



**GOVERNMENT  
OF MALTA**

MINISTRY FOR THE ECONOMY,  
EUROPEAN FUNDS AND LANDS

PARLIAMENTARY SECRETARIAT  
FOR EUROPEAN FUNDS



# SME Consultancy Services Grant Scheme

## Guidance Notes

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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 to the beneficiary, being the date of the signing of the Grant Agreement.

**Start of works** means the earlier of either the start of construction works in relation 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.

**Operation** means an initial investment project being proposed for part-financing through Call/s under this State aid scheme.

**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 there from 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 consultancy Service Provider autonomous and unrelated to the Beneficiary Undertaking, and is registered with the Intermediate Body to provide consultancy 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 criteria. 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 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.

<http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1404295693570&uri=CELEX:32014R0651>

The main factors determining whether an enterprise is an SME 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)

**Single Undertaking** includes, all enterprises having at least one of the following relationships with each other:

- (a) one enterprise has a majority of the shareholders' or members' voting rights in another enterprise;
- (b) one enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;
- (c) one 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) one enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders' or members' voting rights in that enterprise.

Enterprises having any of the relationships referred to in points (a) to (d) through one or more other enterprises shall also be considered to be a single Undertaking.

**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.

**Organisational innovation** means the implementation of a new organisational method in an Undertaking's business practices, workplace organisation or external relations, excluding changes that are based on organisational methods already in use in the Undertaking, changes in management strategy, mergers and acquisitions, ceasing to use a process, simple capital replacement or extension, changes resulting purely from changes in factor prices, customisation, localisation, regular, seasonal and other cyclical changes and trading of new or significantly improved products.

**Process innovation** means the implementation of a new or significantly improved production or delivery method (including significant changes in techniques, equipment or software),

excluding minor changes or improvements, increases in production or service capabilities through the addition of manufacturing or logistical systems which are very similar to those already in use, ceasing to use a process, simple capital replacement or extension, changes resulting purely from change in factor prices, customisation, localisation, regular, seasonal and other cyclical changes and trading of new or significantly improved products.

**Investment** means an investment in tangible and intangible assets related to the setting-up of a new establishment, extension of the capacity of an existing establishment, diversification of the output of an establishment into products not previously produced in the establishment or a fundamental change in the overall production process of an existing establishment.

**Diversification of the output of an establishment into products not previously produced in the establishment** means that the products were not produced in that establishment before the project. However, the "product" is not defined by reference to NACE codes. If the activity resulting into the new product falls under a different four digit numerical NACE code, it can also be considered as diversification into a new product. However, not in all cases would the activities resulting into new products have to fall under different four digit numerical NACE codes.

**Initial investment in favour of new economic activity** means an investment in tangible and intangible assets related to the diversification of the activity of an establishment, under the condition that the new activity is not the same or a similar activity to the activity previously performed in the establishment.

**The same or a similar activity** means an activity falling under 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 well as certain EC Regulations on specific statistical domains<sup>2</sup>.

**Fundamental change in the overall production process** means the implementation of a fundamental (as opposed to routine) process innovation. The simple replacement of individual assets without fundamentally changing the overall production process constitutes a replacement investment and does not qualify as a fundamental change of an overall production process, and thus is not considered to constitute an initial investment. Where the eligible costs must exceed the depreciation of the assets linked to the activity to be modernised in the course of the preceding three fiscal years.

**Steel sector** means all activities related to the production of one or more of the following products:

- (a) pig iron and ferro-alloys: pig iron for steelmaking, foundry and other pig iron, spiegeleisen and high-carbon ferro-manganese, not including other ferro-alloys;
- (b) crude and semi-finished products of iron, ordinary steel or special steel: liquid steel whether or not cast into ingots, including ingots for forging

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<sup>2</sup> OJ L 393, 30.12.2006, p. 1

semi- finished products: blooms, billets and slabs; sheet bars and tinplate bars; hot-rolled wide coils, with the exception of production of liquid steel for castings from micro, small and medium-sized foundries;

- (c) hot finished products of iron, ordinary steel or special steel: rails, sleepers, fishplates, soleplates, joists, heavy sections of 80 mm and over, sheet piling, bars and sections of less than 80 mm and flats of less than 150 mm, wire rod, tube rounds and squares, hot-rolled hoop and strip (including tube strip), hot-rolled sheet (coated or uncoated), plates and sheets of 3 mm thickness and over, universal plates of 150 mm and over, with the exception of wire and wire products, bright bars and iron castings;
- (d) cold finished products: tinplate, terneplate, blackplate, galvanised sheets, other coated sheets, cold-rolled sheets, electrical sheets and strip for tinplate, cold-rolled plate, in coil and in strip;
- (e) tubes: all seamless steel tubes, welded steel tubes with a diameter of over 406.4 mm.

**Synthetic fibres sector** means:

- (a) extrusion/texturisation of all generic types of fibre and yarn based on polyester, polyamide, acrylic or polypropylene, irrespective of their end-uses; or
- (b) polymerisation (including polycondensation) where it is integrated with extrusion in terms of the machinery used; or
- (c) any ancillary process linked to the contemporaneous installation of extrusion/texturisation capacity by the prospective Beneficiary or by another company in the group to which it belongs and which, in the specific business activity concerned, is normally integrated with such capacity in terms of the machinery used.

**Transport sector** means the transport of passengers by aircraft, maritime transport, road, rail, or by inland waterway or freight transport services for hire or reward; more specifically, the 'transport sector' means the following activities in terms of NACE Rev. 2:

- (a) NACE 49: Land transport and transport via pipelines, excluding NACE 49.32 Taxi operation, 49.42 Removal services, 49.5 Transport via pipeline;
- (b) NACE 50: Water transport;
- (c) NACE 51: Air transport, excluding NACE 51.22 Space transport.

**Coal** means high-grade, medium-grade and low-grade category A and B coal within the meaning of the international codification system for coal established by the United Nations Economic Commission for Europe and clarified in the Council decision of 10 December 2010 on State aid to facilitate the closure of uncompetitive coal mines.

**Shipbuilding** means the building in the Union, of 'self-propelled commercial vessel'.

**Self-propelled commercial vessel** means a vessel that, by means of its permanent propulsion and steering, has all the characteristics of self-navigability on the high seas or on inland waterways and belong to one of the following categories:

- (i) seagoing vessels of not less than 100 gt and inland waterway vessels of equivalent size used for the transportation of passengers and/or goods;
- (ii) seagoing vessels of not less than 100 gt and inland waterway vessels of equivalent size used for the performance of a specialised service (for example, dredgers and ice breakers);
- (iii) tugs of not less than 365 kW;
- (iv) unfinished shells of the vessels referred to in points (i), (ii) and (iii) that are afloat and mobile.

**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 of 11 December 2013.

**Fishery and Aquaculture sector**, are defined as per provisions of Regulation (EU) No 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products, amending Council Regulations (EC) No 1184/2006 and (EC) No 1224/2009 and repealing Council Regulation (EC) No 104/2000.

## 1. Introduction

This document provides information on the SME Consultancy Services Grant Scheme and should be read in conjunction with the following documents:

- Notes to Applicants
- Guidelines for Implementation

These Guidance Notes together with the Guidelines for Implementation are binding. 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 Intermediate Body throughout the lifetime of the Scheme.

### 1.1 Delegation of Authority

The Measures and Support Division 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 2014 – 2020 programming period.

### 1.2 Scope

SMEs generally have limited in-house resources and competences required to conduct studies to assist them in their decision-making processes to embark on investment initiatives. This limitation presents a dependency on outsourcing consultancy services.

This Measure supports SMEs through the provision of assistance in the form of a non-repayable Grant to cover part of the costs incurred for external consultancy services contracted to assess and evaluate the potential of re-engineering the organisation and its operations, or processes and systems aimed at rendering it more efficient; or the potential of the Undertaking to take on proposed investment initiatives aimed at the potential future business growth of the Undertaking, and at rendering it more competitive.

### 1.3 Investment Priorities and Specific Objectives

This Measure falls under Priority Axis 3 'Enhancing Malta's competitiveness through investment in SMEs' of Operational Programme 1 2014 – 2020 'Fostering a competitive and sustainable economy to meet our challenges', and addresses the following Investment Priority and Specific Objective:

3a: Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators.

SO1: Creation of employment opportunities through the provision of infrastructure, financial incentives as well as support services.

### 1.4 Duration

The SME Consultancy Services Grant Scheme will remain operational until 31<sup>st</sup> December 2023, subject to availability of funds.

### 1.5 Budget

The allocated budget for this Measure is set at €1,300,000 with indicative annual thresholds of €162,500.

### 1.6 Open rolling call

The scheme shall be managed on a demand driven bases. 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 Grant Value - Lump Sum<sup>3</sup>

The Grant value under this scheme is set at a lump sum of €4,000 representing an aid intensity of 80% of the eligible costs. The Grant amount that a single Undertaking may receive shall depend on the receipt of *de minimis* state aid by the Undertaking over any period of three fiscal years. In line with Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid (the *de minimis* Regulation), as amended, a single Undertaking may not receive more than €200,000 (or €100,000 in the case of single undertakings performing road freight transport for hire or reward) in *de minimis* aid from any public funding (EU Funds and/or any national funds) over a rolling period of three fiscal years.

### 1.8 Implementation

Actions financed under the SME Consultancy Services Grant Scheme are to be implemented within 12 months from the date of the Grant Agreement. Implementation of projects may not extend further than the 30 June 2023.

### 1.9 Regulatory Framework

The Operational Programme I “Fostering a competitive and sustainable economy to meet our challenges” for support from the European Regional Development Fund and the Cohesion Fund under the Investment for growth and jobs goal for Malta approved by Commission Implementing Decision C (2014) 9966 Final dated 15 December 2014.

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

The National ERDF Eligibility Rules and the Partnership Agreement of Malta.

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

Aid will be awarded in accordance with the relevant terms and conditions of the Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and

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<sup>3</sup> Through these Guidance Notes, the Measures and Support Division is introducing a simplified cost option, lump sum, to all the eligible actions under Call 2 SME Consultancy Services Grant Scheme, designed in line with Article 67 5a(ii) of Commission Regulation (EU) 1303/2013 and in accordance with the relevant terms and conditions of the Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid, as amended by Commission Regulation (EU) 2020/972 of 2 July 2020 amending Regulation (EU) No 651/2014 as regards its prolongation and relevant adjustments.



108 of the Treaty on the Functioning of the European Union to *de minimis* aid, as amended by Commission Regulation (EU) 2020/972 of 2 July 2020.

<https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1600255217278&uri=CELEX:02013R1407-20200727>

Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006.

<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R1303>

Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006.

<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R1301>

## 2.0 Description

### 2.1 Eligible Actions

The Measure shall support SMEs through the provision of non-repayable Grants in the form of a lump sum to part-finance consultancy services procured from external consultancy Service Providers which are autonomous and unrelated to the Beneficiary Undertaking, and are registered with the IB under the SME Consultancy Services Grant Scheme.

External consultancy services shall be procured to support the decision-taking process, by assessing and evaluating:

- the potential of re-engineering the organisation and operations, or processes and systems of the Undertaking aimed at rendering it more efficient, resulting in the development of a report in the form of an Organisation and Operations Review, or a Process and Systems Review; or
- the potential of the Undertaking to take on proposed investment initiatives aimed at the potential future business growth of the Undertaking, and at rendering it more competitive through the development of a Business Plan or a Feasibility Study addressing any of the following -
  - the economic exploitation of new ideas,
  - expansion in the capacity of the establishment,
  - diversification of the activity of an establishment,
  - diversification in the output of an establishment,
  - fundamental change in the overall production process of the establishment,
  - development of new or improved products, processes and systems,
  - investment in new or improved products, processes and systems,
  - organisation innovation,
  - process innovation,
  - the internationalisation of products and services,
  - the entry, establishment and expansion into new markets,
  - the introduction, upgrading and integration of e-commerce solutions enabling online selling by the Undertaking.

The reports shall include at least the following:

<b>Business Plan</b>	<b>Feasibility Study</b>	<b>Organisation and Operations/ Process and Systems Reviews</b>
Executive Summary	Executive Summary	Executive Summary
Business History, Background and Objectives	Description of Products/Services	Description and Purpose of the assessment
Business Environment	Technology Considerations	Management and Organisation
Business Products and/or Services	Product/Service Marketplace	Financial Projections (including Financial Benefits)
Present Market	Marketing Strategy	Evaluation
Competition	Organisation and Staffing	Findings and Recommendations
Management and Organization	Schedule	
Business Resources	Financial Projections	
Business Project Proposal	Findings and Recommendations	
Expected Outcome and Impacts		
Financial Plan/Data		
Supporting Information		

The final product shall include the Declaration Form by the consultancy Service Provider and acknowledgement to support from EU funds in line with EU Commission Regulation 821/2014.

On project completion, the beneficiary Undertaking will provide the IB with an authenticated report, issued in a signed scanned copy (.pdf), drawn up by the Consultancy Service Provider, in the form of a Business Plan, Feasibility Study, Organisation and Operations Review or Process and Systems Review, being the output pursuant to the consultancy service in line with these Guidance Notes.

## 2.2 Eligible Expenditure

External Consultancy Services procured from an external Service Provider autonomous and unrelated to the Beneficiary Undertaking, registered with the Intermediate Body under the scheme.

## 3.0 Eligibility

### 3.1 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.

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).

### 3.2 Exclusions

- i. Undertakings subject to collective insolvency proceedings or fulfilling the criteria under their domestic law for being placed in collective insolvency proceedings at the request of their creditors.
- ii. Undertakings that have not honoured their obligations further to a Decision by the competent Court in favour of a recovery order issued by the competent authorities responsible for the administration and management of aid schemes co-funded under the European Regional Development Fund - Cohesion Policy Operational Programme I 2007 – 2013.
- iii. Undertakings that have not honoured their obligations further to a recovery order issued by the competent authorities responsible for the administration of aid schemes co-funded under Cohesion Policy 2014 – 2020.
- iv. Exclusions as per provisions of Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid, as amended.
- v. Undertakings whose principal activities fall under Section A 'Agriculture, Forestry and Fishing' of the NACE Rev. 2.
- vi. 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;
  - where the aid is conditional on being partly or entirely passed on to primary producers.
- vii. Actions addressing the processing and marketing of agricultural products in so far as such actions can be considered eligible for funding under the EAFRD.
- 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 activity in direct competition with third parties and in which Government has a controlling interest.

- x. Energy Generation, distribution and infrastructure.
- xi. The Steel Sector.
- xii. The Coal Sector.
- xiii. The Shipbuilding Sector.
- xiv. The Transport Sector.
- xv. The Synthetic Fibres Sector.
- xvi. Undertakings whose principal activities fall under Section K ‘Financial and insurance activities’ of the NACE Rev. 2.
- xvii. Undertakings whose principal activities fall under Section L ‘Real Estate activities’ of the NACE Rev. 2.
- xviii. Undertakings that perform intra-group activities whose principal activities fall under classes 69 ‘Legal and Accounting Activities’ 70.10 ‘Activities of head offices’ or 70.22 ‘Business and other management consultancy activities’ of NACE Rev. 2.
- xix. Undertakings that have the internal capability<sup>4</sup> to perform consultancy services.
- xx. Gambling and Betting Activities.
- xxi. Investment to achieve the reduction of greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC.
- xxii. Actions resulting in training and mentoring activities.
- xxiii. Actions resulting in the design and production of advertising material.
- xxiv. Actions resulting in the decommissioning or the construction of nuclear power stations.
- xxv. 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.
- xxvi. Undertakings engaged in an illegal economic activity.

### 3.3 Additional Provisions

- i. The aid granted under this scheme shall depend on the application for and the receipt of *de minimis* aid by the single undertaking over any period of three fiscal years. In line with Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid, a single Undertaking may not receive more than €200,000 (or €100,000 in the case of single undertakings performing road freight transport for hire or reward) in *de minimis* aid from any public funding (EU Funds and/or any other national funds) over a rolling period of three fiscal years.
- ii. Undertakings are to submit an updated *de minimis* declaration on *de minimis* aid, in line with Commission Regulation (EU) No. 1407/2013, as amended.
- iii. Undertakings that have not honoured their obligations, further to a recovery order issued by the competent authorities responsible for the administration and

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<sup>4</sup> Internal capability shall be determined according to the NACE code and/or M&A of related enterprises.

management of aid schemes co-funded under the European Regional Development Fund – Cohesion Policy Operational Programme I 2007 -2013 and in respect of which legal action has been instituted and proceedings are pending or underway before the competent Court, are eligible to apply without prejudice to the assessment and evaluation of their application. However in the event that the proposed project is selected, the Grant Agreement will only be entered into if, within 6 months from the date of the notification by the Intermediate Body to the Undertaking that the Project has been selected, such obligations are no longer due either pursuant to a Court Decision or the effective payment of dues.

- iv. The Undertaking is in compliance with applicable EU and national legislation and administrative requirements, including fulfilment of fiscal obligations and social security contributions.
- v. Start of works on the action in relation to which assistance is being requested, may only be initiated after the date of the granting of the aid.
- 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 consultancy service is to be contracted from external sources which are autonomous and unrelated to the Beneficiary Undertaking, and registered to provide consultancy services under the SME Consultancy Services Grant Scheme as on the date or further to the date of the Grant Agreement as outlined in this document.
- viii. All funding is based on reimbursement basis through a lump sum.
- ix. Approved projects shall be based and operational in Malta.
- 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 incentive. This includes schemes under Cohesion Policy and any other European Union instruments or through any other form of Public Funding including schemes administered through National Funds.

## 4.0 Applications

### 4.1 Application Process

The IB shall publicise the calls through various media 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.

### 4.2 Submission of Applications

Undertakings must submit an online 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 Notes to Applicants and the Guidelines for Implementation.

### 4.3 Documents to be submitted with the Application

The following documents need to be submitted as part of the application.

1. **Declaration** – a scanned copy of the signed Declaration Form.
2. **De Minimis Declaration Form** – a declaration by the Undertaking outlining a breakdown of the *de minimis* aid applied for and granted to the single Undertaking over a period of the three fiscal years from the year of application.
3. **VAT Compliance Certificate** – a certificate issued not earlier than three months from the date of the application, by the Office of the Commissioner for Revenue (CFR).
4. **Income Tax Compliance Certificate** – a certificate issued not earlier than three months from the date of the application, by the CFR confirming that the Applicant has no liabilities in respect of Income Tax or is otherwise honouring an agreement for settling any outstanding amounts.
5. **Final Settlement and of Social Security Contributions Compliance Certificate** – a certificate issued by the CFR confirming that the Applicant has no liabilities in respect of the Final Settlement System (FSS) and of Social Security Contributions (SSC) or is honouring an agreement for settling any outstanding amounts. The compliance certificate should not be dated earlier than three months from the date of the application.
6. **Audited Financial Statements and/or the Management Accounts** dated within the two financial years prior to the year of submission of the application in relation to the applicant and the linked and partner enterprises. 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).

In the case of 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 last two years together with a Profit & Loss Statement certified by a Certified Public Accountant (CPA) is to be provided.

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 and a Balance Sheet/Statement of Assets and Liabilities certified by a CPA is to be provided.

#### 7. NACE Code Confirmation<sup>5</sup>

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 and application will be considered for evaluation and selection with the next cut-off date<sup>6</sup> following complete submission of the application. 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.

#### 4.4 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 6 '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.

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<sup>5</sup> 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

<sup>6</sup> For the last cut-off date, applicants should submit the required documentation by the deadline identified in the rectifications letter

## 5. Compliance with Community Policy

### 5.1 State Aid requirements

The terms and conditions of this Grant Scheme are set out in line with Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ L 352/1 of 24 December 2013), as amended 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, OJ L 215/3 of 7 July 2020.

**The Undertaking shall ensure compliance with the rules on cumulation of aid in line with Article 5 of the de minimis Regulation.**

**Applicants must submit with their application a duly filled in de minimis declaration form regarding any other de minimis aid received and applied for during the current fiscal year and the previous two fiscal years. The Measures and Support Division will ensure that the total amount of de minimis aid granted to the single Undertaking shall not exceed EUR 200,000 (or EUR 100,000 in the case of single undertakings performing road freight transport for hire or reward) over any period of three fiscal years.**

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

### 5.2 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.

### 5.3 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.

## 6. Assessment and Selection

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

Applications will be assessed against the Gateway Criteria. Applications meeting all the Gateway Criteria will be granted funding on a first-come-first served basis subject to availability of funds.

### 6.1 Gateway Criteria

The Gateway Criteria are the minimum requirements which must be met for an application to be approved for funding. This stage will involve a Due Diligence process to establish that these minimum requirements are met and shall address the following:

1. **Complete application form:** an Undertaking must present a fully compiled application form 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.

### 6.2 Unsuccessful Applications

Unsuccessful applicants will be informed in writing by the IB.

### 6.3 Appeals

An independent Appeals Board shall be appointed to assess representations submitted by unselected applicants that failed to meet the Gateway Criteria. 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 review and re-assess the application against the Gateway Criteria and shall notify the Applicant of its decision. The decision of the Appeals Board shall be final.

### 6.4 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.

### 6.5 Grant Agreement

The IB shall appoint a contact person from within it, to liaise with the Applicant with a view to concluding the Grant Agreement. 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 unsigned copies to the Applicant who will sign both copies with the IB keeping one copy and the other kept by the Beneficiary.

## 7. Monitoring and Reporting

This section outlines in brief the reporting requirements and the reimbursement process, and should be read in conjunction with the Implementation Guidelines issued by the IB together with this document.

### 7.1 Reporting

A final implementation report together with the claim for reimbursement is to be submitted following the completion of the assisted action.

The IB shall retain the right to carry out on-the-spot checks during and after the project timeframe.

Further information regarding the implementation of the project is available in the Guidelines for Implementation.

### 7.2 Reimbursement

The Beneficiary Undertaking must submit a claim for reimbursement together with a Final Implementation Report, a signed scanned copy (*.pdf*) of the output resulting from the consultancy service as outlined in Section 2.1, an updated Compliance Certificate/s issued by the Commissioner for Revenue (CfR) covering Income Tax, VAT and Final Settlement of Social Security Contributions compliance issued not earlier than the date of completion of the supported action. A Financial Identification Form<sup>7</sup> is to be submitted with the claim.

The reimbursement request will only be processed when the IB is satisfied that the action has been implemented in line with the GA.

The claim for reimbursement will be supported by a statement which must be signed and certified by a **Certified Auditor**, 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 project period being the timelines outlined in the grant agreement;
- iv. The Beneficiary has ensured that any rules governing accumulation of aid have been respected.

Beneficiaries are to consult the Guidelines for Implementation which provides further detailed information in this regard.

**It is the beneficiary's responsibility to ensure that reimbursement requests duly supported by all the required supporting documentation are submitted to the Intermediate Body by not later than 30 September 2023, or on a later date as confirmed by the IB.**

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<sup>7</sup> For more details refer to the Guidelines for Implementation issued by the IB

## 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 under Operational Programme I 2014 – 2020.

All communication and publicity measures must acknowledge support from the European Union and the respective Fund in line with Article 2.2 of Annex XII of Regulation (EU) No. 1303/2013, and Articles 3-5 of Commission Implementing Regulation (EU) No. 821/2014.

Visibility measures should be proportionate and reflect the scale of assistance and the nature of the project.

Beneficiaries are to seek the guidance of the IB prior to embarking on publicity and visibility actions. Failure to fully comply with the visibility and publicity requirements will result in financial corrections and loss of funds. The beneficiary is responsible to keep evidence of compliance such as copies of printed documentation, photographic evidence of participation at fairs, and of commemorative plaques and posters affixed throughout the implementation of the project.

Further information related to publicity is available in the Guidelines for Implementation.

## 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 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) 1303/2013. 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 Enhance ERDF Grant Schemes, kindly contact the Measures and Support Division.

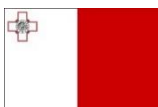
Address: Measures and Support Division  
The Oaks Business Centre, Block B  
Farsons Street  
Hamrun HMR1325

Telephone Number: 25552635

Email: [msd.eufunds@gov.mt](mailto:msd.eufunds@gov.mt)

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

# BUSINESS ENHANCE



Operational Programme I - European Structural and Investment Funds 2014-2020

