

R&I Thematic Programmes

Digital Technologies Programme

Rules for Participation 2024 - 2026
Rules for Non-State Aid (*Option B*)



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1 Introduction

The R&I Thematic Programmes aim to financially support innovative projects through specific, top-down initiatives with the support of Maltese Public Entities and Authorities. These thematic initiatives are supported through national funds managed by the Malta Council for Science and Technology (MCST).

The aim of these thematic initiatives is to improve the R&I landscape in Malta, by producing a cohesive system by which Maltese researchers and entrepreneurs may develop their innovative ideas in a comprehensive, well-adapted environment which caters specifically for their sector. With these requirements in mind, an adaptive system can only be developed with the collaboration of Maltese public entities, authorities and agencies who boast a deep technical understanding of specific sectors within their remit.

These collaborative initiatives will allow Maltese researchers to benefit from the synergy between the technical abilities of these Maltese Public Entities and Authorities, and the R&I experience and networking capabilities of the MCST.

The main objectives of the R&I Thematic Programmes are:

- To develop a cohesive R&I landscape in Malta
- To create dedicated, sector specific support
- To engage with the Maltese R&I community
- To concentrate the efforts of Maltese researchers and entrepreneurs into addressing topics of national interest

The R&I Thematic Programmes are aimed to address immediate concerns of national interest.

2 The Digital Technologies Programme

2.1 Programme Scope and Focus

After a succession of consultations, and the signing of a Memorandum of Understanding between MCST and the Malta Digital Innovation Authority (MDIA), several avenues for collaboration were identified, including a dedicated thematic programme for the digital domain.

The Digital Technologies Programme aims to support capacity-building efforts related to:

- Artificial Intelligence
- Digital Trust
- Knowledge and Data Representation and Analysis



- Technology for Sustainability and ESG
- Quantum Computing and Other Emerging Technologies

It aims to move towards safer and more trustworthy development, adoption and use digital technologies.

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

The following table summarises the different Priority Areas and Subareas for Research in Digital Technologies related to this Programme, where R&I have potential to develop in Malta. Kindly refer to Appendix 2 for more detail:



Priority Areas	Artificial Intelligence	Digital Trust	Knowledge and Data Representation and Analysis	Technology for Sustainability and Environmental, Social, and Governance (ESG)	Quantum Computing and Other Emerging Technologies
Subareas	Generative AI Multimodal AI Explainable AI	Digital Identity Cybersecurity Cyber Resilience Dependable Computing Regulatory Science	Knowledge Graphs Data Analysis	Sustainable Cloud AI for Sustainability Edge Computing	Quantum Communication Other emerging technologies (e.g., <i>Neuromorphic Computing, Applications related to Personalised Medicine and Augmented-Connected Workforce</i>)



2.2 Contacts

For general enquires kindly contact:

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For escalated enquiries kindly contact:

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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.

Beneficiary refers to the applicant whose project has been awarded and hence will be receiving funding.

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.

Council refers to the Malta Council for Science and Technology, on behalf of the Foundation 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 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 refers to the individual, appointed to act on behalf of the Lead Beneficiary and who is responsible for communicating with the Council about the Project. The Project Contact Point shall be responsible to ensure compliance with the obligations in terms of the Grant Agreement, to compile periodic reports and final reports including their timely submissions and effective execution of the project, to ensure the submission of all required financial reporting as per the contractual obligations for the partner and to execute the project activities according to set timeframes and deliverables.

Project Coordinator refers to a single beneficiary of a project that is appointed as the point of contact with the funding body and may represent whole consortium, where applicable, from proposal submission to project end. The Project Coordinator will have the responsibility of ensuring that all partners involved are eligible and supervises the

project workflow with the help of WP leaders. Additionally, the Project Coordinator will be required to submit the project application on behalf of the consortium as the case may be and must also compile and submit reports/deliverables.

Project Grant is 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 **twenty-four (24)** 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 aimed at bringing about a significant improvement in existing products, processes or services, including digital products, processes or services, in any area, technology, industry or sector (including, but not limited to,



digital industries and technologies, such as super-computing, quantum technologies, block chain technologies, artificial intelligence, cyber security, big data and cloud technologies). Industrial research 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 including digital products, processes or services, in any area, technology, industry or sector (including, but not limited to, digital industries and technologies, such as for example super-computing, quantum technologies, block chain technologies, artificial intelligence, cyber security, big data and cloud or edge technologies). This may also encompass, 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**, as further outlined in Section 6 below.

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 rules, 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, that does not carry out an economic activity within the meaning of Article 107 TFEU, 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 as the Project Coordinator. The Lead Partner will be responsible for the application submission of the R&I project, the appointment of a project contact point and the correct execution of the project. Any person may only be involved with one project partner (Refer to 5.3).

In the case of a Consortium, the project proposal must be submitted by the Lead Partner, with prior endorsement and signature of the application by the legal representative of



each Partner. Should the endorsement be absent, a delegated authority should be sought and achieved. The role of the Project Contact Point shall be performed by a physical person who is an employee of the Lead Partner.

A Consortium Partner wishing to withdraw from a 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 Digital Technologies Project in its entirety. All Project partners would still be obliged to provide all 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. 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 manner;
- ✓ To act as the main point of contact between MCST and the project Partners;

5.2 Lead Partner

In the case of a consortium, the **Project Coordinator** (lead partner) must ensure that the consortium 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. A **Project Contact Point** has to be appointed.

5.3 Conflict with Fundamental Aim of Programme

Pertaining to the Arm's 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 Digital Technologies 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 the Non-State Aid Option

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 within 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 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).

7 The Application Process

The Call for Project Proposals will be open **for eight weeks** between **8th April, 2024 to 23:59PM on the 5th June, 2024**. **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.

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

7.1 Application Submission

The Digital Technologies Programme 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 2024' prior to submission as no amendment or negotiation thereto will be allowed after submission.

The legal representative of each participating organisation (within a consortium) must sign off on the application, physically or electronically, and enter the date of signature. 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 €200,000, any errors in the budget exceeding €20,000, 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 ri.mcst@gov.mt keeping Ms. Abigail Aquilina (abigail.aquilina@gov.mt) in copy, with “Digital Technologies Programme Application Submission – [Project Acronym]” as a subject.

Contact Information:

Ms. Abigail Aquilina
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Tel: +356 2360 2241

For escalated enquiries kindly contact:

Mr. Stephen Borg
Deputy Director (R&I Unit)
Email: stephen.i.borg@gov.mt
Tel: +356 23602208

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, including 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*)
- ✓ **Additional Declarations** by all Project Partners
- ✓ The **signed declarations** where State Aid is not applicable.
- ✓ 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.
- ✓ Signed **Indirect State Aid Declaration Form** in the case of consortia between a public and a private entity.
- ✓ Where GBER is the selected route of aid:
 - **Entity Size Declaration Form**
 - **Undertaking in Difficulty Form**
 - **Effective Collaboration/ Wide Dissemination/ Licence Availability Declaration Form**

The additional documentation to be submitted for this call can be found on the MCST resource page here: <https://mcst.gov.mt/resource-page/>

It should be noted that large email 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. All received applications shall be acknowledged by email. **Proposals which are received after the deadline stipulated of the call will not be considered and will be deemed administratively non-compliant.**

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 and MDIA'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 name of the entity, project contacts, title of proposal and the abstract shall be treated in strict confidence.

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

- i. The National Rules for Participation;
- ii. Data Protection Act (CAP 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).
- iii. 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, in collaboration with MDIA, reserve 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 October, 2024** or as otherwise stated by the MCST. The possible project duration is **24 months, without the possibility of an extension.**

9.2 Project Grant

The maximum possible grant value for a project is €200,000.

9.3 Deliverables

Deliverables are tangible outcomes of the project and must be **submittible** (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.

Kindly note that:

- The content of each deliverable should be proportionate to the research efforts carried out to obtain such results.
- A log should be maintained on the file storage system, to highlight when there are new files which have been added, removed and/or modified as necessary.
- All submitted deliverables should still be held on the file storage system until the successful closure of the project, and disbursement of retention tranche if applicable.

9.3.1 Mandatory Deliverables

The Beneficiary must:

- ✓ Report on project progress as per the list hereunder and in line with the templates provided:
 - Hold an **onboarding meeting with MDIA**, to determine whether an application has to be submitted for the Technology Assurance Sandbox (TAS) or the Technology Assessment Recognition Framework (TARF), or

an exemption if not applicable. This includes delivering a **post-meeting feedback report**, highlighting the way forward.

- At least one article in public media (e.g., local newspapers or magazines) to raise public awareness, **including an acknowledgement to the Council and MDIA**. 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.*
- Actively participate and be involved in the **organisation of research conferences/ events held by MCST/ MDIA**, to disseminate the project results and the experience of obtaining funding. A budget of €5,000, will be deducted from the project grant (*from the other operating expenses*) for the beneficiary's participation in such conferences organised by MCST.
- Report on project progress through reports and meetings, and in line with the templates provided by the Council:
 - Hold a project **progress meeting** to verbally update the Council every six (6) months, including a kick-off meeting at the start of the project. Progress meetings include delivering a presentation (Kindly note, that the contracting authority may, at its own discretion, request additional meetings if required).
 - **Interim Technical and Financial Reports** (Mid-way through the project)
 - End of **Project Technical Report**.
 - End of **Project Audited Financial Report**, together with the Audit Check List and Inventory List.

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 deadline. The written request will be referred to the Unit Director for approval.

Acceptance or otherwise of any changes shall be at the sole discretion of the MCST and MDIA, and the 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 that additional deliverables are included. The proposed recommended deliverables **should not exceed ten (10)**. 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 strategic plan to assess the research after its conclusion, how to further exploit and develop the results.
- ✓ The attainment of any certification, degrees or IP generation.
- ✓ Reports after the conclusion of testing, to highlight the generation of new knowledge.
- ✓ Dissemination activities, including but not limited to social media content creation, articles in local newspapers, presentations in conferences, publications (preferably in open access journals), project exhibitions etc.

Any activities which are related to project set-up shall not be considered as acceptable deliverables. These include:

- Recruitment of personnel
- Procurement of equipment
- Internal meetings between the research team/ with collaborators.

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

Moreover, in the case of deliverables that will be submitted periodically during the project lifetime (e.g., progress reports, reports on IP generation etc.), only the final version (collating all the information), will be considered as the deliverable.

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 MCST and MDIA. 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.

Provided further that if the Beneficiary claims that such an attempt to publish a research paper will have been unsuccessful, the Beneficiary must prove to the satisfaction of the Managing Authority/s and through the submission of sufficient and adequate



documentary evidence that such an attempt to publish a research paper in terms of the requirements of this clause was in fact made. Sufficient and adequate documentary evidence includes: evidence that the paper was actually submitted for publication, and documentary evidence that the paper was rejected for publication. If the Managing Authority is satisfied with the evidence provided, then the Beneficiary will not be held in breach of this particular obligation.

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

The format of deliverables to be submitted must be included at application stage. Deliverables may take the form of presentations, reports, correspondence, legal agreements, images, event agendas, audio and video recordings, databases, certificates or manuscripts).

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 at 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:

- 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 **10% 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 in the subcontracting costs.

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 2024	Maximum Hourly rates 2025	Maximum Hourly rates 2026	Limits per project
Management	up to €55.13/hour	up to €57.89/hour	up to €60.78/hour	Max 2 per project
Senior Researcher ² or equivalent	up to €38.86/hour	up to €40.80/hour	up to €42.84/hour	No Limits
Researcher ³ or equivalent	up to €27.84/hour	up to €29.23/hour	up to €30.69/hour	No Limits
Operational, technician, research support assistant or equivalent	up to €15.27/hour	up to €16.03/hour	up to €16.83/hour	No Limits

*The rates stated in the table above are for the **years 2024-2026**. 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.

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.

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.



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.

- **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. 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 € 4,000.
- **Overheads and other Operating Expenses:** Overheads (also known as indirect costs) will be covered at 20% of the direct eligible costs, for all line items being requested. This also includes other operational expenses which are directly related to the project (including dissemination fees). Kindly note that € 5,000 will be withheld from this line item as part of the organisation and participation in conferences held by MCST.

10.1 Subcontracted Activities

Subcontracted Activities must not exceed 25% of the project value. Subcontracted Activity means 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 Ineligible Costs

The non-exhaustive list below demonstrates examples of ineligible costs:

- ✓ Expenses related to loans, interest, etc
- ✓ Recoverable value added tax (VAT)
- ✓ 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 or business lunches
- ✓ 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 Digital Technologies Programmes or state aid regulations will be subtracted from the grant.

10.4 Collaborators

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

Should a letter of intent be absent for a specific collaborator, that collaborator will not be considered at evaluation stage. Moreover, the respective letter of intents should be composed within the last three months before the deadline of the application.

10.5 Co-Financing

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 €200,000, any errors in line items which cumulatively exceed the budget by €20,000, 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 to confirm that the proposal is a 'Research Project' and proceed with the external evaluation, and subsequently for a Due Diligence assessment. Any proposal which is not deemed as a 'Research Project' will not be eligible for funding. Failure to achieve a minimum of **65%** pass from the external evaluation will fail the project application. For a project application to be successful, it must pass all three steps.

The projects will be ranked alternating from the next highest ranked project from option A to option B starting from option A until the funds are consumed. For clarity, the order of awards will be as follows (subject to the availability of funds):

1. Top ranked project for option A
2. Top ranked project for option B
3. Second ranked project for option A
4. Second ranked project for option B

The pattern will continue until all funds, or eligible projects, are exhausted.

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.) 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:

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? Does it address an identified gap in the specific sector?
- ✓ 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 advances over the current state of affairs?
- ✓ 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%

- ✓ 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 research has on the end-users, and on society at large?
- ✓ Is the proposal aligned with National Policies and Strategies, in particular the National AI Strategy? Does the research go beyond comparable solutions at European level?
- ✓ 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 future potential 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? Have any co-collaborators been identified?



- ✓ Has the applicant identified the resources currently available for the project 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 within the project lifetime.
- ✓ 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 and MDIA 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 none of the project partners 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 over a **24-month period**. A project will be divided into funding tranches: one will be provided at the beginning of the project, one half-way through and the retention tranche at the end.

Technical and financial reports should be submitted mid-way and at the end of the project by the Project Coordinator. The latter should contain details of actual expenditure over the past reporting period, together with an updated forecast of projected expenditure for the following reporting period. In the case of a consortium, details must be broken down for each Project Partner.

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.

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, which amounts to 50% of the grant amount. This will include both direct and indirect eligible costs.
2. MCST will provide a further 30% of the grant amount mid-way through the project.
3. 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.

Underspends will be retrieved by the Council following the submission of the financial audited report. MCST reserves the right to modify tranche payments if it deems that the underspend within the previous reporting period is considerable.

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. The audit should be conducted in line with an audit checklist which will be included in the Grant Agreement.

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, and

the Malta Digital Innovation Authority, through the 'R&I Thematic Programmes: Digital Technologies Programme'.

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

If any printed material is published without a mention of the Digital Technologies Programme, MCST and MDIA, the Beneficiary shall be obliged to publish a correction at its own expense in the subsequent issue of the publication or for it to be edited accordingly in the cases of online publications. In the case where such publicity does not mention the Digital Technologies Programme, MCST and MDIA, 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 Council, 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 Deviations: 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.

In case of consortia, the 20% transfer limit is set for the grant value of the respective partner.

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).

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 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.

APPENDIX 2

Further Information related to the Priority Areas and Sub Areas to be funded through the Digital Technologies Programme

Scope of Programme

The Digital Technologies Programme aims to support capacity-building efforts related to Artificial Intelligence and/or Digital Trust and/or Knowledge and Data Representation and Analysis and/or Technology for Sustainability and ESG and/ or Quantum Computing and Other Emerging Technologies. It aims to move towards safer and more trustworthy development, adoption and use digital technologies.

The Digital Technologies Programme can be further subdivided into the following sub-areas, where research and innovation have potential to develop in Malta.

Artificial Intelligence (AI)

Generative AI constitutes a key promising research area in the domain of AI as it can directly augment humans in knowledge creation by producing original content, such as text, images, and sound.

Multimodal AI is also gaining traction, as its development is fuelled by large tech companies. By accepting input and producing content across multiple modalities, such as text, images and sound, Multimodal AI unlocks new possibilities in content creation and data analysis and surpasses traditional AI, which is often focused on a single data type in both input and output.

Explainable AI represents another promising trend in this research area. It refers to the collection of methods and frameworks that allow humans to understand the rationale of AI-generated outputs, making the interaction with AI less ambiguous. Most business leaders now see the importance of ethical AI practices and are prepared to implement them. It is expected that Explainable AI will accelerate the adoption of ethical AI frameworks and practices in the near future.

Digital Trust

Due to escalating threats of cybercrime, accompanied by the growing instances of data breaches and fraud, global organisations face the need to resort to additional measures for safeguarding sensitive data and securing business integrity.

Digital Identity constitutes the first important research area in the realm of digital trust. One of the evolving trends in this research area is a **Digital Identity Wallet**, which refers to a software where individuals and organisations can centrally store and manage their certificates and identification-related evidence. Digital Identity Wallets are expected to produce a high impact on society by providing an additional layer of security in digital interactions. Substantial economic benefits can also be unlocked due to the reduction in the number of fraudulent activities and occurrences of identity breach.

Cybersecurity is expected to become one of the integral components of digital trust by implementing measures that safeguard data and systems. Today, cybersecurity witnesses a shift in perception on the part of modern organisations. Rather than being just a resilience necessity, it is now being recognised as a key commercial opportunity, which lays the foundation for further research and development.

Cyber resilience is anticipated to emerge as a cornerstone of digital trust, ensuring the protection and continuity of data and systems against evolving threats. As organizations embrace cyber resilience in preparation of the EU Cyber Resilience Act, they not only enhance their ability to withstand cyberattacks but also seize competitive advantages in an increasingly digital landscape.

Dependable Computing focuses on ensuring the reliability and security of computing systems in an era which is increasingly reliant on digital infrastructure. Research in dependable computing focuses on developing robust systems capable of withstanding failures and cyber threats, enhancing overall digital trust. This area encompasses advancements in techniques to improve robustness, including conformity assessment, technical auditing, fault tolerance, error detection and recovery, and secure software design, essential for safeguarding critical data and systems integrity.

Regulatory Science focuses on the need for foresight in the development of frameworks, regulations, and standards to govern digital technologies in a way balances innovation with consumer protection and societal well-being. This research area also addresses the effectiveness of the current frameworks to foster an environment of trust and accountability in the digital domain.

Knowledge and Data Representation and Analysis

As the data becomes more intricate and complex, there is a growing necessity to integrate information from multiple sources and organise knowledge in a structured way. In this context, the significance of knowledge and data representation and analysis becomes ever more pivotal. This area is also of great focus at a European Union level, with dynamic data being one of the key drivers for the digital transformation of Europe.



Knowledge Graphs aim to accumulate and convey knowledge of the real world, represent the most essential underlying research area in this domain. Knowledge graphs constitute a promising area of research due to the potential extent of their use cases, encompassing semantic search, context-aware chatbots, recommendation systems, and targeted advertising. Another reason behind the growing prominence of knowledge graphs is their potential to address the uncertainty in AI by forcing latent variables to represent content interpretable by humans.

Data analysis involves the application of statistical, mathematical, and computational methods to uncover patterns, trends, and valuable insights from data. This field is instrumental in making informed decisions, predicting future trends, and optimizing processes across various domains. The synergy between knowledge representation and data analysis is pivotal for leveraging the full potential of data in our increasingly data-driven world.

Technology for Sustainability and ESG

Technology for Sustainability and ESG refers to the development and application of innovative technologies with the objective to minimise environmental impact, as well as to address social and governance considerations set out in the global ESG agenda.

Sustainable cloud, which refers to the cloud computing services that prioritise compliance with sustainability objectives, represents the first evolving trend in this research area. In contrast to traditional cloud, sustainable cloud puts emphasis on the adoption of green practices, which can include the integration of renewable energy sources to power data centers, the optimisation of data centre locations, and the implementation of effective load-balancing algorithms, among many others.

AI for Sustainability represents another promising field of research, which can find its use cases across multiple economic sectors, such as agriculture, energy management, and transport.

An additional research area, which can serve as an indirect enabler of sustainability, is **Edge Computing**. Conceptually, edge computing refers to the practice of processing data locally, closer to the source of data generation, rather than in centralised data centres, which are often geographically distant from the data source.

The synergy between technology and sustainability contributes to a more conscientious and resilient approach to business and societal development, addressing global challenges while promoting long-term environmental and social well-being.

Quantum Computing and Other Emerging Technologies

By leveraging the principles of quantum mechanics, [Quantum Computers](#) can achieve an exponential increase in computational power and processing speed. Notably, this research area is expected to deliver substantial benefits in healthcare by enhancing computer-assisted drug discovery and accelerating the adoption of personalised medicine. Due to their capacity to model complex molecular structures, quantum computers can make it possible to identify the behaviour of new drugs faster and increase the certainty surrounding the efficacy of new and existing medications. Moreover, quantum computers are projected to become one of the drivers behind sustainability objectives by solving complex problems faster and making computation less energy intensive. Quantum computers can help tackle environmental problems due to their capacity for solving optimisation problems, which are too complex for classical computers. Specifically, they can optimise the use of available resources while minimising projected adverse environmental impact, contribute to the optimisation of electrical grids and routing, and enable innovations in carbon capture, batteries, and fertilisers. In addition, quantum computers are projected to deliver substantial benefits in such industries as banking – by performing fraud detection, and logistics – by assessing supply chain performance. Notably, despite their potential positive impact, quantum computing might also lead to serious repercussions if some important pre-emptive measures are overlooked. As quantum computers have the potential to break current encryption methods and undermine the security of modern networks, it is critical to commence a thorough research into quantum communication to determine an optimal strategy of risk mitigation.

[Other emerging technologies](#) such as [Neuromorphic Computing](#), [Applications related to Personalized Medicine](#) and [Augmented-Connected Workforce](#). Neuromorphic Computing focuses on developing hardware and algorithms that mimic neural networks, enabling tasks like pattern recognition, adaptive learning, and sensor processing with remarkable speed and energy efficiency. Neuromorphic computing holds promise for revolutionising AI and cognitive computing applications across diverse domains. Personalized Medicine leverages advancements in genomics, data analytics, and AI to tailor medical treatment to individual characteristics and Augmented-Connected Workforce focuses on leveraging technology to enhance human productivity, collaboration, and well-being in the workplace.