



GOVERNMENT
OF MALTA

PARLIAMENTARY SECRETARIAT
FOR YOUTH, RESEARCH
AND INNOVATION



FUSION R&I: Innovation for Industry

Rules for Participation 2026 | Option **A1**

Rules for State Aid *de minimis regime*





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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 Xjenza Malta as the Managing Agency.

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 Innovation for Industry

2.1 Programme Scope and Focus

The Innovation for Industry (I4I) is a national funding initiative providing aid for the private sector by supporting **applied, industrial research and development initiatives** rather than focusing solely on scientific excellence or breakthrough research. The programme aims to strengthen Malta's industrial innovation ecosystem by encouraging companies to adopt practical, research-informed solutions that enhance competitiveness, productivity, and sustainability.

The Programme provides financial support for research, development and innovation within the SMART Specialisation Areas identified in Malta's National Research and Innovation Strategic Plan 2023-2027. For more information about the Smart

Specialisation Areas, kindly refer to Xjenza Malta's Resource Page by accessing <https://xjenzamalta.mt/resources-page/>.

The scope of the programme is to provide financial support for **incremental product or process improvement**. This initiative will accelerate the application and transfer of technological innovations to the industry, adapting them to business operations through applied technical research.

The Innovation for Industry programme aims to:

- Drive applied innovation through product and process improvement.
- Strengthen the private sector's R&D and innovation capabilities.
- Support incremental innovation projects that enhance industrial efficiency and output.
- Enhance Malta's competitiveness through sustainable, innovation-based growth.
- Increase economic output by supporting industrial activities.

The scheme supports private entities through two complementary streams that address distinct yet interlinked aspects of industrial innovation:

1. Industry-Academia Stream
2. Talent Integration Top-up

2.2 Industry-Academia Stream

This optional stream incentivises companies to collaborate with Maltese Higher Education Institutions (HEIs) by subcontracting expertise to address specific industrial challenges. It enables businesses to access academic knowledge and technology solutions that can lead to tangible product or process improvements, whilst ensuring IP security.

This stream aims to:

- Encourage private-HEI partnerships for applied innovation.
- Promote technology transfer and knowledge sharing.
- Foster Private – Higher Education Institutes partnerships in a low-risk environment.
- Assist in the improvement of current processes/products within industry.
- Safeguard industry IP.

For further information on eligibility of this stream, kindly refer to [Section 4.1.1](#) and [Section 9.2.1](#).

2.3 Talent Integration Top-up

The optional Talent Integration top-up supports the recruitment or internal transfer of highly qualified personnel (M.Sc. or Ph.D. holders (equivalent to MQF level 7 or higher)) into dedicated R&D roles within private enterprises. The stream provides a **€40,000 top-up incentive** towards the wage of specialised personnel, conditional upon the provision of an **indefinite employment contract**. This mechanism aims to embed long-term research expertise within industry, creating a sustainable pipeline of innovation-focused talent and products.

This top-up aims to:

- Increase the uptake of specialised researchers within the private sector.
- Build in-house R&D capacity and promote knowledge-driven innovation.
- Bridge the gap between research expertise and industrial application.
- Support the creation of stable, innovation-focused employment.
- Drive long-term competitiveness through human capital investment.

For further information on eligibility of this top-up, kindly refer to [Section 4.1.2](#) and [Section 9.1](#).

The Add-Ons detailed in Sections 2.2 and 2.3 are optional. The applicant may opt to integrate either one in their application, both or none. Reasoning must be provided through the evaluation questions in the relevant application form.

2.4 Contacts

For general enquires kindly contact:

Ms. Giulia Aquilina
Executive (R&I Unit)
Email: giulia.aquilina@gov.mt
Tel: +356 2360 2197

Or;

Ms. Mariah Vella
Executive (R&I Unit)
Email: mariah.vella.5@gov.mt



Tel: +356 2360 2114

For escalated enquiries kindly contact:

Mr. Mark Farrugia
Senior Executive (R&I Unit)
Email: mark.c.farrugia@gov.mt
Tel: +356 2360 2178

3 Definitions

Kindly note that the below definitions are harmonised throughout schemes administered by Xjenza Malta, and some terms might not be present within the text of the Rules as they are not relevant.

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| <i>Agreement Date</i> | The term refers to the date on which the Grant Agreement is signed by the legal representative of Xjenza Malta. |
| <i>Applicant</i> | The term refers to any representative of a local entity that is eligible for participation in a Project in terms of these Rules for Participation and who applies for funding. |
| <i>Arm's length</i> | The term means that the conditions of the transaction between the contracting parties do not differ from those which would be stipulated between independent undertakings 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. |
| <i>Beneficiary</i> | The term beneficiary refers to the entity that having submitted an application form for funding under this Programme in accordance with these Rules for Participation, is selected for funding. |
| <i>Due Diligence</i> | An investigation of an entity or person prior to the signing of the Grant Agreement conducted in order to |



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| | <p>establish the suitability of the Applicant to receive funding under this Programme.</p> |
| <p><i>Effective collaboration</i></p> | <p>The term 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.</p> |
| <p><i>Eligible direct costs</i></p> | <p>The term refers to 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 capped at the approved requested funding value.</p> |
| <p><i>Eligible undertakings</i></p> | <p>The term refers to undertakings planning to carry out Industrial Research and/or Experimental Development projects and must either be:</p> <ol style="list-style-type: none"> i. a partnership constituted under the Companies Act, being a partnership <i>en nom collectif</i>, <i>en commandite</i> or a limited liability company; or ii. duly registered as a co-operative society under the Co-Operative Societies Act, or iii. professional body; or iv. NGOs; or v. Non-profit making entities (including Foundations). <p>‘Professional Body’ may be an organisation, an association, a chamber, society, institute, or a group of professional persons not being enrolled or registered in terms of The Voluntary Organisations Act (CAP 492 of the Laws of Malta) or not being otherwise recognised in terms of Law, and which is generally recognised and</p> |

acknowledged by the professional persons it seeks to represent as their representative body. For the purposes of this Definition, a professional person is one who has undergone a period of study at a university or a recognised institution of higher learning and has obtained the formal qualification entitling the person to practise the respective profession; and who provides a specialised service to the public, based primarily on a fiduciary relationship between herself/himself and the party to whom s/he provides such service on his own personal credibility and responsibility.

'NGO' means any Voluntary or Non-Governmental Organisation set up in accordance with The Voluntary Organisations Act (CAP 492 of the Laws of Malta). Provided that a duly registered NGO, or a duly registered Professional Body shall also be considered to be NGOs for the purposes of these Rules for Participation.

Non-profit making' is an entity where:

- i. The statute of which includes an express exclusion making profits as a purpose; and
- ii. An entity the statute of which expressly excludes in its purposes the promotion of private interests, other than a private interest which has a social purpose; and
- iii. An entity that makes no part of its income, capital or property available directly or indirectly to any promoter, founder, member, administrator, donor or any other private interest.

Provided that if a promoter, founder, member, administrator or donor is another enrolled non-profit making organisation, the limitation in this paragraph (c) shall not apply where the availability of such income, capital or property is subject to conditions which are consistent with the general purposes of the grantor entity:



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| | <p>Provided further that an organisation shall continue to be deemed as non-profit making notwithstanding that:</p> <ul style="list-style-type: none"> (i) it obtains a pecuniary gain from its activities when such gain is not received or credited to its members but is exclusively utilised for its established purposes; (ii) it buys or sells or otherwise deals in goods or services where such activities are exclusively related to its principal purposes; (iii) it is established for the general entertainment, pastime, education or other similar benefit only of its members; or (iv) it is established for the promotion of the social role, ethics, education and values of a trade or profession provided it does not promote the private interests of its members. |
| <i>End Date</i> | <p>This term refers to the date when the Project Period, having commenced on the Start Date, expires.</p> |
| <i>Evaluators</i> | <p>Evaluators are the consultants who responded to Xjenza Malta’s Call for Applications to provide evaluation services for submissions made through this Programme.</p> |
| <i>Grant Agreement</i> | <p>The Grant Agreement (GA) is the funding agreement concluded between the Managing Agency and the beneficiary/ies and specifies the rights and obligations of the contracting parties.</p> |
| <i>Higher Education Institute</i> | <p>Higher Education Institute is defined as an entity in accordance with the Further and Higher Education (Licensing, Accreditation and Quality Assurance) Regulations, Subsidiary Legislation 607.03, offering postsecondary level academic instruction that leads to an associate or higher degree. The term ‘Higher Education Institute’ include universities and further and higher education institutes, who are active in teaching and research, and hold a valid license (self-accrediting, full or indefinite license). The entity must have an operating base in Malta.</p> |



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| <i>Industry (Industrial Entity)</i> | The term refers to a legal entity, including but not limited to a single undertaking the objects and activities of which include the output of a specified product and service. In addition to research and innovation contributions and knowledge transfer, the entity may contribute to the project by developing, testing, commercialising or using such a product or service. |
| <i>In-kind</i> | The term refers to any non-monetary contribution, such as a service or a good. |
| <i>Innovation</i> | The term 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 developments which though not novel represent a step-changing or 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. |
| <i>Intellectual Property (IP)</i> | IP means statutory and other proprietary rights and includes patents, trademarks, designs, and confidential information/trade secrets, copyright. |
| <i>Lead Agency</i> | The primary organization tasked with overseeing and coordinating the entirety of the project. |
| <i>Legal Entity</i> | The term refers to 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. |
| <i>Managing Agency</i> | The term refers to Xjenza Malta, a Managing Agency established as per Subsidiary Legislation 595.49. |
| <i>Operating base in Malta</i> | Having an operating base in Malta refers to a legal entity that: <ul style="list-style-type: none"> i. owns, leases, or has been given the right of use by a third party, an adequate premise from where to conduct an eligible economic activity in the region of Malta; and |



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| | <p>ii. employs at least one person that is based in Malta and is liable to pay income tax in Malta.</p> |
| <i>Person months / Person hours</i> | <p>The term refers to a calculation of 'human effort' to evaluate the relationship between the estimated work to be performed and the activities and deliverables to be achieved during the implementation period in months or hours. This is calculated as follows: if 1720 hours are worked in 1 year, equivalent to 215 days of 8 hours each, then 1 person month is equivalent to 143.3... person hours, and to circa 17.91 days.</p> |
| <i>Personnel costs</i> | <p>The term means the costs of researchers, technicians and other supporting staff to the extent employed on the relevant project or activity.</p> |
| <i>Principal Investigator</i> | <p>The term refers to the lead researcher on behalf of the local beneficiary or the project consortium. May be the same as the Project Contact Point.</p> |
| <i>Project Contact Point</i> | <p>The term refers to the individual, appointed to act on behalf of the Beneficiary and who is responsible for communicating with the Managing Agency about the Project.</p> <p>The Project Contact Point(s) shall have the following responsibilities:</p> <ol style="list-style-type: none"> i. To ensure compliance with the obligations in terms of the Grant Agreement. ii. To compile Periodic Reports and Final Reports including their timely submissions and effective execution of the project. iii. To ensure the submission of all required financial reporting as per the contractual obligations for the partner. iv. To execute the project activities according to set timeframes and deliverables. |
| <i>Project Grant</i> | <p>The term is defined as the funding provided to the Beneficiary under the Programme.</p> |



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| <i>Project Period</i> | The term refers to the time required to execute the Project as indicated in the Grant Agreement and runs from the Start date to the End Date. |
| <i>Project Value</i> | The term refers to the project budget needed by the Applicant to carry out the project, including any co-financing. |
| <i>Research and Development</i> | <p>This term 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 to acquire new knowledge, primarily directed towards a specific practical aim or objective, and includes:</p> <ul style="list-style-type: none"> a) Fundamental Research means experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without any direct commercial application or use in view. b) 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). 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. c) Experimental Development means acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and |



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| | <p>skills with the aim of developing new or improved 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 include, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services.</p> <p>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.</p> <p>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.</p> <p>Only Research defined under b) and c) are eligible under this call.</p> |
| <p><i>Research and Knowledge-Dissemination Organisation (RKDO)</i></p> | <p>The term refers to an entity (such as universities or research institutes, technology transfer agencies, Innovation intermediaries, research-oriented physical or virtual collaborative entities), 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</p> |



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| | <p>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.</p> |
| <p><i>Single Undertaking</i></p> | <p>The term means all enterprises having at least one of the following relationships with each other:</p> <ul style="list-style-type: none"> i. One enterprise has a majority of the shareholders' or members' voting rights in another enterprise; ii. One enterprise has the right to appoint or remove a majority of the members of the administrative; management or supervisory body of another enterprise. iii. One enterprise has the right to exercise a dominant influence on another enterprise pursuant to a contract entered into with that enterprise or pursuant to a provision in its Memorandum and Articles of association; iv. One enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders' or members' voting rights in that enterprise. <p>Enterprises having any of the relationships referred to in points (i) to (iv) above through one or more other enterprises shall be considered to be a single undertaking,</p> |
| <p><i>Small and medium-sized enterprise (SME)</i></p> | <p>The term refers to an undertaking which fulfils the criteria laid down in Annex I of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, as amended.</p> |
| <p><i>Start Date</i></p> | <p>The term refers to date established for the official start of the project in the Grant Agreement.</p> |



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| <i>Start of Works</i> | <p>This term refers to the earlier of either the Start of Works relating to the investment, or the first legally binding commitment to order equipment or any other commitment that makes the investment irreversible. Buying land and preparatory works such as obtaining permits and conducting feasibility studies are not considered 'Start of Works'. For take-overs, 'Start of Works' means the moment of acquiring the assets directly linked to the acquired establishment.</p> |
| <i>Start-up</i> | <p>The term shall be defined as an undertaking that has been established for less than three (3) years following its registration. For eligible undertakings that are not subject to registration, the five-year eligibility period shall start from either the moment when the undertaking starts its economic activity or the moment it becomes liable to tax with regard to its economic activity, whichever is earlier.</p> |
| <i>Subcontracted Activity</i> | <p>The term refers to any activity related to the project, (including but not limited to consultancy), which is not carried out directly by a Beneficiary or its employees but is carried out under any terms by any third party (local or foreign) individual, company, partnership, or entity.</p> |
| <i>Undertaking in Difficulty</i> | <p>The term refers to an undertaking in respect of which at least one of the following circumstances occurs:</p> <p>(a) In the case of a limited liability company (other than an SME that has been in existence for less than three years), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, 'limited liability company' refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU and 'share capital' includes, where relevant, any share premium.</p> |

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| | <p>(b) In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, 'a company where at least some members have unlimited liability for the debt of the company' refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU.</p> <p>(c) Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.</p> <p>(d) Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee or has received restructuring aid and is still subject to a restructuring plan.</p> <p>(e) In the case of an undertaking that is not an SME, where, for the past two years:</p> <ol style="list-style-type: none">1. the undertaking's book debt to equity ratio has been greater than 7.5 and2. the undertaking's EBITDA interest coverage ratio has been below 1.0. |
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4 Eligibility Criteria and Applications

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

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

Any **eligible undertaking**, with an operating base in Malta, as defined in Section 3, may apply and will be eligible for funding subject to the terms and conditions laid out in this document and in particular the conditions for eligibility. Applicants who fall within the definition of eligible undertaking, will be required to provide the following documents (to be included with the application form) which will then be considered during the administrative check:

- Management accounts, including detailed profit and loss, as well as balance sheet, for the current year.

If the Applicant is a start-up and the above documents are not available, the Applicant shall provide the financial projections for three (3) years signed by an auditor, including:

- An income statement,
- A cash flow statement
- A statement of financial position.

Other forms of documentation can be requested depending on the nature of the eligible undertaking.

Applicants who fall within the definitions of professional bodies and NGOs, will still be required to provide relevant financial documents as well as, including but not limited to, an authenticated constitutional document (e.g. Statute/ Deed) and VO certificates.

All applications should be accompanied by the relevant declarations duly completed within the Appendices of the Application Form.

Given the aims of the Innovation for Industry Programme, it is integral that any proposal that will be considered for funding highlights how the proposed product/process improvement will deliver measurable technical innovation and tangible impact that strengthen the organisation's competitiveness and long-term value.

4.1 Eligibility for Participation

Kindly note that the applicant entity must be a **Maltese registered entity** by the date of application submission.

Any Applicant which, at the time of proposal submission is deemed to be non-compliant with respect to Grant Agreement obligations on any other active project funded by Xjenza Malta, may be deemed ineligible at application stage or may be

refused funding under this programme. For the purposes of this paragraph non-compliance with respect to Grant Agreement obligations shall also be deemed to include failure to respect approved project timelines on other projects funded by the Managing Agency and circumstances where the applicant is in recognised default of Grant Agreement obligations on any other active project funded by the Managing Agency. Similarly, should applicants become non-compliant during the call process, they will not be awarded funding under this programme.

Any Application may be deemed as ineligible in terms of these Rules for Participation, if it is submitted by or includes the participation of any person or 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 was at any time declared as non-compliant or defaulting on any other contract or agreement entered into with the Managing Agency.

Funding under this programme is made available on the basis that the beneficiary has not 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.

Beneficiaries under these Rules for Participation must understand that, should they be found to be in breach of the conditions of the applicable State Aid Regulation, the Managing Agency will enforce the retrieval of disbursed funds with interest, in part or in full, as the case may necessitate.

The Managing Agency also reserves the right to terminate any applications that have followed in part or in full the Rules for Participation, should the Managing Agency not be satisfied with the segregation of work packages, activities, tasks and deliverables, as well as budgets.

4.1.1 Industry-Academia Stream

In the case that the applicant opts to integrate this stream into their project, an appropriate proportion of subcontracting will be carried out by a **Maltese Higher Education Institute** as defined under the relevant legislation, and within section 3 of

these rules. Integration of this stream does not exempt an applicant from meeting the eligibility criteria or any other requirements applicable to this programme, as set out in the relevant documentation.

4.1.2 Talent Integration Top-up

To be eligible for this Top-up, recruited personnel must hold an M.Sc. or Ph.D. (equivalent to MQF level 7 or higher), with formal certification or degree in the specific area of R&D in which they will be engaged. In the case of award, personnel must be employed directly by the applicant entity and be offered an **indefinite employment contract**.

Said research personnel may be;

1. New recruited personnel; or
2. Currently employed personnel (not working in R&D), shifting within the internal infrastructure of the applicant entity, following a dedicated role on R&D.

In case of award, proof of indefinite employment or internal shifting of personnel must be submitted.

Only one (1) talent integration top-up may be accessed per application.

Xjenza Malta is offering matchmaking services for applicants wishing to opt for this Top-up. Should applicants wish to tap into this service, they should utilise the additional call timeframe for the matchmaking, proposal writing, and application.

Applicant/s and/or Beneficiary/ies shall take all measures to prevent any situation wherein the wage being supported through the talent-integration top-up, may also be subsidised by other state aid measures. For further information kindly make reference to [Section 10](#) of these Rules for participation.

4.2 Conflict of Interests

Applicant/s and/or Beneficiary/ies shall take all measures to prevent any situation where the impartial and objective processing of their Application for funding, the awarding of the Grant or the supervision or the implementation of the Grant agreement could be compromised for reasons involving family, emotional life, political

or national affinity, economic interest or any other direct or indirect or perceived interest (conflict of interests).

Applicant/s and/or Beneficiary/ies shall formally notify the Managing Agency without delay of any situation constituting or likely to lead to an actual or perceived conflict of interests and immediately take all of the necessary steps to rectify this situation.

The Managing Agency may verify that the measures taken are appropriate and may require additional measures to be taken by a specified deadline.

Where a Beneficiary wilfully breaches any of its obligations under this Rule this shall be deemed to constitute an Event of Default and the Application may be deemed ineligible or the Grant awarded may be reduced and/or terminated.

5 Applicability of State aid Rules (Option A1 – de minimis)

This scheme will be implemented in line with the terms and conditions of Commission Regulation (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid (OJ L, 2023/2831, 15.12.2023) (hereinafter referred to as the *de minimis* Regulation).

The *de minimis* Regulation stipulates that **a single undertaking cannot receive more than €300,000 in *de minimis* aid over the applicable three-year period**, including *de minimis* aid from measures offered by entities other than the Managing Agency. The three-year period is assessed on a rolling basis.

Applicants should ensure and declare that they are eligible for the requested grant under State Aid rules before applying.

Applicants will be required to submit a signed *de minimis* declaration indicating any *de minimis* aid received and/or applied for during the applicable three-year period. **In the case of successful applications, an updated declaration form shall be provided at the time of the signing of the Grant Agreement, ensuring that the Applicant remains eligible for funding under the State Aid regime.**

Any *de minimis* aid received more than the established threshold will have to be recovered, with interest from the undertaking receiving the aid.

In line with Article 1 of the *de minimis* Regulation, no aid will be granted to the following undertakings and/or sectors, since these are expressly excluded from the scope of the *de minimis* Regulation:

- (a) undertakings active in the primary production of fishery and aquaculture products;
- (b) undertakings active in the processing and marketing of fishery and aquaculture products, where the amount of the aid is fixed on the basis of price or quantity of products purchased or put on the market;
- (c) undertakings active in the primary production of agricultural products;
- (d) undertakings active in the processing and marketing of agricultural products, in one of the following cases:
 - i. where the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned;
 - ii. where the aid is conditional on being partly or entirely passed on to primary producers;
- (e) export-related activities towards third countries or Member States, namely aid directly linked to the quantities exported, the establishment and operation of a distribution network or other current expenditure linked to the export activity;
- (f) aid contingent upon the use of domestic goods and services over imported goods and services.

Where an undertaking is active in the sectors referred to in points (a), (b), (c), or (d) above, and is also active in one or more of the other sectors falling within the scope of the *de minimis* Regulation, or has other activities falling within the scope of the *de minimis* Regulation, the *de minimis* Regulation shall apply to aid granted in respect of the latter sectors or activities, provided that the Managing Agency ensures, by relying on appropriate means such as separation of activities or separation of accounts, that the activities in the sectors excluded from the scope of this Regulation do not benefit from the *de minimis* aid granted in accordance with these Rules for Participation.

Aid payable in several instalments shall be discounted to its value at the moment it is granted. The interest rate to be used for discounting purposes shall be the discount rate applicable at the time the aid is granted.

The applicable rules on cumulation of aid as outlined in Article 5 of the *de minimis* Regulation will be respected.

In line with Article 6(1) of the *de minimis* Regulation, as of 1 January 2026, information on *de minimis* aid granted under this scheme shall be made publicly available in the central register on *de minimis* aid.

The following information shall be made public:

- the identification of the Beneficiary,
- the aid amount,
- the granting date,
- the aid instrument, and
- the sector involved on the basis of the statistical classification of economic activities in the Union ('NACE classification')

Applicants under these Rules for Participation must understand that, should they be found to be in breach of the *de minimis* Regulation, the Managing Agency will enforce the retrieval of disbursed funds with interest, in part or in full, as the case may necessitate.

6 The Application Process

The Call for Project Proposals will be open for 11 weeks between the 2nd of March 2026 until the 18th of May 2026. **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 [Section 4](#) and [Section 5](#).

6.1 Application Submission

The Innovation for Industry project application is to present a coherent, comprehensive and credible plan based on;

- ✓ reasonable estimates of human resources, finance, deliverables and timeframes and;
- ✓ templates provided by the Managing Agency.

The legal representative/s of the participating organisation must either physically or electronically sign off the application and enter the date of signature. This/these individual/s must also sign off and date all relevant declarations found within the Appendices of the Application Form.

Submission, evaluation and selection of project applications will be in the form of a **single-stage process**. The Applicant must ensure complete compliance with the 'Rules for Participation 2026' prior to submission as no amendment or negotiation requests by the applicant are allowed after submission.

Where errors in the budget are noted during the evaluation process, these will be categorised by the Managing Agency into **major deviations** (affecting 10% or over of the grant value or involving significant errors in required documentation) or **minor deviations** (affecting less than 10% of the grant value).

Minor deviations will be amended and administratively evaluated. The Beneficiary will be given the opportunity to accept or decline proceeding with the project subject to the required amendments if the application is successful.

Major deviations will be identified by the Managing Agency. Depending on the nature and severity of the deviation, the Beneficiary may be invited to address the issues within a period determined by the Managing Agency. **Failure to submit required corrections where rectification is permitted will result in the application being deemed administratively non-compliant and no longer eligible for consideration.** In cases where the deviation is fundamental or prevents proper evaluation of the application, **it may be deemed administratively non-compliant immediately.**

All administratively compliant applications shall be evaluated according to the procedure outlined under Section 13 of these Rules for Participation. The application process is a **single stage process**, meaning modifications by the Applicant or negotiations on the content are not allowed once submission has been made. Only major and minor deviations may be altered at the discretion of the Managing Agency as mentioned above. **The content of the Application Form and these rules for participation 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.**

6.2 Submission Documents

All Submissions must include:

- ✓ The **application form** in **MS Word (.docx)** format and a **signed copy in pdf (.pdf)** format.
 - A precise plan of project activities, timeframes and deliverables, including a visual representation through a **Gantt Chart**.
 - A detailed plan of how applicant's knowledge and, where applicable, subcontractors and/or 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 (not applicable in the case of Industry-Academia Stream)).
- ✓ The **Detailed Budget Breakdown Form** in Excel (.xlsx) and in PDF format.
- ✓ **Curricula Vitae** of key researchers from the Applicant Entity appointed to work on this challenge, including relevant track records.
- ✓ **Letters of intent** or related correspondence to confirm a commitment for external researcher (where applicable) to collaborate on the Project.
- ✓ The **signed Additional Declarations**.

Additionally, for Applicants applying under this set of rules (Option A1):

- The **signed *de minimis* State Aid Declaration Form** (an updated State Aid Declaration form is to be submitted upon the signing of the Grant Agreement should the project be selected for funding, as well as declarations on Indirect State Aid).
- The applicant's **Memorandum of Association** and a **VAT Certificate**.
- **Management Accounts**, including detailed profit and loss, as well as balance sheet, for the current year.
- **Financial Statements** of the past two (2) years.

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

The additional documentation to be submitted for this call can be found on the Xjenza Malta resource page here: <https://xjenzamalta.mt/resources-page/>.

6.2.1 Industry-Academia Stream Submission Documents

In the case of applications under the **Industry-Academia Stream** the below documents are required in addition to the above:

- ✓ **Curricula Vitae** of key researchers from the Higher Education Institute, appointed to work on this challenge, including relevant track records.
- ✓ **Service Agreement** to highlight the agreement between the Private Entity and the Higher Education Institute.

6.2.2 Talent Integration Top-Up Submission Documents

In the case of applications for the **Talent Integration Top-Up** the below documents are required in addition to the above:

- ✓ **Curricula Vitae** of specialised personnel holding an M.Sc. or Ph.D. (equivalent to MQF level 7 or higher) appointed to work on this challenge, including relevant track records.
- ✓ Proof of transfer of personnel to an R&D role (in the case of internal shift in personnel when opting for, and ensuring alignment with, the Talent Integration Top-up).

It should be noted that emails larger than 20MB shall be automatically rejected by the system. The Applicant may make use of WeTransfer, Google Drive or any other software.

Application Forms should be sent electronically to ri.xjenzamalta@gov.mt keeping Ms. Giulia Aquilina (giulia.aquilina@gov.mt) and Ms Mariah Vella (mariah.vella.5@gov.mt) in copy, with "Innovation for Industry Application Submission 2026" as a subject.

It is the responsibility of the Applicant to ensure that a confirmation of receipt is provided.

All received applications shall be acknowledged in writing or by email. Incomplete applications as of **18th May 2026 at 11:59pm** will not be considered.

Physical submissions of applications or supporting documents will not be accepted under any circumstances. Applicants are strongly encouraged to double-check their submissions to ensure completeness and correct format.

6.3 Considerations at Application Stage

6.3.1 Respecting Lead Times

All organisations, including Xjenza Malta, 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 Managing Agency.

Applicants should also consider personal commitments, vacation leave etc, when planning to submit an application. **All project application submissions, which must reach the Managing Agency by the deadline, must be dated and signed by the applicants' legal representative/s and must include signatures of the legal representatives of each respective participating organisation..** *All project application submissions must reach the Managing Agency by not later than 23:59pm (CET) on the day of the deadline.*

6.3.2 Assistance with Applications

Prospective Project Applicants are encouraged to seek the advice of the Managing Agency 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 Managing Agency`s guidance through proposal-specific one-to-one sessions to ensure that the single-stage application documentation** is complete and effective from an administrative perspective, as once submitted, it cannot be edited. One-to-one sessions and correspondences seeking advice should be done latest **one week** before the closing date for this call.

7 Confidentiality of Submissions

All project application submissions shall be treated in the strictest confidence.

Without prejudice to the generality of the above it is only the name of the entity, the Project Contact Point, the title of proposal and the abstract which may in the course of the process be published.

The collection of data by Xjenza Malta through the application for aid under the Programme, submitted by the Applicant and the subsequent processing of said data by the Managing Agency to evaluate the data subject's request for aid under the Programme and the storage of said data shall at all times be in accordance with:

- i. The provisions of these Rules for Participation; and

- ii. Commission Regulation (EU) 2023/2831 of 13 December 2023¹ on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid (the *de minimis* Regulation).
- iii. 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).
- iv. 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.

8 Programme Parameters

The Managing Agency 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.

8.1 Project Start Date and Duration

The project must start by at least **1st September 2026** or as otherwise stated by the Managing Agency. The project must be implemented across either 12 months or 18 months (maximum) **without the possibility of extension**.

8.2 Project Grant

The maximum possible grant value for a project is €150,000 with the possibility of an additional €40,000 in cases of the Talent-Integration Top-up, if opted for.

The amount of *de minimis* aid to be received by every successful applicant under these Rules for Participation shall include all approved eligible costs for that entity up to a

¹More information available here: <https://eur-lex.europa.eu/eli/reg/2023/2831>

maximum aid intensity of **75%**, or up to **90%** where the **Talent Integration Top-up** is involved, as mentioned in [Section 9](#).

Successful project submissions will receive periodic financing that will be regulated through a Grant Agreement establishing the terms and conditions governing the financing of the project. Refer to [Section 13.1](#).

8.3 Deliverables

Deliverables are tangible outcomes of the project and must be submissible. They must be proposed between the start date and end date of the project. Deliverables not within the project timelines will not be considered. If the project is awarded, evidence should be submitted for each deliverable mentioned in the application form to ensure that it has been attained successfully.

The content of each deliverable should be proportionate to the research effort carried out to obtain such results. **At application stage, each deliverable proposed should be described by a percentage reflecting the contribution to the overall project. (i.e. The higher the impact of that deliverable on the project, the higher the percentage.) Cumulatively, these should add up to 100%, including both mandatory and additional deliverables. The End of Project Audited Financial Report is not assigned a percentage weighting, as it holds independent and absolute significance, accounting for 100% of its own importance.**

Failure to provide deliverables without justification may lead to grant penalties proportionate to the deliverable's weighting, including an additional 2% per affected deliverable.

It is required that:

- File storing and synchronization service e.g. Google Drive or Dropbox, is set up and shared with the Managing Agency 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 Managing Agency notified by email each time there are new documents updated with the file storage system, detailing a log of added, removed and/or modified documents as necessary.

- Following each due date a soft copy the final version of the deliverable/s will be held at the Managing Agency which will then be considered the final version. Where deliverables require periodic submissions (e.g., monthly reports, reports on IP status), it is only the final submission that will be considered as the final deliverable. All submitted deliverables should still be held on the file storage system for at least 6 months following the successful closure of the project.
- A copy of all deliverables must be presented to the Managing Agency before any retention is disbursed.

The sub-sections below list the Mandatory deliverables that are required by the Managing Agency and a non-exhaustive list of Recommended deliverables that may be considered. The project plan should provide sufficient details of planned activities and incorporate these deliverables into the project proposal.

8.3.1 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 **Kick off meeting** and **project progress meetings** to verbally update the Managing Agency **every six months**, through the use of a presentation. *(Kindly note, that the Managing Agency 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 Managing Agency**. These should not contain intellectual property but should raise awareness about the project and its benefits. A copy should be presented to Xjenza Malta within two weeks of publication.

- Interim progress reports on **KPI achievement, capacity development & USP validation.**

The Beneficiaries shall at all times cooperate with the Managing Agency in the promotion of the FUSION R&I Innovation for Industry by delivering presentations about the Project or through other reasonable means at the request of the Managing Agency.

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 Contact Point by the Managing Agency.

-The **End of Project Technical Report** must be submitted at the end date of the project.

-The **End of Project Financial Audited Report** must be submitted within **two months** of the completion of the project to account for lead time and payroll in the lifetime of the project.

Any changes to the project objectives, deliverables, work-packages or any other parameter committed to in the application, are to be communicated in writing with clear justification to the Managing Agency prior to the deadline. The written request will be referred to the Unit Director for approval. The Managing Agency 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 Managing Agency and its decision shall be binding, final and irrevocable. Any other communication shall not be considered valid or binding.

8.3.2 Additional Deliverables

Further to the mandatory deliverables, additional deliverables can be included, however this **should not exceed twelve (12)**. Although the deliverables cited below are not mandatory, if the applicant includes such deliverables at the proposal stage, this enhances the strength of the application form. Additional deliverables may include:

- ✓ A strategic plan to assess the project after its conclusion, how to further exploit and develop the results.
- ✓ Report on the solution generated and the possible future application.
- ✓ Verification and validation reports.
- ✓ ROI Calculation Report.
- ✓ Impact assessment.
- ✓ Report on dissemination activities.
- ✓ Oral presentation/s at international conference/s on the work carried out through the Project;
- ✓ Additional project dissemination activities including but not limited to: fairs, workshops and events. Examples include: Science in the City, R&I cafes, Enterprise European Network events, project exhibitions and so on.

In the case of applicants following the Industry-Academia stream;

- ✓ Further collaborations between the Beneficiary and the Higher Education Institute.

In the case of applicants accessing the Talent Integration Top-up:

- ✓ Report detailing:
 - Internal knowledge transfer to the newly integrated personnel
 - An account of how the personnel was embedded in the organisation's processes.
 - The contribution of the integration towards achieving the projects KPIs.

Activities related to project set-up should **not** be considered as deliverables. These include:

- × Personnel recruitment

- × Procurement of equipment
- × Internal Meetings
- × Ethical approval

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

In the case of applicants following the Industry-Academia Stream, a dedicated work package and number of deliverables should be allocated to the subcontracted HEI. For details and examples kindly refer to the Application Form Template.

A copy of all deliverables must be presented to the Managing Agency before any retention is disbursed.

The format of deliverables to be submitted must be specified at application stage. Deliverables may take the form of presentations, reports, correspondence, legal agreements, images, event agendas, audio recordings, videos, databases, certificate, manuscripts or any other format deemed acceptable by the Managing Agency). The format should be relevant and fit for the presented deliverable.

The Managing Agency appreciates that the fulfilment of the additional 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.**

In the case of publications, their submission 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 Managing Agency.

Provided further that if the Beneficiary claims that such an attempt to publish this research paper will have been unsuccessful, the Beneficiary must prove to the satisfaction of the Managing Agency 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 Agency is satisfied with the evidence provided, then the Beneficiary will not be held in breach of this particular obligation.

9 Eligible Costs

Eligible direct costs are those costs incurred directly by the beneficiary 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** for *de minimis* Aid (A1) are:

- o **Personnel Costs**

Costs of employed researchers, technicians and other supporting staff to the extent employed on the project. All persons acting as personnel within the project and contributing to project implementation shall form part of the applying entity, unless appropriately subcontracted. Such personnel **must be duly registered with Jobsplus** in accordance with applicable national employment regulations at the time of application and for the duration of the project.

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 up to **10% of the project value**. Any project management which is not carried out by the beneficiary shall be deemed as **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**². Note that employees which are existing personnel within a subsidiary of a group of companies are considered as a partner and are not eligible as a subcontracted cost.

Employees that have utilised elsewhere their allocated quota of research hours defined in their contract can apply for pro rata payment, **up to a maximum of an additional 10 hours per week**, for supervisory, research or management hours

²Standard subcontracting costs without the selection of the Industry-Academia Stream.



(overseas travel hours are ineligible) as an eligible cost of the project, if this is permissible within their contract of employment.

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

$$€ z = (\text{gross basic salary} + \text{allowances}) / \text{yearly workable hours of the employee.}$$

Eligible salaries are pinned to the hourly rates in the Table below (including Employer National Insurance and other contributions) and personnel limits per project:

| Role in Project | Hourly rates | Hourly rates | Hourly rates | Limits per project (persons) |
|--|----------------------|----------------------|----------------------|------------------------------|
| | 2026 | 2027 | 2028 | |
| | <i>max</i> | <i>max</i> | <i>max</i> | |
| Manager | Up to €60.78/hour | Up to €63.82/hour | Up to €67.01/hour | Max 2 per project |
| Senior Researcher³, or equivalent | Up to €42.84/hour | Up to €44.98/hour | Up to €47.23/hour | Max 2 per project |
| Researcher⁴, or equivalent | Up to €30.69/hour | Up to €32.22/hour | Up to €33.83/hour | No Limits |
| Operational, technician, research support assistant or equivalent | Up to €16.83/hour | Up to €17.67/hour | Up to €18.55/hour | No Limits |

*The rates stated in the table above are for the **years 2026-2028**. For subsequent years a 5% increase per year is allowed. Kindly ensure that only hourly rates are provided in the application form. Provided that whereas the Table above specifies maximum hourly rates, the Beneficiary shall ensure that the hourly rate of remuneration payable shall not, at any time, be less than the applicable minimum wage as established by Maltese law, including any applicable Wage Regulation Orders issued under the Employment and Industrial Relations Act (Chapter 452 of the Laws of Malta) or national minimum wage standards, as may be amended from time to time. The Beneficiary undertakes to adjust hourly rates of remuneration accordingly to ensure continued compliance with any changes in the statutory minimum wage.*

³The 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 Xjenza Malta well in advance of submitting the application form.

⁴The 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. Personnel following the talent-integration top-up will classify under this criteria.

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. (Please note that the maximum number of reimbursable hours per individual personnel through the project is 1720 per year).

For projects spanning multiple years, the maximum hourly rate is the average maximum rate of all years applicable to the project timespan.

In the case of existing personnel, the names of individuals will have to be noted in the application and within the Budget Sheet alongside the allocated role. Their respective CVs need to be submitted.

Students can be engaged on the project and 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 Managing Agency. Students must be engaged through a Maltese registered academic entity. Where the applying entity is not a Maltese Academic Entity and requires the engagement of students from a Maltese registered academic entity, reasonable supervisory fees are eligible under subcontracting.

Note that for every engaged student⁵, 1 full-time equivalent researcher must be employed.

Completed time sheets are to be retained for all personnel (including students), as proof of the number of hours spent on the project. Documentation of the utilisation of the employees' internally funded, research quota for other research activities is to be retained since this evidence may be required by the auditors.

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

- **Instruments and Specialised equipment:** Purchasing and leasing of specialised instruments and equipment including software. For an individual

⁵The student hereby referred to, is in no means related to the M.Sc. / PhD. Researcher employed through the Talent Integration Top-up.

item of equipment over €15,000, **it is recommended that specifications and justification for planned project utilisation of such instrument/equipment in relation to its performance characteristics are provided in the application form.** If a specialised Laptop or PC is going to be purchased, **kindly specify its usage and specifications.**

- **Consumables incurred directly as a result of the project:** The overall value of consumables cannot exceed 30% of the project value. Proposals with consumables exceeding 30% of the project value need to request a pre-agreed deviation at application stage.
- **Travel:** Travel costs are allowed up to a maximum of €15,000 (excluding indirect costs). Only travel in relation to dissemination and externalisation activities is eligible.
- **Overheads (also known as indirect costs) and other Operating Expenses:** Such 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.

9.1 Talent Integration Top-up

Research personnel employed in accordance with the **Talent Integration top-up**, must be in possession of an M.Sc. or PhD. (equivalent to MQF level 7 or higher) certification **by the date of application submission.**

Eligible beneficiaries applying for this top up will receive an **additional top-up of €40,000** towards the wage of said researcher for the duration of the project. This top-up shall be awarded in line with the *de minimis* Regulation, up to a maximum aid intensity of **90%**.

The top-up will be financed through reimbursement at 6-month intervals, upon presentation of documentation as requested by the Managing Agency.

9.2 Subcontracted Activities

Subcontracted Activities must not exceed 25% of the project value and are eligible only if they are used exclusively to achieve the aims of the project. This is not inclusive of the Industry-Academia Stream.

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

- The Principal Investigator shall remain responsible for the timely delivery of the subcontracted tasks.
- The Principal Investigator shall ensure that such a third party is selected in a manner which is transparent, fair and impartial.
- The Principal Investigator shall ensure that there is no discrimination between bidders and that all bidders are treated equally and transparently in all calls for quotations.
- The Principal Investigator shall ensure that the attainment of any services or goods respect any relevant procurement criteria.

Subcontracting shall be limited strictly to activities that are essential, specialised, and directly linked to the technical implementation of the project.

Without prejudice to the existing provision that subcontracted project management contributes towards the project management limits applicable under personnel costs, the following shall apply:

Subcontracting activities that are administrative, clerical, or operational in nature, or that relate to the general administration of the project, are not eligible (ineligible) costs. Kindly refer to [section 9.3](#) for a non-exhaustive list of ineligible costs.

Applicants are expected to clearly justify all subcontracting activities and demonstrate that they do not fall within the above exclusions.

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.

9.2.1 Industry-Academia Stream

Prior to filling in the application form, the applicant should have already discussed their requirements with the Maltese HEI and agreed on a way forward. Moreover, a **Service Agreement** must be submitted to highlight this private – HEI partnership.

Should the applicant choose to subcontract Maltese HEI personnel for specific expertise on the project's product/process improvement, the below shall apply;

- **Up to a maximum 40% of the project value** should be allocated to higher education institution activities.

An applicant must select **either** the typical subcontracting route (having 25% project value eligible cost), **or** the industry-academia stream (having up to 40% project value eligible cost).

The considerations to subcontracting mentioned in section 9.2 still apply.

9.3 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.
- ✓ Purchase of equipment and services from partners or their subsidiaries.

- ✓ 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.
- ✓ Employee overtime.
- ✓ Organising conferences or businesses lunches.
- ✓ Conference registration fees.
- ✓ Patent renewal/maintenance fees.
- ✓ Costs associated with Patent Filing/Registration.
- ✓ Personnel hours for travelling.
- ✓ Any costs related to the submission of the Final Financial Audited Report.
- ✓ Scientific publication costs (funds may be obtained through other initiatives).
- ✓ Any cost incurred to submit the proposal.
- ✓ Any costs incurred before the start date and after the end date of the project.

For the avoidance of doubt, ineligible subcontracting includes, but is not limited to, the following non-exhaustive list:

- ✓ General administrative support or back-office services
- ✓ Financial administration, bookkeeping, or accounting services
- ✓ Preparation of reports of an administrative or compliance nature

- ✓ Legal services **not directly related** to intellectual property protection, licensing, or technology transfer
- ✓ General consultancy services related to project administration, coordination, or compliance
- ✓ Human resources, payroll, or recruitment services
- ✓ Proposal writing, grant management, or grant administration services

Kindly note that this is a non-exhaustive list, and any line items not seen to be compliant with the nature of the Innovation for Industry will not be considered as eligible costs, and will be subtracted from the grant requested.

In the event a cost which is not clearly ineligible/eligible is to be proposed. Kindly contact the Managing Agency for a clarification. Any clarification is to be performed at least 2 working days prior to the to the submission deadline.

9.4 Aid Intensity

The Programme's financial contribution to a Partner applying for **aid under these Rules for Participation, is up to a maximum of 75% of eligible costs incurred the beneficiary** (or up to **90%** where the **Talent Integration Top-up** is involved). Therefore, the said beneficiary must contribute the remaining percentage to the Project. It is not possible for a beneficiary to cover the remaining contribution 'in-kind'.

9.5 Collaborators

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

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 intent should be composed within the last three months before the deadline of the application.

10 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 Programme⁶. 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 Xjenza Malta 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.

11 Evaluation

Project applications will be evaluated through a three-step process. Primarily, projects will undergo an administrative compliance evaluation. At this stage, if any errors are noted, these will either be considered as a major deviation or minor deviation (kindly refer to [Section 6.1](#) for further guidance).

If successful, projects will be forwarded to specialised external evaluators for Technical and Business External Evaluation.

The Managing Agency may undertake a Due Diligence exercise through its contractors for the purpose of administrative compliance. Further assurances and documentation, such as bank guarantees and an updated Undertaking in Difficulty Form, may be required at the discretion of the Managing Agency. In the event that the Due Diligence assessment establishes a high exposure risk to the Managing Agency, the application

⁶ Inclusive of the optional streams/Top-up incentives.

will be rejected, or further assurances may be requested from the applicant for the application to remain under consideration.

Changes to the submitted proposal are not allowed prior to the Grant Agreement, unless requested and/or approved by the Managing Agency.

For a project to be successful it must pass from all three-steps.

Failure to achieve a minimum of 65% pass from External Evaluation will lead to rejection of the proposal.

11.1 Evaluation Criteria

Innovation (30%): Threshold (20%)

Kindly refer to Section 4.1 of the application form.

Impact (45%): Threshold (30%)

Kindly refer to Section 4.2 of the application form.

Implementation (25%): Threshold (15%)

- Does the applicant demonstrate that the project team has the required technical and managerial expertise to deliver the objectives successfully? Are the qualifications and experience provided for key personnel provided, and relevant? How are roles and responsibilities clearly allocated within the team?
- Is the proposed scientific and technical approach credible and feasible for implementation? Is the sequence of tasks logical and aligned with the project goals? Can the approach realistically be executed within the proposed timeframe?
- Is the work plan coherent and effective in terms of deliverables, tasks, and resource allocation? Are work packages clearly defined with measurable deliverables? Does the timeline include realistic milestones and dependencies? Has the applicant integrated risk management measures into the plan?

- Are internal resources (human, technical, financial) adequately allocated and committed for implementation? Are project support infrastructure and/or facilities described? Is there a plan for sustaining or scaling the improvement beyond the funding period?
- Is the requested budget justified and aligned with the project's ambitions? Is there a clear cost breakdown by work package? Are major expenses well justified and relevant to the project scope? Are the requested amounts consistent with current market prices?

Other considerations:

In the event that two or more projects obtain the same mark following evaluation, then Xjenza Malta shall give priority to that project which provides the best consideration to:

- the implementation of gender equality in the research project
- other sources of co-financing aside from the private partner's mandatory contribution. Such sources are to be listed in Section 4.3.3 of the application form.

11.2 Quality Approved Process

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 Managing Agency 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 Managing Agency 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 Managing Agency will respect the ranking devised through the evaluation process and

award the next best ranked projects. Should a project receive funding but is rejected by the applicant for any reason, then the QPA mechanism no longer applies.

12 Post selection process

12.1 The Grant Agreement

Following the successful evaluation of the application, the beneficiary will be invited to sign a Grant Agreement establishing the terms and conditions governing the financing of the project. The beneficiaries 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 legal representative of the beneficiary entity and delivered to the Managing Agency within fifteen (15) days from the date of receipt. The Project Contact Point should ensure that all legal representatives are available to provide their signature during this 15-day timeframe. Where a legal representative is not available a proxy should sign. Failure to comply with the stipulated timeframe may result in a withdrawal of the offer for funding.

Together with the signed copies of the Grant Agreement, the Principal Investigator must provide an abstract of the project. This may be used, in-part or in-whole, by the Managing Agency 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 determined in the Grant Agreement.

The pre-determined date as agreed will be stated in the Grant Agreement, in line with Section 8.1. The start date must not be later 1st September 2026 (unless stated otherwise by the Managing Agency).

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 resource calls
- ✓ opening a bank account for the depositing of the first tranche (refer to [section 13.4](#))

To be eligible for funding, all expenses must be incurred between the Start Date and the End Date of the Project. This includes and is not limited to any publication costs.

13 Funding, Management and Progress Monitoring

13.1 Allocation and Disbursement of Funding

The total financial contribution by the Managing Agency over the lifetime of the project shall not exceed the funding limit as established in the Grant Agreement, irrespective of actual expenditure.

The funding of the project shall be disbursed in the following manner, including both direct and indirect costs:

| | |
|-----------------------|-----|
| Pre-Financing | 80% |
| Retention Fund | 20% |

The funding will be allocated as below:

- At the beginning of the project, Xjenza Malta will provide the 80% pre-financing to the lead beneficiary. This will include both direct and indirect eligible costs.

- The remaining 20% of the grant value will make up the totality of the retention, which will be given after successful completion of the project and once all deliverables are declared successful, complete and satisfactory.

The Principal Investigator 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.

The Managing Agency reserves the right to alter the retention percentage in order to limit exposed risk, following a due diligence evaluation. Underspends are retrieved by the Managing Agency following the financial audited report. Typically, these are reduced from the retention amount though the Managing Agency reserves the right to request the return of additional funding that goes unspent. In the case of overpayment, the applicant will be required to refund the under-spent amount to the Managing Agency within a specific timeframe, or as agreed to with the Managing Agency.

13.1.1 Talent Integration Top-Up

The funding of this top-up shall be disbursed on a 6-monthly interim reimbursement basis, upon the provision of documentation requested by the Managing Agency.

13.2 Reporting & Audit

The Principal Investigator shall set a schedule for periodic progress meetings with the Managing Agency. During such meetings, the Beneficiary should verbally update the Managing Agency on progress via presentation, as indicated in [Section 8.3.1](#).

At the end of the project, the Principal Investigator is required to submit an **End of Project Technical Report**. The **End of Project Audited Financial Report** covering the work and expenditure undertaken during the entire project.

All reports must be approved by the Managing Agency before proceeding with the issuing of the retention tranche.

The **End of Project Audited Financial Report** must contain a detailed account of the actual expenditure disbursed for the entirety of project, including:

- i. Accounts
- ii. Physical inventory
- iii. Timesheets and payslips / employee contracts
- iv. Receipts for all equipment and consumables
- v. Bank statements for the Project Account

The **End of Project Audited Financial Reports** shall be submitted up to **eight (8) weeks** from the stipulated end of project date.

The beneficiary shall appoint an auditor to conduct a detailed financial audit, following the completion of the project. The Managing Agency reserves the right to appoint an auditor to audit the Project Financial Audit as submitted.

The Managing Agency may at any time request supplementary information and documentation on the projects and may request additional progress meetings. The Managing Agency may make such additional enquiries into a project as deemed necessary. Any required documentation not submitted within Interim reports or Final Reports, or documentation not submitted within the specified timeframes, may render the whole project ineligible, and may result in the Managing Agency recovering all funds disbursed across the project.

If the project is found to be in breach of the Grant Agreement or to materially depart from the submitted application, the Managing Agency reserves the right to discontinue the award, and the beneficiary may be required to refund the Grant in part or in full. In any such event, the Managing Agency may also exclude a beneficiary from participating in future calls.

13.3 Accountability

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

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

13.4 Dissemination and Externalisation

All dissemination and publication of information in relation to the proposal selected for award is to commence following the signing of the Grant Agreement.

Any literature, 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 Xjenza Malta through the FUSION: R&I Innovation for Industry Program'.

This acknowledgement will need to be included on any dissemination material submitted to Xjenza Malta to be considered as fulfilling the obligations of the grant agreement. Dissemination related deliverables which do not have this acknowledgement will not be accepted.

In the case where printed material is published without a mention of the FUSION R&I Innovation for Industry Programme and Xjenza Malta, the Beneficiary shall be obliged to publish a correction at its own expense in the subsequent issue of the publication. This is also applicable for published material produced by persons who are not direct beneficiaries. In the case where such publicity does not mention the FUSION R&I Programme and Xjenza Malta, associated costs will be considered ineligible.

The Managing Agency reserves the right to request that the beneficiary participates in any Research Conferences or Events to disseminate the project results and the experience in obtaining funding from the Managing Agency.

13.5 Transfer of Funds

Applicants should note that:

- Transfers of project funds between line items **over the duration 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 for Participation in Section 13.6 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 for 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 13.3.

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 item (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 |
|--|-------------------------------------|

14 **Supervening Circumstances**

The Principal Investigator is obliged to immediately advise the Unit Director, of any internal or extraneous significant event which might affect the validity or implementation of the project. This obligation applies to the entire period between the submission of the preliminary project application and the completion of the project.

Xjenza Malta shall acknowledge receipt 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 Principal Investigator to respect this obligation may be deemed by Xjenza Malta to constitute material non-compliance on the part of the Beneficiary and Xjenza Malta may thereafter take such action as is necessary in terms of the Grant Agreement in consequence of such non-compliance.

14.2 **Default**

Where the implementation of a project becomes impossible or implementation is not completed, The Managing Agency 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 in terms of the Grant Agreement.

In the event of default on the part of the Beneficiary the Managing Agency may issue a written notice to the Beneficiary outlining the default, the corrective action to be taken and granting a rectification period of one month. The Managing Agency may also issue a second written notice of default granting a rectification period in respect of the same default.



15 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 Managing Agency 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 Managing Agency.

In the event of a conflict between the Grant Agreement and these Rules for Participation, the Grant Agreement shall take precedence.