

Cohesion Policy 2014-2020

Operational Programme I (2014-2020)
*Fostering a competitive and sustainable economy to meet our
challenges*

Guidance Notes on Eligibility Call XIV for Project Proposals under European Regional Development Fund

Priority Axis 3

Enhancing Malta's competitiveness through investment in SMEs

Priority Axis 4

Shifting towards a low-carbon economy

Scope of the Eligibility Guidelines

The scope of these Eligibility Guidelines is to provide assistance to prospective Applicants when applying for projects part-financed by the European Regional Development Fund (ERDF) under the 2014-2020 Operational Programme I '*Fostering a competitive and sustainable economy to meet our challenges*'.

In Malta, the ERDF and Cohesion Fund (CF) fall under the responsibility of the Managing Authority (MA), the Planning and Priorities Co-ordination Division (PPCD), within the Ministry for the Economy, European Funds and Lands (MEFL).

Potential Applicants are encouraged to read through these Eligibility Guidelines and the relevant sections of Operational Programme I¹ as will be highlighted in the sections below, in order to avoid submitting ineligible applications.

The Managing Authority also issued an Indicators Guidance Document to assist prospective Applicants on the indicators.

Background information on the ERDF and CF in 2014-2020 programming period

Following consultation among various levels of governance, representatives from interest groups, civil society and local and regional representatives, Malta prepared the "Partnership Agreement" which was later adopted by the European Commission, thus establishing the strategy for the optimal use of European Structural and Investment Funds in the country. This Partnership Agreement provides the overarching strategy which delineates the main areas of intervention envisaged under the European Structural and Investment Funds. The various Operational Programmes, serve as a tool with which Malta can turn the investment priorities and objectives set for each fund, and agreed in the partnership agreement, into concrete actions.

The European Structural and Investment Funds (ESIF) are made up of the below funds:

- The European Regional Structural Fund;
- The European Social Fund;
- The Cohesion Fund;
- The European Maritime and Fishery Fund;
- The European Agricultural Fund for Rural Development;

¹ The document can be downloaded from: <https://fondi.eu/programme/european-regional-development-fund-cohesion-fund/>

The ERDF and CF are subject to the same rules of programming, management and monitoring as the other European Structural and Investment Funds (ESIF) and as from 2014, these operate under a common framework and pursue complementary policy objectives.²

Operational Programme I '*Fostering a competitive and sustainable economy to meet our challenges*' is built on 11 Priority Axes: Axes 1 to 9 funded under the European Regional Development Fund, Axes 10 and 11 are funded under the Cohesion Fund and Axis 13 funded under the REACT-EU.

The ERDF aims to strengthen economic and social cohesion in the European Union by correcting imbalances between its regions and focuses its investments on several key priority areas, which are:

- Innovation and research;
- The digital agenda;
- Support for small and medium-sized enterprises (SMEs);
- The low-carbon economy.

The Cohesion Fund is aimed at Member States whose Gross National Income (GNI) per inhabitant is less than 90% of the EU average with the specific objective to reduce economic and social disparities and to promote sustainable development. The Cohesion Fund supports investments under Trans-European transport networks and Environment.

Context of the Call

Call XIV under Operational Programme I is restricted to the following Priority Axes and Investment Priorities:

- **Priority Axis 3 – *Enhancing Malta's competitiveness through investment in SMEs*** to be undertaken by **Ministries, Government Departments and Public Sector Entities**.

Investment Priority (IP) 3d - *Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes*

- **Priority Axis 4 - *Shifting towards a low-carbon economy*** to be undertaken by **Ministries, Government Departments, Public Sector Entities, NGOs and VOs** registered with the office of the Commissioner for Voluntary Organisations.

Investment Priority (IP) 4c – *Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector*

²During 2014-20 programming period, there is a single set of rules covering the EU's 5 structural and investment funds (ESIF): which are the European Regional Development Fund (ERDF), European Social Fund (ESF), Cohesion Fund (CF), European Agricultural Fund for Rural Development (EAFRD) and the European Maritime & Fisheries Fund (EMFF). These are the main source of investment at EU level to help Member States to restore and increase growth and ensure a job rich recovery while ensuring sustainable development, in line with the Europe 2020 objectives.

Note: Only applications for **investments primarily supporting energy efficiency targeting public infrastructure and public owned buildings open for the general public** will be considered for the purpose of this call.

Only proposals which are able to demonstrate their contribution to the above Investment Priorities are eligible to apply.

Applicants should note that project proposals that involve State Aid will be considered, provided that the Applicant agrees to implement the project in line with the applicable State Aid rules.

Applicants should note that the involvement of State Aid is not necessarily tied to the legal status of the Applicant but to the nature of the activity.

Prospective Applicants should consult with the State Aid Monitoring Board being the competent authority on State Aid and project proposals are subject to clearance from this body. It is advisable to consult the competent authority as early as possible during the project preparation process.

1. The Application Process

The Application Form is available on <https://fondi.eu/what-funding-is-available/>.

Submission is by electronic format only through the online Application Form. The Applications for project proposals will close on **10th July at noon**.

Submitting an Application Form is a formal statement by the applicant organisation that all the details in the application form are factually correct. It is also a confirmation that should the project be approved, the Applicant will carry out the project as described in the application form, including any amendments that may be proposed by the Project Selection Committee in the course of evaluation or by Managing Authority, in line with the conditions stipulated in the Grant Agreement, and the applicable procedures, rules and regulations applicable to the fund concerned.

2. Submission of Eligible Application - General Test of Eligibility

a. Eligible Activities

Eligible activities should fit within the Investment Priority under the selected Priority Axis and must be in line with the scope of the relevant source of funds **open under this call**. Specifically:

- Activities funded by ERDF shall contribute to the financing of support which aims to reinforce economic, social and territorial cohesion by redressing the main regional imbalances in the Union through the sustainable development and structural adjustment

of regional economies, including the conversion of declining industrial regions and regions whose development is lagging behind³, as per article 3 of ERDF Regulation (1301/2013);

- Activities should contribute to the achievements of the objectives and results of the Programme and of the Investment Priority open under this call.

The Applicant must be the owner of the holding (asset) where the activity will be undertaken and/or hold legal title for a period of not less than five years after project completion. Applicants are also reminded of the **durability clause** enshrined in Article 71 Regulation (EU) 1303/2013, *inter alia*, that an operation does not, within five years from the final payment to the beneficiary or within the period of time set out in State Aid rules, where and as applicable, undergo:

- a cessation of relocation of a productive activity outside the programme area;
- a change in ownership of an item of infrastructure which gives a firm or a public body undue advantage;
- a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objective.

3. Project Eligibility and Selection Criteria

Projects submitted will be evaluated by the Project Selection Committee according to the eligibility and selection criteria (refer to table below) which have been approved by the Monitoring Committee in line with Article 110 of the Common Provision Regulation (EU) 1303/2013. These criteria aim at ensuring that the projects being selected fit into the intervention logic outlined under the OPI and can concretely contribute to the achievements of the objectives and results of the Programme. **For a project to be considered for funding or to be placed on the reserve list, a project must pass all the Eligibility Criteria and must also obtain a minimum of 50% of the total marks allocated to the Selection Criteria.**

Table 1 below offers a snapshot of the eligibility and selection criteria approved under OPI.

Eligibility criteria are a form of gateway assessment that all projects must meet in order to have reached a minimum standard and are hence admissible for further qualitative assessment. Projects which do not comply with any one of the gateway eligibility criteria will not proceed to full appraisal and scoring. Once a project has passed the eligibility criteria test, it will proceed to the project scoring system based on a number of selection criteria. Refer to section 6.1 for further information.

Selection criteria are designed to assess the fit and contribution of project proposals with the OP strategy, its target groups and its objectives. These may be further refined in calls for project proposals to include criteria which are specific to one type of activity, area or target group. Refer to section 6.2 for further information.

Eligibility Criteria	Selection Criteria	Marks
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³ Article 2 of EU Regulation N.1301/2013 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

	Assessment		
Complete Application form	Yes/No	Contribution towards indicators beyond minimum required	10
Project remit within mandate of Beneficiary	Yes/No	Readiness	15
Project leader from beneficiary organisation	Yes/No	Project Sustainability	10
Project implemented within the Eligible Territory	Yes/No	Capacity of the organisation	10
Proof of co-financing where applicable	Yes/No	Contribution to the development needs	10
Contribution towards Investment Priorities (IPs)	Yes/No	Potential of the project to contribute to the achievement of the expected results	15
Proposal in line with the relevant Specific Objective and Expected results of the IP	Yes/No	Horizontal priorities Environmental Sustainability and Equal Opportunities	10
Contribution towards one indicator	Yes/No	Other Horizontal Priorities and Climate Change mitigation and adaptation	10
		Quality of application form	10

Table 1: Project eligibility and selection criteria

6.1 Eligibility Criteria

As explained above, a project must fulfill the following criteria to be eligible for further assessment:

- a) **Complete application form:** The Applicant must present a complete Application Form, filled in with all relevant details and documentation using the system made available by the MA unless otherwise agreed to with the MA. No outline applications or incomplete applications shall be considered. In addition, it is important for Applicants to ensure that all sections of the Application Form are completed and all relevant supporting documents are submitted.
- b) **Fits in with the Investment Priority:** The project must fall within the scope of the relevant Investment Priorities that are open for project proposals.
- c) **Contributes towards specific objectives and expected results:** The project must contribute towards the specific objective related to the **Investment Priority** applicable due to the nature of the investment and must show that it is capable of reaching the relevant expected result. In this regard, the Specific Objective and Expected Result applicable depending on the nature of the investment and which are relevant under this call are the following:

PA	Investment Priority (IP)	Specific Objective (SO)	Expected Result (ER)
3	3d	Nurture the growth potential of SMEs at a regional, national and international level through the provision of tangible and intangible support.	Increase in employment in enterprises through tangible and intangible support.
4	4c	The use of RES and EE within public property as well as EE in housing through financial incentives.	Increase the generation of energy from RES and improve EE in public infrastructure. Improve energy efficiency in public property and housing sector.

The Applicant **must** ensure that the proposal will concretely contribute to the relevant SO and ER as highlighted above.

- d) **Contribute towards indicators:** The project must have clearly identifiable and measurable targets that comply with at least one of the indicators set in the relevant Priority Axis and Investment Priority of the Programme (output and result indicator) open under this call. The Applicant **must** ensure that the project will contribute to one of the indicators which are relevant in relation to the **selected Expected Result**.
- e) **Project remit within the mandate of the Beneficiary:** Applicants must be publicly mandated to carry out activities planned under the proposed project.
- f) **Project Leader from Beneficiary Organisation:** The project leader carries the overall financial and legal responsibility for the implementation of the project on behalf of the Beneficiary and hence, his/her direct association with the Beneficiary organization is fundamental, especially to ensure that the grant will exclusively be used for the purpose stipulated in the project proposal.
- g) **Proof of Co-financing (where applicable):** In cases where Government is not co-financing the project from the national budget, Applicants must submit, together with the application form, evidence of co-financing such as:
- A set of audited accounts showing the Applicant's ability to co-finance the project; or
 - A joint declaration stating that the organisation commits to its co-financing obligations and to the financing of any ineligible costs; or

Any other form of evidence/documentation such as future cash flow projections which show that the entity is financially able to implement the project.

It is important to note that co-financing in kind is NOT eligible.

- h) **Project must be implemented within / for the direct benefit of the eligible territory:** The eligible territory for the Operational Programme is the whole territory of the Republic of Malta. In cases of publicity/ training abroad/ marketing, actions may be aired or distributed outside the territory if the benefit clearly targets the eligible territory.

Once the projects have passed the eligibility test, they will proceed with a project scoring system based on a number of selection criteria.

6.2 Selection Criteria

- a) **Contribution to the development needs:** The Applicant should demonstrate that the proposed project is adequately addressing the relevant development needs as identified in the OP, depending on the nature of the investment. The Applicant should provide a clear description of how the intended project will do so by means of an analysis of the current situation, thus outlining why there is a need for such a project to be implemented. In this regard, marks will be assigned on how the project will make a difference vis-a-vis the relevant development need. The relevant development needs under this call are the following:

Investment Priority	Development Need
3d	Lack of adequate tangible and intangible infrastructure for enterprises to consolidate and grow
4c	Involve every sector of the economy to contribute towards low carbon.

- b) **Potential of the project to contribute to the achievement of the expected results:** Investments funded through ESI Funds need to be result-oriented to ensure that the Cohesion Policy will significantly contribute to the reduction in economic and social inequalities between Member States and to achieve the strategic Europe 2020 goals (as applicable). Applicants will be assessed in relation to the project context, the coherence with relevant national strategies and plans, ex-ante conditionalities. The potential to include partners, to attract private investment and innovativeness of the project will also be assessed.
- c) **Further contribution towards indicators:** The project should demonstrate a clear contribution to the relevant indicators (output and result) as outlined in the section above. In this regard, the Applicant should ensure that the selected indicators are properly quantified so as to make credible the envisaged target using secondary and primary data and potential comparisons; show that a good method of

verification and audit trail is in place and that the achievements are realistically planned to be achieved by the end of operation.

The Applicant should provide a **clear** explanation of how the targets for 'outputs,' and 'results' have been calculated and the method of measurement that will be used as well as the year of achievements. The Applicant should provide a short action plan so as to corroborate the indicated date for when the achievements will be registered and verified.

- d) **Project Sustainability:** Projects need to demonstrate their sustainability after completion. The project proponent must show how the benefits of the project will continue to be delivered after grant support comes to an end (financial and operational sustainability). The Applicants should thus ensure that the longer-term economic sustainability of the project is taken into account and appropriate measures are put in place (monitoring and evaluation to improve management of asset). Assessment shall also be made in the way the project is presented in terms of taking into account changes in the operational requirements of the infrastructure (future proofing).
- e) **Readiness:** Marks will be awarded for projects that are in an advanced stage of readiness, e.g. where Applicants have already technical studies in hand and/or prepared tender dossiers or launched tenders on the market. The more advanced the project is, e.g. with the existence of an Asset Plan, the more marks will be awarded. In terms of risk, the PSC will here assess evidence whether the Applicant is aware of permitting requirements and procurement compliance. Applicants can show that the project is sufficiently prepared and mature in terms of detailed design, identification of the resources needed for the applicant to deliver the project within budget and time.
- f) **Capacity of the Organisation:** The capacity to implement the project is part of the commitment of the Applicant towards the project. The Legal Act/Statute through which the entity is constituted can be used to demonstrate the organisation's capacity to implement the project. Capacity will be assessed in terms of adequate human resources, including administrative support and technical expertise, as applicable. Organisations can present an organigram of the units that will be involved in the implementation of the project, especially in the day-to-day management, and also state how the project will be operated and maintained. Capacity will also be assessed in terms of previous positive experience in the implementation of EU-funded projects or any other similar intervention, taking into account the relevance, the frequency and the size of such interventions.
- g) **Quality of the Application Form:** Marks will be awarded on the overall coherence between different sections of the proposal; adequate description of the main activities and their added value; whether budget is reflecting activities included and on the general presentation of the proposal including reference to complementarity with other projects and communication/publicity measures.
- h) **Horizontal Priorities - Equality between men and women, non-discrimination and accessibility and Sustainable development:** Marks will be awarded to Applicants who make an effort to integrate effectively the horizontal priorities into the project. Equal Opportunities, Equality between men and women together with Accessibility issues are identified in the Common Provisions Regulation (EU) No 1303/2013 as horizontal themes that should be incorporated into Cohesion Policy Programme. Projects

are to demonstrate the legal obligations and additional measures in these areas and to clearly demonstrate how these will be integrated and monitored throughout the project.

Another horizontal theme incorporated in Cohesion Policy Programme is Sustainable Development. In this section the PSC will assess two of its three dimensions i.e. economic growth (such as the potential contribution towards the local economy/tourism industry) and social cohesion (such as skill development as a result of the project and generation of employment).

- i) **Other Horizontal Priorities and Climate Change mitigation and adaptation:** Assessment based on the extent of which the application incorporates measures aimed towards the protection of the environment, namely, to improve Air Quality, Sustainable Water Management and Climate change mitigation and adaptation.

4. Support

Further information and generic queries on this call and on the European Structural and Investment Funds 2014-2020 may be obtained from <https://fondi.eu/> or from PPCD's email for Calls for Proposals 2014-2020: fondi.eu@gov.mt