



GOVERNMENT
OF MALTA



FEASIBILITY STUDY

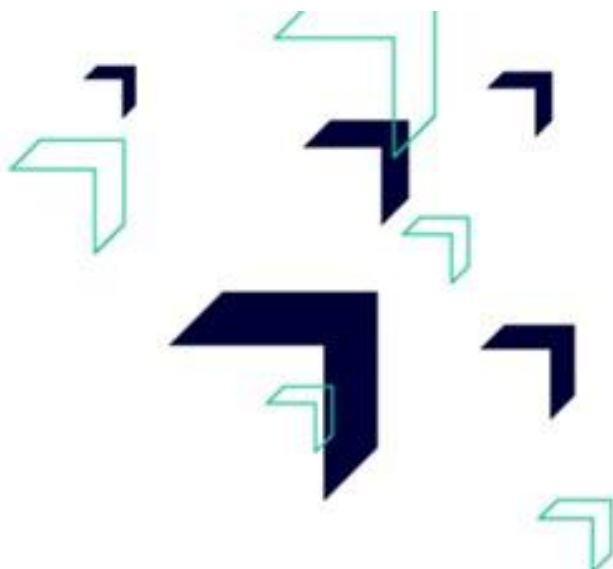
Guidance Notes¹

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Definitions

Aid Intensity means the gross aid amount expressed as a percentage of the eligible costs, before any deducted tax or other charge.

Date of granting of the aid means the date when the legal right to receive the aid is conferred on the Beneficiary, being the date of the signing of the Grant Agreement (GA).

Start of works means the earlier of either the start of construction works relating to the investment, or the first legally binding commitment to order the 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.

The **Start Date** is identified in the Grant Agreement signed between the IB and the Beneficiary. Start of works on actions in relation to the activities for which assistance is being requested may only be initiated after the date of the granting of the aid.

Project Completion is defined as the date by when the Beneficiary ensures that:

- The Investment has been procured, delivered and is fully operational; and
- All expenditure has been incurred, invoiced and fully paid; and
- All relevant licenses are in place
- Claim for Reimbursement submitted

Any expenditure incurred, invoiced or paid after the project completion will be considered as ineligible.

The **Authorised Representative** is the person identified in the application who is entrusted to legally represent the undertaking and is thereby authorised to enter into agreements and sign contracts for and on behalf of the undertaking. In the case of Sole Traders/Self Employed person, this should invariably be the beneficiary.

The **Project Manager** is identified in the application and is the person responsible for the implementation of the project on a day-to-day basis.

Economic activity – means an activity consisting of any one or more of the following:

- any trade, business, profession or vocation and the provision of any personal services;
- the exploitation of tangible or intangible property for the purpose of obtaining income therefrom on a continuing basis;
- the provision by a club, association or organisation of the facilities or advantages available to its members for a subscription or other consideration;
- the admission of persons to any premises for a consideration.

External source means a source that is autonomous and unrelated to the Beneficiary Undertaking.

Unrelated to the Beneficiary - the fact that the buyer does not control the seller, is not sufficient for fulfilling this criterion. The parties have to be unrelated. For that, there

should be no influence (decisive or not) on the composition, voting or decisions of the organs of an Undertaking.

Undertaking means a Micro, Small, Medium-sized or Small Mid-Cap Enterprise.

A micro, Small or Medium Enterprise (SME) as defined 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 to Articles 107 and 108 of the Treaty, as amended.

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02014R0651-20230701>

The main factors determining whether an enterprise is an SME or a small Mid-Cap are:

1. staff headcount and
2. either turnover or balance sheet total.

Company category	Staff headcount	Turnover	or	Balance sheet total
Small Mid-Caps	<500	≤€100 m		≤€86 m
Medium-sized	< 250	≤ € 50 m		≤ € 43 m
Small	< 50	≤ € 10 m		≤ € 10 m
Micro	< 10	≤ € 2 m		≤ € 2 m

For more details:

http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition/index_en.htm

An enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships regularly engaged in an economic activity.

An Autonomous Enterprise is any enterprise which is not classified as a partner enterprise or as a linked enterprise as per provisions outlined 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.

Partner enterprises are all enterprises which are not classified as linked enterprises and between which there is the following relationship: an enterprise (upstream enterprise) holds, either solely or jointly with one or more linked enterprises 25 % or more of the capital or voting rights of another enterprise (downstream enterprise).

However, an enterprise may be ranked as autonomous, and thus as not having any partner enterprises, even if this 25 % threshold is reached or exceeded by the following investors, provided that those investors are not linked, within the meaning of 'linked enterprise', either individually or jointly to the enterprise in question:

- a) public investment corporations, venture capital companies, individuals or groups of individuals with a regular venture capital investment activity who invest equity capital in unquoted businesses (business angels), provided the total investment of those business angels in the same enterprise is less than EUR 1 250 000;
- b) universities or non-profit research centres;
- c) institutional investors, including regional development funds;
- d) autonomous local authorities with an annual budget of less than EUR 10 million and less than 5 000 inhabitants.

Linked enterprises are enterprises which have any of the following relationships with each other:

- a) an enterprise has a majority of the shareholders' or members' voting rights in another enterprise;
- b) an enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;
- c) an enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;
- d) an 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.

Enterprises having any of the relationships described in a) to d) above through one or more other enterprises, or any one of the investors mentioned under Partner Enterprise, are also considered to be linked.

Enterprises which have one or other of such relationships through a natural person or group of natural persons acting jointly are also considered linked enterprises if they engage in their activity or in part of their activity in the same relevant market or in adjacent markets.

An '**adjacent market**' is considered to be the market for a product or service situated directly upstream or downstream of the relevant market.

The same or a similar activity means an activity in the same class (four-digit numerical code) of the NACE Rev 2 statistical classification of economic activities as laid down in Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as amended by Commission Delegated Regulation (EU) 2023/137 of 10 October 2022 amending Regulation (EC) No 1893/2006 of the European Parliament and of the Council

establishing the statistical classification of economic activities NACE Revision 2, as well as certain EC Regulations on specific statistical domains³.

Undertaking in difficulty as defined in 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, means an undertaking in respect of which at least one of the following circumstances occurs:

- 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 to Directive 2013/34/EU⁴ and 'share capital' includes, where relevant, any share premium.
- 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 to Directive 2013/34/EU.
- 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;
- 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;
- e. In the case of an Undertaking that is not an SME, where, for the past two years:
 - i. the Undertaking's book debt to equity ratio has been greater than 7,5; and

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02006R1893-20250101>

⁴ Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC.

- ii. the Undertaking's EBITDA interest coverage ratio has been below 1,0.

Crafts means an art, skill, or trade, practiced by a person or persons in the manufacture of artefacts and other products and generally requiring in its manufacturing a greater input of human skill than of machinery.

Feasibility Study means the evaluation and analysis of the potential of a project, which aims at supporting the process of decision-making by objectively and rationally uncovering its strengths and weaknesses, opportunities and threats, as well as identifying the resources required to carry it through and ultimately its prospects for success;

Technology Readiness Level (TRL) is a mean for measuring or indicating the maturity of a given technology, from a paper sketch to its entry into the market. Typically, new technologies go through the various stages of the TRL scale in their life cycle. During the research and development phases, it is possible to have iterations among the different TRL levels. There are nine Technology Readiness Levels TRL 1 is the lowest and TRL 9 the highest.

Where the specific call conditions require a Technology Readiness Level (TRL), the following definitions apply,

- **TRL 1** — Basic principles observed
- **TRL 2** — Technology concept formulated
- **TRL 3** — Experimental proof of concept
- **TRL 4** — Technology validated in a lab
- **TRL 5** — Technology validated in a relevant environment (industrially relevant environment in the case of key enabling technologies)
- **TRL 6** — Technology demonstrated in a relevant environment (industrially relevant environment in the case of key enabling technologies)
- **TRL 7** — System prototype demonstration in an operational environment
- **TRL 8** — System complete and qualified
- **TRL 9** — Actual system proven in an operational environment (competitive manufacturing in the case of key enabling technologies, or in space)



Marketing of agricultural products means holding or display with a view to sale, offering for sale, delivery or any other manner of placing on the market, except the first sale by a primary producer to resellers or processors and any activity preparing a product for such first sale; a sale by a primary producer to final consumers shall be considered to be marketing if it takes place in separate premises reserved for that purpose.

Primary agricultural production means production of products of the soil and of stock farming, listed in Annex I to the Treaty, without performing any further operation changing the nature of such products.

Processing of Agricultural products means any operation on an agricultural product resulting in a product which is also an agricultural product, except on-farm activities necessary for preparing an animal or plant product for the first sale.

Agricultural product means the products listed in Annex I to the Treaty, except fishery and aquaculture products listed in Annex I to Regulation (EU) No 1379/2013 of the European Parliament and of the Council.

Fishery and Aquaculture products are defined as per provisions of Regulation (EU) No 1379/2013 of the European Parliament and of the Council.

1 Introduction

This document provides information on the *Feasibility Study* scheme and should be read in conjunction with the following document:

- User Guide to the Application Form

These Guidance Notes are binding and failure to comply with the provisions of these documents may result in financial corrections and recovery of funds.

These Guidance Notes may be reviewed, updated, and amended from time to time by the IB throughout the lifetime of the scheme.

1.1 Management structure

The Measures and Support Division within the Ministry responsible for the management of Union Funds has been designated by the Managing Authority (MA) as an Intermediate Body (IB) responsible for administering European Regional Development Fund (ERDF) Grant Schemes through the implementation of Support Measures under the 2021-2027 programming period.

1.2 Scope

The *Feasibility Study* scheme seeks to help enterprises with the cost of researching their proposed business or new business idea to see if it could be viable and sustainable. The study should help the enterprise to reach firm conclusions about their business as well as identifying the resources required to carry it through and ultimately its prospects for success. With the aim to further increase gross R&D expenditure as a percentage of GDP and stimulate R&I capacities during the 2021-2027 programming period, investment in R&I has been identified as a means to promote growth in various sectors of the economy. In this context, investment will be steered towards contributing to Malta's R&I landscape by fostering a culture for innovation, creativity and entrepreneurship in the areas as identified in Malta's Smart Specialisation Strategy (S3) 2021-2027. The S3 areas identified for the period 2021-2027 are as follows:

- Health and Well-being
- Sustainable Use of Resources for Climate Change Mitigation and Adaptation
- Smart Manufacturing
- Marine & Maritime Technology
- Aviation and Aerospace
- Future Digital Technologies

This incentive shall seek to support undertakings through non-repayable Grants to part-finance a Feasibility Study.

1.3 Investment Priorities and Specific Objectives

This Grant Scheme falls under Policy Objective 1 '*A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity*' of SFC2021 Programme 2021- 2027 '*Towards a smarter, well connected and resilient economy, a greener environment and an integrated society*', and addresses the following Policy Objective and Specific Objective:

PO1: Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators. A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity.

RSO1.1. Developing and enhancing research and innovation capacities and the uptake of advanced technologies (ERDF).

1.4 Duration

The *Feasibility Study* scheme will remain effective until 31 December 2026, subject to availability of funds.

1.5 Budget

The initial allocated budget for this scheme is €2,000,000 for support of Feasibility Studies.

1.6 Open (rolling) Call

The scheme shall be managed on a demand driven basis. The IB shall issue a public open call (rolling-call) for interested eligible Undertakings to submit their applications. Applications will be assessed and evaluated and eligible applications meeting the Gateway Criteria shall be awarded the grant. Grants shall be awarded on a first come-first served basis subject to budget availability.

1.7 Maximum Grant and Aid intensity

The maximum grant value under this scheme is set at €100,000 per undertaking. Should the undertaking be approved for more than 1 application, the total grant value of all approved applications shall not exceed €100,000.

The aid intensity for such applicants is defined in the table below, where the percentage of eligible costs to be covered by the Grant is determined by the size of the entity.

Aid intensity for:	Micro or Small enterprise	Medium sized enterprise	Small Mid-Cap
Feasibility Study	70%	60%	50%

The maximum amount of aid granted will not exceed the threshold indicated in Article 4(1)(vi) GBER.

1.8 Implementation

Actions financed under the *Feasibility Study* are to be implemented within a fixed period of six (6) months from the date the Grant Agreement. Extensions beyond this timeframe may be considered upon the express request of the Beneficiary, when justified. Nonetheless, investments are to be concluded by 30 June 2029⁵.

1.9 Regulatory Framework

The Programme for support from the European Regional Development Fund, Cohesion Fund and Just Transition Fund.

⁵ This date may be extended subject to compliance with national targets.

<https://fondi.eu/programme/european-regional-development-fund-cohesion-fund-just-transition-fund/>

The Partnership Agreement of Malta.

<https://fondi.eu/programme/partnership-agreement/>

Aid will be awarded in accordance with the relevant terms and conditions 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. [General Block Exemption Regulation (“GBER”)].

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02014R0651-20230701>

Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund. This Regulation sets out the specific objectives and the scope of support from the European Regional Development Fund (ERDF) with regard to the Investment for jobs and growth goal referred to in Article 5(2) of Regulation (EU) 2021/1060.

<https://eur-lex.europa.eu/eli/reg/2021/1058>

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.

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32021R1060>

Malta’s Smart Specialisation Strategy 2021-2027

<https://xjenzamalta.mt/wp-content/uploads/2024/09/RIS3-Strategy-2021-2027.pdf>

2 Eligibility

2.1 Eligible Undertakings

Micro, Small, Medium-sized and Small Mid-Cap Enterprises engaged in an economic activity, irrespective of their legal form, referred to as the ‘Undertaking’, subject to the exclusions enlisted below.

Undertakings which are not vested with a legal personality acquired through the law applicable to their establishment, need to be registered under the Second Schedule of the Civil Code (CAP 16 of the Laws of Malta)⁶.

2.2 Eligible Actions

The call is open for enterprises who wish to undertake a Feasibility Study in order to develop their innovative ideas in a comprehensive, well-adapted environment which caters specifically for their sector.

The six Smart Specialisation Areas for which the *Research and Development Feasibility Study Grant* Application is open includes the following:

1. Health and Well-being
2. Sustainable Use of Resources for Climate Change Mitigation and Adaptation
3. Smart Manufacturing
4. Marine & Maritime Technology
5. Aviation and Aerospace
6. Future Digital Technologies

The Feasibility Study shall include at least the following:

<p>1. Executive summary including any details related to the starting TRL</p> <ul style="list-style-type: none"> • <i>Formulate a narrative describing details of the project, product, service, plan, or business. Details relating to the current TRL are to be included.</i> • <i>A clear need for TRL advancement and product development is to be identified.</i>
<p>2. Market Research</p> <p>This step will have to be as exhaustive as possible, as it is the key to ensure the success of the feasibility study.</p> <p>The following information should be provided in market research:</p> <p>Existing marketplace:</p> <ul style="list-style-type: none"> • <i>Examine the local and broader markets for the product, service, plan, or business.</i> • <i>What is the current potential market size for any co-produced products?</i>

⁶ In the case of partnerships, excluding those registered with the Accountancy Board, registration with the Malta Business Register (MBR) is required.

- *What are the expectations for the size of the market for the products over its expected lifetime (e.g. the next 20 years)?*
- *Are there any barriers to market entry (regulatory, competition)?*
- *Who are the ultimate customers, and what is the benefit to them of using the product? This may, for example, include price or sustainability benefits*
- *How, when, and where can the products be supplied to market? What are the appropriate routes to market?*
- *What are the requirements regarding certifications and standards? How can the necessary certificates be obtained (procedure, costs and timeline)?*
- *Explanation of why now is the right time to bring it to the market.*

Marketing strategy: Describe it in detail.

Technological considerations: Ask what will it take. Do you have the necessary technology? If not, can you get it? What will it cost?

3. Estimation of Costs and Revenue Generation

It is necessary to analyze what revenues are expected from the project and to establish what financing is needed to achieve the objectives. In addition, it is necessary to consider what services will be needed and how much they will cost, what will be the costs of production, launching, revenue adjustments, performance, reimbursements, etc.

4. Financial, Economic and Welfare Assessment

This is the time to establish the organization and operations of the planned project so that they comply with the technical, operational, economic and legal feasibility factors. Aspects such as equipment, technological tools, materials, construction, distribution, production, marketing methods, availability of supplies, overhead, etc. must be defined.

Consideration of permitting at feasibility study is crucial. Describe and quantify the broad expected impact of your innovation on society, the environment and climate, the UN Sustainable Development Goals and on job creation. Refer to any relevant EU policy.

The aim of this analysis is to examine the potential effect of the proposed technology on the local economy. In this regard the financial, economic and welfare analysis should measure the potential effect of the outcome of the technology in terms of changes in economic growth (output or value added) and associated changes in jobs (employment) and income (wages). Thus, this would enable the assessment of the economic potential of that technology by comparing the level of economic activity occurring at a given time with the presence of the technology, compared to what would be expected if the technology were not developed.

5. Risk Profile

Risk analysis is a critical component of the feasibility study, as it helps you anticipate and mitigate potential technical challenges and setbacks.

Identify Risks: Identify potential technical risks, such as hardware or software failures, technical skill gaps, or unforeseen technical obstacles.

Risk Mitigation Strategies: Develop strategies to mitigate identified risks, including contingency plans and resource allocation for risk management.

Cost Estimation for Risk Mitigation: Assess the potential costs associated with managing technical risks and incorporate them into your project budget.

6. Next Steps

All the previous steps lead to this last one. It is time to decide if the project and product development is viable for its creation and commercialization in the market.

2.3 Eligible Expenditure

The eligible costs for feasibility studies shall be the costs of the study.

Expenditure shall only be considered eligible if it is approved in the Grant Agreement, incurred during the specified project period and the Beneficiary achieves the set indicators as outlined in the Grant Agreement and in line with these Guidance Notes.

2.4 Ineligible Expenditure

- a) Costs related to the repair and maintenance of equipment, plant, machinery and buildings, including costs for maintenance agreements including bundles for technical issues.
- b) Tax including Value Added Tax and other duties.
- c) Insurance costs.
- d) Training costs
- e) Contingencies and/or losses made by the Applicant.
- f) Payment of dividends, royalty and interest changes.
- g) In kind contributions.
- h) Service charges arising on finance leases, hire purchase and credit arrangements.
- i) Used, re-furnished or re-manufactured Instruments and equipment
- j) Cost resulting from deferral of payments to creditors.
- k) Cost related to litigation including resulting claims for damages and fines.
- l) Statutory fines and penalties.
- m) Payments for gifts and donations.
- n) Entertainment (including catering, receptions, etc.)
- o) Foreign exchange costs and related losses.
- p) Bank charges.
- q) Commissions.
- r) Projects that already exist within the framework of other funding programmes of the European Union.

2.4 Exclusions

- i. Undertakings in difficulty as per provisions 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 (General Block Exemption Regulation), as amended. However, aid may be granted to undertakings which were not in difficulty on 31 December 2019 but became undertakings in difficulty in the period from 1 January 2020 to 31 December 2021.

- ii. Undertakings subject to an outstanding recovery order following a Commission decision declaring an aid granted by Malta illegal and incompatible with the internal market.
- iii. Undertakings that have not honoured their obligations further to a recovery order issued by MSD.
- iv. Exclusions as per provisions 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 (General Block Exemption Regulation), as amended.
- v. Undertakings whose activities⁷ include, directly or indirectly, the provision of any of the eligible expenditure are excluded from applying for such expenditure.
- vi. Undertakings that have the internal capability⁸ to develop or retail any of the eligible expenditure are excluded from applying for such expenditure.
- vii. Undertakings active in the sector of processing and marketing of agricultural products, in the following cases:
 - 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; or
 - where the aid is conditional on being partly or entirely passed on to primary producers.
- viii. Undertakings whose principal activities include the manufacturing, processing, and marketing of tobacco and tobacco products.
- ix. Public entities: Ministries, Departments, Entities, Authorities, Public Commissions, Public Sector Foundations, and similar organisations carrying out a public or regulatory function which does not involve the carrying out of an economic activity, whether or not such organisations are established by law. With the exception of commercial Undertakings carrying out exclusively economic activities in direct competition with third parties and in which Government has a controlling interest.
- x. Gambling and Betting Activities.
- xi. Investment to achieve the reduction of greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC.
- xii. Actions resulting in training and mentoring activities.
- xiii. Actions resulting in investment in the decommissioning or the construction of nuclear power stations.

⁷ The principal activities shall be determined according to the NACE code and/or M&A.

⁸ Internal capability shall be determined according to the NACE code and/or M&A of related enterprises.

- xiv. Actions resulting in investment in airport infrastructure unless related to environmental protection or accompanied by investment necessary to mitigate or reduce its negative environmental impact.
- xv. Actions resulting in energy generation including renewable energy.
- xvi. Undertakings engaged in an illegal economic activity.

2.5 Additional Provisions

- i. The Grant amount is subject to the conditions outlined in these Guidance Notes and the determined thresholds.
- ii. The applicant enterprise is in compliance with applicable EU and national legislation and administrative requirements, including fulfilment of fiscal obligations, social security contributions.
- iii. Start of works on actions in relation to the activities for which assistance is being requested may only be initiated after the date of the granting of the aid.
- iv. Applicants must submit evidence as to the capability for private match financing the project.
- v. Applicants must submit applications for a Feasibility Study located exclusively in either Malta or Gozo.
- vi. The subject of the feasibility study needs to fall within the scope of the areas specified in Malta's Smart Specialisation Strategy 2021-2027.
- vii. All supplies and services may only be procured from external sources.
- viii. Approved projects shall be based and be operational in Malta.
- ix. The IB will not be able to approve reimbursement for costs incurred on actions and/or activities that are not strictly in line with the Grant Agreement.
- x. The Undertaking must not have been approved or granted any public funding, and will not seek public funding through other National and/or European Union funded initiatives in relation to the activities for which assistance is being requested through this measure. This includes schemes under NextGeneration EU, Cohesion Policy and any other European Union instruments or through any other form of Public Funding including schemes administered through National Funds.
- xi. The beneficiary shall ensure that greening and climate mitigation measures should be mainstreamed within the proposed feasibility study, whilst reuse and recycling should be pursued as much as possible when disposing of redundant/replaced equipment.
- xii. The IB is authorized to make any checks on the determination of the size of the Undertaking and should it be determined that the undertaking was not an SME or Small Mid-Cap Enterprise as at the date of submission of the application, the IB reserves the right to withdraw the Grant Agreement.
- xiii. The IB reserves the right to refuse or withdraw an application by a potential applicant or beneficiary on the basis of actual, potential or perceived reputational harm and/or unwanted or unfavourable publicity to the IB, the Government of Malta and EU funds.

3 Applications

3.1 Application Process

The IB shall publicise the calls on fondi.eu website and will collaborate with stakeholders particularly representatives of the target group and other Government Entities to publicise the Grant Scheme to ensure the widest visibility possible.

The application is a two-stage process:

Stage 1 - Submission of a project Concept Note.

Stage 2- Submission of a full application including supplementary documentation.

3.2 Submission of Applications

Stage 1 - Concept Note

Stage 1 is open to submit on an ongoing basis throughout the year. Stage 1 consists of the submission of a Concept Note. Applicants are to complete the Concept Note and submit to the IB by email on applications.businessenhance@gov.mt.

The Concept Note shall include the following contents:

1. Applicant Description <ul style="list-style-type: none"> Provide the name of Applicant together with the registration number (company number or ID card in case of a self-employed person) as well as the NACE code to determine whether the applicant is eligible under these schemes.
2. Problem/Market opportunity/ Planned project <ul style="list-style-type: none"> Describe the problem you are trying to address from the customer/user point of view. Explain why it is a problem and for whom. A clear description of the planned research and development project indicating the estimated project start and end dates and the location where the project is to be implemented. Fit within the S3 areas
3. Solution/Product or Services <ul style="list-style-type: none"> Present the solution; explain how it works in practice, what it changes for potential users, the way(s) in which it is unique, why it has breakthrough potential, why it is better than existing solutions available on the market, explain concretely how you have achieved the current TRL level, and the TRL level targeted to be achieved. A plan indicating the Milestones⁹ to be achieved. Explanation of why now is the right time to bring it to the market.
4. Market and Competition analysis <ul style="list-style-type: none"> Describe your business model and the target market, explain why customers would be willing to pay, who are the competitors, and what are the advantages

⁹ At least a TRL 4 needs to be achieved to be considered as milestone.

and disadvantages of your solution. Explain why your planned project will be successful in these markets.

5. Risks and Broad Impacts

- Draw up a risk assessment with respect to the market situation, and how this may impinge upon demand, pricing...
- Describe and quantify, if possible, the broad expected impact of your innovation on society or the environment and climate. Refer to any relevant EU or other policies or targets.
- The expected outcomes and impact should clearly state what the project hopes to achieve and how it will contribute to the broader goals of the organization or community.
- Project's impact including Prototypes and patents in the area.

6. Team and Management

- Present your team members, including: the track record of the founders and key managers; identify missing skills; recruitment targets and employee retention plans designed to address the required skills.

7. Funding request, Budget and Resources

- A breakdown of the project budget as per cost categories eligible under the scheme. The budget and resources section should provide a detailed breakdown of the costs associated with the project, as well as the resources required to implement it.

Together with the submission of the Concept Note Applicant is to provide:

- A confirmation from an expert to confirm the current TRL.

The IB may request any additional documentation for verification purposes.

Applicants may be required to demonstrate by means of a meeting and/or supporting documentation any of the required steps for the project to the PSC.

Stage 2 – Feasibility Study

Conditional Successful Concept Notes which identify the need of a *Feasibility Study* may submit a full Application as outlined in the call for applications.

It is strongly advisable that prior to embarking on the development and submission of the application prospective applicants read these 'Guidance Notes' together with the 'User Guide to the Application Form' document.

3.3 Documents to be submitted with the Application

1. **Declaration** – a scanned copy of the signed Declaration Form¹⁰.
2. **Concept Note Decision** – The decision by the PSC to the Concept Note is to be submitted as part of the Application.
3. Any documents identified in the Concept Note (such as Ethical Considerations/ Other Conditions) – Successful Stage 1 proposals (Concept Notes) may be requested to submit any Ethical Considerations / Other conditions as indicated from the outcome of the Concept Note with submission of the full *Feasibility Study Application* (Stage 2). These are to be sought from the relevant boards depending on the project.
4. **Compliance Certificate/s issued by the Malta Tax and Customs Administration (MTCA)** – a certificate/s issued not earlier than three months from the date of the application which contains no pending liabilities or returns; or is covered by an agreement which is being honoured, by the Malta Tax and Customs Administration (MTCA) covering Income Tax, VAT and Final Settlement and of Social Security Contributions Compliance Certificates.
5. **Audited Financial Statements and/or the Management Accounts** dated for the two financial years prior to the year of submission of the application in relation to the applicant and the linked and partner enterprises¹¹. The most recent year for the applicant must have been closed within the last 18 months. A single financial document containing comparative data of the annual accounts of both years under assessment will be accepted. No documents would need to be submitted if a copy of these documents as outlined hereunder is already deposited with the Malta Business Registry (MBR) or the Co-Operatives Board.
 - In the case of applicant, linked and partner enterprises without a legal obligation to prepare financial statements the Management Accounts (Profit & Loss Statements/Income Statement and Balance Sheet/Statement of Assets and Liabilities) certified by a CPA is to be provided.
 - In the case of a Sole Trader/self-employed a copy of the Income Tax Return for the two financial years prior to the year of submission of the application together with a Profit & Loss Statement certified by a Certified Public Accountant (CPA) together with a declaration by the Certified Public Accountant (CPA) identifying the Current and Fixed

¹⁰ In the case that the Authorized Representative is not a Director, a Declaration of Authorization shall be submitted in addition to the Declaration form. This does not apply for Self-Employed/Sole Traders, given that the individual signing the Declaration form is the Authorized Representative. A copy of the Declaration Form can be found in the User Guide to the Application Form.

¹¹ In line with MBR obligations of registered companies found [here](#). An income statement for Applicant is nonetheless always required.

Assets as well as the Short-Term and Long-Term Liabilities of the applicant is to be provided. The most recent year for the applicant must have been closed within the last 18 months.

- In the case of a Start-up established not over 2 years from the date of application (*including Sole Trader/self-employed*) not having the above documentation, a Profit & Loss Account/Income Statement, Cash Flow Projections (*for a minimum of two years*) and a Balance Sheet/Statement of Assets and Liabilities certified by a CPA is to be provided.

6. Proposal – to define the following:

- Description of the needed Feasibility Study
- Identification of which experts can offer the required service and the price range- for each service.
- From the options considered, the preferred expert should be identified.
- A Profile (including CV) of the lead expert performing the Feasibility Study including two Comfort Letters from past clients.

7. Evidence of Private Match Financing for the project.

8. Supporting Documentation including NACE code confirmation¹², GANTT Chart or Implementation Schedule. Any other supporting documentation (*such as preparatory work and correspondence*) that the Applicant deems that would add value to the application.

The IB may request any additional documentation for verification purposes.

In those cases where not all the documentation is submitted with the application, applicants shall be given the opportunity to rectify the application by submitting the required documentation. The maximum period allowed for rectifications shall not exceed 2 months from the date of the rectifications letter. Applicants are to submit their missing documentation to rectify their application by said deadline. Following the submission of the rectifications, the application will be evaluated with the next available PSC meeting following the evaluation of all applications submitted in the original cut-off. If applicants fail to rectify an application by the indicated deadline in the rectifications letter, then the application shall be considered as incomplete and be rejected.

3.4 Acknowledgment

Once an application is submitted and confirmed, the system generates a unique reference number for the project and an acknowledgement e-mail together with the application reference number will be sent to the Applicant.

¹² The NACE confirmation shall be in the form of VAT Information Sheet or else communication with the NSO Business Register including the four-digit code in the form of 11.11.

Applications will be assessed and selected as outlined in [Section 5](#) 'Assessment and Selection'. The issuance of the acknowledgement letter does not confer any obligation on the IB to issue the Grant towards the financing of the project. Actions may only be initiated further to the signing of the Grant Agreement.

4 Compliance with Community Policy

4.1 Payments of costs under the approved Investment

Undertakings should note that Grants awarded for actions under the Feasibility Study scheme are public funds. Beneficiary Undertakings should ensure that procurement of all cost items to be co-funded through the Grant Scheme is carried out in line with the principles of sound financial management.

4.2 State Aid Requirements

The terms and conditions of this Grant Scheme are set out in line with Commission Regulation (EU) 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application to Article 107 and 108 of the Treaty, as amended by Commission Regulation (EU) 2017/1084 of 14 June 2017 amending Regulation (EU) No 651/2014 as regards aid for port and airport infrastructure, notification thresholds for aid for culture and heritage conservation and for aid for sport and multifunctional recreational infrastructures, and regional operating aid schemes for outermost regions and amending Regulation (EU) No 702/2014 as regards the calculation of eligible costs, by Commission Regulation (EU) 2020/972 of 2 July 2020 amending Regulation (EU) No 1407/2013 as regards its prolongation and amending Regulation (EU) No 651/2014 as regards its prolongation and relevant adjustments, by Commission Regulation (EU) 2021/1237 of 23 July 2021 amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, and by Commission Regulation (EU) 2023/1315 of 23 June 2023 amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty and Regulation (EU) 2022/2473 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty, and as may be subsequently amended. If an Undertaking receiving aid is found to be in breach of the relevant provisions of this Regulation, action shall be taken to claw back funds (recovery of funds) from the Undertaking in line with the provisions of the pertinent State Aid rules. The Undertaking shall ensure compliance with the rules on cumulation of aid outlined in Article 8 of Commission Regulation (EU) No 651/2014 of 17 June 2014, as amended.

In line with Article 9(1)(c) of the General Block Exemption Regulation, information regarding any individual aid awards that exceed €100,000 are to be made publicly available in the Commission's transparency award module or on the national State Aid website.

It is the responsibility of the Applicant Undertakings to seek advice and to ensure compliance with State Aid rules and requirements.

4.3 Equal Opportunities and non-discrimination

Beneficiary Undertakings are required to take a pro-active approach to Equal Opportunities and must ensure that at all stages of the implementation of the action/s consideration is given to Equal Opportunities.

Equal Opportunities and non-discrimination are not meant to just address gender discrimination but have a wider scope and include race, ethnicity, religion or belief, disability, age and sexual orientation.

4.4 Sustainable Development

Undertakings should include Sustainable Development in the action/s and must ensure that the operation is structured in such a manner that concrete positive actions towards better sustainability and mainstreaming feature throughout. It is important that Environmental matters should also be taken into consideration at all stages of the design, development and implementation of the action and the action should be structured to avoid any related environmental damage.

4.5 Do No Significant Harm Principle

Beneficiary Undertakings are required to ensure that planned feasibility studies fulfil and respect the conditions of the ‘do no significant harm’ (DNSH) principle within the meaning of Article 17 of Regulation (EU) 2020/852.

Applicants may wish to consult with the Commission’s technical guidance on the application of ‘do no significant harm’ under the RRF Regulation (2021/C 58/01). It covers the six environmental objectives set out in Article 9 of Regulation (EU) No 2020/852 including: Climate change mitigation; Climate change adaptation; The sustainable use and protection of water and marine resources; The circular economy including waste prevention and recycling; Pollution prevention and control to air, water and land; The protection and restoration of biodiversity and ecosystems.

It should be noted that the ‘Do No Significant Harm Assessment carried out in relation to the ERDF/CF Programme and JTF Plan 2021 2027’ concluded that this measure and for the scope undertaken under this scheme, two of the six environmental objectives, being the *transition to a circular economy, including waste prevention and recycling* and the *protection and restoration of biodiversity and ecosystems* have been identified that require a substantive assessment.

Undertakings are to see that project activities shall have no or an insignificant foreseeable impact on the environment. It is to be noted that both the environmental impact of the activity itself and the environmental impact of the products and services provided by that activity throughout their life cycle shall be taken into account, in particular by considering the production, use and end of life of those products and services.

5 Assessment and Selection

The Assessment and Selection of projects shall be undertaken as follows:

Stage 1 - Concept Note shall be assessed by the Project Selection Committee who may seek assistance of independent expert-evaluators.

Stage 2- The Assessment and Selection of projects shall be undertaken by a Project Selection Committee who may seek an assistance of independent expert-evaluators.

5.1 Decision on the Concept Note (Stage 1)

Concept Note proposals are first checked against eligibility and will then proceed to assessment by the Project Selection Committee. The Project Selection Committee may consult external experts to confirm any of the interventions proposed by the applicant in the Concept Note and potential applicants may be required to demonstrate by means of a meeting and supporting documentation any of the required steps for the project by the PSC.

Applicants will be notified in writing of the outcome of their application.

5.1.1 Successful Concept Notes

The IB shall issue a Successful Concept Note letter to successful concept notes. It should be noted that a positive decision at this stage means that the Applicant can proceed directly to submit an Application for the R&D Project.

The letter shall include any conditions as outlined by the Project Selection Committee. It shall also include validation of the TRL level provided at Concept Note.

5.1.2 Conditional Successful Concept Note

The IB shall issue a Conditional Successful Letter to the Concept Note. This can indicate either/or both of the following:

1. Applicants can proceed with submission of an Application for the Feasibility Study and if successful move towards an application for the R&D Project
2. Applicants shall submit Ethical Considerations/ Other conditions prior to submission of the full Application under either Feasibility Study or R&D Project.

5.1.3 Unsuccessful Concept Notes

Unsuccessful applicants will be informed in writing by the IB.

5.1.4 Appeals

An independent Appeals Board shall be appointed.

Applicants whose Concept Note was not successful may submit motivated representations within 10 working days from the date of notification by the IB.

The Appeals Board shall assess the submitted representations, review the respective applications, and notify the Applicant of its decision. The decision of the Appeals Board shall be final.

5.2 Evaluation of applications for a Feasibility Study (Stage 2)

The Assessment and Selection of projects shall be undertaken by a Project Selection Committee.

Applications will only be assessed against the Gateway Criteria.

5.2.1 Gateway Criteria

The Gateway Criteria are the minimum requirements which must be met in order that any application may be considered for assessment and appraisal for selection for funding support. This stage will involve an assessment and a Due Diligence process to establish that these minimum requirements are met, namely:

1. **Complete application:** an Undertaking must present a fully compiled application together with all the requested supporting documentation, by the indicated deadline.
2. **Eligible Undertaking:** the Undertaking is an eligible Undertaking in line with these Guidance Notes.
3. **Eligible action:** the action for which the Applicant is asking for support is eligible and at least includes an eligible activity.
4. **Match Financing:** the Applicant has submitted evidence as to its capacity to match finance the project from private sources.
5. **Conditional Successful Concept Note Decision:** The applicant has been provided with a Conditional Successful Concept Note Decision where the need of a Feasibility Study was identified.

Applications meeting all the Gateway Criteria will be granted funding on a first come-first served basis subject to availability of funds. Budget will be allocated in order by receipt of a complete application (i.e. at the date of any rectifications being submitted) and the actual date of submission will be taken into account.

5.2.2 Financial Viability Check

Applications with a Grant Request of more than €60,000¹³ shall be subject to a Financial Viability Check¹⁴.

We will assess your financial capacity by checking that your organisation:

- has sufficient liquidity (it is capable to cover the short-term commitments)
- is financially autonomous (it is capable to cover the debt costs)
- is solvent (it is capable to cover its medium and long-term commitments)

¹³ The IB reserves the right to perform the Financial Viability Check even when the Grant requested is less than €60,000.

¹⁴ Applicants can use a simulator of the Financial Viability Check which can be accessed from: <https://ec.europa.eu/research/participants/lfv/lfvSimulation.do>

- is profitable (it is generating profits or at least has self-financing capacity).

For natural persons, the financial viability is based on two criteria, liquidity and solvency.

The financial viability of applicant will always be rated low if:

1. The financial statements contain serious qualifications.
2. The applicant is a newly established entity that has not yet closed any accounts.
3. There were substantial financial findings relating to the financial capacity in an audit of the Audit Authority, Commission, the Court of Auditors or an OLAF investigation within the last two years.
4. The applicant has been involved in serious administrative errors or fraud.
5. The applicant is subject to pending legal procedures or judicial proceedings for serious administrative errors or fraud.
6. The applicant is subject to an attachment order.

Should the financial viability check result in a low rating, the IB may require additional information, apply certain conditions or reject the Grant application.

Notwithstanding the above, the IB understands that even though a newly established entity that has not yet closed any accounts is by default considered as *low rating*, it understands the special nature of the enterprise and thus may decide not to impose any conditions.

Moreover, the IB reserve the right to impose any of the conditions even if the financial viability check results in *high rating*.

The Financial Viability Assessment shall remain valid for 18 months and can be used for any application within said period.

5.3 Unsuccessful Applications

Unsuccessful applicants will be informed in writing by the IB.

5.4 Appeals

An independent Appeals Board shall be appointed.

Applicants whose application was not selected may submit motivated representations within 10 working days from the date of notification by the IB.

The Appeals Board shall assess the submitted representation, reviews those respective applications, and notify the Applicant of its decision. The decision of the Appeals Board shall be final.

5.5 Acceptance Letter

The IB shall issue a funding acceptance letter to selected applicants. The Funding acceptance letter shall include any conditions as outlined by the Project Selection Committee. It should be noted that a positive decision at this stage is not a guarantee of funding. All the conditions set out in the funding acceptance letter would need to be discharged before the Grant Agreement can be signed.

5.6 Grant Agreement

The IB shall liaise with the Applicant with a view to concluding the Grant Agreement which shall include any conditions as outlined by the IB. The Grant Agreement (GA) is the formal agreement between the IB and the Applicant. The GA is the legally binding document and sets out the terms of the grant. The IB will work through the terms and any conditions which must be discharged prior to entering the GA with the Applicant. When the IB is satisfied that any conditions have been discharged, it will issue the GA and submit two copies to the Applicant who will sign both copies with the IB keeping one copy and the other kept by the Beneficiary.

6 Implementation, Monitoring and Reporting

6.1 Implementation

6.1.1 Filing System

The beneficiary is to keep and maintain a separate filing system for the approved investment and may opt to keep an electronic system. Nonetheless, the filing system, regardless of whether it is electronic or hard copies, shall be made available and be easily referenced when monitoring and audit visits are conducted by the respective authorised entities. The beneficiary is obliged to keep all the documentation related to the operation for audit purposes for 3 years after the completion of the assisted operation. The sample proposed filing system folder can be downloaded from [here](#).

6.1.2 Project Manager

The Project Manager is identified in the application and is the person responsible for the implementation of the project on a day-to-day basis. The Project Manager, who shall be unrelated to the consultancy service provider, is the beneficiary's point of contact with the IB and should be available and reachable within reasonable timeframes to discuss the project on a periodical basis as required.

The beneficiary shall ensure that a Project Manager is assigned throughout the full implementation of the project and should there be a change in the Project Manager a [Change in Project Manager form](#), downloaded from [here](#), shall be submitted via email on msd.eufunds@gov.mt.

6.1.3 Payments

Cash disbursements are strictly prohibited. The total expenditure must be paid by the beneficiary through transparent, traceable bank transactions. Payments should be made through an identifiable bank account as indicated in the Financial Identification Form submitted by the beneficiary¹⁵ and to the identified bank account of the Service Provider/Supplier as outlined in the respective invoice or in the Supplier Financial Identification Form.

6.1.4 Changes and amendments to the approved project

Issues may arise during the implementation of an approved project that necessitate a deviation from the original application as reflected in the Grant Agreement. In such cases, the beneficiary is to notify the IB immediately and submit a written request including a justification for the change.

Beneficiaries may request any extension for a minimum block of 6 months, marks permitting. In this case a deduction of 1% on the original Grant Amount awarded per each block of 6 months shall be applied, even if an extension covering a period of over 24 months is requested. Each operation is allowed an extension equivalent to one block of 6 months for which no deduction shall apply. For any operations that request an extension that goes beyond 36 months, programme and scheme permitting, a deduction of 2% of the original Grant amount shall apply for each block of 6 months.

¹⁵ The form (to be signed and dated) will need to be submitted at reimbursement stage by the beneficiary.

Any requests for extensions shall be submitted via email prior to the end date. If the request an extension is requested after the end date has elapsed, an additional penalty of 5% on the original Grant amount shall apply. This 5% shall be applied over and above any deductions per each block of 6 months and regardless of whether it is the first request or not.

In each case, should a Beneficiary request a change which reduces the Grant amount, any deductions will be done on the original Grant Amount and deducted following the reduction of the Grant.

6.1.5 Retention of Documentation

The Beneficiary has the obligation to retain all related documents for control and audit purposes, for 3 years following the final payment to the beneficiary of the project. The Beneficiary must also co-operate with the IB and other monitoring and audit bodies entrusted with such functions with respect to the granting of aid under this scheme, for the duration of 3 years in light of audits and other controls.

6.2 Procurement Process

The procurement process shall be compliant with Community Policy as identified in [Section 4](#) of the Guidance Notes.

Moreover, eligible expenditure should meet the following criteria:

- (i) Must be incurred by the Beneficiary;
- (ii) Must be incurred within the period and for actions set out in the Grant Agreement;
- (iii) Must be identifiable and verifiable, recorded in the beneficiary's accounts in accordance with the applicable accounting standards;
- (iv) Must comply with the applicable national and EU legislation including law on taxes, labour and social security, and
- (v) Must be reasonable and comply with the principle of sound financial management.

Beneficiaries should avoid situations that could present conflicts of interest when undertaking procurement. All procurement of goods, works and services is to be made from sources external and unrelated to the beneficiary Undertaking.¹⁶

VAT is not an eligible cost and beneficiaries should ensure that VAT and any other taxes should be quoted separately by suppliers.

All financial documentation should be presented in the Euro denomination, and where this is not possible the beneficiary should convert the foreign currency using the applicable daily exchange reference rate issued by the European Central Bank and which may be accessed through:

<https://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html>

¹⁶ The fact that the buyer does not control the seller is not sufficient for fulfilling this criterion. The parties must be unrelated and there should be no influence (decisive or not) on the composition, voting or decisions of the organs of an Undertaking or family ties between the buyer and seller.

The beneficiary should clearly indicate the rate applied. The exchange rate should be the rate applicable on the day the payment was made.

Unless the invoice issued by a Service Provider/Supplier includes the Bank Account identification where the payment is to be affected, the beneficiary shall request the Service Provider/Supplier to fill in the Supplier Financial Identification Form provided by the IB in [Annex VI](#).

Failure by the beneficiary to observe the requirements may impact the eligibility of the expenditure and the project itself. The beneficiary may be subject to loss of funds through the imposition of financial corrections and/or recovery of funds if non-compliance is observed at any stage. The Beneficiary shall be liable to pay back the amount identified to be ineligible/non-compliant with these rules by the IB, the Managing Authority, the Audit Authority, and any other body responsible for the monitoring of expenditure.

6.2.1 Award Criteria

The beneficiary shall procure from the lead expert identified in the proposal submitted with the application. The reimbursement will only be pegged to the procured value, or the expenditure approved in the Grant Agreement whichever is the lowest.

6.3 Monitoring

Effective monitoring is an important aspect which needs to be undertaken to ensure efficient and effective implementation and in ensuring that the targeted outcomes are achieved. To this end, both the beneficiary and the IB have specific responsibilities.

6.3.1 Monitoring by the Beneficiary

The beneficiary has the responsibility of ensuring effective monitoring of the implementation of the action. This responsibility goes beyond the achievement of the results but also that of monitoring the efficient implementation of the assisted intervention. The beneficiary must keep documentary evidence of the implementation including the filing system, progress and final implementation reports, photographic evidence, and any necessary pertinent documentation providing an audit trail of the actions and activities within the implemented operation.

6.3.2 Checks by the IB

The IB will conduct desk-based checks and may conduct physical visits to conduct checks and management verifications on the implementation of the project.

As part of the desk-based checks the IB retains the right to request further documents. Failure by the Beneficiary to provide any documentation requested by the IB may lead to the termination of the Grant Agreement.

When it comes to physical visits the IB shall draw up a report following the visits which will include the findings and any corrective action required because of the finding of the visit and the checks conducted.

The IB may make enquiries with the Malta Association of Credit Management to carry out the necessary checks in line with the Regulations and Good Governance principles and with other competent Authorities, including but not limited to Jobs Plus, to verify any information submitted.

The IB retains the right to conduct any unannounced monitoring visits at its sole discretion.

6.3.3 Monitoring and Evaluation Activities

The beneficiary is bound to co-operate and contribute to all monitoring and evaluation activities organised by the IB, the MA, the European Commission as well as other Authorities. This may include contribution through participation in surveys, events and in providing information to be included in publications and online media.

6.4 Reporting

Following the completion of the assisted intervention, the Beneficiary undertaking is to submit to the IB a Final Implementation Report together with the claim for reimbursement, following the completion of the assisted activities as outlined in the Grant Agreement.

6.5 Reimbursement

Beneficiaries may present a claim for reimbursement upon completion of the project and as accepted in the Grant Agreement. The claim for reimbursement will include 100% of the eligible expenditure, outlined in the Grant Agreement.

Claim/s for Reimbursement shall follow the sample folder structure downloaded [here](#) and be submitted as soft copy in .Zip format to msd.eufunds@gov.mt. This with the exception of the *Claim for Reimbursement, Annex I to the Claim* and the *Report by the Authorized Representative*, which are either to be submitted as originally signed hard copies or else digitally signed with a Qualified Signature (QES).

Milestone and amount – implementation of the operation in line with the Grant Agreement; the Feasibility Study is sent to the IB and the amount as specified in the Grant Agreement.

Payment trigger – Receipt of claim for reimbursement accompanied by a Final Implementation Report from the beneficiary and a signed scanned copy (.pdf) of the Feasibility Study procured from the preferred expert identified in the proposal.

The IB retains the discretion to request the Beneficiary to present expert reports to substantiate any claims presented, when and as required. Moreover, the Beneficiary shall make the expert who performed the feasibility study available for any meeting or provision of further documentation to the IB.

Each claim for reimbursement shall include the documentation identified in [Annex II](#).

The IB may request further documentation where and as necessary and the reimbursement request will only be processed once the IB is satisfied that the reimbursement criteria have been met.

It is the beneficiary's responsibility to ensure that reimbursement requests, including all the required supporting documentation, are submitted to the IB by not later than 30 September 2029, or on a later date as identified by the IB.

Reimbursement requests are expected to be submitted to the IB within 3 calendar months from the end date of the operation as identified in the Grant Agreement and/or approval for extensions. Failure to submit the claim within such period shall

incur a deduction of 0.5% of the original Grant amount awarded for every month, or part thereof, that the beneficiary doesn't submit the claim.

6.6 Payment Process

The IB shall ensure that every effort is made to process the payment without undue delay from receipt of a complete Claim for Reimbursement, and further to the resolution of any clarifications sought from the beneficiary and is satisfied that the assisted intervention has been implemented in line with the Grant Agreement and the pertinent regulations. Once the claim for reimbursement is processed, further checks may be conducted by the EU Payments Unit before the execution of the payment. The IB shall not be held liable for any delays in the payment process, or for any overruling by a superior authority of its initial approval of payment. Should the Beneficiary take his case to Arbitration as identified in [Section 7.5](#), the payment process shall be put on hold until such a decision is given.

6.8 Double Financing

In line with the provisions of Article 191 (3) of Regulation (EU, Euratom) 2018/1046 on the financial rules applicable to the general budget of the Union, it is a fundamental principle that **in no circumstances shall the same costs be financed twice by the budget**. The IB reserves the right to share all the information related to the supported activities with other public entities to ensure that no other public funds were made available to the Undertaking in respect of the same activity. Funding for the same action from any other source of public funds is prohibited and will result in claw back (recovery) of funds.

7 Audit and Control

7.1 Internal Control

The beneficiary has the responsibility to put in place and maintain control arrangements to ensure proper and sound financial management of the funds. The beneficiary shall ensure that a separate accounting system or an adequate accounting code is maintained for all transactions related to the operation without prejudice to national accounting rules. In the case where the beneficiary is implementing operations supported through different Schemes co-financed through European Structural and Investment Funds, a separate accounting system or an adequate accounting code must be maintained for each operation.

7.2 Accounting Treatment

7.2.1 Enterprises with the obligation to prepare annual financial statements

Use of an Adequate Accounting Code (*a Nominal Ledger Account dedicated to the scheme*) in an existing computerised Accounting System: in this case, beneficiaries must make provisions to open a new Accounting Code in their Nominal Ledger, where all transactions related to the operation will be posted. All entries must be easily identifiable and retrievable, as well as auditable. Beneficiaries may make use of Journal Entries. The same principles apply if a strictly separate accounting system is opted for.

Beneficiaries must comply with generally accepted accounting principles and practices as defined by Article 3(1) of LN. 19 of 2009 Accountancy Profession (Accounting and Auditing Standards) Regulations. This shall mean that beneficiaries are to adhere either to:

- i. International Accounting Standards¹⁷; or
- ii. General Accounting Principles for qualifying private or small and medium-sized entities as may be prescribed by regulations, directives or guidelines issued from time to time in terms of the Accountancy Professions Act.¹⁸

7.2.2 Enterprises with no obligation to prepare annual financial statements

A separate Bank Account and/or a record showing full details of expenditure paid and funds received related to the operation (*e.g. spreadsheet*) must be kept.

7.2.3 Audit Visits

It is pertinent to note that audit visits may be conducted without prior notice, throughout the different phases of the action including after completion of the action.

Beneficiaries should ensure that the Authorized Representative and Project Manager are available during the audit. All the documentation should be available in the designated project file and access to the documentation is to be facilitated, as may be requested by the auditors.

¹⁷ Particularly the International Accounting Standard (IAS) 20: Accounting for Government Grants and Disclosure of Government Assistance.

¹⁸ For financial reporting periods commencing on or after 1st January 2016 SL 281.05 (General Accounting Principles for Small and Medium-Sized Entities) Regulations.

7.2.4 Audit Follow-up

Further to the conclusion of the audit, the auditors will draft a report outlining all the findings and any pertinent recommendations. If clarifications are required, the auditors will seek feedback from both the IB and the beneficiary. The beneficiary is obliged to co-operate and provide the requested feedback, data, and information by the indicated deadlines and without undue delays.

7.3 Irregularities

Irregularities may be identified during different stages of the operation because of the different checks and audits carried out by different bodies, including the beneficiary. Irregularities may be identified also through other means such as fiscal controls and evaluations, receipt of complaints or information which may also be anonymous and public domain information.

The Beneficiary is responsible to **report** any irregularity detected **without delay** to the IB.

7.4 Financial Recovery and Correction

In those instances where an irregularity necessitates the recovery of funds, the individual/organisation that identified the irregularity must ensure that the recovery procedures are initiated immediately.

It is pertinent to note that failure to apply rules and regulations can result in irregularities which in turn could result in financial corrections, which in certain cases may lead to a recovery of up to 100% of the payment. The applicable recovery rates will be determined in line with the guidelines issued by the European Commission and in terms of State Aid Regulations.

7.5 Malta Arbitration Centre

Any dispute, controversy or claim arising out of or relating to this contract, or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with Part IV (Domestic Arbitration) of the Malta Arbitration Act and the Arbitration Rules of the Malta Arbitration Centre as at present in force.

In the case of any dispute, controversy or claim arising out of or relating to any financial recovery and/or financial correction, or the breach, termination or invalidity thereof the Grant Agreement, beneficiaries may elect to open a claim to be settled by arbitration in accordance with Part IV (Domestic Arbitration) of the Malta Arbitration Act and the Arbitration Rules of the Malta Arbitration Centre as at present in force.

In such an event the applicant and the IB agrees that:

- a) the appointing authority shall be the Malta Arbitration Centre
- b) the number of arbitrators shall be one
- c) the place of arbitration shall be Malta
- d) the language(s) to be used in the proceedings shall be Maltese or English
- e) the applicable substantive law shall be Maltese National Law
- f) the award shall be final and binding and there shall be no appeal

- g) the arbitrator shall decide ex aequo et bono.

If the beneficiary accepts the reimbursement than he will be forfeiting the right to open a claim with the Malta Arbitration centre.

8 Information and Publicity

Beneficiary undertakings are responsible for ensuring proper visibility of interventions assisted through this Grant Scheme, part-financed by the European Union through the European Regional Development Fund 2021-2027.

All communication and publicity measures by Beneficiaries must acknowledge support from the European Union and the respective Fund in line with Section II 'Transparency of implementation of the Funds and communication on programmes' Article 50 and Annex IX of The Common Provision Regulation (EU) No. 2021/1060.

Beneficiaries shall include a reference in the Executive Summary that the report is being funded under the Marketing Strategy for micro and small enterprises part-financed by the European Union.

Visibility measures shall be included in the declaration of unrelation by the service provider as identified in [Annex V](#).

All logos and emblems can be downloaded from [here](#)..

8.1 Public Notification

In line with the principle of transparency all awarded grants are to be made publicly available on www.fondi.eu and are to be registered in a central State aid register set at national or EU level.

Such register shall include the following details:

- 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').

9 Data Protection

Data and information collected and held by the IB in relation to the financed action will be transferred to the Planning and Priorities Coordination Division and may also be transferred to official third parties in order to fulfil the IB functions, in line with Community obligations according to law and in line with the provisions of 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) and any amendments thereof.

Information and any data provided by the potential beneficiaries and beneficiary will be used for the sole purpose for which they are intended, that is, (i) verification procedures; and (ii) evaluation and monitoring purposes in line with Regulation (EU) 2021/241. The data will not be used for any other means or for any other purpose that is incompatible with that for which the data is being collected.

In applying for assistance under this scheme, applicants will be giving authorisation to the IB to make enquiries and to carry out the necessary checks with the competent Authorities and Organisations to verify any information submitted in relation to the application.

Beneficiary Undertakings should ensure that they disclose factual and accurate data to the IB. The Beneficiary Undertaking has the right to access all the data relating to the grant issued in its name and may request the rectification of any incorrect data.

10 Contact Details

For more information regarding the Business Reports for SMEs kindly contact the Measures and Support Division.

Address: Measures and Support Division
The Oaks Business Centre, Block B
Farsons Street
Hamrun HMR1325

Telephone Number: 25552635

Email: msd.eufunds@gov.mt

Website: <https://fondi.eu/>

Annex I – Change in Project Manager Form



Change in Project Manager Form

I, (Name of Authorised Representative), as Authorised Representative on behalf of (Name of Beneficiary) as the Beneficiary, appoint (Name of new Project Manager) holder of ID card No. (ID No.) to the position of Project Manager in the stead of (Name of current Project Manager) for the investment project (Project Reference) effective as of (Date of new appointment).

The new Project Manager holds the position of (Insert Position within Enterprise) within the enterprise and may be contacted on (Insert Phone Number) and (Insert email Address).

Name of Authorised Representative

Signature

Date

Name of New Project Manager

Signature

Date



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Annex II – Claim for Reimbursement – Documentation

The claim for reimbursement shall be accompanied by the following documents:

- Claim for Reimbursement
- Checklist Annex to Claim for Reimbursement
- Final Implementation Report
- A scanned Signed copy (.pdf) of the Feasibility Study including the declaration signed and dated by the expert (*as per [Annex V](#)*)
- Copy of Invoice
- Confirmation of Purchase
- Copy of Fiscal Receipt (where a tax invoice is not provided)
- Copy of Proof of Payment (Copy of bank transfer payment/bank cheque encashment image)
- Copy of Bank Statement identifying the transaction/s Certified by a **Certified Public Accountant**
- [Beneficiary Financial Identification Form](#)
- [Supplier Detail Form](#) (in those cases where bank account details of supplier are not included in the invoice)
- Copy of Separate Ledger Account or Record showing full details of expenditure (*as per [Section 7.2](#)*)
- Compliance Certificate/s issued by the Malta Tax and Customs Administration (MTCA) covering Income Tax, VAT and Final Settlement and of Social Security Contributions Compliance Certificates **issued not earlier than one month from the date** when respective claim for reimbursement is presented to the IB.
- Statement signed by the Authorised Representative specifying the following:
 - (i) The expenditure to implement the action was actually incurred by the Undertaking and was not reimbursed or may be recoverable through other sources
 - (ii) The expenditure satisfies the conditions that are outlined in the Grant Agreement
 - (iii) The output in the form of a report is completed within the duration of the operation period being the timelines outlined in the Grant Agreement
 - (iv) The Beneficiary has ensured that any rules governing accumulation of aid have been respected. The reimbursement request will only be processed when the IB is satisfied that the action has been implemented in line with the GA.

The IB may request further documentation where and as necessary and the reimbursement request will only be processed once the IB is satisfied that the reimbursement criteria have been met.

Annex III - Supplier Financial Identification Form

Supplier Details	
Business Name as registered with the Office of the Commissioner for Revenue	
Trading Name [if applicable]	
Address	
Town/City	Post Code
Country	VAT Reg. Number
Contact Person	
Telephone Number	Fax Number
e-mail Address [generic]	
Service/Product supplied	
Supplier - Details of Account Holder	
Bank Account Holder	
Bank Name	
Branch Address	
Town/City	Post Code
Country	
International Bank Account Number (IBAN) [compulsory]	
<div style="border: 1px solid black; height: 20px;"></div>	
Bank Identifier Code (BIC)	
<div style="border: 1px solid black; padding: 5px;"><div style="border-bottom: 1px solid black; width: 100%;"></div></div>	
Products/Works/Services provided in relation to Grant Agreement No.:	
<div style="border: 1px solid black; height: 40px;"></div>	
<p>I the undersigned declare that all information provided is, to the best of my knowledge, complete and correct. I understand and am aware that any falsification may jeopardize the validity of the payment issued.</p> <div style="display: flex; justify-content: space-between; margin-top: 20px;"><div>Signature of Account holder</div><div>Date</div></div> <div style="margin-top: 10px;"><div style="border-bottom: 1px solid black; width: 150px;"></div><div style="border-bottom: 1px solid black; width: 100px;"></div></div>	
<div style="display: flex; align-items: center;"><div>Co-funded by the European Union</div></div>	

Annex IV – Beneficiary Financial Identification Form

GOVERNMENT
OF MALTAFinancial Identification Form – EU Funds
Formola ta' Identifikazzjoni – Fondi tal-UE

EU Payments Unit



FONDI.eu

Part I

Name and Surname or Enterprise/Entity Name / Isem u Kunjom jew Isem l-Intrapriża/Entità	
Company Registration Number and Name (if applicable) / Numru ta' Registrazzjoni Tal-Kumpanija u Isem (jekk applikabbli)	
Identification Number (ID or Passport) / Numru ta' Identifikazzjoni (ID jew Passaport)	
Address / Indirizz	
Town or City / Raħal jew Belt	Post Code / Kodici Postali
Country / Pajjż	Telephone Number or Mobile Number Numru tat-Telefown jew Numru tal-Mowbajl
VAT Reg. Number / Numru ta' Registrazzjoni tal-VAT	Tax Identification Number (if applicable) / Numru ta' Identifikazzjoni Fiskali (jekk applikabbli)
Contact Person / Isem tal-Persuna li magħha għandu jsir kuntatt	
e-mail Address [generic] / Indirizz Elettroniku [generiku]	

Part II

Bank Account Holder / Isem tad-Detentur tal-Kont tal-Bank
Bank Name / Isem tal-Bank Kummerċjali
Branch Address / Indirizz tal-Fergħa tal-Bank Kummerċjali
Town/City and Post Code / Raħal / Belt u Kodici Postali
Country / Pajjż
International Bank Account Number (IBAN) [compulsory] / Numru Internazzjonali tal-Kont Bankarju (IBAN) [obbligatori]
Bank Identifier Code (BIC) / Kodici ta' Identifikazzjoni tal-Bank (BIC)

Part III

I the undersigned declare that all information filled herein and conferred to you is to the best of my knowledge and belief true, correct and complete. I understand and am fully aware that falsification of any information may jeopardise the validity of the payment issued thereon. I further declare that I have read and understood the details given on pages 2/3 of this form, and unless otherwise directed, the above information may be used for future EU related payments.

Jien, hawn taht iffirmat, niddikjara li l-informazzjoni kollha mimlija hawn fuq u mogħtija, hija, sa fejn naf jien, vera, korretta u shiħa. Jiena nifhem, u jiena konxju, illi falsifikazzjoni ta' kwalunkwe tip ta' informazzjoni tista' tipperikola l-validità ta' pagamenti mahruġa fuq din l-informazzjoni. Niddikjara wkoll illi jiena grajt u fhimt id-dettalji mogħtija fit-tieni/tielet pagna ta' din il-formola, u sakemm ma jkunx indikat mod ieħor, l-informazzjoni ta' hawn fuq tista' tintuża għal pagamenti futuri relatati mal-Fondi tal-UE.

Signature of Account Holder
Firma tad-Detentur tal-Kont

Date / Data

[compulsory / obbligatori]

EU Payments Unit - The Oaks Business Centre, Block B, Triq Farsons, Hamrun, Malta
Telephone: (+356) 2555 2555 - e-mail: eupayfi@gov.mt

Annex V – Expert Declaration



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OF MALTA



Feasibility Study – Expert Declaration

I, hereby **declare** that as the expert working on the Feasibility Study both the engaged expert enterprise¹ and the Lead Expert are external to the Beneficiary Undertaking, and that the parties are autonomous and unrelated to each other. I also **declare** that as the expert who performed the feasibility study, I shall be available for any meeting or provision of further documentation to the IB.

Details of Beneficiary	
Project Code	
Beneficiary Name	
Beneficiary Registration No	
VAT No	
Official Address	
e-mail	
Telephone number	

Details of Expert	
Expert Name	
Expert Registration No	
VAT No	
Lead Expert Name	
Lead Expert ID number	
e-mail	
Telephone number	

Signature (Lead Expert)	Date
-------------------------	------

Data Protection Declaration -

Personal Data supplied to the Measures and Support Division (MSD) within the scope of implementation of projects being co-financed by Cohesion Policy funds is processed, in accordance with Community obligations according to law and in line with the provisions of 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) and any subsequent amendments, by MSD and by other stakeholders and competent authorities mandated to implement, monitor, execute payments, controls and audit the project/contract.

¹ In case of a self-employed person, the expert enterprise and lead expert can be the same person.





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