



GOVERNMENT  
OF MALTA



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## GUIDANCE NOTES

# On-Farm Productive Investments Intervention of the Common Agricultural Policy Strategic Plan Intervention I73.5.1

COMMON AGRICULTURAL POLICY – STRATEGIC PLAN  
(MALTA) 2023-2027

**11th February 2025**

**Version 1.1**

### MANAGING AUTHORITY (CAP-SP)

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The European Agricultural Fund for Rural Development:  
Europe investing in rural areas

## Disclaimer

The Managing Authority reserves the right, in particular on the basis of approval or direction by the European Commission, to amend from time-to-time certain provisions established by this guidance document.

In case of any conflicts between these guidelines and the text of the Common Agricultural Policy Strategic Plan (CAP SP) 2023 - 2027 and other legislative text, the interpretation given by the CAP SP and relevant legislation will be given priority.

The English version will be the legally binding text.

The Managing Authority also reserves the right to request additional information not included in this Guidance Document, in order to proceed with checks and evaluation of the application throughout the process.

This document supersedes any previous guidance notes, website notifications or other media notification issued on this Intervention prior to the launch of this call. Other notifications can be issued on such platforms following the issue of this call.

Further details on the application process may be published in due course on the website of the Managing Authority <https://fondi.eu/> For more information, the Managing Authority can be contacted by email at [fondi.eu@gov.mt](mailto:fondi.eu@gov.mt) or (+)356 2555 2555 during office hours.

## Notices

HISTORY OF CHANGES		
1.0	31/10/2024	No Changes
1.6	11/02/2025	Removing September Closure
2.2	11/02/2025	Removal of Restrictive Investment Proposal
2.4	11/02/2025	Added sentence with regards to the delineation between On-Farm Productive Investments and Off-Farm Productive Investments
3.1	11/02/2025	Project Duration
3.5	11/02/2025	Added footnote in Supporting Documentation
Annex 1	11/02/2025	Changes in Estimate of Works
Annex 2	11/02/2025	Change in Government Gazette date
Annex 3	11/02/2025	Added the Standard Output template

Prospective applicants are to submit **their application online** using the following link <https://iacs.gov.mt.abacogroup.eu/customerportal/login>

### FIRST TIME APPLICANTS

First time applicants are required to register with ARPA Front Office in order to create an account and have access to the online system. Contact details as follows:

Malta Front Office – Telephone: 22 92 61 48

Front Office

Agriculture and Rural Payments Agency (ARPA)

Pitkali Markets, TA' QALI L/O ATTARD

Malta

Gozo Front Office – Telephone: 22 15 69 79

Gozo Office

Government Experimental Farm, Mgarr Road, XEWKIJA

Gozo

### APPLICANTS BEING ASSISTED BY A THRID PARTY

It is possible for a 3<sup>rd</sup> party to assist an applicant with their application. Applicants who make use of such assistance are required to complete a form authorising third parties to access and manage their application. Such form needs to be signed by both parties (applicant and 3<sup>rd</sup> party or consultant) and may be obtained from the ARPA Front Office.

## DEADLINES AND ACKNOWLEDGEMENTS

Upon submission of an application through the online portal an automated acknowledgement email will be sent to applicants via the online system.

It is the responsibility of the applicant to ensure that the application is submitted prior to the set deadline.

Upon receipt of applications, the Managing Authority will not be in a position to validate with applicants whether their submission satisfies the admissibility check to be considered for evaluation. It is the applicant's sole responsibility to ensure the application has been submitted in its entirety. The Managing Authority remains available to confirm with applicants that an application has been received if contacted via email on [communications.eufunds@gov.mt](mailto:communications.eufunds@gov.mt) or **(+356 2555 2555)** during office hours.

The online system is not responsible for the administrative compliance of the application form. The acknowledgement email does not imply that the applicant has submitted all the necessary documentation. The Project Selection Committee may request clarifications following the issuance of the acknowledgement letter.

## THE SUBMISSION OF DOCUMENTATION

Applications in hard copy, whether submitted by mail, by hand or any other means, will not be accepted and in this case, the application will not be deemed admissible and hence will not be considered during the evaluation process. Pen-drives and CDs etc are not required and will not be accepted. This applies to submissions at both the Front Offices in Malta and Gozo as well as the Managing Authority Offices in Hamrun.

All documentation will be submitted through the online application portal together with the application, including but not limited to, quotations, bills of quantities, qualifications, tax, etc. is to specifically state the name of the applicant and not of any other individual/company. This also applies in terms of partnerships, where all the documents must be in the partnership's name.

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## Definitions

**CAP:** Common Agricultural Policy is a commitment that the EU is promoting amongst its Member States to ensure a stable supply of food, safeguards farmers' income and protects the environment, while keeping rural areas vibrant.

**CAP SP:** Common Agricultural Policy – Strategic Plan is a plan drawn up by each Member State to contribute towards reaching the aims of the Common Agricultural Policy. CAP Strategic Plans encourage the transition towards a smart, sustainable, competitive, resilient, and diversified agricultural sector, while ensuring long-term food security.

**CAP SP Regulation:** REGULATION (EU) 2021/2115 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013 and REGULATION (EU) 2021/2116 of the European Parliament and of the Council of 2 December 2021 on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013.

**CPR:** (where applicable) Common Provision Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy.

**Checks and controls:** Provide a means of verification that the investment operation complies with, and is in conformity to, the relevant rules and regulations.

**Contact Person:** A person that is authorised by the applicant and can be contacted directly for matters in connection with the application and eventually the project.

**CRRB:** Change Request Review Board

**EAFRD:** European Agricultural Fund for Rural Development.

**Evaluation:** A periodic collection and analysis of evidence to form conclusions on the effectiveness and efficiency of interventions.

**Grant Agreement (GA):** An agreement signed between the MA and the selected applicant (beneficiary) containing provisions and conditions related to the particular support being given.

**Grant Award Letter:** A letter sent by the MA to selected applicants upon the completion of the selection process in order to inform applicants of its outcome. The award letter can include certain conditions and actions expected on the part of the applicant.

**Intervention:** There are two types of interventions - those related to land (e.g. practices on agricultural land) or through investments (e.g. investing in the infrastructure of a farm)

**Land Registration Identification System (LPIS):** The system contains all agricultural areas, registered at the Front Office (ARPA) that may be eligible for a land-based intervention under the Common Agricultural Policy.

**Managing Authority:** A national or regional body designated by a Member State to manage and implement the CAP Strategic Plan.

**Monitoring:** Regular examination of the resources, outputs, and results of interventions.

**Paying Agency:** The Agriculture and Rural Payments Agency (ARPA) within the Ministry for Agriculture, Fisheries and Animal Rights (MAFA).

**Project Leader:** Is a person who is authorised by the applicant to ensure a project is carried through and in line with commitments. The Project Leader can be contacted directly for matters relative to an on-going project and is expected to have responsibility for the execution of a project.

**Project Selection Committee (PSC):** An independent Committee that assesses and ranks project proposals (applications).

**Project Selection Appeals Board (PSAB):** An independent Committee that assesses appeal submissions.

**Results:** The direct effects or changes that arise due to the intervention.

**Simplified Cost Options (SCOs):** Expenditure which is reimbursed according to predefined methods (translated into amounts/percentages) based on processes, outputs or results representing the best approximation of real costs incurred when implementing an action.

## 1.0 Introduction

These Guidance Notes are intended to assist Applicants understand the requirements for requesting and receiving funding support under *On-Farm Productive Investments* of the Common Agricultural Policy Strategic Plan 2023-2027.



Applicants are advised to familiarise themselves with these Guidance Notes prior to completing an application. The Guidance Notes, Application Form and all Annexes and other documentation are available at [www.fondi.eu](http://www.fondi.eu) during the application period.

## 1.1 Authorities

The Funds and Programmes Division (FPD) within the Ministry responsible for EU Funds is the Managing Authority (MA) responsible for managing the interventions of the European Agricultural Fund for Rural Development Fund (EAFRD) in accordance with the Common Agricultural Policy – Strategic Plan for the 2023-2027 programming period.

The Paying Agency (PA) is the Agriculture and Rural Payments Agency (ARPA) within the Ministry for Agriculture, Fisheries and Animal Rights (MAFA).

Other national authorities may be involved and referred to in the assessment of an application, or during project implementation.

## 1.2 Scope & Objectives

The On-Farm Investment Intervention tied to on-farm productive investments aims to fund investment in agricultural holdings including, inter alia, best available techniques to address production, environmental and health issues including precision farming, small investments, modern pesticide management solutions, irrigation systems, detection of diseases in crops and livestock, farm waste management, focusing on the entire territory of Malta.

## 1.3 Regulatory Framework

The following is a list of the applicable Plan and main Regulations:

- a. The Common Agricultural Policy Strategic Plan that provides support from the European Agricultural Fund for Rural Development
- b. Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013
- c. Regulation (EU) 2021/2116 of the European Parliament and of the Council of 2 December 2021 on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013
- d. Regulation (EU) 2021/2117 of the European Parliament and of the Council of 2 December 2021 amending Regulations (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products, (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs, (EU) No 251/2014 on the definition, description, presentation, labelling and the

- protection of geographical indicators of aromatised wine products and (EU) No 228/2013 laying down specific interventions for agriculture in the outermost regions of the Union
- e. Regulation (EU) 2022/129 of the European Parliament and the Council of 21 December 2021, laying down rules for types of intervention concerning oilseeds, cotton and by-products of wine making under Regulation (EU) 2021/2115 of the European Parliament and of the Council and for the information, publicity and visibility requirements relating to Union support and the CAP Strategic Plans
  - f. Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy;
  - g. Commission Implementing Regulation (EU) 2022/1475 of 6 September 2022 laying down detailed rules for implementation of Regulation (EU) 2021/2115 of the European Parliament and of the Council as regards the evaluation of the CAP Strategic Plans and the provision of information for monitoring and evaluation;
  - h. Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012;
  - i. Environment Protection Act (CAP 549 of the Laws of Malta);

The above list is not exhaustive and may be amended. It is up to the applicant to ensure that all national and EU rules are being followed at all times.

## 1.4 Contribution towards the CSP Objectives

The most relevant Specific Objectives to which *On-Farm Productive Investments* contributes are:

**SO2:** Enhance market orientation and increase competitiveness, including greater focus on research, technology and digitalisation.

**SO3:** Improve the farmers' position in the value chain.

**SO4:** Contribute to climate change mitigation and adaptation, including by reducing greenhouse gas emission and enhancing carbon sequestration, as well as promote sustainable energy.

**SO5:** to foster sustainable development and efficient management of natural resources such as water, soil and air, including by reducing chemical dependency.

**SO6:** to contribute to halting and reversing biodiversity loss, enhance ecosystem services and preserve habitats and landscapes.

**SO7:** Attract and sustain young farmers and other new farmers and facilitate sustainable business development in rural areas.

**SO8:** Promote employment, growth, gender equality, including the participation of women in farming, social inclusion and local development in rural areas, including the circular bio-economy and sustainable forestry.

**SO9:** Improve the response of Union agriculture to societal demands on food and health, including high quality, safe and nutritious food produced in a sustainable way, the reduction of food waste, as well as improving animal welfare and combatting antimicrobial resistances.

**XCO** Cross-cutting objective of modernising the sector by fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas, and encouraging their uptake.

**Needs addressed by the intervention:**

Code	Description
2.4	Identify and support the investment needs of the sector to increase its market competitiveness
4.3	Use animal and agricultural waste and residues as a resource
5.4	Increase efficient use of water and soil by restoring geographical and landscape features
5.5	Encourage farmers to invest in efficient farming systems that make efficient use of resources
5.7	Identify ways to reduce nutrient loading to air, soil and water from agricultural activity
6.1	Promote measures that protect and enhance biodiversity on agricultural holdings & wider rural areas
6.2	Disseminate knowledge amongst farmers to safeguard biodiversity on Natura 2000 sites
9.1	Foster higher animal welfare standards to ensure well-being among farmed animals
XCO.1	Developing a holistic and strategic approach to grow and enhance the AKIS in Malta

**Result Indicators addressed by the intervention:**

R.16 Share of farms benefitting from CAP investment support contributing to climate change mitigation and adaptation, and to the production of renewable energy or biomaterials
R.26 Share of farms benefitting from CAP productive and non-productive investment support related to care for the natural resource
R.3 Share of farms benefitting from support for digital farming technology through CAP
R.35 Share of beehives supported by the CAP
R.44 Share of livestock units (LU) covered by supported actions to improve animal welfare
R.9 Share of farmers receiving investment support to restructure and modernise, including to improve resource efficiency

## 1.5 Complimentary and demarcation with other interventions

On-farm productive investments will complement investments in processing/marketing/development.

## 1.6 Duration

This Batch of applications shall close on the 28<sup>th</sup> March 2025 at noon (12:00hrs Central European Time) subject to availability of funds and/or notifications by the MA informing otherwise. The total maximum duration of the project should be up to 15 months.

In 2025, this Intervention unless otherwise notified on the website [Fondi.eu](https://fondi.eu) will have another 2 batches with the following cut-off dates –

- 31<sup>st</sup> July 2025 at noon
- 28<sup>th</sup> November 2025 at noon

## 1.7 Budget

The overall budget for this intervention is €5 million in total (public expenditure). The MA reserves the right to amend the budget allocated.

## 1.8 Maximum Grant Value & Aid Intensity

The range of support (aid intensity) shall be 50% of eligible cost, unless otherwise specified<sup>1</sup>

Applications for investments under this call shall be of a minimum of **€30,001** in total project cost<sup>2</sup>.

The MA reserves the right to reject an application, including but not limited to cases where funds are not available under the respective intervention. In such instances the MA may consider the creation of a Reserve list of project proposals.

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<sup>1</sup> The maximum range of support (aid intensity) may be increased to 65% for certain categories of farmers, in line with the Categorisation of Farmers Regulations of 2024. To qualify for such support rate, those with Livestock or holdings with Mixed agricultural activity must be classified as Category 4 or higher, whilst crop holdings must be classified as Category 3 or higher (Annex 2).

The category upon which the aid intensity will be set will be that as notified by the Department of Agriculture in line with Article 4(1) of Legal Notice 122 of 2024, Agriculture Act (CAP. 639) Categorisation of Farmers Regulations.

<sup>2</sup> €30,001 is exclusive of the VAT and also exclusive of the 7% Overheads listed in Section 2.4.

## 2.0 Standard Eligibility Conditions

### 2.1 General Eligibility Criteria

The following are the general eligibility criteria to which the application must conform:

- (a) Submitted application is fully completed/filled-in
- (b) Applicant demonstrates that the applicant forms part of (or is the legal representative) the beneficiary/applicant organisation.
- (c) The proposed project will be implemented within the eligible territory.
- (d) Evidence of sufficient financial capacity required to cover the private financial component (where applicable) is provided.
- (e) The proposed project contributes to the targets and objectives of the relevant intervention.
- (f) The proposed project contributes to the specific objectives, needs and results of the programme.

### 2.2 Eligible Actions

On-Farm Investments aim to target the following actions:

**Agricultural holdings:** Investments aimed towards farm modernisation to support value added activities.

**Precision livestock farming:** Livestock farms will benefit from support to invest in more efficient equipment and innovative systems that aim to achieve sustainable animal production systems through, inter alia, automation of production processes, constant animal monitoring allowing early detection of health and welfare issues, and availability of reliable information for farmers for a proper decision-making process. Investments in livestock must be strictly related to an agricultural activity (investments related to Equidae such as but not limited to horse stables are excluded).

**Pesticide equipment:** Investments in pesticide equipment to facilitate environmental and climate sustainability, whilst improving competitiveness and modernisation.

**Improve farm waste management:** Support will be provided to farmers to improve their on-farm waste management practices through alternative solutions including adoption of best available techniques that contribute to sustainable waste management.

Eligible actions under this call targets investment in agricultural holdings and may include, but are not limited to, investments addressing production and environmental aspects.

**Investment in Smart irrigation techniques:** Interventions will enable sustainable agricultural practices to, inter alia, mitigate challenges in agriculture. In the case of *Irrigation Investments*, these shall respect the condition as outlined in Article 74 of Regulation (EU) 2021/2115. It stands to be noted that the conditions of Article 74(4) (a) and (b) shall not apply to an investment in an existing installation which affects only energy efficiency, to an investment in the creation of a reservoir, or to an investment in the

use of reclaimed water which does not affect a body of groundwater or surface water. Any investment in reservoirs for the reduction of water abstraction (ġiebjja) and irrigation that can be connected to the use of recycled water are exempt from the above obligations and the obligations linked to Article 74 (4 and 6) of the CAP SP Regulation but should be compliant with Regulation (EU) 2020/741 of the European Parliament and the Council.

The parameters for supporting investments in irrigation shall include the following:

- An investment in an improvement to an existing irrigation installation or element of irrigation infrastructure shall be eligible only if it is assessed ex ante as offering potential water savings of a minimum of 10% according to the technical parameters of the existing installation or infrastructure<sup>3</sup>.
- The 10% of water savings takes into account the difficulties in achieving greater efficiency improvements, when considering the baseline, whereby in recent years significant investment has been undertaken to optimise local water use characteristics;
- The investment shall ensure an effective reduction in water use, at the level of the investment, amounting to at least 60 % of the potential water saving made possible by the investment;
- Water metering enabling measurement of water use at the level supported investment must be in place or shall be put in place as part of the investment;
- Any water source used by the irrigation scheme is to be duly registered with the competent regulatory authorities;
- With respect to measures including the use of natural water resources in irrigation, the legality of the water source is a basic eligibility requirement<sup>4</sup>.

## 2.2 Ineligible Actions

The following actions shall not be eligible for support under this call for applications:

- Any actions that are not in conformity to the applicable environment, planning and agricultural legislation and/or policy and not in line with the scope of this intervention as outlined in Malta's CAP SP, shall be considered as ineligible for funding.
- Actions which are proposed to be implemented on farm or land and which are not registered on the IACS on the name of the person applying.<sup>5</sup>

## 2.3 Eligible Applicants

Support under this intervention is available to:

Farmers, whether natural or legal persons (including Group of Farmers such as, inter alia partnerships and cooperatives), who:

- are registered as farmers on the Department of Agriculture database (IACS)
- have a VAT Number and
- are registered (in the case of individuals) with Jobs Plus as Farmers.

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<sup>3</sup> Improvements in previously installed irrigation systems, shall be registered as 'SAQWI' on the IACS system.

<sup>4</sup> The Managing Authority may issue additional guidance and parameters with regards to investments in irrigation.

<sup>5</sup> Applicant must have right of use as recognized by MAFA.

For investments carried out on agricultural holdings, applicants must operate farms which are (at the point of application and not as a result of the investment) efficient and economically viable defined as agricultural holdings with the below minimum thresholds:

- In the case of livestock agricultural holdings, access for this sub-intervention will be restricted to holdings with standard output of minimum €15,000 per holding, for all livestock sectors.
- In the case of arable agricultural holdings, access through this sub-intervention will be restricted to a minimum of 0.3 Ha holdings for outdoor production (eligible hectares).
- In the case of production under glass as registered with the Department of Agriculture, the applicable area is 50% of the outdoor production.

In order to access a full investment proposal, the following parameters will apply to these three sub-sectors, and hence will be deemed eligible for support if they possess, at the time of application or as requested by the MA, the following:

- Productive trees recognised as eligible by ERA that can be planted, including but not limited to Vineyards and Olive Orchards: 0.5 (eligible hectares) of registered Vineyards and Olive Orchards
- Beekeepers: a minimum of 50 registered colonies.

In these cases, the investment proposal will not be limited to the type and scope of investment but will be considered as having met the minimum threshold of standard output and considered as satisfying the criteria for an efficient and economically viable agricultural holding.

## 2.4 Eligible Expenditure

Eligible costs will consist of:

- The construction, acquisition, including through leasing leading to a purchase obligation at the end of the contract, or improvement of immovable property;
- The purchase or lease-purchase of new machinery and equipment (including investments related to energy efficiency/generation);
- General costs such as architects, engineers and consultation fees, feasibility studies, the acquisition of patent rights and licenses up to a maximum 15% of the total eligible project cost;
- Intangible investments such as copyrights, trademarks or processes;
- The acquisition and planting of permanent crops, including orchards, as defined in the CAP Strategic Plan in view of Article 4, paragraph 1 (b, ii) of the CAP SP regulation;
- Article 86 of Regulation 2021/2115 applies in terms of eligibility of expenditure. In the national guidelines, the MA may introduce an exception to the professional services such as architect/engineer fees (project management services will not be entertained) incurred by successful applicants for the submission of an EAFRD application, including business plans where these are required;
- Bee keepers may also be eligible for support under this intervention . ie. Replacement of hives components e.g. beeswax foundation sheets, wireframes etc will be considered as ineligible under CAP SP, since these are eligible through the Apiculture Programme. With regards to investments in bee-boxes, Rural development will be limited to supporting the financing of new

beehives/supers and trays as well as their replacement when these have come to an end of their useful lifespan.

- Overheads at a rate of 7% of the total direct eligible costs in line with Article 83(2)(c) of Regulation (EU) 2021/2115 and Article 54(a) of Regulation (EU) 2021/1060.

Applicants are to refer to National Eligibility Rules Version 1 which is accessible from the [fondi.eu](https://fondi.eu) website<sup>6</sup>.

With regards investments that will bring about potential water savings, the below shall be considered:

1. At the stage of application an expert declaration of the expected efficiency gained over the current installation will be requested;
2. At project selection stage, priority will be given to projects with higher environmental ambition, such as projects expected to have water savings going beyond the 10%;
3. At the stage of payment claim an expert report will be requested reviewing the actual efficiency gain.

With regard to animal welfare, priority in the selection process shall be accorded to those applications which propose to achieve housing systems different from their current operations for animal species which best facilitate their exhibiting the natural behaviours of that species, and in particular alternative systems for laying hens, free farrowing for sows as well as extended time in group housing for sows and calves (beyond the minimum time required by the EU legislation).

To reduce the need for tail docking, pig farmers who benefit from on-farm investments must commit to either: increase the flooring space for pigs by 20% beyond the stocking densities provided for in Subsidiary Legislation 439.02 and Directive 2008/120/EC or carry out tail docking on not more than 10% of the pigs on the farm.

Expenditure is considered to be eligible expenditure and therefore eligible for reimbursement **only** if it has been incurred **after** an application has been submitted to the Managing Authority and an acknowledgement is issued by the Managing Authority.

The following type of expenditure is considered eligible for the purpose of support:

- In the case of equipment/machinery, three compliant quotations are to be submitted in line with the needs of the applicant and the eligibility framework of the scheme, dated within the previous six months prior to submission of application and obtained from an external and unrelated supplier to the applicant<sup>7 8</sup>.
- The acquisition and planting of permanent crops, including vines, as defined in the CAP Strategic Plan in view of Article 4, paragraph 1 (b, ii) of the CAP SP regulation. Three compliant quotations are to be submitted in line with the needs of the applicant and the eligibility

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<sup>6</sup> [https://fondi.eu/wp-content/uploads/2023/09/2021\\_2027\\_National-Eligibility-Rules.pdf](https://fondi.eu/wp-content/uploads/2023/09/2021_2027_National-Eligibility-Rules.pdf)

<sup>7</sup> Applicants are obliged to procure from one of the three suppliers submitted in the application.

<sup>8</sup> The average rate of the three valid and comparable quotations will be allocated for the specific item. At payment stage this amount will be paid upon confirmation of the deliverable



framework of the scheme, dated within the previous six months prior to submission of application and obtained from an external and unrelated service provider to the applicant.

- Article 86 of Regulation 2021/2115 applies in terms of eligibility of expenditure. In the national guidelines, the MA may introduce an exception to the professional services incurred by successful applicants for the submission of an EAFRD application, including business plans where these are required;

For the first batch opening on 31<sup>st</sup> October 2024, applicants are requested to input the value of the cheapest quote in the application form.

It is acknowledged that On-Farm Productive Investments and Off-farm Productive Investments, can have items that would be eligible under both interventions, hence, under On-Farm Productive Investments, the PSC could consider non-significant expenditure that is related to processing under Off-farm Productive Investment.

The investment has to happen on-farm and has to be intrinsically linked to the agricultural activity.

Any costs incurred before the signature and entry into force of the Grant Agreement shall be considered as eligible insofar as they are in line with the [National Eligibility Rules](#) and approved by the Managing Authority.

The Managing Authority will be applying the concept of a draft budget to this scheme in line with Article 83(2)(b) of Regulation (EU) 2021/2115.

The overall draft budget to be requested by any applicant will be based on:

With respect to the following action, the form of financing applied will be actual costs incurred and paid. Although an Estimate of Works (Annex 1) signed by an architect is requested at application stage, an eligible Beneficiary will be expected to follow Public Procurement Regulations, or the spirit of in the case of the private sector, during implementation. The related documentation will be part of the verifications that are carried out before a payment is processed.

- In the case of the building/restoration/conservation of on-farm infrastructure, the applicant should submit an Estimate of Works signed by a warranted architect listing the works that will be carried out.

The list of documents and management verifications that are expected to be in place in order for payments to be processed are further explained in Section 5.5 of these Guidance Notes.

Nonetheless, the Project Selection Committee reserves the right to request that management verifications in respect of certain Grant Agreements are commensurate and proportionate to the investment requested, which may require additional supporting documentation to ensure that the investment put in place is in line with the investment approved. Such additional checks/supporting documentation to trigger the final payment will be clearly outlined in the Grant Agreement.

## 2.5 Ineligible Expenditure

The following costs shall be considered ineligible for the purpose of this investment:

- Purchase of payment entitlements;
- Purchase of land for an amount exceeding 10% of the total eligible expenditure for the operation concerned; in the case of financial instruments, this ceiling shall apply to the eligible public expenditure paid to the final recipient, or, in case of guarantees, to the amount of the underlying loan;
- Purchase of livestock, as defined in Article 2(24) of Regulation (EU) No 2016/1012<sup>[1]</sup>, annual plants and their planting other than for the purpose of restoring agricultural or forestry potential following natural disaster and catastrophic events;
- Interest rate on debt, except in relation to grants given in the form of an interest rate subsidy or guarantee fee subsidy;
- Investments resulting in net increase of irrigated area, where these are affecting a given body of groundwater or surface water are not eligible;
- Investment resulting in a net increase of the irrigated area affecting a given body of groundwater or surface water;
- Investments in irrigation which are not consistent with the achievement and maintenance of good status of water bodies, as laid down in Article 4(1) of Directive 2000/60/EC, including expansion of irrigation affecting water bodies whose status has been defined as less than good in the relevant river basin management plan for reasons related to quantity;
- Simple replacement investments shall not be eligible for support (however, operations such as investment in the functional improvement of agricultural water cisterns (gïebja or bir) and restoration of windmills (wind driven pumps) for either water pumping and/or energy generation for agricultural purposes are not considered simple replacement);
- Second-hand machinery and/or equipment;
- The purchase of agricultural production rights, payment entitlements, livestock, annual plants, and their planting;
- Drainage works in connection with human domestic sewage;
- Investments to comply with Union standards, with exception of aid granted to young farmers within 24 months from the date of their setting-up;
- Other costs connected with the leasing contract, such as lessor's margin, interest refinancing costs, and insurance charges;
- Costs related to insurance;
- Expenditure/costs linked to interventions that are, at the time of application, directly (i.e. the specific investment) served by a breach notice by respective responsible authorities including the Environment and Resources Authority (ERA) and the Planning Authority (PA);
- Contingencies and/or losses made by the Applicant;
- Statutory fines and penalties;
- In kind contributions;
- Canopies, excluding canopies for livestock housing;
- Vertical Green Walls;
- Purchase of payment entitlements;

- Interest rate on debt, except in relation to grants given in the form of an interest rate subsidy or guarantee fee subsidy;
- Purchase of Soil and Soil Improvement interventions;
- Investments related to Equidae such as, but not limited to, horse stables;
- Investments related to renewable energy such as, but not limited to, PV Panels;

The list above may not be exhaustive. Where in doubt, it is advisable to speak to the Managing Authority before the deadline for the call for applications.

[1] Regulation (EU) 2016/1012 of the European Parliament and of the Council of 8 June 2016 on zootechnical and genealogical conditions for the breeding, trade in and entry into the Union of purebred breeding animals, hybrid breeding pigs and the germinal products thereof and amending Regulation (EU) No 652/2014, Council Directives 89/608/EEC and 90/425/EEC and repealing certain acts in the area of animal breeding ('Animal Breeding Regulation').

Value added tax (VAT) is not eligible for aid if it is recoverable. Any VAT over EUR 5 million is not eligible, even if it is not recoverable.3.0 The Project Proposal as shall be presented during the application process

Interested applicants may commence the application process by accessing the online portal <https://iacs.gov.mt.abacogroup.eu/customerportal/login> and follow the instructions.

It is strongly advisable that prior to the preparation and submission of the application, prospective applicants carefully read these Guidance Notes.

More information on each section of the application can be found in the following section.

### 3.1 Project Details

- **Project Title:** Name your project in a way that it can be easily understood and captures the gist of your project (max 100 characters)
- **Project Duration:** Insert the number of months required to complete the proposed project. The maximum project duration is 15 months and thus applicants are advised to be realistic in their project in view of the timing constraints. The project duration in months will be calculated from the date of the grant award letter.
- **The Applicant:** Tick the box as applicable showing the type of applicant.
- **Nature of Activity/Business:** Tick if you are applying as an individual farmer, in partnership or as a legal entity.

- **Applicant's Information:** To include details of applicant – address, mobile number, email address and website (if applicable).
- **Project Leader:** To include details of project leader – address, mobile number, email address and position within the entity.
- **Details of Partnership:** To include details of partnership, if applicable.
- **VAT Status:** To include information regarding VAT status.
- **Nature of Activity/Business:** Tick the nature of the business.
- **Details of the contact person for the application/project implementation:** To be filled in if contact person is different than applicant and to choose if this is valid for application stage or project implementation stage. If ticked yes, information of contract person is to be filled in.

### 3.2 Sector and Type of Activity

- **Sector and Type of Activity:** Tick only the sector that is applicable to your activity and indicate if its conventional (C) or organic (O).

### 3.3 Technical Description

**Project Description:** Key Investment Plan forms an integral part of the Application Form, and all Sections must be completed by the Applicant for such applications to be eligible under this intervention (**Note this section contributes directly to the selection criteria as listed in the application**).

- **Actions linked to the investment:** Tick the actions the project will be targeting – either Equipment and Machinery, Building/Conservation/Restoration of On-Farm Infrastructure or Trees.
- **Project Details:** Include a description of the project idea, giving the reasoning behind the investments. Include information on how the project will enhance/result in the adoption of innovation/use of state-of-the-art technology in the sector. Also state whether the applicant will have partnership with other actors. If the project is going to have an awareness campaign<sup>9</sup>, details should be listed in this section (20 marks). Furthermore, indicate the indicators tied to the On-Farm Productive Investment Intervention (15 marks):
- **Objectives and needs to be addressed:** Tick the specific objectives and needs that your project will be targeting. Reference to the SOs and needs of this intervention is found in Section 1.4 Contribution towards the CAP SP Objectives (15 marks).

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<sup>9</sup> Awareness campaigns should include activities that go beyond the regulatory obligations of the EAFRD programme e.g., plaques and stickers should not be listed here.

- **Contributions of the project towards the Farm to Fork Strategy:** Tick the boxes relevant to your project. More information on the Farm to Fork Strategy can be found [here](#) (15 marks). This section is NOT to be filled-in for projects where grant value is less than €50,000.
- **Readiness:** Readiness refers to project proposals that are in an advanced state of preparedness such as quotations having already been gathered, necessary permits obtained etc. Kindly list the activities envisaged within the operation that requires a planning or an environmental permit, identify whether the permit application has already been submitted and if yes list down the PA or Tracking number (5 marks).
- **Risks:** Explain the risks associated with the project and provide the mitigation and/or preventive measures as well as the actions to be taken in case an adverse event occurs. Give an explanation on risks associated with financial, implementation, capacity, legal, logistical and procurement.
- **Equal Opportunities:** Tick where applicable where the project will facilitate the increased participation of women, young farmers, young persons and/or other minorities, and explain how the project will ensure equal opportunities (5 marks).
- **Sustainable Development:** Applicants are required to demonstrate that they have considered sustainable development areas at all stages of their projects and how contribution will be mainstreamed throughout the projects' aims and operations. Tick the actions that the project will be contributing to (15 marks).

### 3.4 Budget

In this section the applicant needs to insert the budget which will support the proposed project.

The amount of each component is to be included under the year in which the investment is expected to be procured. The expected Beneficiaries under this Call for are expected to practice the principles of good governance and sound financial management not only during implementation but also at application stage when drafting the proposed budget. The Project Selection Committee reserves the right to request clarifications on the budget presented by each applicant should it be deemed necessary to do so.

In the application form, for this call, applicants are requested to input the value of the cheapest quote.

### 3.5 Supporting Documents <sup>10</sup>

A checklist of documents to be submitted with the Application is included with the online Application Form. The applicants will be advised further, during the evaluation process, with regards to the submission of any necessary clarifications/documents required.

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<sup>10</sup> All supporting documentation shall be on the name of the applicant.

Disclaimer: The submission of an application form and its subsequent acknowledgement does not imply that the application is being automatically accepted and/or rejected. The outcome of the evaluation of any individual application will be communicated to each applicant following an assessment carried out by the Project Selection Committee (PSC).

### 3.6 Declarations

The Applicant is requested to read through the statements in the declaration section and confirm that the Applicant will abide with the stipulated declarations. If the information is found to be false or deliberately or otherwise misleading, any EU funds awarded may be withdrawn and any funds paid may be recovered by the Paying Agency from the Applicant completing the application form. These obligations shall be considered binding upon signing of the Grant Agreement if the application is approved for co-financing. If the applicant does not accept all these declarations, the applicant will not be allowed to submit the application form.

### 3.7 Contact Details of Competent Authorities

Tax Compliance Certificates can be acquired by contacting the Commissioner for Revenue

Tel: 2296 2755

Email: [certificates.cfr@gov.mt](mailto:certificates.cfr@gov.mt)

OR

Using the E-ID online services

## 4.0 Assessment and Selection

### 4.1 Validation of applications

The Project Selection Committee will undertake a validity check of all applications that are received. Should any documentation that is required be missing from the Application Form, the Project Selection Committee shall notify the Applicant through a notification letter. Any required documents that were missing from the Application Form are to be submitted within the specified period from the date of the notification letter.

Only complete applications will be considered by the Project Selection Committee. Applications that remain incomplete after the specified notice period has elapsed will be rejected.

Should the applicant wish to re-submit an application, the process is considered a new one. In such cases, the effective application date would be that of the new submission.

### 4.2 Assessment and Selection of Applications

Applications for support that pass the validity check will proceed to the next step and shall be assessed according to the eligibility and selection criteria.

Selection criteria is designed to assess the fit and contribution of project proposals with the CAP-SP strategy, its target group and its objectives.

During the assessment and selection process, checks will also be carried out to assess the reasonableness of the cost presented where applicable. The Project Selection Committee may seek clarifications on the costs and specifications presented, issue recertification procedure(s) for missing supporting documentation, reserves the right to peg the grant to an amount that it deems reasonable, and/or reject applications that do not satisfy the identified criteria.

Projects will be ranked according to marks and funds allocated to those projects which obtain the highest marks. In cases of over-demand for funding, other projects which obtain the pass mark, but which are not funded/selected will be placed on a reserve list according to marks obtained and funding offered if and when funds become available.

The Project Selection Committee (PSC) will award marks according to the criteria and rank projects according to the marks obtained. To qualify for selection, the proposal needs to obtain a total of at least 50% of the total marks of the general and intervention-specific selection criteria.

The voting members of the Project Selection Committee shall decide how the project proposal addresses the criteria and assign points according to the following selection criteria:

Assessment			Maximum Points
1.	The proposed project addresses the needs as expressed in the specific objectives	<p>The assessment is carried out on the level of needs deemed to be addresses by the project proposal in relation to the Specific Objective under which the intervention is taking place, within the spirit of the CAP-SP</p> <p>≤ 2 needs assessed (5 marks)  &gt; 2 ≤ 4 needs addressed (10 marks)  &gt; 4 needs addressed (15 marks)</p>	15
2.	Contribution of the project towards the Farm to Fork Strategy	<p>Evidence that the project proposal is deemed to contribute towards the Farm to Fork Strategy, including, inter alia, the below:</p> <p>Ensuring Sustainable Food Production, incl. shift to organic farming</p> <ul style="list-style-type: none"> <li>- Ensuring Food Security</li> <li>- Stimulating sustainable food processing, wholesale, retail, hospitality and food services practices</li> <li>- Promoting sustainable food consumption and facilitating shift to healthy, sustainable diets</li> <li>- Reducing food loss and waste</li> <li>- Combating food fraud along the food supply chain</li> <li>- Research, innovation, technology and investments</li> <li>- Advisory services, data and knowledge sharing, and skills</li> </ul> <p>≤ 2 needs assessed (5 marks)  &gt; 2 ≤ 4 needs addressed (10 marks)  &gt; 4 needs addressed (15 marks)</p>	<p>15</p> <p>Project under €50,000 – Selection Criteria not to be considered.</p>
3.	Innovation/Use-of-the-art technology in the Sector & Partnership	<p>The assessment is carried out on the level of potential contribution of the project to enhance/result in:</p> <p>(a) The adoption of innovation/use of state-of-the-art technology in the sector (max. 3 marks)  (b) Partnership with other actors (max. 2 marks)</p>	<p>5</p> <p>Project under €50,000 – Selection Criteria not to be considered.</p>
4.	Contribution towards Results	Since this intervention is tied to result indicators	15



		that are a simple unique count, as outlined in section 1.4 in these guidelines, the level of contribution towards the programme result indicators will be considered on a qualitative merit by the project selection committee maintaining a similar logic to other selection criteria.	
5.	Readiness	<p>Risk associated with the implementation and timeline of the project as proposed by the Applicant.</p> <p><u>Sub-Criteria 1:</u></p> <ul style="list-style-type: none"> <li>(a) Planning Permit Approved / No Permits Required (3 marks)</li> <li>(b) Planning Permit Pending Decision (1 mark)</li> <li>(c) Planning Permit Application (if required) no submitted (0 marks)</li> </ul> <p><u>Sub-Criteria 2:</u></p> <ul style="list-style-type: none"> <li>(d) Risks identified and mitigated in the proposed are justified (2 marks)</li> </ul>	5
6.	Quality of operation proposal – Clarity & Sequence	<ul style="list-style-type: none"> <li>(a) The proposal is not well defined and poorly sequenced. Central ideals are not focused to support the intended outcomes and following the thread of thought. Description appears disconnected. (0 marks)</li> <li>(b) The central purpose of the proposal is identified and presented in a logical sequence. Ideas are generally focused in a way that supports the desired outcomes and reader is able to follow with little or no difficulty. (5 marks)</li> <li>(c) 6c. The central purpose of the proposal is clear and supporting ideas are well-focused presented in a logical sequence which flows naturally. Details are relevant and enrich the proposal and are engaging to the audience. (10 marks)</li> </ul>	10
7.	Quality of Operation proposal - Description	<ul style="list-style-type: none"> <li>(a) Description is poor and provides no understanding to the audience of the activities to be implemented to achieve the intended outcomes. (0 marks)</li> </ul>	5

		<p>(b) Description is adequately presented that the reader can follow with little or no difficulty. (3 marks)</p> <p>(c) Description is well detailed and is engaging to the audience. (5 marks)</p>	
8.	Ensuring equal opportunities – increases participation of women, young, farmers, young persons, other minorities.	<p>(a) Increased participation on one (3 marks)</p> <p>(b) Combination of 2 or more (5 marks)</p>	5
9.	Sustainable Development Actions	<p>Actions targeted:</p> <ul style="list-style-type: none"> <li>- Actions that reduce ammonia emissions</li> <li>- Actions that promote animal welfare (interalia proposals that achieve housing systems, and in particular alternative systems for laying hens, free farrowing for sows as well as extended time in group housing for sows and calves (beyond the minimum time required by the EU legislation).</li> <li>- Actions that promote circular economy - actions that target the use of anti-microbials.</li> <li>- Adoption/facilitating the adoption of agricultural practices which are deemed as contributing towards enhanced sustainability.</li> <li>- Investments in Renewable Energy and Energy Efficient Systems.</li> <li>- Reduction of nutrient losses, while ensuring no deterioration in soil fertility.</li> <li>- Carbon Capture / Sequestration Potential</li> <li>- Increased capacity of water holding in the landscape by the proposed interventions</li> <li>- Make efficient use of existing legitimate buildings, structures and infrastructure, so as to avoid new development pressures scattered in the countryside.</li> <li>- Restore already degraded land, natural habitats and landscapes where reasonably possible as well as prevent adverse environmental impacts that may arise from indirect and consequential implications of development, such as</li> </ul>	15

		<p>impacts associated with widening of rural roads, infrastructure, rural tourism, etc; and</p> <ul style="list-style-type: none"> <li>- improve/restore specific aspects of the environment, including the protection and conservation of the natural/rural environment, including site topography, natural physical features, valleys and watercourses, cliffs/escarpments, old rubble walls, traditional terraced fields, mature trees (e.g. carobs), areas of garrigue(xaghri), maquis or mosaic landscapes (made up of a mix of patches of arable land and patches of garrigue/maquis, and/or characterised by non trivial rock outcrops, etc.).</li> </ul> <p>1 action: 5 marks 2 actions: 10 marks 3+ actions: 15 marks</p>		
			Large Projects	90
			Small Projects	70

The selection criteria for all interventions can be accessed at: [FONDI.eu](https://fondi.eu) | [2021-2027 Eligibility & Selection: Rules & Criteria - FONDI.eu](https://fondi.eu).

The PSC will also carry out checks on the quotations submitted with each application to ensure that the applicant and the supplier providing the quotation are not related in line with Commission Notice 2021/C 121/012 on Guidance on the avoidance and management of conflict of interest under the Financial Regulation.

Furthermore, the Project Selection Committee reserves the right to carry out on the spot verifications to confirm that the investment for which funding has been applied for is not already in place and that the quotation(s) presented was obtained from suppliers or service providers who are not related to the applicant.

The Project Selection Committee reserves the right on a case-by-base basis to request that management verifications in respect of certain Grant Agreements are commensurate and proportionate to the investment requested, which may require additional supporting documentation to ensure that the investment put in place is in line with the investment approved. Such additional checks/supported documentation to trigger the final payment will be clearly outlines in the Grant Agreement.

### 4.3 Unsuccessful Applicants

The MA will inform all applicants about the outcome of the selection process.

### 4.4 Appeals

Applicants who feel aggrieved by the outcome of the procedure have the right of appeal with the Project Selection Appeals Board (PSAB) within five (5) working days from the date of the letter of rejection by the Project Selection Committee.

The same application (i.e. applications having the same scope) cannot be considered as being under PSAB and PSC consideration concurrently. In such cases, only the application undergoing a PSAB procedure will be under consideration (by the PSAB).

### 4.5 Letter of Acceptance

The Project Selection Committee will inform all successful applicants of the decision of acceptance of their project. Scanned copies of the letter shall also be submitted through email. Letters of acceptance may include conditions which have been raised by the PSC which conditions need to be adhered to.

### 4.6 Grant Agreement

Applicants whose proposals for investments have been selected in accordance with the procedure described above, in terms of being eligible and having obtained the necessary scoring for selection, and furthermore, could be allocated the requisite budget for funding, shall be invited to enter into an agreement with the MA by signing the Grant Agreement. Selected applicants that do not come forward to sign the grant agreement within stipulated timeframes will have the award withdrawn.

### 4.7 Changes

The beneficiary organisation shall undertake every effort to ensure that the project is implemented within the stipulated timelines as defined in the broad project actions, and in line with the relevant EU and National Regulations and administrative procedures.

The Beneficiary shall not strategically change or alter the overall and broad project scope and actions of his/her/their own volition. Significant and strategic changes that alter the scope of the project must be agreed to by the Managing Authority in the Change Request procedure published by the MA. Strategic changes applied to the project that do not bear the MA approval would be done at the applicant's own risk and will be assessed at the payment stage of the project.

In case the beneficiary fails to follow the timelines defined in the Grant Agreement, this may lead to recoveries of funds by the Paying Agency or termination by the MA.

Projects with a grant value of equal or less than EUR100,000 shall be limited to two (2) change request submissions, including extension requests, whereas projects with a grant value of more than

EUR100,000 but less than or equal to EUR200,000 shall be limited to three (3) change request submissions. The limit of change request submissions applies for the entire duration of the project. For the avoidance of doubt, the limitation is subject to the number of submissions and not the amount of changes requested per submission. Furthermore, the limitation still applies in case the MA rejects the request in part or in its entirety.

In the case where an investment included in the project requires a planning permit and the necessary permit approvals are not obtained in due time as deemed necessary by the MA, the project proposal will be subject to a withdrawal assessment by the MA. This is without prejudice to any other withdrawals that the MA or ARPA may seek in view of project progress impacting timeframes and scope.

The Change Request Form can be downloaded from the Managing Authority website from the following link: [http://fondi.eu/important\\_documentat/earfd-templates/](http://fondi.eu/important_documentat/earfd-templates/)

## 5.0 Contractual Obligations

Upon signing the Grant Agreement, the Beneficiary becomes legally bound by certain provisions. The following sections provide information on some aspects of the contractual obligations of the Beneficiary.

### 5.1 Procurement (this section will NOT be applicable for calls using SCOs only)

Beneficiaries should note that grants awarded for actions under this Intervention are public funds. In this regard, all beneficiaries should ensure that any procurement undertaken for works/services/supplies to be financed through this intervention is carried out in line with the principles of sound financial management, good governance, transparency, and equality together with the provisions of the Manual of Procedures issued by the relevant authorities.

In cases of non-compliances with the rules of public procurement, the financial corrections towards the beneficiary will be determined by the Paying Agency on the basis of the Commission Decision of 14.5.2019 laying down the guidelines for determining financial corrections C(2019)3452 final.

### 5.2 Administrative checks on payments claims by the Paying Agency (ARPA)

Following the signature of the Grant Agreement and subject to the eligibility rules of the specific intervention, a Beneficiary may start to submit payment claims to the Paying Agency for processing, verification and ultimately payment authorisation.

Administrative checks on applications for support shall ensure the compliance of the operation with applicable obligations established by Union or national law or by the Common Agricultural Policy Strategic Plan. Kindly note that the ARPA Payment Guidelines can be accessed through the ARPA website: <https://arpa.gov.mt/>

The Agriculture and Rural Payments Agency (ARPA) may, from time to time, issue further information and guidance.

### 5.3 Payment Triggers and Management Verifications

In case of the Overheads component, Beneficiaries do not need to provide any documents to trigger this payment. All that is required, is to include the allocated amount on the Claim for Reimbursement. Should the Beneficiary fail to carry out a part of the investment that was approved in the Grant Agreement, the Overheads component will be recalculated and paid at 7% of the eligible investment that was found to be in place and operational.

Management Verifications are an essential component in all EU-funded projects in order to ensure compliance with applicable regulations, to promote accountability and transparency, manage risks, monitor performance, maintain sound financial management, meet legal requirements, facilitate

accurate reporting, and enhance the overall quality of the project. These verifications are an essential component of the EU funding process, helping to safeguard the proper use of EU funds and the achievement of project objectives.

<u>Approved Investment Type / Cost</u>	<u>Documents required from the Beneficiary to trigger reimbursement</u>
<u>Equipment and/or Machinery</u> for on-farm agricultural purposes	<ul style="list-style-type: none"> <li>- <u>Claim for Reimbursement</u></li> <li>- <u>Product guarantees (where applicable)</u></li> </ul>
Building/restoration/conservation of on-farm infrastructure	<ul style="list-style-type: none"> <li>- <u>Documentation supporting public procurement processes or the spirit of, i.e. a minimum of three compliant quotations</u></li> <li>- <u>Architect declaration confirming that the investment carried out is completed, functional and in line with all applicable permits and Regulations in cases where applicable building permits are necessary</u> <ul style="list-style-type: none"> <li>- <u>Final BOQ certified by an Architect</u></li> </ul> </li> <li>- <u>Applicable building permits as may be required by law where applicable</u> <ul style="list-style-type: none"> <li>- <u>Proof of payment<sup>11</sup></u></li> </ul> </li> </ul>
Expert/Professional Fees	<ul style="list-style-type: none"> <li>- <u>Documentation supporting public procurement processes or the spirit of, i.e. a minimum of three compliant quotations</u> <ul style="list-style-type: none"> <li>- <u>Invoice</u></li> <li>- <u>Proof of payment</u></li> </ul> </li> </ul>
<u>Overheads</u>	<ul style="list-style-type: none"> <li>- <u>Claim for Reimbursement</u></li> </ul>

## 5.4 Controls and Penalties

The Maltese Authorities reserve the right to suspend the disbursement of grant fund or to recover any funds disbursed to the Beneficiary in any of the following circumstances:

- a) Non-compliance with the terms and conditions of the Grant Agreement, including but not limited to failure to achieve operation's objectives, milestones, or financial reporting requirements;
- b) Mismanagement or financial irregularities, including but not limited to unauthorized use of funds, false declarations, or fraudulent activities;
- c) Breach of EU regulations, applicable laws, or any other relevant legal requirements governing the use of EU funds, including the National Eligibility rules, the Manual of procedures, and any specific guidelines issued by national authorities;
- d) Unauthorized expenditure or ineligible costs not in line with the approved operation/budget or outside the scope of the project;

<sup>11</sup> These should be limited to bank transfers and/or encashed cheque image and fiscal receipts.

- e) Suspicion of Fraud, Corruption, Conflict of Interest, Double Funding, or any other misconduct that puts at risk the EU financial interest, the fulfilment of the conditions triggering the payment of lump sums, unit costs, or flat rates, including, where required, the achievement of outputs and/or results.
- f) Actual, potential, or perceived reputational harm and/or unwarranted or unfavourable publicity to the Managing Authority, the Government of Malta, national and/or EU institutions, and/or EU funds.
- g) Any other justifiable reason deemed by the Managing Authority to warrant suspension or recovery of funds provided that such actions are consistent with EU regulations and principles.

## 5.5 Documentation

Without prejudice to national legislation or practices that require a longer period for the retention of documents, as well as to the rules governing State Aid, where applicable, all supporting documents related to a project supported by the Funds are to be kept, at the appropriate level, in an acceptable format, for at least a 5-year period from 31 December of the year following the submission of the accounts in which the final expenditure of the completed operation is included.

A signed inventory, listing any items bought in connection with the project, should be compiled and held on site (where feasible) and this should be made available to the Paying Agency or any other legitimate authority whenever requested. A copy of the inventory can be found on the [www.fondi.eu](http://www.fondi.eu) website under the Templates section.

These documents should be kept in the format as indicated by the Managing Authority so that they can be made available as required by the relevant stakeholders including the Programme auditors, the European Commission and the Court of Auditors, etc. unless otherwise decided by the Managing Authority.

## 5.6 Durability of Investment<sup>12</sup>

Beneficiaries are obliged to maintain the project in operation after the final payment to the beneficiary, as follows:

- For investments with a grant value of between €15,000 and €200,000 the durability period obligations will extend to three (3) years from the final payment to the beneficiary.
- For investments with a grant value of over €200,000 the durability period obligations will extend to five (5) years from the final payment to the beneficiary.<sup>4</sup>

This obligation is tied to investments in infrastructure and/or to productive investments and is applied regardless of the size of the beneficiary. Beneficiaries must ensure that such investments are not subject to any of the following situations within this identified period:

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<sup>12</sup> It is being clarified that in line with the obligations under the CAP-PS, a change in ownership of an item of infrastructure is **not possible**. This means that the beneficiary has to maintain ownership of the assets purchased by EU funds and the beneficiary has to ensure that the acquired assets are kept in good condition during and after the implementation of the project. Breach of such obligation will lead to a full recovery of any support paid.



- Cessation or transfer of a productive activity outside the NUTS level 2 region in which support was received.
- Change in ownership of an item of infrastructure which gives to a firm or body an undue advantage.
- Substantial change affecting the nature, objectives or implementation conditions which would result in undermining the original objectives of the concerned investments.

Agricultural holdings receiving a higher support rate as per Section 1.8 of the Guidance Notes carry an additional condition to maintain at least the minimum threshold categorisation as outlined in Section 1.8 of these guidelines for the durability period tied to their project.

Investments will be subject to ex-post on-the-spot checks. Failure to comply with any obligation for the durability of investments may result in recoveries, in part or in full.

All project activities must be in place, operational and functional at the time payments are presented for processing.

## 5.7 Responsible Entities

Checks and controls can be done by any of the following authorities:

- a. The Managing Authority (MA) – Funds and Programme Division (FPD), within the Ministry responsible for EU funds
- b. The Paying Agency (PA) – Agriculture and Rural Payments Agency (ARPA), Ministry for Agriculture, Fisheries and Animal Rights (MAFA),
- c. The Certifying Body (CB) – Internal Audit and Investigations Department (IAID), Office of the Prime Minister (OPM),
- d. The National Audit Office (NAO) in view of the fact that public funds are being utilised for the implementation of the investment,
- e. The Audit Services of the European Commission (EC) and the European Court of Auditors (ECA) in view of the fact the investment is benefitting from European Union (EU) funds,
- f. The VAT Department to ensure that VAT Regulations are respected,
- g. And any other national or EU entity which has a legal right to carry out verifications on public funds awarded.

## 6.0 Compliance with Community Policy

Each Grant Agreement will endeavour to preserve the **Horizontal Principles** and respect the fundamental **Human rights** that underpin all EU-funded projects. These principles promote impartiality, openness, and accessibility for individuals with disabilities, fostering inclusiveness and equal opportunities for all participants involved in the projects.

**Gender equality** is a fundamental aspect of these principles recognizing the importance of empowering all genders to contribute meaningfully to the development and execution of each project.

To foster a **harmonious and sustainable environment** for all, EU-funded projects must abide by the **Charter of Fundamental Rights of the European Union**, ensuring that the rights and freedom of all EU citizens are respected. Project activities, decisions, and actions must not violate or infringe upon the rights and dignity of individuals or groups, as defined by Maltese and international law, and wherever possible, promote the creation of an equal and just society.

The principle of **sustainable development** is of paramount importance, reflecting our commitment to meeting the needs of the present without compromising the ability of future generations to meet their own needs. Malta firmly believes in upholding the Union policy on the environment, as stipulated in Article 11 and Article 191 (1) Treaty on the Functioning of the European Union. All projects are required to comply with environmental regulations. This includes fully respecting the Union environmental acquis and national legislation pertaining to environmental protection. Projects should aim to avoid or minimize adverse environmental, social, and economic impacts, striving to prevent significant harm to ecosystems, natural resources, cultural heritage, and human health.

In recognition of the crucial role played by **innovation** in driving economic growth and societal progress, this guiding principle is critical and incorporated into Malta's funding framework. By emphasizing and promoting this principle, the aim is to encourage and nurture innovative initiatives that showcase exceptional promise and potential. EU funded projects should aspire to support and promote innovative initiatives that exhibit exceptional potential, thereby ensuring the efficient and effective allocation of EU funds to projects that can truly make a difference in shaping Europe's future.

## 7.0 Overarching Commitments

### 7.1 Data Protection

By submitting the application, the applicant is giving his/her consent to have personal and project details published in line with the obligations in the relevant EU Regulations and other requests by relevant bodies.

Whilst abiding to the provisions set in the Data Protection Act regarding the handling of personal data, the Managing Authority and/or Paying Agency will retain the right to disclose, exchange or request information about any applicant, application, and agreement to or with other organisations or consultants which the Managing Authority and/or Paying Agency consider appropriate for administration, statistical, monitoring, evaluation and dissemination purposes.

### 7.2 Transparency

Because projects implemented under this Intervention involve expenditure of public money, there is public interest in how the money is spent. In this respect the Managing Authority will ensure that the principle of transparency is fully respected in the implementation of operations under Common Agricultural Policy – Strategic Plan 2023-2027. A list of Beneficiaries who receive payment is published to ensure maximum transparency.

### 7.3 Monitoring, Evaluation and Dissemination

From time to time, the Managing Authority and/or the Paying Agency, as well as other National and/or EU entities as may be identified by the Managing Authority, may conduct economic, environmental, or other evaluation of the intervention which may involve the beneficiary in surveys/interviews of various types. Managing Authority officials or consultants/evaluators engaged by the Managing Authority may contact beneficiaries as necessary. In applying for support under this intervention the beneficiary is deemed automatically as agreeing to cooperate with or take part in such studies, which are important for reviewing the effectiveness of the intervention as well as evidencing implementation of projects. The MA may also request cooperation from beneficiaries vis-à-vis promotion of the CAP SP, including use of pictures/videos taken from projects supported through this intervention.

### 7.4 Conflict of Interest

Checks and balances to ensure that situations that may give rise to actual and/or perceived conflict(s) of interest are vital in order to safeguard the ethical and transparent use of EU funds, fosters fair competition, builds trust, and ensures compliance with legal requirements, ultimately contributing to the success and legitimacy of EU-funded projects.

In line with Article 61 of the Financial Regulation (EU, Eurotom) 2018/1046 of 18<sup>th</sup> July 2018<sup>13</sup>, the Ministry responsible for EU Funds, together with ARPA, carry out the necessary verifications to ensure

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<sup>13</sup> Financial Regulation (EU, Eurotom) 2018/1046 of 18th July 2018 on the financial rules applicable to the general budget of the Union.

that no conflict of interest arises at any stage of a project's lifecycle. Should a conflict of interest be detected, the applicant/beneficiary will be notified to ensure that such instances do not prejudice the EU budget at large. The relevant authorities reserve the right to take any remedial actions that may be deemed necessary in such situations.

## 7.5 Force Majeure

If a beneficiary has been unable to comply with the obligations as a result of Force Majeure or exceptional circumstances as provided for in article 3 of (EU) 2116/2021 s/he shall retain her/his right to eligible aid up till when the case of Force Majeure or the exceptional circumstance occurred. Cases of Force Majeure and exceptional circumstances shall be notified in writing to the competent authority (ARPA), with relevant evidence to the satisfaction of the competent authority, within fifteen (15) working days from the date on which the beneficiary or the person entitled through him, is in a position to do so. After consultation with the Force Majeure Board, ARPA will decide whether there is a case of force majeure or otherwise according to the parameters of the applicable EU Regulations. Should ARPA deem a case to be affected by a Force Majeure event, the beneficiary may be justified or excused, totally or partially, with respect to some default that there may be. But if the Force Majeure application is rejected, ARPA may seek to recover or withdraw all funds related to this scheme.

Official documentation needs to be submitted together with the Force Majeure application. In case of illness a medical certificate is required and in case of mandatory quarantine, the official notification issued by the Ministry for Health is required, in cases of plant diseases and/or death of trees in the case of vineyards a report must be presented by the Agriculture Directorate or the Plant Protection Directorate (depending on the case).

Further information on Force Majeure requests may be accessed from ARPA's website on <https://arpa.gov.mt/en/>

## 8.0 Contact Details

For more information regarding this intervention, kindly contact the Managing Authority through the following contact information and by referring specifically to this Intervention.

**Address:** The Oaks Business Centre, Block B, Triq Farsons, Hamrun HMR 1321, Malta

**Telephone Number:** (+)356 2555 2555

**E-mail:** [fondi.eu@gov.mt](mailto:fondi.eu@gov.mt)

**Website:** [www.fondi.eu](http://www.fondi.eu)

## Annex 1 – Estimate of Works (Template)

Construction projects consist of a number of major components or chapters, such as earthworks, concrete, masonry, roofing, etc that may cover new construction projects, restoration or upgrading among others. In order to aid the Project Selection Committee assess the grant requested and arrive at a sound decision, applicants are required to present a filled-in Estimate of Works by an Architect of their choice. This template is NOT a Bills of Quantity. It is meant as a general estimate of the overall costs for construction projects to arrive at an estimated budget. Full and detailed Bills of Quantity should be presented at payment stage only.

Category of Cost	Estimate in Euro exc. VAT	Estimate in Euro inc. VAT
Civil Works		
Mechanical / Other Services		
Plant (equipment)		
Finishes (including apertures)		
Others... <i>[architect to specify]</i>		
<b>Sub-Total</b>		
Contingency up to 15%		
<b>TOTAL</b>		

With respect to the category *Plant (equipment)* applicants should briefly mention in point form the equipment foreseen to be covered by this Estimate of Works. This information is necessary to help the Project Selection Process ascertain the relevance of such equipment to the overall actions of the project. This information is not to be construed as a definite list of equipment that may be funded through EAFRD.

The category *Contingency up to 15%*, refers to additional funds set aside to account for unforeseen circumstances or events that may arise during the project's execution. Although the Project Selection Committee may approve this category of cost up to 15% of the remaining budget, approved Beneficiaries will need to substantiate every expenditure when presenting payment claims for processing at payment reimbursement stage.

\_\_\_\_\_

Name and Surname

(Block Capitals)

\_\_\_\_\_

Signature of Professional

Date:

\_\_\_\_\_

Annex 2<sup>14</sup>

Tabella 1: Kategorizzazzjoni tal-Azjendi tal-Uċuh tar-Raba'

Table 1: Categorisation of Crop Holdings

Kategorija tal-uċuh tar-raba' <i>Crop Category</i>	Introjtu Annwali (€) <i>Annual Income (€)</i>		Żona (ettaru) <i>Area (Ha)</i>	Produzzjoni Standard (€) * <i>Standard Output* (€)</i>	
	Minimu <i>Minimum</i>	Massimu <i>Maximum</i>		Minimu <i>Minimum</i>	Massimu <i>Maximum</i>
Kategorija 1 <i>Category 1</i>	Azjendi mhux kummerċjali <i>Non-Commercial holdings</i>			0 <i>0</i>	3,999 <i>3,999</i>
Kategorija 2 <i>Category 2</i>		11,104 <i>11,104</i>	<=1.5 <i>&lt;=1.5</i>	4,000 <i>4,000</i>	14,000 <i>14,000</i>
Kategorija 3 <i>Category 3</i>	11,105 <i>11,105</i>	16,000 <i>16,000</i>	>1.5 <=5 <i>&gt;1.5 &lt;=5</i>	14,001 <i>14,001</i>	47,000 <i>47,000</i>
Kategorija 4 <i>Category 4</i>	16,001 <i>16,001</i>	21,525 <i>21,525</i>	>5 <=9 <i>&gt;5 &lt;=9</i>	47,001 <i>47,001</i>	84,000 <i>84,000</i>
Kategorija 5 <i>Category 5</i>	21,526 <i>21,526</i>		>9 <i>&gt;9</i>	84,001 <i>84,001</i>	

Tabella 2: Kategorizzazzjoni tal-Azjendi tal-Bhejjem

Table 2: Categorisation of Livestock Holdings

Kategorija tal-Bhejjem <i>Livestock Category</i>	Introjtu Annwali (€) <i>Annual Income (€)</i>		Unità tal-Bhejjem (LSU) <i>Livestock Unit (LSU)</i>	Produzzjoni Standard * (€) <i>Standard Output* (€)</i>	
	Minimu <i>Minimum</i>	Massimu <i>Maximum</i>		Minimu <i>Minimum</i>	Massimu <i>Maximum</i>
Kategorija 1 <i>Category 1</i>	Azjendi mhux kummerċjali <i>Non-Commercial holdings</i>			0 <i>0</i>	3,999 <i>3,999</i>
Kategorija 2 <i>Category 2</i>		11,104 <i>11,104</i>	<= 23 <i>&lt;= 23</i>	4,000 <i>4,000</i>	44,000 <i>44,000</i>
Kategorija 3 <i>Category 3</i>	11,105 <i>11,105</i>	16,000 <i>16,000</i>	>23<=28 <i>&gt;23&lt;=28</i>	44,001 <i>44,001</i>	53,000 <i>53,000</i>
Kategorija 4 <i>Category 4</i>	16,001 <i>16,001</i>	21,525 <i>21,525</i>	>28<= 33 <i>&gt;28&lt;= 33</i>	53,001 63,999 <i>53,001 63,999</i>	64,000 <i>64,000</i>
Kategorija 5 <i>Category 5</i>	21,526 <i>21,526</i>		>33 <i>&gt;33</i>	64,001 <i>64,001</i>	

### Annex 3: Standard Output (SO) Holding Value for Livestock and Crops

The Standard Output (SO) of a holding is calculated by assigning the SO value of each crop/livestock multiplied by the area of parcel/quantity of livestock. The coefficient value may be accessed from the following link<sup>15</sup>.

<https://ec.europa.eu/eurostat/web/agriculture/database/additional-data>

Please note that in the case of crops, the SO value is per crop planted on a parcel during a particular year. Therefore, if a farmer grows two or more crops on a single parcel, all grown crops need to be added to work out the SO Value of that parcel.

#### Livestock example

Example 2: (Based on VRD certificate, and excluding certificates issued for 'delizzju' (hobby) If a farmer has 10 breeding sows with an SO value of 9,226.20 (SO value of one head=922.62) and 50 pigs with an SO value of 10,972.50 (SO value of one head= 219.45) the SO value of the holding would be 20,198.70

Year of SO	2020			
Livestock Type	Parcel No.	A. SO Index	B. Quantity	C. Sub-Total (A x B)
Breeding Sows	N/A	922.62	10	9,226.20
Other Pigs	N/A	219.45	50	10,972.50
SO VALUE OF HOLDING (Sum of all C):				20,198.70

The coefficients table can be downloaded from the Eurostat website from this link: <https://ec.europa.eu/eurostat/web/agriculture/data/ancillary-data>.

In the case of Livestock Sector, calculations have to be based on an average of three years covering the three year period prior to year of application, i.e. N-3, N-2, N-1. This calculation needs to be based on certificates provided by VRD.

<sup>15</sup> The Standard Output Coefficient table may be updated by NSO; hence the PSC will be verifying the SO value of a holding based on the latest data as per closing date of the 173.5.1 – On-Farm Productive Investments Scheme.



