



**GOVERNMENT  
OF MALTA**



# **Internationalisation Strategy for SMEs**

## **Guidance Notes**

Version: 1.3<sup>1</sup>

Date: 15 June 2026

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<sup>1</sup> Update to Version 1.2 dated 26 June 2025



**Co-funded by  
the European Union**

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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.

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 report has been procured and delivered; and
- All expenditure has been incurred, invoiced and fully paid; and
- 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 form 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 form 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 service provider** means a Service Provider autonomous and unrelated to the Beneficiary Undertaking and is registered with the Intermediate Body to provide services under this Grant Scheme.

**Unrelated to the Beneficiary** – the fact that the buyer does not control the seller is not sufficient for fulfilling this criterion. The parties must 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 and Medium-sized Enterprise** 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 of 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 a micro, small and medium-sized enterprise are:

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

Company category	Staff headcount	Turnover	or	Balance sheet total
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](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 domains<sup>2</sup>.

**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

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<sup>2</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32006R1893&from=en>

such as obtaining permits and conducting feasibility studies are not considered start of works.

**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 of Directive 2013/34/EU<sup>3</sup> 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 of 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

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<sup>3</sup> 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, practised 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.

**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, with the exception of fishery and aquacultural products listed in Annex I to Regulation (EU) No 1379/2013 of the European Parliament and of the Council of 11 December 2013.

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

**Start-up** means an Enterprise which, at the time of the granting of the aid is an unlisted micro or small enterprise up to five years following its registration, that fulfils the following cumulative conditions:

- a) it has not taken over the activity of another undertaking, unless the turnover of the overtaken activity accounts for less than 10% of the turnover of the eligible undertaking in the financial year preceding the take-over;
- b) it has not yet distributed profits;
- c) it has not acquired another undertaking or has not been formed through a merger, unless the turnover of the acquired undertaking accounts for less than 10% of the turnover of the eligible undertaking in the financial year preceding the acquisition or the turnover of the merged undertaking formed through a merger is less than 10% higher than the combined turnover that the merging undertakings had in the financial year preceding the merger.

For eligible undertakings that are not subject to registration, the five-year eligibility period shall start from either the moment when the undertaking starts its economic activity or the moment it becomes liable to tax with regard to its economic activity, whichever is earlier.

By way of derogation from the first sub-paragraph, point (c), undertakings formed through a merger between undertakings eligible for aid under this scheme shall also be considered eligible undertakings up to five years from the date of registration of the oldest of the merging undertakings.

**Establishment Date** shall be determined on the following parameters:

- a) For limited liability companies, the Establishment Date shall be the date of registration with the MBR as long as the Undertaking was not operative under a different form prior to registration with the MBR.
- b) In the case of self-employed, the start-up date shall be considered to be the date the person registered as a self-employed person with the JobsPlus;
- c) For registered partnerships and unregistered partnerships, the establishment date shall be considered to be the date an agreement is signed between the parties within the respective partnerships;
- d) In the case of co-operatives, the establishment date shall be considered as the date of the registration of the co-operative with the Co-operatives Board;

**Unlisted** means an Undertaking which is not listed on the official list of a stock exchange, except for alternative trading platforms.

## 1. Introduction

This document provides information on the *Internationalisation strategy for SMEs* 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 Measures and Support Division 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

This Grant Scheme shall seek to support SMEs through non-repayable Grants to part-finance costs incurred for external services contracted to provide the enterprise with an internationalisation strategy aimed at rendering it more efficient or more competitive.

The Internationalisation Strategy can be divided into two parts, with the first one studying the opportunities abroad and identifying the business overview, global opportunities, market analysis, feasibility assessment and recommendations for market focus. The second part is a strategy for a selected country/countries and identifying the country specific analysis, market entry strategy, marketing and sales strategy, financial and operational planning and risk analysis, mitigation, monitoring and evaluation

### 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.

RSO1.3. Enhancing sustainable growth and competitiveness of SMEs and job creation in SMEs, including by productive investments

### 1.4 Duration

The *Internationalisation strategy for SMEs* scheme will remain operational until 31<sup>st</sup> December 2026, subject to availability of funds.

## 1.5 Budget

The initial allocated budget for this scheme is €500,000.

## 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 available under this scheme is €20,000 per undertaking. **Each undertaking may be approved for a maximum of two applications—one for Part 1 (studying opportunities abroad) and one for Part 2 (strategy for selected country/countries).** The grant for applications under Part 1 is capped at €10,000. The total combined grant for both applications shall not exceed €20,000. The final grant amount will be determined based on the following aid intensities:

Status of undertaking	Aid Intensity
<ul style="list-style-type: none"> <li>• Micro and Small start-up Enterprises up to five years following its registration</li> </ul>	60%
<ul style="list-style-type: none"> <li>• Micro and Small enterprises exceeding five years following its registration</li> <li>• Medium-sized enterprises</li> </ul>	50%

The maximum amount of aid granted will not exceed the thresholds indicated in Article 4(1)(d) and l4(1)(h) GBER.

## 1.8 Implementation

Actions financed under the *Internationalisation strategy for SMEs* are to be implemented within 12 months from the date of the Grant Agreement for fixed periods of either 6 months or 12 months depending on how long the applicant has applied for within the application (*between 0-6 months; 6-12 months*). Extensions beyond this timeframe may be considered upon the express request of the Beneficiary, when justified. Nonetheless, reports are to be concluded by 30 June 2029<sup>4</sup>.

## 1.9 Regulatory Framework

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

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

The Partnership Agreement of Malta.

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<sup>4</sup> This date may be extended subject to compliance with national targets.

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

Aid under this scheme 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, particularly Articles 18 and 22 thereof.

<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>

## 2. Eligibility

### 2.1 Eligible Undertakings

**Micro, Small and Medium-sized Enterprises** engaged in an economic activity, irrespective of their legal form, referred to as the ‘Undertaking’ subject to the exclusions listed below. For applications under *Internationalisation Strategy – Part 1*, enterprises will only be considered eligible if they can demonstrate that they have been actively trading for at least one year as of the application date.

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)<sup>5</sup>.

### 2.2 Eligible Actions

The Scheme shall seek to support SMEs through non-repayable Grants to part-finance an internationalisation strategy procured from external Service Providers which are registered with the IB and which are autonomous and unrelated to the Beneficiary Undertaking.

An internationalisation strategy outlines how a business will promote its products or services to reach its target audience and achieve its objectives. An internationalisation strategy should provide a comprehensive plan for how a business intends to attract, engage, and retain customers while achieving its business goals.

### 2.3 Eligible Expenditure

The Grant Scheme will support eligible enterprise to procure either *Internationalisation Strategy – Part 1 (studying opportunities abroad)* or *Internationalisation Strategy – Part 2 (strategy for selected country/countries)*.

The *Internationalisation Strategy – Part 1 (studying opportunities abroad)* shall include at least the following:

<b>Internationalisation Strategy - Part 1 – Studying Opportunities Abroad</b>
<p><b>1. Executive Summary</b></p> <ul style="list-style-type: none"> <li>• Brief Overview of the Enterprise</li> <li>• Purpose of the Internationalisation strategy</li> <li>• Key Objectives and goals</li> </ul>
<p><b>2. Business Overview</b></p> <ul style="list-style-type: none"> <li>• Company description including: <ul style="list-style-type: none"> <li>○ Products/services offered</li> <li>○ Unique selling propositions</li> <li>○ Current market performance</li> </ul> </li> <li>• Internal readiness assessment (financial, operational and strategy capacity) for internationalisation</li> </ul>
<p><b>3. Research on Global Opportunities</b></p> <ul style="list-style-type: none"> <li>• Market/s identification: <ul style="list-style-type: none"> <li>○ Criteria for market/s selection (e.g. economic stability, demand for products/services, ease of entry)</li> </ul> </li> </ul>

<sup>5</sup> In the case of partnerships, excluding those registered with the Accountancy Board, registration with the Malta Business Register (MBR) is required.

<ul style="list-style-type: none"> <li>○ Shortlisting of potential markets</li> <li>● Global Trends: <ul style="list-style-type: none"> <li>○ Industry-specific trends on a global scale</li> <li>○ Emerging markets or regions with growth potential</li> </ul> </li> </ul>
<p><b>4. Comparative Market Analysis</b></p> <ul style="list-style-type: none"> <li>● Market Characteristics: <ul style="list-style-type: none"> <li>○ Size, growth rate, and demand for products/services.</li> <li>○ Regulatory environment and trade barriers.</li> </ul> </li> <li>● Competitor Analysis: <ul style="list-style-type: none"> <li>○ Key players in shortlisted markets.</li> <li>○ SWOT analysis of competitors.</li> </ul> </li> </ul>
<p><b>5. Feasibility Assessment</b></p> <ul style="list-style-type: none"> <li>● Market Entry Barriers: <ul style="list-style-type: none"> <li>○ Tariffs, non-tariff barriers, legal constraints, cultural challenges.</li> </ul> </li> <li>● Resource Allocation: <ul style="list-style-type: none"> <li>○ Required financial investment and ROI estimations.</li> <li>○ Operational adjustments needed for entry.</li> </ul> </li> </ul>
<p><b>6. Recommendations for Market Focus</b></p> <ul style="list-style-type: none"> <li>● Prioritisation of target markets based on research findings.</li> <li>● Rationale for selected opportunities.</li> </ul>

The *Internationalisation Strategy – Part 2 (strategy for selected country/countries)* shall include at least the following:

<p><b>Internationalisation Strategy - Part 2 – Strategy for Selected Country/Countries</b></p>
<p><b>1. Executive Summary</b></p> <ul style="list-style-type: none"> <li>● Highlight the selected country/countries for internationalisation.</li> <li>● High-level objectives for entering this market.</li> </ul>
<p><b>2. Country Specific Analysis<sup>6</sup></b></p> <ul style="list-style-type: none"> <li>● PESTEL Analysis: <ul style="list-style-type: none"> <li>○ Political: <i>Stability, trade policies, international agreements etc.</i></li> <li>○ Economic: <i>Market size, GDP growth, exchange rates, purchasing power etc.</i></li> <li>○ Social: <i>Cultural norms, consumer behaviours, and trends etc.</i></li> <li>○ Technological: <i>Infrastructure, digital adoption, and innovation etc.</i></li> <li>○ Environmental: <i>Regulatory focus on sustainability and green practices etc.</i></li> <li>○ Legal: <i>Intellectual property laws, labour regulations, taxation etc.</i></li> </ul> </li> </ul>
<p><b>3. Market Entry Strategy<sup>7</sup></b></p> <ul style="list-style-type: none"> <li>● Entry Mode: <ul style="list-style-type: none"> <li>○ Options such as direct exporting, joint ventures, franchising, licensing, or setting up a local presence.</li> </ul> </li> <li>● Positioning and Differentiation: <ul style="list-style-type: none"> <li>○ Tailoring products/services to meet local preferences.</li> <li>○ Highlighting competitive advantages in the new market.</li> </ul> </li> <li>● Partnerships and Networks:</li> </ul>

<sup>6</sup> If more than 1 country is identified, then this section shall cover each country identified

<sup>7</sup> Ibid ...

<ul style="list-style-type: none"> <li>○ Potential collaborations with local distributors, suppliers, or business networks.</li> </ul>
<p><b>4. Marketing and Sales Strategy<sup>8</sup></b></p> <ul style="list-style-type: none"> <li>● Customer Targeting: <ul style="list-style-type: none"> <li>○ Segmentation and profiling of the target audience.</li> </ul> </li> <li>● Promotional Activities: <ul style="list-style-type: none"> <li>○ Campaigns and channels best suited to the market.</li> </ul> </li> <li>● Pricing Strategy: <ul style="list-style-type: none"> <li>○ Pricing models aligned with local purchasing power and competition.</li> </ul> </li> </ul>
<p><b>5. Financial and Operational Planning<sup>9</sup></b></p> <ul style="list-style-type: none"> <li>● Budget Allocation: <ul style="list-style-type: none"> <li>○ Detailed financial plan for entering and sustaining operations in the market.</li> </ul> </li> <li>● Supply Chain and Logistics: <ul style="list-style-type: none"> <li>○ Adjustments needed for efficient delivery and operations in the new market.</li> </ul> </li> <li>● Human Resources: <ul style="list-style-type: none"> <li>○ Hiring and training needs for local talent.</li> </ul> </li> </ul>
<p><b>5. Action Plan for the Upcoming Year</b></p> <ul style="list-style-type: none"> <li>● <b>Key Milestones and Timelines:</b> Outline critical steps for the next 12 months, including market entry activities and strategic initiatives.</li> <li>● <b>Marketing Campaigns:</b> Specific promotional activities, digital campaigns, and localised advertising efforts to raise brand awareness in the new market.</li> <li>● <b>Partnerships and Networking Activities:</b> Actions to secure local partners, distributors, or networks and establish business relationships.</li> <li>● <b>Resource Allocation:</b> Plan for the required resources (financial, human, operational) to support international expansion.</li> <li>● <b>Sales and Distribution Channels:</b> Steps for setting up and managing sales and distribution in the selected country/countries.</li> </ul>
<p><b>6. Risk Analysis, Mitigation, Monitoring and Evaluation</b></p> <ul style="list-style-type: none"> <li>● Identification of key risks: <ul style="list-style-type: none"> <li>○ Economic instability, political uncertainties, cultural misalignment.</li> </ul> </li> <li>● Risk mitigation strategies for smooth market entry.</li> <li>● KPIs: <ul style="list-style-type: none"> <li>○ Metrics to measure success, such as market share, sales growth, and customer acquisition.</li> </ul> </li> <li>● Review Mechanism: <ul style="list-style-type: none"> <li>○ Regular evaluation of performance and adaptation of strategies.</li> </ul> </li> </ul>

The final product, either the *Internationalisation Strategy – Part 1* or the *Internationalisation Strategy – Part 2* shall include the Declaration Form by the Service Provider and acknowledgement of support from EU funds in line with Articles 47, 49 and 50 of Regulation (EU) 2021/1060 as well as Annex IX – Communication and Visibility.

On project completion, either the *Internationalisation Strategy – Part 1* or the *Internationalisation Strategy – Part 2*, the beneficiary Undertaking will provide the IB with

<sup>8</sup> Ibid ...

<sup>9</sup> Ibid ...

an authenticated report, issued in a signed scanned copy (.pdf), drawn up by the Service Provider, in the form of an internationalisation strategy, being the output in line with these Guidance Notes.

**The aid value for the identified eligible expenditure shall be reimbursed through the application of actual cost incurred and paid and capped at the value of the Grant Agreement or the invoice amount, whichever is the lowest.**

**The above expenditure is to be identified in the Application and is to be procured from a Service Provider which is external and unrelated to the applicant and registered with the IB.**

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 Exclusions

- i. Undertakings that are deemed as ‘undertakings in difficulty’ as defined in the definitions in line with 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 (the 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 applicable 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 (the General Block Exemption Regulation), as amended.
- v. Undertakings whose activities<sup>10</sup> 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 capability<sup>11</sup> to develop or retail any of the eligible expenditure are excluded from applying for such expenditure.
- vii. Undertakings whose principal activities fall under Section A ‘Agriculture, Forestry and Fishing of the NACE Rev. 2 Update 1 (NACE REV 2.1).
- viii. 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;

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<sup>10</sup> The principal activities shall be determined according to the NACE code and/or M&A.

<sup>11</sup> Internal capability shall be determined according to the NACE code and/or M&A of related enterprises.

- where the aid is conditional on being partly or entirely passed on to primary producers.
- ix. Undertakings whose principal activities include the manufacturing, processing, and marketing of tobacco and tobacco products.
- x. 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.
- xi. Gambling and Betting Activities.
- xii. Actions resulting in training and mentoring activities.
- xiii. Undertakings engaged in an illegal economic activity.
- xiv. Any marketing material costs are excluded.

## 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 report located exclusively in either Malta or Gozo.
- vi. The services contracted shall not be of a continuous or periodic nature nor relating to the Undertaking's usual operating costs, such as routine tax consultancy services, regular legal services or advertising or related to the legal and regulatory obligations arising from the nature of the Undertaking's operations and economic activity.
- vii. The Internationalisation strategy is to be contracted from external sources which are autonomous and unrelated to the Beneficiary Undertaking and registered to provide such services with the IB as of the date or further to the date of the Grant Agreement as outlined in this document.
- viii. Approved projects shall be based and 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 has not 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 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 as at the date of submission of the application, the IB reserves the right to withdraw the Grant Agreement.
  - xii. Under this scheme, each undertaking may be approved for a maximum of two applications: one for an *Internationalisation Strategy – Part 1 (Studying Opportunities Abroad)* and one for an *Internationalisation Strategy – Part 2 (Strategy for Selected Country/Countries)*.
  - xiii. Undertakings that already have an established presence in a specific country, either by conducting business operations there or through existing corporate structures, are not eligible to apply for an Internationalisation Strategy – Part 2 to enter that market
  - xiv. 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 Measures and Support Division, the Government of Malta and EU funds.

## 3. Applications

### 3.1 Application Process

The IB shall publicise the calls 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.

### 3.2 Submission of Applications

Applicants must submit an online application as outlined in the call for applications. The application shall include the Undertaking's name and size, a description of the subject of the report, including its start and end dates, the location of the enterprise and the amount of public funding needed for the report and whether it is considered as Start-up as per definition, amongst other requirements.

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 Form<sup>12</sup>.
2. **Proposal** – to define the following:
  - Description of the needed Internationalisation Strategy
  - Identification of which service providers can offer the required strategy
  - From the options considered, the preferred service provider should be identified
  - The reason for selecting the preferred service provider
  - Quotation from the preferred service provider
3. **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.
4. **Audited Financial Statements** for the two financial years preceding the year of submission of the application shall be provided in respect to the applicant, while audited financial statements dated within the two financial years preceding the submission of the application shall be provided in respect of linked and partner enterprises<sup>13</sup>. The most recent year for the applicant must have been closed within the last 18 months.

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<sup>12</sup> 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.

<sup>13</sup> In line with MBR obligations of registered companies found [here](#).

Where the most recent financial year of the applicant closed more than 18 months prior to the submission of the application, the documents listed in the first bullet point below shall also be provided. An income statement for Applicant is always required.

A single financial document containing comparative data of the annual accounts of both years under assessment will be accepted. No documents are required to be submitted where copies of the documents outlined above are 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, or where the most recent available Audited Accounts of the applicant closed more than 18 months prior to the submission of the Application, the Management Accounts (Profit & Loss Statements/Income Statement and Balance Sheet/Statement of Assets and Liabilities) certified by a Certified Public Accountant (CPA) are to be provided.
  - In the case of a Sole Trader/self-employed, a copy of the Income Tax Return for both two financial years prior to the year of submission of the application together with a Profit & Loss Statement, both of which are to be certified by a CPA. For the applicant only, a declaration by a CPA identifying their Current and Fixed Assets as well as their Short-Term and Long-Term Liabilities is to be provided. The most recent financial 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, the Management Accounts (Profit & Loss Statements/Income Statement and Balance Sheet/Statement of Assets and Liabilities) plus Cash Flow Projections (*for a minimum of two years*) are to be provided, all of which are to be certified by a CPA.
5. Evidence of **Private Match Financing** for the project.
6. **Supporting Documentation including** NACE code confirmation<sup>14</sup> and any other supporting documentation that the Applicant deems that would add value to the application.

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<sup>14</sup> The NACE confirmation shall be in the form of VAT Information Sheet or else communication with the NSO Business Registers including the four-digit code in the form of 11.11.

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 Acknowledgement**

Once an application is submitted and confirmed, the online 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.

Applications will be assessed and selected as outlined in [Section 5](#) 'Assessment and Selection'. The issuance of the acknowledgement 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 *Internationalisation Strategy for SMEs* 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 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 in line with Article 8 of Commission Regulation (EU) No 651/2014 of 17 June 2014, as amended.

It is the responsibility of the Applicant Undertaking 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.

## 5. Assessment and Selection

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

Applications will only be assessed against the Gateway Criteria.

### 5.1 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.

Applications for an *Internationalisation Strategy – Part 2 (strategy for selected country/countries)* must also fulfil the following requirements:

5. **Trading History:** The undertaking must have been actively trading for at least one year as of the application date.
6. **Financial Statements:** The undertaking must have completed its initial Audited Financial Statements and submitted them to the Malta Business Registry (MBR).

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 Unsuccessful Applications

Unsuccessful applicants will be informed in writing by the IB.

### 5.3 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 Measures and Support Division.

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.

#### **5.4 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.

#### **5.5 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 operation 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 following the final payment to the beneficiary of the assisted operation. The sample proposed filing system folder can be downloaded from [here](#).

#### 6.1.2 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 beneficiary<sup>15</sup> and to the identified bank account of the Service Provider/Supplier as outlined in the respective invoice or in the Supplier Financial Identification Form.

#### 6.1.3 Project Manager

The Project Manager is identified in the application form 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 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](mailto:msd.eufunds@gov.mt).

#### 6.1.4 Changes and amendments to the investment project

Issues may arise during the implementation of an investment 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. 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 6 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.

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<sup>15</sup> 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 Documents**

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**

Beneficiaries shall procure the Internationalisation strategy from an external and unrelated Service Provider, registered with the IB, as per the quotation submitted with the application.

#### **6.3 Monitoring**

The beneficiary has the responsibility of ensuring effective monitoring of the implementation of the operation.

The IB shall retain the right to carry out any necessary verifications during and after the project timeframe.

#### **6.4 Reimbursement**

Beneficiaries may present a claim for reimbursement upon completion of the project and as accepted in the Grant Agreement. The claim for reimbursement shall follow the sample folder structure downloaded [here](#) and be submitted as soft copy in .Zip format to [msd.eufunds@gov.mt](mailto: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).

##### **6.4.1 Internationalisation Strategy – Part 1 – 1<sup>st</sup> Claim**

The 1<sup>st</sup> claim for reimbursement will include 80% of the eligible expenditure, outlined in the Grant Agreement.

Milestone and amount – implementation of the operation in line with the Grant Agreement. Internationalisation Strategy – Part 1 (studying opportunities abroad) is sent to the IB for 80% the amount as specified in the Grant Agreement.

Payment trigger – Receipt of claim for reimbursement accompanied by a signed scanned copy (.pdf) of the Internationalisation Strategy – Part 1 (studying opportunities abroad). Verification by the IB that the report is in line with [Section 2.2](#) of these Guidance Notes.

#### 6.4.2 Internationalisation Strategy – Part 1 – 2<sup>nd</sup> Claim

The 2<sup>nd</sup> claim for reimbursement will include 20% of the eligible expenditure, outlined in the Grant Agreement.

Milestone and amount – Signing of the Grant Agreement for an Internationalisation Strategy – Part 2 (strategy for selected country/countries) has been submitted for 20% of the amount as specified in the Grant Agreement.

Payment trigger – Receipt of claim for reimbursement accompanied by evidence that the Grant Agreement for an Internationalisation Strategy – Part 2 (strategy for selected country/countries) has been signed.

#### 6.4.3 Internationalisation Strategy – Part 2 – 1<sup>st</sup> Claim

The 1<sup>st</sup> claim for reimbursement will include 80% of the eligible expenditure, outlined in the Grant Agreement.

Milestone and amount – implementation of the operation in line with the Grant Agreement. Internationalisation Strategy – Part 2 (strategy for selected country/countries) is sent to the IB for 80% the amount as specified in the Grant Agreement.

Payment trigger – Receipt of claim for reimbursement accompanied by a signed scanned copy (.pdf) of the Internationalisation Strategy – Part 2 (strategy for selected country/countries). Verification by the IB that the report is in line with [Section 2.2](#) of these Guidance Notes.

#### 6.4.4 Internationalisation Strategy – Part 2 – 2<sup>nd</sup> Claim

The 2<sup>nd</sup> claim for reimbursement will include 20% of the eligible expenditure, outlined in the Grant Agreement.

Milestone and amount – The *Action Plan for the Upcoming Year* as identified in the Internationalisation Strategy – Part 2 (strategy for selected country/countries) has been affected for 20% of the amount as specified in the Grant Agreement.

Payment trigger – Receipt of claim for reimbursement accompanied by evidence that the *Action Plan for the Upcoming Year* of the Internationalisation Strategy – Part 2 (strategy for selected country/countries) has been implemented.

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.**

## 6.5 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.

## 6.6 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 Standards<sup>16</sup>; 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.<sup>17</sup>

### 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.

### 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 cooperate 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 Corrections

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 to 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

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<sup>16</sup> Particularly the International Accounting Standard (IAS) 20: Accounting for Government Grants and Disclosure of Government Assistance.

<sup>17</sup> For financial reporting periods commencing on or after 1st January 2016 SL 281.05 (General Accounting Principles for Small and Medium-Sized Entities) Regulations.

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. 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 *Internationalisation strategy for SMEs* scheme 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](http://www.fondi.eu).

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

## 9. Data Protection

Data and information collected and held by the IB in relation to the financed action will be transferred to the MA and may also be transferred to official third parties in order to fulfil the IB's 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 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, the applicant will be giving authorisation to the IB to make enquires 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 *Internationalisation strategy 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](mailto: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 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



## 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
- A scanned Signed copy (.pdf) of *Internationalisation Strategy – Part 1* or *Internationalisation Strategy – Part 2* (as specified in the Grant Agreement) including the signed and dated [Declaration of Unrelation Form by Service Provider](#) (This Declaration shall be an integral part of the deliverable by being included as the cover page of document)
- 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 that:
  - (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 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 – Beneficiary Financial Identification Form



**Financial Identification Form – EU Funds**  
**Formola ta' Identifikazzjoni – Fondi tal-UE**  
 EU Payments Unit



<b>Part I</b>	Name and Surname or Enterprise/Entity Name / Isem u Kunjom jew Isem I-Intrapriża/Entita'	
	Company Registration Number and Name <i>[if applicable]</i> / Numru ta' Registrazzjoni Tal-Kumpanija u Isem <i>[jekk applikabbli]</i>	
	Identification Number (ID or Passport) / Numru ta' Identifikazzjoni (ID jew Passaport)	
	Address / Indirizz	
	Town or City / Raħal jew Belt	Post Code / Kodici Postali
	Country / Pajż	Telephone Number or Mobile Number Numru tat-Telefown jew Numru tal-Mowbajl
	VAT Reg. Number / Numru tar-Registrazzjoni tal-VAT	Tax Identification Number <i>[if applicable]</i> / Numru ta' Identifikazzjoni Fiskali <i>[jekk applikabbli]</i>
	Contact Person / Isem tal-Persuna li magħha għandu jsir kuntatt	
	e-mail Address <i>[generic]</i> / Indirizz Elettroniku <i>[generiku]</i>	
	<b>Part II</b>	Bank Account Holder / Isem tad-Detentur tal-Kont tal-Bank
Bank Name / Isem tal-Bank Kummercjali		
Branch Address / Indirizz tal-Ferġha tal-Bank Kummercjali		
Town/City and Post Code / Raħal /Belt u Kodici Postali		
Country / Pajż		
International Bank Account Number (IBAN) <i>[compulsory]</i> / Numru Internazzjonali tal-Kont Bankarju (IBAN) <i>[obbligatoriju]</i>		
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 tippenkola l-validità ta' pagamenti mahruġa fuq din l-informazzjoni. Niddikjara wkoll illi jiena qrajt 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' tintuza għal pagamenti futuri relatati mal-Fondi tal-UE.

Signature of Account Holder / Firma tad-Detentur tal-Kont ..... Date / Data .....  
*[compulsory / obbligatoriju]*



## Annex V – Service Provider Declaration of Unrelation



### Marketing Strategy for Micro & Small Enterprises – Declaration of Unrelation

I hereby declare that (insert name of Service Provider) is external to the beneficiary Undertaking, and the parties are autonomous and unrelated to each other. The internationalisation Strategy provided is not of a continuous or periodical nature or related to the usual operating costs of the beneficiary or related to legal or regulatory obligations arising from the nature of the beneficiary's operations and economic activity.

Details of Beneficiary	
Project Code	
Beneficiary Name (Registered Name)	(BLOCK LETTERS)
Beneficiary Registration No	
VAT No.	
Official Address	
e-mail	
Telephone No.	

  

(BLOCK LETTERS)	(BLOCK LETTERS)
Name & Surname Service Provider Authorised representative	Name & Surname Consultant
Signature	Signature
Date	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.*



