



**GOVERNMENT
OF MALTA**

MINISTRY FOR THE ECONOMY,
EUROPEAN FUNDS AND LANDS

PARLIAMENTARY SECRETARIAT
FOR EUROPEAN FUNDS



e-Commerce 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 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 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

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 or associations regularly engaged in an economic activity.

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 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 or rail and 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 belongs 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 e-Commerce 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 Measure.

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

e-Commerce represents an opportunity for businesses to exploit their potential to increase their market share and reach new markets. Notwithstanding the island's strong IT Infrastructure, enterprises in Malta have not as yet taken advantage of this reality that offers SMEs extensive possibilities, particularly in reaching new clients and markets through online selling.

This Measure assists Undertakings through a non-repayable Grant to part-finance investment to develop an e-commerce website and/or mobile application, that enables online payments or booking systems through the integration of an online payment gateway; or to upgrade an existing website and/or mobile application to enable online payments or booking systems through the integration of an online payment gateway.

1.3 Investment Priorities and Specific Objectives

This Measure falls under Priority Axis 2 'Consolidating investment within the ICT Sector' 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:

2b: Developing ICT products and services, e-commerce and enhancing demand for ICT.

SO1: Strengthening the Digital Economy by increasing the use of e-commerce supported by e-services.

1.4 Duration of the measure

e-Commerce Grant Scheme will remain operational until 31st December 2023, subject to availability of funds.

1.5 Budget

The allocated budget for this Measure is set at €5,000,000 with indicative annual thresholds of €625,000.

1.6 Open (rolling) Call

The scheme shall be managed on a demand driven bases. The IB shall issue a public open call/s (rolling-call) for interested eligible Undertakings to submit their applications. Applications will be assessed and evaluated and eligible applications scoring 50% of the selection 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 Sum²

The Grant value under this scheme is set at a lump sum of €4,800 representing an aid intensity of 50% of the eligible expenditure. 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 e-Commerce Grant Scheme are to be implemented within 12 months from the date of the Grant Agreement. Operations should be concluded by 30 June 2023. The IB may consider extensions up to the closing date of the Scheme, upon the express request of the Beneficiary, when justified.

1.9 Legal Basis

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://eufunds.gov.mt/en/Operational%20Programmes/Programming%20Period%202014%20-%202020/Operational%20Programme%201/Documents/Adopted%20OPI\(ff\).pdf](https://eufunds.gov.mt/en/Operational%20Programmes/Programming%20Period%202014%20-%202020/Operational%20Programme%201/Documents/Adopted%20OPI(ff).pdf)

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

<https://eufunds.gov.mt/en/Information/Pages/Partnership-Agreement.aspx>

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 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.

² 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 e-Commerce 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 1407/2013 as regards its prolongation and amending Regulation (EU) No 651/2014 as regards its prolongation and relevant adjustments.

<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. Description

2.1 Eligible Actions

The Measure shall support investment towards the design, development, implementation and delivery of an e-commerce website and/or a mobile application, or an upgrade of an existing website or mobile application to enable online sales/bookings. The end product shall result in an e-commerce website/mobile application having a content management system and must comply with current industry standard e-commerce security practices. The e-Commerce website/mobile application will incorporate an online payment gateway and support at least basic analytics as follows:

- a. Design, development, implementation and delivery of an e-commerce website and/or mobile application to meet the needs of the beneficiary SME.
- b. Development, implementation and delivery of all technical elements to enable the function of the website and/or mobile application including a CMS for use to upload content, secure online payment integration, including an online graphical product or service catalogue.
- c. Development, implementation and delivery of all technical elements to allow the successful integration of a payment system including appropriate electronic communication channels.
- d. Integration of appropriate web analytics software to allow SMEs to generate data reports on web traffic to and from the website and/or mobile application.
- e. Creation of a design for the website and/or mobile application that is in line with the brand identity of the SME.
- f. Registering and hosting of the site on secure servers.
- g. Compliance across all website and/or mobile application design and development with at least W3C Level A accessibility guidelines.

The final e-commerce product shall include acknowledgement to support from EU Funds in line with EU Commission Regulation 821/2014 and in line with the Guidelines for Implementation issued by the Intermediate Body.

On operation completion, the beneficiary will provide the IB with an authenticated report, drawn up by the Service Provider, outlining the level of service provided, from a technical perspective and its resultant output in line with these Guidance Notes and outlining adherence to the following mandatory requirements:

- a) Open Web Application Security Project (OWASP) (https://www.owasp.org/index.php/Main_Page)
- b) PCI (Payment Card Industry) Security Standards (www.pcisecuritystandards.org) for online card payment processing.
- c) Data Protection Legislation

- d) An application security audit should be submitted once the site is live, which may be conducted using automated test applications, which would at least include the following requirements:
- i. Cross Site Scripting Prevention
 - ii. Injection Flaws
 - iii. Malicious File Execution Attacks
 - iv. Insecure Direct Object Reference
 - v. Cross Site Request Forgery
 - vi. Information Leakage and Improper Error Handling
 - vii. Broken Authentication and Session Management
 - viii. Insecure Cryptographic Storage
 - ix. Failure to restrict URL access

2.2 Eligible Expenditure

Expenditure for services for the design, development, implementation and delivery of a new e-commerce website and/or mobile application or the upgrading of an existing website and/or mobile application into an e-commerce environment. To be eligible, the end product shall be an e-commerce website/mobile application that will include a Content Management System that must comply with current industry standard e-commerce security practices, will incorporate an online product/service catalogue, a shopping cart, a payment or booking system and an integrated e-commerce payment gateway enabling online payments and support at least basic analytics.

Services are to be procured from an external Service Provider, autonomous and unrelated to the Beneficiary Undertaking, registered with the Intermediate Body under the scheme. The e-commerce website and/or mobile application must remain operational and maintained by the Undertaking for at least 3 years following the date of completion of the operation. The IB shall be monitoring compliance and may request the submission of annual website/application visitor requests for up to 3 years following the completion of the operation. The e-commerce website and/or mobile application may be made available to all or any of the enterprises within the assisted single Undertaking.

Expenditure shall only be considered eligible if it is approved in the Grant Agreement. The IB retains the right to consider motivated requests for amendments.

3. 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 enlisted below.

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

3.2 Exclusions

- i. Undertakings that have an online presence permitting them to conduct online sales through a payment gateway, on their website/mobile application.
- ii. 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.
- iii. 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.
- iv. 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.
- v. 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.
- vi. Undertakings whose principal activities fall under Computer programming, consultancy and related activities, namely class 62.01 ‘Computer programming activities’, 62.02 ‘Computer consultancy activities’, 62.03 ‘Computer facilities management’ and 62.09 ‘Other Information Technology and Computer services activities’.
- vii. Undertakings that have the internal capability³ to develop an e-commerce website/mobile application.
- viii. Undertakings whose principal activities fall under Section A ‘Agriculture, Forestry and Fishing’ of the NACE Rev. 2.
- ix. 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;
 - a. where the aid is conditional on being partly or entirely passed on to primary producers.

³ Internal capability shall be determined according to the NACE code and/or M&A of related enterprises.

- x. Actions addressing the processing and marketing of agricultural products in so far as such actions can be considered eligible for funding under the EAFRD.
- xi. Undertakings whose principal activities include the manufacturing, processing and marketing of tobacco and tobacco products.
- xii. 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.
- xiii. Energy Generation, distribution and infrastructure.
- xiv. The Steel Sector.
- xv. The Coal Sector.
- xvi. The Shipbuilding Sector.
- xvii. The Transport Sector.
- xviii. The Synthetic Fibres Sector.
- xix. Undertakings whose principal activities fall under Section K 'Financial and insurance activities' of the NACE Rev. 2.
- xx. Undertakings whose principal activities fall under Section L 'Real Estate activities' of the NACE Rev. 2.
- xxi. 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.
- xxii. Gambling and Betting Activities.
- xxiii. Investment to achieve the reduction of greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC.
- xxiv. Actions resulting in training and mentoring activities.
- xxv. Standard website development and online optimisation that does not include the integration of an online payment or booking system.
- xxvi. Actions resulting in the development of standard mobile applications do not include the integration of an online payment or booking system.
- xxvii. Actions resulting in Investment in the decommissioning or the construction of nuclear power stations.
- xxviii. 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.
- xxix. Undertakings engaged in an illegal economic activity.

3.3 Additional Provisions

- i. The Grant amount will 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 the *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 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 operation 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 Operation 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 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.
- vi. Applicants must submit evidence as to the capability for private match financing of the operation.
- vii. All funding is based on reimbursement basis through a lump sum further to the completion of the agreed investment.
- viii. All assets including 'Intangible assets' must be included in the Capital Assets Register.
- ix. Approved operations shall be based and operational in Malta.
- x. The Intermediate Body 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.
- xi. 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 Cohesion Policy and any other European Union instruments or through any other form of Public Funding including schemes administered through National Funds.

4. 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 Support Measure to ensure the widest visibility possible.

4.2 Submission of applications

Undertakings 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 operation, including its start and end dates, the location of the operation and a list of operation expenditure and the amount of public funding needed for the operation, 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 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 single 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 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 issued 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 Registry of Companies.

In the case of linked and partner enterprises with an obligation to present Audited Accounts/Annual Accounts at the Registry of Companies in terms of the Companies Act (Chapter 386 of the Laws of Malta) no documentation need to be presented subject to the condition that the last Audited Accounts/Annual Accounts declared are not earlier than for the two financial years prior to the year of submission of the application.

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 Certified Public Accountant.

In the case of a Start-up established not over 2 years from the date of application 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 Certified Public Accountant.

In the case of a Sole Trader/Self-employed a copy of the Income Tax Return for the last two years certified by a Certified Public Accountant.

7. Evidence of **Private Match Financing** for the project (*mandatory*).
8. **Supporting Documentation** including NACE code confirmation⁴. Any other supporting documentation (such as preparatory work and correspondence) that the Applicant deems that would add value to the application.

The IB may request any additional documentation for verification purposes.

In those cases where not all the documentation enlisted under points 2, 3, 4, 5, and 6 is submitted with the application, applicants shall be given the opportunity to rectify the application by submitting the required documentation to be considered for evaluation and selection with the next cut-off date⁵. In the event that applicants fail to rectify an application by the indicated deadline, the application shall be considered as an incomplete application and rejected.

⁴ 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.

⁵ For the last cut-off date, applicants should submit the required documentation by the deadline identified in the rectifications letter

4.4 Acknowledgement

Once an application is submitted and confirmed, the system generates a unique reference number for the operation 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 letter does not confer any obligation on the IB to issue the Grant towards the financing of the operation. Actions may only be initiated further to the signing of the Grant Agreement.

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.

5.4 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.

5.5 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 operations shall be undertaken by a Project Selection Committee.

Applications will be assessed against the Gateway (eligibility) and Selection Criteria by the Project Selection Committee.

Applications will proceed to be assessed against the Selection Criteria only if the application meets all the requirements of the Gateway (eligibility) Criteria.

Applications attaining at least 50% of the total score or higher under the Selection Criteria shall be approved for funding subject to the budget availability under the respective call.

6.1 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. These will be used at the first stage once an application is submitted. This stage will involve an assessment and a Due Diligence process to establish that these minimum requirements are met, namely:

1. **Complete application form:** an Undertaking must present a fully compiled application form together with all the requested supporting documentation.
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 operation through private sources.

6.2 Selection Criteria

Only applications that meet all the requirements of the eligibility criteria shall proceed for assessment under the selection criteria. The Project Selection Committee may at this stage request clarifications from the Applicant. As part of the assessment and appraisal process a score is awarded for each Selection Criteria. Applications scoring at least 50% of the total score under the Selection Criteria shall be approved for funding, on a first-come-first served basis subject to budget availability under the respective call.

The total maximum score under the Selection Criteria is 120. All the eligible applications will be assessed and evaluated against the Selection criteria outlined hereunder.

- Extent of need for support
- Excellence
- Impact and Sustainability
- Quality and efficiency of implementation

Criteria	Definition	Score
Extent of need for support	<p>Size of Undertaking – 5 The need for support will be determined on the size of the Undertaking, and the composition of the enterprise. The smaller the Undertaking the higher the score. Undertakings composed from one single autonomous enterprise will score higher than Undertakings that have a number of linked or partner enterprises.</p> <p>Age of Undertaking – 5 The need for support will be determined on the age of the Undertaking. The younger the Undertaking the higher the score.</p> <p>Undertaking Online Presence – 5 The need for support will be determined on the extent of online presence of the Undertaking. Undertakings that have limited or no online presence (do not have their own website) will score higher.</p>	15
Excellence	<p>Action is Holistic in Nature – 10 Actions need to be holistic in nature through the integration of the different activities to be undertaken through the operation and other complimentary activities.</p> <p>Action seeks to maximise the potential of e-commerce – 10 The evaluation will assess the extent that the action seeks to maximise the potential of e-commerce. The state of preparedness of the Undertaking to integrate e-commerce in its business model will be taken into consideration. Moreover, the action will be assessed to determine the extent of online presence the Applicant is seeking to attain, a strong online presence through both an e-commerce website and a mobile application, and the extent that as a result of the action the different establishments within the Undertaking will be enabled to conduct sales online. Actions targeting also the international market will score higher.</p> <p>Action is ambitious and addressing an identified gap in the specific sector – 10 The evaluation will assess whether the action is addressing an identified gap for the specific sector. Actions addressing sectors with limited e-commerce presence will score higher. Actions that will be placing on the online market novel products or services will score higher. In this regard, the more ambitious the proposed action, the higher the score.</p>	30

<p>Impact and Sustainability</p>	<p>Impact in relation to the Applicant’s future growth and sustainable economic viability leading to market resilience – 10 The application will be evaluated in terms of the operation’s impact vis-à-vis the future potential business growth of the Applicant and the potential to increase turnover of the enterprise and the potential to reach new markets and increase in market share.</p> <p>Impact on employment – 10 The application will be evaluated in relation to the operation’s potential to ensure job retention and potential new employment.</p> <p>Impact on improvements in the Undertaking’s business model - 10 The application will be evaluated in terms of the operation’s impact on the Undertaking leading it to adopt a stronger and more resilient business model.</p> <p>Impact in relation to National Policies and Strategies linked to the Operational Programme – 10 The application will be assessed in relation to potential impact on National Policies and Strategies linked to the operational programme.</p> <p>Effective integration of the Operational Programme’s horizontal priorities: Environmental Sustainability, Equal Opportunities – 10 The application will be assessed in relation to the effective integration of the OP’s horizontal priorities being Environmental Sustainability and Equal Opportunities.</p>	<p>50</p>
<p>Quality and efficiency of implementation</p>	<p>Level of Management and Control Systems in place – 5 The evaluation will be assessing the operation’s quality and efficiency of implementation, the level of Management and Control Systems in place, and the extent of quality standards adopted by the Undertaking.</p> <p>Level of private match financing and additional investment addressing complementary actions – 5 The proposed action will be assessed against the Undertaking’s level of additional match financing and the potential to inject further investment to address complementary actions.</p> <p>Level of capacity and allocation of resources towards the operation – 5 The evaluation will be assessing the allocation of resources towards the operation to ensure its successful implementation and sustainability.</p> <p>Coherence and Clarity of work plan – 10 The evaluation will be assessing the operation’s work plan and strategy. High scores will be given to those actions that show high levels of quality, coherence and clearly identify and address potential risks.</p>	<p>25</p>

6.3 Unsuccessful Applications

Unsuccessful applicants will be informed in writing by the IB.

6.4 Appeals

An independent Appeals Board shall be appointed to assess representations submitted by unselected applicants. 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 and shall notify the Applicant of its decision. The decision of the Appeals Board shall be final.

6.5 Acceptance Letter

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

6.6 Grant Agreement

The Intermediate Body shall appoint a contact person from within it to liaise with the Beneficiary with a view to conclude the Grant Agreement. The Grant Agreement (GA) is the formal agreement between the Intermediate Body 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 into the GA with the Applicant. When the IB is satisfied that any conditions have been discharged, it will issue the GA and it will submit two unsigned copies to the Applicant. The Applicant will, by the indicated timeframe, sign and return both copies for counter-signature by the IB and one copy will be sent back to the Applicant.

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 periodical 'Progress Report' is to be submitted in line with the indicated schedule:

Period Covered	Submission Deadline
1 January – 30 June	31 July
1 July – 31 December	31 January

A 'Final Implementation Report' together with the claim for reimbursement is to be submitted following the completion of the assisted action.

The IB shall carry out on-the-spot checks (online) during and after the operation implementation timeframe.

Further information regarding the implementation of the operation is available in the Guidelines for Implementation issued by the IB.

7.2 Reimbursement

The Beneficiary Undertaking must submit a claim for reimbursement together with a Final Implementation Report, a copy of the report issued by the Service Provider, 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 one month from the date when respective claim for reimbursement is presented to IB.

The reimbursement request will only be processed when the IB is satisfied that the operation has been completed and is operational, it is in line with the GA and pertinent regulations, rules and guidelines, following rigorous monitoring and checks. Where IB deems necessary, the Beneficiary may be requested to present expert reports to substantiate the claim.

Furthermore, the claim will be supported by a statement which must be signed and certified by a Certified Auditor, specifying that:

- i. The expenditure claimed 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 (investment) is in place and set in operation 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.

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

It is the responsibility of the beneficiary to ensure that reimbursement requests, including 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.

7.3 Retention of Documentation

The Beneficiary has the obligation to retain all related documents for control and audit purposes, for 10 years following the completion of the operation. 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 10 years in light of audits and other controls.

Further information related to the retention of documentation is available in the Guidelines for Implementation.

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 operation.

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 operation.

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

Website: www.businessenhance.gov.mt or
www.eufunds.gov.mt

BUSINESS ENHANCE



Operational Programme I - European Structural and Investment Funds 2014-2020
"Fostering a competitive and sustainable economy to meet our challenges"
Aid Scheme part-financed by the European Regional Development Fund
Co-financing rate: 80% European Union; 20% National Funds

