



GOVERNMENT OF MALTA
PARLIAMENTARY SECRETARIAT
FOR YOUTH, RESEARCH
AND INNOVATION



The Malta Council for
Science & Technology

FUSION Research and Innovation: Space Upstream Programme

Rules for Participation 2023
Rules for Non-State Aid (*Option B*)



i
Rules for Participation – Option B
Space Upstream Programme 2023
Revision 1 – Issued 01/06/2023



Contents

| | | |
|-----------|---|-----------|
| 11 | Introduction..... | 4 |
| 2 | The Space Upstream Programme..... | 4 |
| 2.1 | <i>Programme Scope and Focus.....</i> | 4 |
| 2.2 | <i>Contacts</i> | 7 |
| 3 | Definitions | 7 |
| 4 | Eligibility Criteria and Applications..... | 11 |
| 4.1 | <i>Eligibility for Participation</i> | 11 |
| 5 | Consortium | 12 |
| 5.1 | <i>Composition.....</i> | 12 |
| 5.2 | <i>Lead Partner.....</i> | 14 |
| 5.3 | <i>Conflict with Fundamental Aim of Programme.....</i> | 14 |
| 6 | Eligibility Under this Option (Non-State Aid)..... | 15 |
| 7 | The Application Process | 16 |
| 7.1 | <i>Application Submission</i> | 16 |
| 7.2 | <i>Considerations at Application Stage</i> | 20 |
| 7.2.1 | <i>Respecting Lead Times</i> | 20 |
| 7.2.2 | <i>Assistance with Applications</i> | 20 |
| 8 | Confidentiality of Submissions | 21 |
| 9 | Programme Parameters..... | 22 |
| 9.1 | <i>Project Start Date and Duration</i> | 22 |
| 9.2 | <i>Project Grant</i> | 22 |
| 9.3 | <i>Deliverables.....</i> | 22 |
| 9.3.1 | <i>Mandatory Deliverables</i> | 23 |
| 9.3.2 | <i>Recommended Deliverables</i> | 24 |
| 10 | Eligible Costs..... | 25 |
| 10.1 | <i>Subcontracted Activities.....</i> | 27 |
| 10.2 | <i>Audits.....</i> | 28 |
| 10.3 | <i>Eligible Indirect Costs.....</i> | 28 |
| 10.4 | <i>Ineligible Costs</i> | 29 |
| 10.5 | <i>Co-Financing</i> | 29 |
| 11 | Evaluation | 29 |
| 12 | Post Selection Process..... | 32 |
| 12.1 | <i>The Grant Agreement.....</i> | 32 |
| 12.2 | <i>Start Date and End Date</i> | 33 |
| 13 | Double Funding | 34 |



| | | |
|-----------|---|-----------|
| 14 | Funding, Management and Progress Monitoring | 34 |
| 14.1 | <i>Allocation and Disbursement of Funding</i> | 34 |
| 14.2 | <i>Final Financial Audit</i> | 35 |
| 14.3 | <i>The Technical and Financial Reports</i> | 35 |
| 14.4 | <i>Accountability</i> | 36 |
| 15 | Dissemination and Externalisation | 37 |
| 15.1 | <i>Referencing</i> | 37 |
| 16 | Supervening Circumstances | 37 |
| 16.1 | <i>Default</i> | 38 |
| 16.2 | <i>Budget Transfers during the Project</i> | 38 |
| 17 | Interpretation of Rules | 40 |
| | Appendix 1: Technology Readiness Levels (TRLs) | 31 |



1 Introduction

FUSION is a national funding programme that drives and supports local Research and Innovation (R&I), as well as providing the necessary support for researchers and technologists to turn their innovative ideas into a market-ready reality. FUSION is supported through Malta Government funds and is managed by the Malta Council for Science and Technology (MCST) as the Managing Authority.

The main objectives of FUSION are:

- To raise the level and profile of locally funded research
- To ingrain R&I at the heart of the Maltese economy
- To spur knowledge-driven and value-added growth
- To sustain improvements in the quality of life

These can be achieved since research results and innovation have the potential of translating themselves into commercial activities which generate a multiplier effect on the economy, by increasing Malta's competitiveness through the creation of additional high-value and knowledge intensive employment opportunities in Malta's priority industries.

FUSION is a portfolio of various programmes. These programmes have been designed with the aim of offering the necessary mentoring and financial support for researchers and technologists to develop their ideas to the betterment of society.

2 The Space Upstream Programme

2.1 Programme Scope and Focus

After a succession of consultations and research, it was concluded that a thematic Space Upstream fund would be an important step that is required in Malta's preparation to join the ESA "Plan for European Cooperating States" (PECS). A dedicated thematic programme would give a clear indication of Malta's capacity in the Space Upstream sector. It would furthermore aid with the development of customised programmes under PECS to suit the country's Space worthy capacity.

The Space Upstream is related to the transportation of items into Space, Space Exploration and the development of related ground-based technology. This theme is pertinent to the Maltese government's agreement to upgrade its current status with the European Space Agency, which expires in 2024, from an "Observer Country" to a



“European Cooperating State (ECS)”. The conditions are adequate for this shift to occur as the current activity of Earth Observation research is evolving to a level of maturity and integration into Maltese services and practices. Malta’s space activity is not confined to the Downstream and there is substantial research being conducted in relation to the Space Upstream sector. There are however no dedicated funding schemes to allow these research endeavours to grow.

The Main Theme for this year’s Thematic Programme is the Space Upstream which is subdivided into five categories that have been identified from the Scoping exercise carried out by MCST. These five categories subdivide into further sub-categories which highlight the various aspects of the Space Upstream sector where research and development has potential to develop in Malta. This list does not restrict any other forms of research that have not been included in the extensive list depicted in Figure 1.

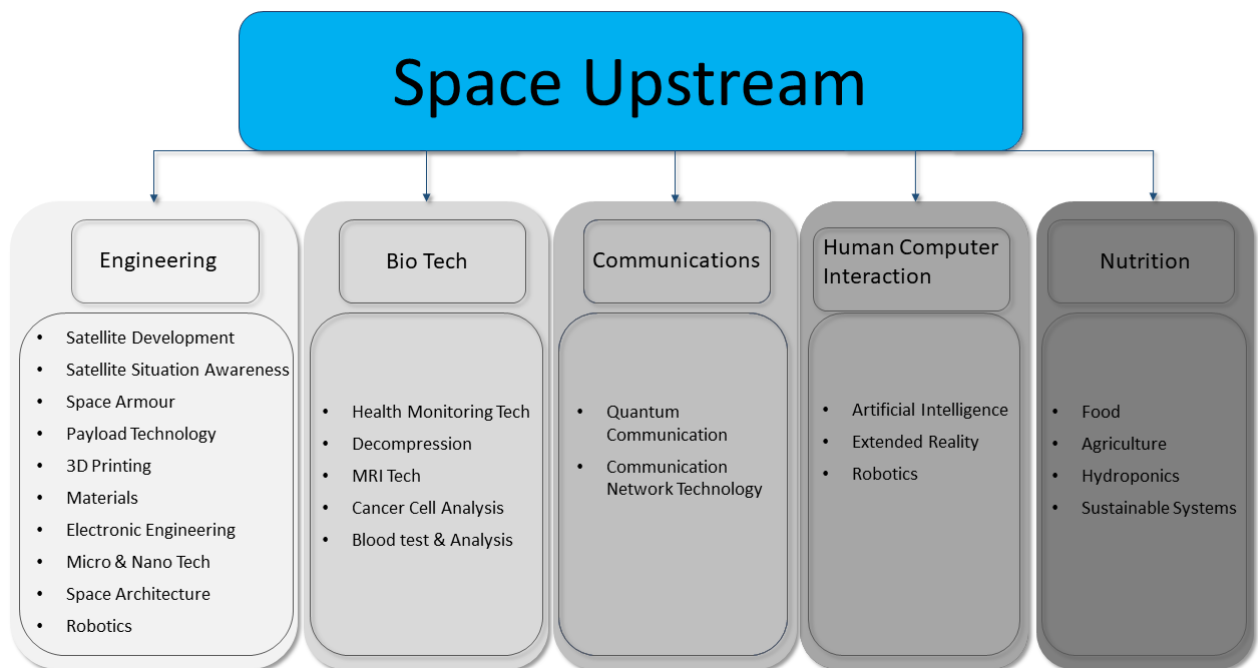


Figure 1. The Thematic Programme for 2023 indicating the main theme the Space Upstream, the five categories and sub-categories of potential research and development.

MCST’s thematic programmes are aimed to address immediate concerns of national interest. This fund has been customised to suit the upcoming upgrade of the agreement made with the European Space Agency with the intention of creating a Space infrastructure in Malta. Space systems are becoming ever more integrated into the social



fabric of every day practices and systems utilised by the general populace, and by public, private and academic institutions.

Many of these services can be customised to suit the countries required needs and these can be provided by local entities instead of fully depending on companies and institutions from abroad to produce these needed technologies. One example that directly effects Earth Observation data that is required by Maltese researchers and developers is related to the low-resolution data provided by Copernicus services where the data always has to be augmented with in-situ data. This calls for a development of satellite technology that would address this limitation that would improve local work practices and improve upon the output data captured.

For Malta to remain competitive and to sustain any form of relevance as a country of technological significance the country needs to develop its own Space Upstream organisational structure. Malta's development of a local Space sector will work within the broader context of the European Space Technology Harmonisation plan. This has been developed to improve coordination of research and development (R&D), strengthen Europe's technology base and ensure the block's competitive capacity to excel. Europe also aims to reach a critical space technology level to ensure strategic non-dependence from other international Space fairing countries (European Space Technology Master Plan, 2020).

This fund aims to kick start Space Upstream activities in Malta since this is a sector that is currently not being addressed through a specific funding strand. This initial work will prepare local researchers and industry for the newly introduced PECS Tenders where the Space Upstream is one of the main avenues for research and development. Such a fund will allow local stakeholders to pool together their resources and exploit each other's potential to establish cutting edge, state of the art research.

It is a great opportunity for the dissemination of knowledge and scientific creativity. Projects that succeed to acquire funding under this thematic programme can be further developed through larger funds at a later stage.

This funding scheme offers the opportunity to establish rigorous groundwork that will permit further development. It encourages the exploration of niche topics of interest without restricting the potential applicant pool. That is why the aim of this fund is to serve as a catalyst for the broader PECS arrangement in 2024.

The Space Upstream Programme is intended to fund projects which are either early stage or applied research, hence targeting research between TRL 1 and TRL 7.



2.2 Contacts

For general enquires kindly contact:

Dr Michael Quinton
Executive (Space Engagements & Programmes)
Email: michael.quinton@gov.mt
Tel: +356 2360 2120

For escalated enquiries kindly contact:

Ms Abigail Aquilina
Senior Executive (R&I Programmes)
Email: abigail.aquilina@gov.mt
Tel: +356 2360 2241

3 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.

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

Council refers to the Malta Council for Science and Technology.

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



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

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

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.

Partner is defined as a partner in a consortium of a funded transnational project.

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

Project Contact Point is the individual, appointed to act on behalf of the Applicant and who is responsible for communicating with the Council about the Project.

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.

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

Project period is the period allocated for the execution of the Project, and as indicated by the applicant. For the purposes of the Thematic Programme, this period is of **twelve** months or eighteen months.

Project Value is the project grant in its entirety including any co-financing.

Public Entity is any Ministry, Department, Entity, Authority, Public Commission, Public Sector Foundation or similar organisation that does not carry out an economic activity within the meaning of Article 107 TFEU and that exercises public power, or else acts in its own capacity as public authority, where the activity in question forms part of the essential function of the State or is connected with those functions by its nature, its aim and the rules to which it is subject. However, the classification of a particular entity as an undertaking depends entirely on the nature of its activities, and the overriding criterion of consideration is whether it carries out an economic activity or not, e.g., an entity that is formally part of the public administration may nevertheless have to be regarded as an undertaking within the meaning of Article 107(1) of the Treaty. Thus, an entity that carries out both economic and non-economic activities is to be regarded as an undertaking only with regards to the former. In this case, if the economic activity can be separated from the exercise of public powers, then that entity acts as an undertaking in relation to that activity and the financing, the costs and the revenues of that economic activity shall be accounted for separately from the other non-commercial activities.

If an economic activity cannot be separated from the exercise of public power, the activities exercised by that entity as a whole, remain connected with the exercise of those public powers and therefore fall outside the notion of an undertaking.

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) **Industrial Research** means the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services. It comprises the creation of components parts of complex systems, and may include the construction of prototypes in a laboratory environment or in an environment with simulated interfaces to existing systems as well as of pilot lines, when necessary for the industrial research and notably for generic technology validation

b) **Experimental Development** means acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services.

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

Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes, services and other operations in progress, even if those changes may represent improvements;

Research and knowledge-dissemination organisation 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.

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.

4 Eligibility Criteria and Applications

This section provides details on applicant eligibility and fit within this programme.

These Rules for Participation are exclusively applicable to **public entities** and **public research and knowledge dissemination organisations**, registered in Malta, **that do not 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 entity's or consortium's eligibility to apply and the application's fit within this Programme.

4.1 Eligibility for Participation

Any applicants that at the time of proposal submission are considered by MCST to be non-compliant with respect to Grant Agreement obligations on other active projects funded by MCST, may be immediately deemed ineligible at application stage or will not be awarded funding under this programme. This also applies to situations whereby the applicant is outside approved project timelines on other projects funded by MCST, and where the applicant is in recognised default.

Any application submitted by or including the participation of any legal person or legal entity having, in totality or in majority ownership, the same shareholders, partners or persons holding and/ or exercising a controlling power in any other legal entity which will have been at any time prior to such application declared as non-compliant or defaulting on any other contract or agreement entered into with MCST, shall be automatically declared as inadmissible.

Funding under this scheme is made available on the basis that the Applicant has not benefited and will not benefit from any other grant or financial incentive of whatever nature, applied for and/ or utilised for the same costs and scope as that subject of the funding requested under this scheme.

Applicants under the Non-State Aid (*Option B*) regime must understand that, should they be found to be in breach of the conditions for being exempt from State Aid regulations,

the Managing Authority will enforce the retrieval of disbursed funds with interest, in part or in full, as the case may necessitate.

The Applicant also undertakes to comply faithfully and immediately with any decision of the European Commission or a Maltese Judicial Authority declaring Article 107(1) TFEU to be applicable to this project or activity.

MCST also reserves the right to terminate any applications that have followed in part or in full the Non-State Aid (*Option B*) regime, should MCST not be satisfied with the segregation of work packages, activities, tasks and deliverables, as well as budgets.

All applications should be accompanied by the relevant declarations duly completed within the Appendices of the Application Form with particular attention also being given to potential indirect state aid, to undertakings within the same eventual project, should it be selected for funding.

The entity must be a Maltese Legal Entity. Any Maltese Public Entity or Maltese Public Research and knowledge-dissemination organisation as defined in Section 3 may apply and will be eligible for funding subject to the terms and conditions laid out in this document.

Kindly note that in the case of public foundations, applicants will be required to provide an authenticated constitutional document (e.g., Statute/ Deed) which will be considered during the national eligibility check stage (to be included as an annex to the application form).

5 Consortium

5.1 Composition

A project application may be submitted by a Consortium consisting of two or more Maltese Legal Entities. It is permissible for a consortium to consist of one or more Partners applying under the State Aid regulation (Option A) Rules for Participation, and one or more Partners applying under the non-state aid (Option B) as per these Rules for Participation.

One of the Partners should be designated as the Lead Partner and will be responsible for the application for the R&I project, the appointment of a project coordinator and the correct execution of the project.



Any person may only be involved with one project partner (Refer to 5.3).

The project proposal must be submitted by the lead partner on behalf of the Consortium, with prior endorsement and signature of application by the legal representative of each Partner. Should the endorsement be absent, a delegated authority should be sought and achieved. The role of Project Coordinator shall be performed by a physical person who is an employee of the Lead Partner. Legal entities other than physical persons, as well as foreign entities are not eligible to perform this role.

A Consortium Partner wishing to withdraw from the Space Upstream Project, must present their case to MCST through their Project coordinator. As a result, and at its discretion, MCST may request the refunding of money disbursed to that partner and may even terminate the Space Upstream Project in its entirety. All Project partners would still be obliged to provide all stage technical and financial reporting at their own expense. In extenuating circumstances, MCST may at its discretion, consider suggestions for replacement of a Partner. However, the project proposal would need to be re-evaluated through internal evaluators and the Space Upstream Committee. Should this be the case, the overall rules for participation would need to be adhered to and the technical and financial distribution of the projects should remain unchanged.

The Project Coordinator has overall responsibility for the project, and shall have the following responsibilities:

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



5.2 Lead Partner

The Lead Partner is responsible to ensure that the **Project Coordinator** complies with all obligations assigned within the contract governing this grant, including being responsible for the timely submission of reports and effective execution of the project. This person will also act as the **Project Contact Point**

5.3 Conflict with Fundamental Aim of Programme

Pertaining to the Arms length principal, the participation of individuals in a Consortium must not be of such nature as to create conflicts with the fundamentals of knowledge transfer and commercialisation, which are the foremost aims of the Space Upstream Programme.

Two legal entities shall be regarded as independent of each other where neither is under the direct or indirect control of the other or under the same direct or indirect control as the other. Control may take either of the following forms:

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

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

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

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

6 Eligibility Under this Option (Non-State Aid)

These Rules for Participation allow eligibility under a non-state aid route. Those entities that may be eligible for participation under this route shall be required to declare themselves as:

1. A public “research and knowledge dissemination organisation” as defined in the Commission Framework for State aid for research and development and innovation (2022/C 414/01) paragraph 16(ff), which carries out a non-economic activity in line with the following:

(a) primary activities of research organisations and research infrastructures, in particular:

- education for more and better skilled human resources.
- independent R&D for more knowledge and better understanding, including collaborative R&D where the research organisation or research infrastructure engages in effective collaboration;
- wide dissemination of research results on a non-exclusive and non-discriminatory basis, for example through teaching, open-access databases, open publications or open software;

(b) knowledge transfer activities, where they are conducted either by the research organisation or research infrastructure (including their departments or subsidiaries) or jointly with, or on behalf of other such entities, and where all profits from those activities are reinvested in the primary activities of the research organisation or research infrastructure. The non-economic nature of those activities is not prejudiced by contracting the provision of corresponding services to third parties by way of open tenders.

or,

2. A public entity whose activity does not constitute an economic activity in the meaning of Article 107 of the Treaty on the Functioning of the European Union¹. Where applicable, applicants need to ensure adherence to Section 2.2 “Indirect

¹ Refer to chapter 2 of the commission notice on “the notion of State aid referred to in an article 107(1) of the Functioning of the European Union” (2016/C 262/01) for further guidance



State aid to undertakings through public funded research and knowledge dissemination organisations and research infrastructures” of the Framework for State aid for research and development and innovation (2022/C 414/01).

Applicants under the non-state aid Option B route must understand that, should they be found to be in breach of the conditions for being exempt from State Aid regulations, the Managing Authority will enforce the retrieval of disbursed funds with interest, in part or in full, as the case may necessitate.

The Applicant also undertakes to comply faithfully and immediately with any decision of the European Commission or a Maltese judicial authority declaring Article 107(1) TFEU to be applicable to this Agreement.

MCST also reserves the right to terminate any applications that have followed in part or in full the non-state aid Option B route, should MCST not be satisfied with the segregation of work packages, activities, tasks and deliverables, as well as budgets.

All applications should be accompanied by the relevant Declarations duly completed within the Appendices of the Application Form with particular attention also being given to potential indirect state aid to undertakings within the same eventual project, should it be selected for funding.

7 The Application Process

The Call for Project Proposals will be open **for six weeks** between the **2nd June 2023 to 23:59PM on the 14th July 2023**. **Proposals which are received after the deadline stipulated will be deemed administratively non-compliant**. The selection and funding of proposals under this Programme shall be on a competitive basis.

Applicants should refer to the eligibility criteria in Sections 4, 5 and 6.

7.1 Application Submission

The Space Upstream 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 2021 - 2023' 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 each participating organisation within a consortium 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 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 is €125,000, any errors in the budget exceeding €12,500, would be considered as a major deviation. Minor deviations will be amended by the Council and evaluated on that basis. Should the cumulative value of all minor deviations at any point exceed the threshold for a major deviation this will be considered as a major deviation. 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.

In cases, where deviations from the mandatory deliverables or budgets detailed herein are required, applicants should be guided by section 7.3 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 within the submitted application, which are more than the prescribed maximum word count and/or page limits, shall be **disregarded in the scientific evaluation process.**

Application Forms should be sent electronically to space.mcst@gov.mt keeping Dr. Michael Quinton (michael.quinton@gov.mt) and Abigail Aquilina



(abigail.aquilina@gov.mt) in copy, with “ Space Upstream Programme Application Submission” as a subject.

Contact Information:

Dr. Michael Quinton
Executive (Space Engagements & Programmes)
Email: michael.quinton@gov.mt
Tel: +356 2360 2120

For escalated enquiries kindly contact:

Ms Abigail Aquilina
Senior Executive (R&I Programmes)
Email: abigail.aquilina@gov.mt
Tel: +356 2360 2241

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) including:
 - A precise plan of project activities, timeframes, and deliverables, including a visual representation through a Gantt Chart
 - A precise indication of project costs signed and as a separate excel spreadsheet
 - A detailed plan of how Beneficiary’s knowledge and, where applicable subcontractors or co-collaborators, 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.)

- ✓ **Curricula Vitae** of key researchers including relevant track records. These should clearly establish that there is the potential in carrying out the project.

- ✓ An **IP agreement** signed by all Project Partners (in the case of consortia)



- ✓ Signed Additional Declarations
- ✓ The **signed declarations** where State Aid is not applicable (Kindly note that the mentioned Declaration form is to be submitted again upon the signing of the Grant Agreement should the project be selected for funding)
- ✓ A **dissemination and externalisation plan** should be included (as either a work package within the application, or as a separate annex)

In the case of a consortium, and one of the partners is requesting state aid, the following has to also be provided:

- ✓ **Management Accounts**, including detailed profit and loss, as well as balance sheet, for the current year, where an audited account may not be available
- ✓ 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
- ✓ Where **de minimis** is the selected route of aid, the signed *De Minimis* State Aid Declaration Form (kindly note that 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 in the case of consortia.
- ✓ Where GBER is the selected route of aid:
 - **Entity Size Declaration Form**
 - **Undertaking in Difficulty Form**
 - **Effective Collaboration Declaration Form**
 - **Research Type Declaration Form**

It should be noted that emails with large attachments larger than (6MB) may be automatically rejected by the system. The applicant may make use of cloud storage or mass file transfer systems (e.g., WeTransfer). **It is the responsibility of the applicant**



to ensure that application documents are sent out successfully. Proposals which are received after the deadline stipulated will be deemed administratively non-compliant.

All received applications shall be acknowledged by email. **Incomplete applications sent following the deadline of this call will not be considered.**

7.2 Considerations at Application Stage

7.2.1 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 the Council.

Applicants should also consider personal commitments, vacation leave etc, when planning to apply. **All project application submissions which must reach MCST by not later than 23:59pm (CET) on the day of the deadline, must be dated and signed by the Lead Partner's legal representative and must include signatures of the legal representative. In the case of consortia, signatures of the legal representatives of each respective participating organisation are required.**

7.2.2 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.



8 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 Space Upstream 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. 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)
- c. 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.



9 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.

9.1 Project Start Date and Duration

The project must start by at least **1st of November 2023** or as otherwise stated by the MCST. The possible **project durations are 12 or 18 months**, without the possibility of an extension.

9.2 Project Grant

The maximum possible grant value for a project is up to €125,000.

9.3 Deliverables

Deliverables are tangible outcomes of the project and must be submissible (such as technical reports, presentations, articles, video recordings, conference papers, journal articles etc...). These deliverables must be carried out between the start date and end date of the project. Deliverables not planned within the project timelines will not be considered. If the project is awarded, detailed and comprehensive evidence should be submitted for each deliverable described in the application form to ensure that it has been attained successfully.

It is required that:

- File storing and synchronization service e.g., Google Drive or Dropbox, is set up and shared with the Council to support the project monitoring process. The shared
- folder should reflect the structure of deliverables provided in the application form i.e., every deliverable should have its own sub-folder with evidence saved within.
- The final version of each deliverable should be available in full not more than 1 week following the due date. Should there be the need to update the document a detailed justification is to be submitted to the Council not more than 1 month following the deadline.



- Kindly note that:
-
- The content of each deliverable should be proportionate to the research effort carried out to obtain such results. Each deliverable should consist of a report of not less than 2-3 pages.
- The Council should be notified by email each time there are new documents updated within the file storage system, detailing a log of added, removed and/or modified documents as necessary.
- All submitted deliverables should still be held on the file storage system for at least 6 months following the successful closure of the project.

9.3.1 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 project progress meeting to verbally update the MCST every six months. This includes delivering a presentation. (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
 - At least one article in public media (e.g., local newspapers or magazines) to raise public awareness, including an acknowledgement to the Council. A copy should be presented to MCST within two weeks of publication. These should not contain intellectual property but should raise awareness about the project and its benefits.

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 Project Coordinator by the MCST. The Project Technical Report must be submitted prior to the termination of the project within which it is due. The Project Audited Financial Report must be submitted within two months 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 due date. 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.

9.3.2 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 enhances 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)
- ✓ Dissemination activities, including but not limited to, local newspapers, conferences, publications, project exhibitions etc. (preferably open access).

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

In the case of publications, these should take place during the duration of the project, and where available and possible, deposited in the entity's repository, including an acknowledgement to the Council. In cases where open access-fees were budgeted for, it is the responsibility of the beneficiary to account for the time it would take for the invoicing and payment of that fee.

A copy of all publications must be presented to MCST before any retention is disbursed.

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.

10 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.

The **Eligible Direct Costs** are:

- o 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 | Maximum Hourly rates 2023 | Maximum Hourly rates 2024 | Maximum Hourly rates 2025 | Limits per project |
|--|---------------------------|---------------------------|---------------------------|--------------------|
| Management | up to €52.50/hour | up to €55.13/hour | up to €57.89/hour | Max 2 per project |
| Senior Researcher ² or equivalent | up to €37.01/hour | up to €38.86/hour | up to €40.80/hour | No Limits |

² 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.



| | | | | |
|---|-------------------|-------------------|-------------------|-----------|
| Researcher ³ or equivalent | up to €26.51/hour | up to €27.84/hour | up to €29.23/hour | No Limits |
| Operational, technician, research support assistant or equivalent | up to €14.54/hour | up to €15.27/hour | up to €16.03/hour | No Limits |

The rates stated in the table above are for the **years 2023-2025**. 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. In the case of existing personnel, the names of the individuals will have to be noted in the application and their respective CVs need to be submitted.

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.

Personnel Costs related to Project Management are limited to 15% of the project value. Any project management which is not carried out by any of the partners shall be deemed to be subcontracting and, apart from being subject to the 10% maximum threshold detailed herein, will also be calculated as part of the 25% maximum referred to subcontracting costs

Filled 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.

With respect to the following eligible direct costs, kindly make sure that detailed information and specifications are provided for individual line items.

³ 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.



- **Specialised equipment:** Purchasing and leasing 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. If a specialised laptop or PC is going to be purchased, kindly specify its usage and specifications. The overall value of specialised equipment cannot exceed 30% of the project value.

For equipment valued at over €15,000, technical specifications are to be provided in the application form. If a specialised Laptop/pc is going to be purchased, please provide a letter justifying the planned project utilisation of such equipment in relation to its performance characteristics.

- **Consumables:** The overall value of consumables cannot exceed 30% of the project value.

Kindly note that specialised equipment and consumables collectively, cannot exceed 50% of the project value.

- **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.
- **Other relevant costs:** Other operational expenses which are directly related to the project, e.g., costs incurred for dissemination activities.

10.1 Subcontracted Activities

Subcontracted Activities must not exceed 25% of the project value.

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.



Where a component of the project work is a Subcontracted Activity, the following considerations shall apply:

- ✓ The applicant remains responsible for the timely delivery of the subcontracted tasks;
- ✓ The applicant shall ensure that such a third party is selected in a manner which is transparent, fair and impartial in line with the applicant's procurement processes.
- ✓ The applicant shall ensure that there is no discrimination between bidders and that all bidders are treated equally and transparently in all calls for quotations;
- ✓ The applicant should ensure that the attainment of any services or goods respect their procurement guidelines.

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.

10.2 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.
- 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.

10.3 Eligible Indirect Costs

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

10.4 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 of conferences
- ✓ Personnel hours for travelling

Kindly note that this is a non-exhaustive list, and any line items not seen to be compliant with the nature of the Space Upstream programme will be subtracted from the grant.

10.5 Co-Financing

The following rates of co-financing shall be applicable:

Applicants under this option (option B) will be eligible for 100% of the eligible costs.

11 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 €125,000, any errors in line items which cumulatively exceed the budget by €125,000, 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.

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.) will continue 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:

Scientific Excellence (30%): Threshold 20%

- ✓ Are the proposal's aims and objectives clear? Are they reasonable and ambitious within the context of this programme? Is the proposal's scientific basis and research methodology clear?



- ✓ 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 capacity 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 (40%): Threshold 25%

- ✓ What is the scientific impact of this project and how will it influence Space Upstream activity?
- ✓ Does the proposal enhance the knowledge of local researchers resulting in disciplinary or interdisciplinary advancement giving them an international competitive edge?
- ✓ Has the proposal been able to characterise the influences and impacts that the basic research has on the end-users of the research, and on society at large?
- ✓ Does the research go beyond comparable solutions at European level or is it simply duplicating effort?
- ✓ 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 (30%): Threshold 20%

- ✓ Does the applicant/s have the required skills and expertise to undertake the project successfully and deliver the objectives? Are there opportunities for new personnel,



apart from its core team, to be involved in the project? Is there evidence of growth of critical mass in this regard?

- ✓ Has the applicant identified the resources currently available to the applicant which are fundamental in performing the proposed research? Does the applicant/Consortium possess the required resources (personnel, equipment, or contractors) to complete the project when taking into consideration the items to be acquired through the project.
- ✓ 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 this proposal's ambitions? Are the line items being requested pertinent to the project? Are they consistent with the current market price of those items?
- ✓ 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.

12 Post Selection Process

12.1 The Grant Agreement

Following the successful evaluation of the application, the beneficiary and any consortium partners (if applicable) 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. The Project Application including but not limited



to milestones, compliance and reporting obligations, and the IP agreement shall constitute an integral part of the Grant Agreement.

Hard copies of the Grant Agreement must be signed by the beneficiary and any consortium partners (if applicable) within two (2) 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 2-week timeframe, where a legal representative is not available a proxy should sign. Failure to endorse the Grant Agreement within the stipulated timeframe may result in a withdrawal of the offer for funding.

Together with the signed copies of the Grant Agreement, the Project Coordinator must provide an abstract of the project within five (5) working days. This may be used, in-part or in-whole, by the Council to publicise or externalise the award of funds. No proprietary intellectual property should be included in this draft.

12.2 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.



13 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.

14 Funding, Management and Progress Monitoring

14.1 Allocation and Disbursement of Funding

For the purposes of funding and reporting, a project submission shall be considered to be a **single stage (12 or 18 month period, depending on the project duration)**.

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:

1. 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.
2. A retention consisting of 20% 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 Audited Financial Report. The latter must contain a detailed account of the actual expenditure disbursed for the project.

14.2 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.

14.3 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. 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.

14.4 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.



15 Dissemination and Externalisation

15.1 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: Space Upstream 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 Space Upstream Programme and MCST, the Lead 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 Space Upstream Programme and MCST, associated costs will be considered ineligible and will not be considered to fulfil any deliverables proposed in the application form.

16 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.



16.1 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.

16.2 Budget Transfers during the Project

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 are **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 8.3.1.

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).
- Travel will be considered a single line item (transfers between travel will not 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 | |
| | Transfers between travel activities |

17 Interpretation of Rules

This document endeavours to establish comprehensive and clear rules governing participation in this initiative. However, should circumstances arise where the rules are inadequate, unclear, ambiguous, or conflicting, the Council shall exercise its discretion in the interpretation of the rules or will extrapolate the rules as necessary through the setting up of an ad hoc committee. These current Rules repeal any Rules previously issued and constitute exclusively the entire Rules issued by the Council.



APPENDIX 1

TECHNOLOGY READINESS LEVELS (TRLs)

TRLs are a means to define endpoints of projects along the innovation axes from Basic Research to the Market, ranging from TRL 1 (Basic Concept) to TRL 9 (Market Entrance).

| Technology Readiness Level | Definition | Explanation |
|-----------------------------------|---|---|
| TRL 1 | Basic principles observed and reported | Lowest level of technology readiness. Process concept with basic scientific foundation |
| TRL 2 | Technology concept and/or application formulated | Scientific research begins to be translated into applied research and development. Applications are speculative and may be unproven. |
| TRL 3 | Analytical and experimental critical function and/or characteristic proof-of-concept | Active research and development is initiated, including analytical / laboratory studies to validate predictions regarding the technology. |
| TRL 4 | Scientific & process validation in laboratory environment | Basic technological components are integrated to establish that they will work together. |
| TRL 5 | Scientific & process validation in intended environment | The basic technological components are integrated with reasonably realistic supporting elements so it can be tested in a simulated environment. |
| TRL 6 | System / subsystem model or prototype demonstration in an intended environment (ground or space) | A representative model or prototype system is tested in an intended environment. |
| TRL 7 | System (full-scale) prototype demonstration in a real operational environment at pre-commercial scale | A prototype system that is at the planned operational system. |