration	05 July 2010
<b>Deadline for First Stage Submissions</b>	<b>23 July 2010, 17:00</b>
First Stage Evaluation of Proposals	10 September 2010
<b>Deadline for Second Stage Submissions</b>	<b>01 October 2010, 17:00</b>
Second Stage Evaluation of Proposals	22 October 2010
Negotiation & Signing of Contracts	November / December 2010

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## 02. Rules and Regulations

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### 02.1 Definitions

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

### 02.2 General

The National R&I Programme 2010 will be managed and administered by the MCST, and is a funding programme for research and innovation projects in the fields of science and technology.

Selection and funding of projects under this programme shall be on a competitive basis. The MCST shall issue a call for proposals for projects, which shall then be evaluated by the MCST in accordance with the procedures and criteria laid down in this document.

Programme funding for successful project submissions will be on the basis of a periodic cash advance, and will be regulated through a Grant Agreement establishing the terms and conditions governing the financing of the project. The MCST may, at its discretion, request any project participant to submit a Bank Guarantee before any funding is made available.

Funding under this Programme is made available on the basis that a Participant does not benefit from any other grant or financial incentive in respect of the expenses related to execution of the project.

### 02.3 Objectives and Scope

The National R&I Programme shall provide financial support for research, development and innovation in the field of science and technology. The focus shall be on technology transfer and collaboration between (1) academia and (2) industry or public entities.

Priority shall be given to proposals targeting one or more of the four priority sectors identified in the National R&I Strategy. However, a degree of flexibility is to be retained and submissions for funding outside these areas will also be considered at a lower priority.

This Programme operates under the *de minimis* State Aid regime (Commission Regulation EC No 1998/2006). Specific sectors (agriculture, fisheries and aquaculture) are excluded from this regime and project proposals in these sectors are therefore outside the scope of this programme. The successful participants are expected to provide the necessary reports in accordance with *de minimis* State Aid regulations.

## 02.4 Consortium

A project proposal shall be submitted by a Consortium consisting of two or more Participants as follows:

- At least one Participant shall be an academic institution whose role in the project is primarily that of a knowledge provider;
- At least one Participant shall be a business, Public Body or NGO.

At least one Participant from each of the two categories above must have a significant role in the project, and this balance must be reflected in the allocation of tasks and funding.

Individuals representing one entity cannot be personally involved in any of the other partner entities.

## 02.5 Project Coordinator

The project proposal must be submitted by a Project Coordinator on behalf of the Consortium. The role of Project Coordinator may be performed by any Maltese Legal Entity. Other entities (such 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 development of the project plan, including establishing project activities, timeframes and financial estimates;
- To coordinate the activities of the individual project Participants on an ongoing basis, and to ensure that they fulfil their obligations in terms of the Grant Agreement;
- To compile the Annual Project Report including submissions by all project Participants;
- To act as the main point of contact between the MCST and the project Participants.

## 02.6 Eligibility for Participation

Any Maltese Legal Entity may be a Participant in a project and will be eligible for funding subject to the terms and conditions laid out elsewhere in this document.

Foreign entities are eligible to participate in a project, but are not eligible for funding under the programme.

Participants representing one entity who are shareholders in a partner entity or who have a clear conflict of interest, are not eligible to participate.

## 02.7 Pre-Registration

Project Coordinators are required to pre-register their intention to submit a proposal, indicating (1) the name of the Project Coordinator, (2) the Title of the Proposal and (3) the Area Targeted. This will provide an advance picture of the number and type of proposals to enable proper planning of the evaluation process.

## 02.8 Selection Procedure

The programme shall employ a two-stage submission and evaluation procedure in order to avoid unnecessary detailed planning for projects which have limited chance of being selected for eventual financing.

### 1. First Stage

- Interested applicants shall submit a lightweight preliminary project proposal, focusing on the benefits accruing from the project in terms of the objectives of the National R&I Programme. The Preliminary Project Proposal Form can be found in Appendix A.
- All submitted proposals will be evaluated and a number of these will be shortlisted for further consideration.

### 2. Second Stage

- Shortlisted applicants will be invited to submit a full project proposal including a detailed work plan of proposed activities and costings. The Detailed Project Proposal Form can be found in Appendix B.
- These will be evaluated and a final ranked list of projects will be drawn up.

The final decision on selection of projects rests with the MCST. Grants will only be awarded subject to successful negotiation and endorsement of grant agreement. A due diligence exercise on the successful partners shall also be undertaken prior to grant award.

## 02.9 Project Duration and Cost

Project proposals submitted through this call should normally have a duration of between one and three years. However, projects with different timeframes may be considered at the discretion of the MCST.

As an indicative target, any project submitted under this programme should aim for a funding component from the programme of between €50,000 and €200,000.

## 02.10 Eligible Direct Costs

Eligible direct costs are those costs incurred during the duration of the project and used primarily for the purpose of achieving the objectives of the project. Eligible costs include but are not limited to:

- personnel costs (technical and management);
- purchase of specialised equipment including software (normal office equipment does not constitute an eligible cost);
- travel, networking and dissemination activities;
- access to scientific information sources including databases and publications;
- other operating expenses directly related to the project;
- subcontracting (limited to 25% of the project grant).

Expenses which are recoverable through other funding mechanisms are not eligible costs for the purpose of this programme.

### Good Practice

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

In the case of purchases of significant value, it is good practice to obtain three quotations. While it is not mandatory to select the cheapest offer, the choice of supplier should be justified in writing by means of a concise note.

When it is not possible or feasible to obtain quotations, a concise justification note should be made by way of explanation.

**Ineligible Costs**

Expenses related to loans, interest, etc are not eligible costs for the purpose of this programme.

**02.11 Eligible Indirect Costs**

Overheads will be covered at 10% of direct eligible costs, excluding the costs of (1) subcontracting and (2) items of equipment of value exceeding €5,000.

Expenses which are recoverable through other funding mechanisms are not eligible costs for the purpose of this programme.

**02.12 Funding Restrictions**

In accordance with the objectives of this Programme, a project proposal should represent a good distribution of workload and financing between the different categories constituting the Consortium, and no single Participant should dominate the project

The following funding limits shall be applicable:

- funding for any individual Participant shall be limited to 75% of the value of the project grant;
- combined funding for any category of Participants shall be limited to 75% of the value of the project grant.

**Maltese Public Entities**

The National Strategic Plan for R&I recommends that public sector entities should have their own research funding, and under this Programme funding for a Maltese Public Body shall be limited to 25% of the value of the project grant.

**Subcontracting**

Funding for subcontracting shall normally be limited to 25% of the value of the project grant. In cases where the proposed subcontracting component exceeds this limit, the Project Coordinator must provide adequate justification for the subcontracting.

**02.13 Funding Levels**

The following funding levels shall be applicable:

- The programme financial contribution to a project Participant which is a Maltese Public Body, NGO, Academic or Research Institute shall be 100% of eligible costs.
- The programme financial contribution to a project Participant which is a Maltese Private Body shall be limited to 75% of eligible costs.
- There shall be no funding for other categories of project Participants.

**02.14 Subcontracting**

Where a component of the project work is to be subcontracted to a third party, the following considerations shall apply:



- the value of the subcontracting should not normally exceed 25% of the total project grant. In cases where the proposed subcontracting component exceeds this limit, the Project Coordinator must provide adequate justification for such subcontracting.
- the Project Coordinator remains responsible for the timely delivery of the subcontracted tasks;
- the Project Coordinator shall ensure that such a third party is selected in a manner which is transparent, fair and impartial.

Where the financial value of the subcontracting component is significant, the MCST may require the Project Coordinator to establish criteria in advance for the selection of such third parties and to be notified in advance of any contractual agreement with the third party. The MCST reserves the right to object to the selection of the third parties. Subcontracting to foreign companies should only be considered if suitable expertise is not available locally.

## 02.15 Basis of Funding

For the purposes of funding and reporting, a project submission shall be divided into one or more stages, with each stage of 12 months duration.

1. Funding for a selected project will be made available to each Participant in advance on a periodic basis, and will be based on the forecast project expenses for the forthcoming stage.
2. At the end of each stage, the Project Coordinator will be required to submit a Project Report to MCST with details of actual expenditure over the past stage, together with an updated forecast of projected expenditure for the following stage. Such details must be broken down by Participant.
3. Funding advances will be made available taking into account past allocations and projected expenditure according to the submitted Project Report. Further details of the periodic funding allocation are given in section 2.16 below.
4. Funding for any one stage shall not exceed 80% of the total project financial contribution due.
5. Following the termination of the project or expiry of the Grant Agreement, Participants will be required to submit a final Project Report. This will be audited by an auditor appointed by MCST in order to determine all eligible costs. Following finalisation of the audit, MCST will forward any outstanding payments due to the Participant. In the case of overpayment, the Participant will be required to refund any monies to MCST.

The MCST reserves the right to alter the funding parameters under certain circumstances.

## 02.16 Allocation of Funding

### Single-stage projects

In the case of a single-stage project, MCST will make an advance payment to each Participant equivalent to 80% of the due financial contribution calculated on the Participant's projected costs. This will include both direct and indirect eligible costs.

Following termination of the project or expiry of the Grant Agreement, the Project Coordinator shall submit a Project Report with details of project expenditure. MCST will conduct an audit to determine the total eligible costs and calculate any balances due to Participants or refunds due to MCST.

**Multiple-stage projects**

In the case of a multiple-stage project, the periodic funding will be allocated according to the following schedule.

1. For the first stage, MCST will make an initial advance payment of 100% of the due financial contribution to each Participant. This will be calculated on the Participant's component of projected expenditure for that stage, and will include both direct and indirect costs.
2. For the second and subsequent stages, MCST will calculate the due financial contribution based on the Project Report submitted by each Participant. This contribution will be calculated as forecast eligible expenditure, adjusted for any overspend or underspend of the preceding stage.
3. Except for the final stage of the project, MCST will make an advance payment to each Participant equivalent to 100% of the due financial contribution calculated as in bullet (2) above.
4. For the final stage of the project, MCST will make an advance payment to each Participant of up to 80% of the due financial contribution calculated as in bullet (2) above. However, MCST shall retain 10% of the total project grant to be transferred upon successful completion of the project.
5. Following the termination of the project or expiry of the Grant Agreement, Participants will be required to submit a final Project Report. This will be audited by an auditor appointed by MCST in order to determine total eligible costs and compare these to funds forwarded to the Participant. Following finalisation of the audit, MCST will forward any outstanding payments due to the Participant. In the case of overpayment, the Participant will be required to refund any monies to MCST within a specific timeframe, or as agreed with MCST.

It is to be noted that the total financial contribution over the lifetime of the project will not exceed the funding limit as established in the Grant Agreement, irrespective of actual expenditure.

**02.17 Accountability**

All relevant expenses must be recorded in the accounts of the Participant and, in the case of any contribution from third parties, they must be recorded in the accounts of the third parties.

Eligible expenses must have been determined in accordance with the usual accounting and management principles and practices of the Participant. Direct costs must be backed up with fiscal receipts or payslips in the case of salaries.

## 02.18 Reporting and Auditing

At the end of each project stage, the Project Coordinator will be required to submit a Project Report to MCST with the following details:

- An account of project activity and achievements.
- An account of actual expenditure over the past stage for each Participant.
- An updated forecast of projected expenditure for the following stage for each Participant.

The MCST will conduct a detailed audit following the termination of the project.

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

In the event that a project is found to be in breach of the Grant Agreement or to materially depart from the submitted proposal, the MCST reserves the right to discontinue the award and the Participants may be required to refund the grant. In any such event, the MCST may also exclude an applicant from participating in future calls of the National R&I Programme.

## 02.19 Significant Events

The Project Coordinator is obliged to immediately advise the MCST 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 proposal and the termination of the project.

Failure on the part of the Project Coordinator to respect this obligation may lead MCST to suspend or terminate funding for the project and request a refund of monies already paid out.

## 02.20 Withdrawal of Participant

If during the course of a project a Participant withdraws from the consortium, the Project Coordinator may request the authority of the MCST to reallocate tasks among the remaining Participants or nominate a replacement Participant.

## 02.21 Default

If the implementation of a project becomes impossible or if the participants fail to implement it, the MCST shall be entitled to withdraw funding for the project and collect refunds of monies already paid out.

## 02.22 Other Financial Assistance

Funding under this Programme is made available on the basis that it is the only form of financial assistance from which a Participant will benefit in respect of expenses related to the execution of the project. All other forms of financial assistance whether in the form of a grant, tax incentive or other measure, whether resulting from a local or overseas scheme, are forbidden.

Participants will be required to sign a declaration to this effect and authorising the MCST to exchange essential information related to the project with other funding agencies, both local and overseas, for any necessary checks.

### 02.23 State Aid Regime

This Programme operates under the *de minimis* State Aid regime, which stipulates that a commercial organisation cannot receive more than €200,000 in aid over any 3-year period through schemes operating under this regime. Applicants are required to ensure they are eligible for the requested grant under State Aid rules before submitting an application. Consortium partners will be required to fill in and sign the necessary State Aid forms before any funds are transferred.

### 02.24 Interpretation of Rules

This document endeavours to establish comprehensive and unambiguous rules governing participation in the R&I Programme. However, should circumstances arise where the rules are inadequate, unclear, ambiguous or conflicting, MCST will exercise its discretion in the interpretation of the rules or will extrapolate the rules as necessary.

### 02.25 Confidentiality of Submissions

Unless otherwise indicated, all project submissions shall be treated in strict confidence. Reviewers shall be bound by confidentiality and shall be required to declare that they do not have any conflict of interest in reviewing the individual projects.

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## 03. Guidelines for Submissions

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### 03.1 Eligible Projects

The National R&I Programme 2010 shall provide financial support for research, development and innovation in the field of science and technology. The focus shall be on technology transfer and collaboration between (1) academia and (2) industry or public sector entities.

Priority shall be given to proposals targeting one or more of the four priority sectors identified in the National R&I Strategy. However, a degree of flexibility is to be retained and submissions for funding outside these areas will also be considered at a lower priority.

Projects in sectors fall outside the scope of the *de minimis* State Aid regulations are not eligible for funding under this programme.

### 03.2 Evaluation Criteria

Project proposals will be evaluated in accordance with the following criteria:

#### 1. Programme Objectives

This criterion assesses the extent to which the proposal addresses the objectives of the R&I Programme:

- The project relates to research, development and innovation in science and technology
- the degree of fit with the identified priority sectors;
- the project adequately addresses the programme objective of increasing collaboration between academia and other sectors;
- the project addresses a genuine need for knowledge transfer between academia and other sectors.

#### 2. Concept and Approach

This criterion assesses the idea behind the project, and what it hopes to achieve:

- the proposal is conceptually sound;
- the project has clearly defined objectives and deliverables which are suitably ambitious yet achievable.;
- the proposal clearly indicates suitable actions that will be taken to achieve the objectives and deliverables.

#### 3. Quality of Consortium

This criterion assesses the quality of the consortium and project structures:

- The consortium includes participants having the necessary knowledge and competence to undertake the project;
- the project includes balanced participation and funding between the different categories of participants.

#### 4. Potential Impact

This criterion assesses the potential impact and benefits of the project in the local context

- the proposed deliverables should have a clear application, and the proposal should seek to identify realistic uses for the deliverables of the project;
- the proposal identifies any commercialisation potential of the project results;
- the proposal identifies benefits of the project including organisational benefits;
- the proposal identifies any cost reduction anticipated through the project;
- the proposal identifies any potential licensing as a result of the project;
- the proposal identifies any potential networking as a result of the project;
- the proposal identifies a roadmap for the realisation of the identified benefits (unless these are realised within the lifetime of the project);
- the project will have spill over benefits (e.g. Malta's reputation in S&T.).

#### 03.3 Selection Procedure

Evaluation and selection of project submissions will be a two-stage process consisting of:

- (1) a shortlisting stage and
- (2) a selection stage.

For the shortlisting stage, interested applicants shall submit a lightweight **preliminary project proposal** in order to avoid unnecessary detailed planning for projects which have limited chance of being selected for financing.

All submitted proposals will be evaluated and a number of these will be shortlisted for participation in the selection stage. The relevant Project Coordinators will be invited to submit a **full project proposal**. These project proposals will then be evaluated and a final list of projects will be selected for funding.

#### 03.4 Preliminary Project Proposal

The objective of the preliminary proposal is primarily to enable the evaluators to assess the merit and potential benefit of the proposed project, in order to determine whether to take the proposal to the second stage.

The preliminary proposal should also:

- enable the evaluators to assess whether the proposed project team possesses the skills and competence to perform the projected work
- provide **indicative** figures relating to cost, resources and timeframes.

Full details on how to compile the preliminary project proposal may be found in Annex A.

### 03.5 Detailed Project Proposal

#### **Contents**

The full proposal must present a coherent, comprehensive and credible plan based on reasonable estimates of human resources, finance, deliverables and timeframes.

It must be of high quality and shall include the following:

- A precise plan of project activities, timeframes and deliverables.
- A precise estimate of costings.
- Details of project participants and relevant track record to clearly establish that the proposed consortium has the skills, experience and resources necessary to perform the project tasks and achieve the project objectives.

Full details on how to compile the preliminary project proposal may be found in Annex B.

#### **Changes from Preliminary Proposal**

It is permissible for the detailed project proposal to differ to some extent from the preliminary project proposal, subject to the following provisions:

- the essential objectives of the proposal have not been changed;
- any changes from the original submission do not materially affect the criteria on which the preliminary proposal was selected;
- the revised project is still within the financial limits established in the preliminary proposal;
- the detailed project proposal is an improvement on the preliminary proposal.

The detailed proposal may also include changes to the consortium setup.

### 03.6 Assistance with Proposal

Prospective project coordinators are encouraged to seek the advice of the MCST in the preparation of the project proposal. This should help identify any areas of concern prior to the submission of the proposal and lead to a better quality of submission.

### 03.7 Negotiation of Grant Agreement

In the case of a proposal which is selected for funding, the Project Coordinator will be invited to enter into negotiation regarding the proposed project. Items for discussion may include financial estimates, deliverables, timeframes and consortium members.

Following successful conclusion of negotiations, the Project Coordinator together with any other Participants will be invited to sign a Grant Agreement establishing the terms and conditions governing the financing of the project.

## **ANNEX A – Preliminary Project Proposal Form**



## **ANNEX B – Detailed Project Proposal Form**