



GOVERNMENT
OF MALTA



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GUIDANCE NOTES

Support for Investments in Agricultural Holdings

Measure 4.1

RURAL DEVELOPMENT PROGRAMME
(MALTA) 2014 - 2020

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MANAGING AUTHORITY (EAFRD)

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European Agricultural Fund
for Rural Development:
Europe Investing in Rural Areas

Notices.

Procedure for the submission of applications

- Applications are to be sent by email on rds submissions.mefl@gov.mt
- Applicants are to ensure to submit their application before noon (12pm Central European Time) of the indicated closing date.
- If Application and supporting documentation exceeds 20MB, please split the files in separate zipped folders and send in separate emails (*e.g. Application M4.1 Joe Borg - Part 2 of 3*)
- The MA remains available to confirm with applicants that an application has been received if contacted via email on rds submissions.mefl@gov.mt or via Tel. 2555 2634 during office hours. After a manual check on the submitted applications, the MA will also issue an acknowledgement letter.
- Note that the automated acknowledgement sent from the RDD mailbox does not in any way confirm or otherwise the (a) successful receipt of part or full application, nor, (b) that the application is deemed admissible.
- The applicants will be advised further, during the evaluation process, with regards to the submission of any necessary clarifications/documents required
- The Managing Authority reserves the right, in particular on the basis of approval or direction by the European Commission, to amend from time-to-time certain provisions established by this guidance document. Such amendments may become applicable and enforced retrospectively.
- In case of any conflicts between these guidelines and the text of the Rural Development Programme (RDP) 2014-2020 and other legislative text, the interpretation given by the RDP and relevant legislation will be given priority. The English version will be the legally binding text.
- The Managing Authority reserves the right to request additional information not included in this Guidance Document.

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Definitions

Agriculture and Rural Paying Agency (ARPA): The Agriculture and Rural Payments Agency within the Ministry for the Agriculture, Fisheries and Animal Rights (MAFA)

Checks and controls: Provide a means of verification that the investment operation complies with, and is in conformity to, the relevant rules and regulations.

Cost-effectiveness analysis: Compares the costs and effects of an intervention to assess the extent to which it can be regarded as providing value for money.

EAFRD: European Agricultural Fund for Rural Development.

EAFRD regulation: Regulation (EU) No 1305/2013 of 17 December 2013 on support for rural development by the EAFRD, as amended.

Efficient and economically viable: Efficient and economically viable farms are defined as agricultural holdings with a standard output (SO) which is higher than the established minimum threshold of 15,000 SO/holding.

EURI - European Union Recovery Instrument (Council Regulation (EU) 2020/2094 of 14 December 2020)

Evaluation: A periodic collection and analysis of evidence to form conclusions on the effectiveness and efficiency of interventions.

Grant Agreement (GA): An agreement signed between the MA and the selected applicant (beneficiary) containing provisions and conditions related to the particular support being given.

Grant Award Letter: A letter sent by the MA to selected applicants upon the completion of the selection process as to inform applicants of its outcome.

Land Registration Identification System (LPIS): The system contains all agricultural areas, registered at the Front Office (ARPA) that may be eligible for a land-based measure under the Common Agricultural Policy.

Managing Authority (MA): A national or regional body designated by a Member State to manage a rural development programme.

Measure: An aid scheme for implementing a policy. Each measure sets out specific rules to be complied with by the projects or actions that can be financed. There are two main types of measures: investment measures and area-related aid. Productive investments in agricultural holdings are an investment-type measure.

Monitoring: Regular examination of the resources, outputs and results of interventions.

Project Selection Committee (PSC): An independent Committee that assesses and ranks applications.

Project Selection Appeals Board (PSAB): An independent Committee that assesses any submissions of appeals.

Results: The direct effects or changes that arise due to the intervention.

Rural development programme (RDP): A document prepared by a Member State or region, and approved by the Commission, to plan and monitor the implementation of the rural development policy.

Contact Person: A person that is authorised by the applicant and can be contacted directly for matters in connection with the application.

Project Leader: Is a professional who is authorised by the applicant to ensure a project is carried through. The Project Leader can be contacted directly for matters relative to an on-going project and is expected to have a responsibility in the execution of a project.

CRRB: Change Request Review Board

1.0 Introduction

These Guidance Notes are intended to assist Applicants understand the requirements for requesting and receiving funding support under the Measure 4 – Investment in Physical Assets, **Sub-Measure 4.1 –Investments in Agricultural Holdings.**

Applicants are advised to familiarise themselves with these Guidance Notes prior to filling in and preparation of the Application. The Guidance Notes, Application Form and all Annexes and other documentation are available at <http://www.fondi.eu>.

Applicants are reminded to check that they referred to the latest guidance notes as available on the website, and that they have filled in the latest available version of the application form that is available for download from the website. **Only the latest version available at the time of application will be accepted.**

1.1 Authorities

The Funds and Programmes Division (FPD) within the Parliamentary Secretariat for European Funds (MEFL) is the Managing Authority (MA) responsible for managing the measures of the European Agricultural Fund for Rural Development Fund (EAFRD) in accordance with the Rural Development Programme (RDP) for Malta for the 2014 – 2020 programming period.

The Paying Agency (PA) is the Agriculture and Rural Payments Agency (ARPA) within the Ministry for Agriculture, Fisheries, and Animal Rights (MAFA).

1.2 Scope & Objectives

The aim of this Measure is to support investment in cost-effective and environmentally efficient systems and equipment in relation to soil management, water capture and use, renewable energy, waste management, and improved efficiency of fertiliser and pesticide use and control. Support for investments in holdings is also intended to target improved productivity on holdings or within specific sectors, as long as the adoption of these techniques and farming systems do not cause environmental damage.

M4.1 is financed through the European Union Recovery Instrument; projects shall contribute to a resilient, sustainable and digital economic recovery in line, inter alia, with the agri-environment- climate objectives.

Support under this Measure shall therefore contribute to the achievement of several important cross-cutting objectives, focus areas, and needs as established in the Malta Rural Development Programme (RDP), as explained in the following sections.

1.3 Duration

This Batch shall close on Monday 3rd July 2023, at noon (1200hrs Central European Time) subject to availability of funds and/or notifications by the MA informing otherwise.

1.4 Budget

The indicative budget available for the Investments in Holdings Measure is €4.3 Million in total (public expenditure). The MA reserves the right to amend the budget allocated.

1.5 Maximum Grant Value and Aid Intensity

No limit is being imposed as to the amount of grant value that may be requested by the applicant. However, the MA reserves the right to reject any application, including but not limited to cases where funds are not available under the respective measure. Under this measure, up to 50% of the eligible costs will be financed.

2.0 Eligibility

2.1 Eligible Actions

Measure 4.1 shall support applicants through the provision of grants to implement productive investments that are linked to the improvement of the overall performance and sustainability of the agricultural holding (contributing to EURI targets).

Investment for the adoption of techniques and farming systems is supported on condition that it will not cause environmental damage.

Examples of eligible actions that are productive investments and that are linked to the improvement of overall performance and sustainability of agricultural holdings include the following. This list of possible actions is not exhaustive:

Investment in cost-effective and environmentally efficient systems and equipment concerning:

- 1) soil management,
- 2) renewable energy for on-farm use¹,
- 3) waste management, including storage and handling of manures and slurries,
- 4) fertiliser use, including investments that lead to enhanced nutrient budgeting and management,
- 5) pesticide use and pest control,
- 6) agricultural product storage systems, including crop storage and other systems to improve the quality of the agricultural product,
- 7) permanent crops,

Investment in buildings for the purpose of:

- 8) specialised handling of agricultural product,
- 9) storage,
- 10) provision of ventilation, heating, insulation, and refrigeration,
- 11) improving livestock efficiency and productivity.

Investments in irrigation through improved water management and storage shall be limited in this call to:

- 12) investments in new rainwater harvesting cisterns/reservoirs (in Maltese, *ġwiebi*),
- 13) investments in an improvement to an existing irrigation installation or elements of irrigation infrastructure shall be eligible only if it is assessed ex ante as offering potential water savings of a minimum of between 5 % and 25 % according to the technical parameters of the existing installation or infrastructure.
- 14) Investments in the use of recycled water.

Investments resulting in an increase of the irrigated area affecting a given body of ground or surface water will not be eligible for funding under this call. Furthermore, a valid planning/development permit from the competent authorities is required for any investments that require such permits.

It is being clarified that only actions on farm or land registered on the name of the applicant are eligible.

¹ Additional specific provisions, as detailed in subsequent sections, apply.

2.2 Ineligible Actions

The following actions shall not be eligible for support under the Investments in Holdings Measure:

Any actions that are not in conformity to applicable environment and planning legislation and policy.

It is being clarified that actions which are proposed to be implemented on farm or land which are not registered on the name of the same applicant are not eligible.

2.3 Eligible applicants²

Support under the Investments in Holdings Measure is available to farmers, whether natural or legal persons that must be registered on the DoA database (IACS). In case of legal persons only small and medium-sized enterprises (SMEs) are eligible for funding³. All applicants, being individuals, partnerships, or legal entities would need to be registered on their name having their own FIC/profile on IACS database and have the land being submitted as part of the application registered on their name with ARPA in the Land Parcel Identification System (LPIS).

Both Agridec and Agriclaim registered parcels are considered for both Standard Output purposes and also where investments can be carried out.

2.4 Eligible Expenditure

Expenditure is considered to be eligible expenditure and therefore eligible for reimbursement **only** if it has been incurred **after** an application has been submitted to the Managing Authority and an acknowledgement is issued by the Managing Authority, in line with Article 60 (2) of Regulation (EU) 1305/2013.

The following type of expenditure is considered eligible for the purpose of support under the Investments in Holdings Measure:

- a) The purchase or lease-purchase of new machinery and equipment (including investments related to energy efficiency/generation) up to the market value of the asset,
- b) General costs such as architects, engineers, project management costs and consultation fees, feasibility studies, the acquisition of patent rights and licences up to a maximum 15% of the total eligible project cost,
- c) Water metering cost,
- d) Intangible investments such as copyrights, trademarks, or processes,
- e) Publicity/dissemination costs,
- f) Permitted species of Trees and Plants as issued from time to time by the Department of Agriculture

² To clarify, an Agriculture Holding which would be deemed ineligible under a stand alone application, would not be deemed eligible if it were to submit an application along with a, regardless of the eligibility situation of the latter. Such submission i.e. ineligible and eligible applicants, will result in an entirely ineligible application.

³ For more detailed information, one may access the online '**User guide to the SME definition**' from: http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition/index_en.htm

Kindly note that prior to procuring the equipment or services required, the applicant is to present the Paying Agency with three (3) new comparable quotations and a copy of the request for quotations. These quotations are to be submitted together with a formal letter addressed to the Paying Agency whereby the chosen quotation is indicated by inserting reference to the quotation number and the full name of the chosen supplier/service provider.

If the cheapest quotation is not chosen by the applicant, a justification would need to be provided. The applicant is to note that in such cases, the amount of funding co-financed through the EAFRD (2014 – 2020) can only be based on the cheapest quotation obtained. Should for some reason three (3) quotations cannot be obtained by the applicant, a justification why, should also be provided by the applicant and it would be the Paying Agency's prerogative, after consulting with the Managing Authority, whether to accept such justification or not.

It is acknowledged that M4.1 and M4.2, can have items that would be eligible under both measures, hence, under M4.1, the PSC could consider non-significant expenditure that is related to processing under M4.2.

The MA reserves the right to utilise the simplified cost option applying standard prices for all works/investments under this Measure.

N.B – All cost considered as eligible for funding which are listed in application and grant agreement will be obligatory in terms of implementation.

2.5 Ineligible Expenditure

The following costs shall be considered to be ineligible for the purpose of support for the Investments in Holdings Measure:

- a) Simple replacement investments⁴.
- b) The purchase of agricultural production rights, payment entitlements, livestock, annual plants, and their planting.
- c) Second-hand machinery and/or equipment.
- d) Drainage works⁵ in connection with human domestic sewage
- e) Investments to comply with Union standards, with exception of aid granted to young farmers within 24 months from the date of their setting-up.
- f) Other costs connected with the leasing contract, such as lessor's margin, interest refinancing costs, overheads, and insurance charges.
- g) Expenditure/costs linked to interventions that are, at the time of application, directly (i.e. the specific investment) served by a breach notice by respective responsible authorities including the Environment and Resources Authority (ERA) and the Planning Authority (PA).

⁴ Operations such as investment in the functional improvement of agricultural water cisterns (ġiebjja or bir) and restoration of windmills (wind driven pumps) for either water pumping and/or energy generation for agricultural purposes are not considered simple replacement. Simple cleaning and/or clearing of silt and such similar actions are not considered eligible for support.

⁵ This exclusion is limited to investment components exclusively linked to human domestic sewage.

- h) Contingencies and/or losses made by the Applicant.
- i) Statutory fines and penalties.
- j) In kind contributions.
- k) Canopies, excluding canopies for livestock housing
- l) Vertical Green Walls.
- m) Purchase or lease of land.
- n) Investments related to horse breeding.
- o) Stables (Equidae) and related investments.
- p) Purchase of Soil and Soil Improvement measures
- q) Investments in structures, the primary purpose of which is marketing/sale of produce.

The list above is not to be considered as non-exhaustive and the MA may update this list from time-to-time. Where in doubt, it is advised to speak to the Managing Authority.

2.6 Specific Provisions

2.6.1 Investments in renewable energy

The following specific provision apply for investments in renewable energy.

- a. Support for energy produced for self-consumption (which may include investment in a renewable energy plant on-farm): Where the investment is made for the production of thermal energy and/or electricity from renewable sources on agricultural holdings, the renewable energy production facilities are eligible for aid only if the aim is to serve their own energy needs. Their production capacity shall be no more than equivalent to the combined average annual energy consumption of thermal energy and electricity on the agricultural holding including the farm household when the farm household is located on the same agricultural holding. In cases where the holding is already producing energy, this must be taken into consideration – the programme will only fund equipment that will generate the energy required by the agricultural activity.
- b. The sale of electricity to the grid is allowed as far as the annual self-consumption limit is respected. Electricity sold into the grid equals on average the electricity taken out of it over one year. General State Aid Rules may apply.
- c. The installation of a stand-alone (not connected to the national electricity grid) PV system is allowed as far as the annual self-consumption limit is respected. General State Aid Rules may apply.

In view of this, declaration from a warranted engineer is required stating whether the holding is already generating energy through renewable sources of energy. In the event that the holding is already producing energy, the project can only finance the difference between the average consumption and the average energy being produced, when considering a continuous block period of between 12 and 36 months.

The investment can be rounded up to the nearest PV panel and should also take into consideration degradation/inefficiencies inherent to the investment. Funding shall not be allocated for the production of surplus energy to be sold to the grid.

2.6.2 Investments in irrigation and rainwater runoff harvesting cisterns (reservoirs) and use of recycled water

The following specific provisions apply for all investments in irrigation and rainwater runoff harvesting cisterns (reservoirs):

- a. Water electronic metering enabling measurement of water use at the level of the supported investment must be in place, or shall be installed as part of the investment, as per Article 46, (3) of Regulation EU no, 1305/2013. All water pumped/conveyed out of the cistern (reservoir) and ground water body should go through this meter allowing measuring of water use.
 - b. In cases when water pumped/conveyed out of a cistern (reservoir) is not being used for irrigation purposes, metering is not required.
 - c. Any water source used by irrigation (or water use scheme), (except for surface water) is to be duly registered with the competent regulatory authorities (as per Legal Notice 255 of 2008). In case of groundwater sources, only registered borehole users will be eligible, as per RDP 2014-2020. Due to the very limited number of users who abstract directly from a body of surface water and the highly problematic issues associated with metering such abstraction, irrigation schemes using such waters will not be eligible for investment.
 - d. With respect to measures including the use of natural water resources in irrigation, the legality of the water source is a basic eligibility requirement.
 - e.
1. The following specific provisions apply for investments in an improvement to an existing irrigation installation or elements of irrigation infrastructure not affecting bodies of ground water⁶:
- a. An investment in an improvement to an existing irrigation installation or element of irrigation infrastructure shall be eligible only if it is assessed ex ante as offering potential water savings of a minimum of 5 % according to the technical parameters of the existing installation or infrastructure.
 - b. A water electronic meter that permits measurement of water use at the level of the supported investment must be in place or shall be installed as part of the investment⁷. All water pumped/conveyed out of the cistern should pass through this meter allowing measuring of water use. The water meter must be a permanent fixture attached to the investment.
 - c. In cases when water pumped/conveyed out of a cistern (reservoir) is not being used for irrigation purposes, metering is not required.

⁶ 'Not affecting bodies of ground water' meaning: does not include the abstraction of water from bodies of groundwater or surface water, but only those holdings exclusively using rainwater runoff or connected to a new water supply.

⁷ This provision does not remove the obligation to have additional meters where so required by legislation.

At application stage:

- a. The beneficiary needs to submit a certificate by a warranted engineer certifying a minimum of ex-ante potential water savings of a minimum of 5 % according to the technical parameters of the existing installation or infrastructure compared to the installation in place (certificate cannot be issued by supplier). Certificate must also include a declaration that a) the irrigated area will not increase as a result of the investment b) the investment will not make use of any abstracted groundwater linked to a borehole, *spiera* or springs, c) the reservoirs will not be filled by bowser from a body of groundwater.

The potential water saving impact of irrigation technology will be calculated as the difference between the projected use of irrigation water using the new or upgrading infrastructure and that which would have resulted with the existing infrastructure. A real (actual) or modelled data pertaining to a cropping season shall be utilised by the warranted engineer for such calculation. The warranted engineer in his report/certificate must specify the cropping season utilised in the calculation.

At payment stage:

- a) When submitting the final payment beneficiary must submit a certificate by a warranted engineer/ architect certifying that the investments in the irrigated area was not increased as a result of the investment. The Certification must also include parcels and the hectares of the irrigated area.

2. The following specific provisions apply for investments in an improvement to an existing irrigation installation or elements of irrigation infrastructure affecting bodies of ground water⁸:

- a. An investment in an improvement to an existing irrigation installation or element of irrigation infrastructure shall be eligible only if it is assessed ex ante as offering potential water savings of a minimum of 5 % according to the technical parameters of the existing installation or infrastructure.
- b. The investment shall ensure an effective reduction in water use, at the level of the investment, amounting to at least 50 % of the potential water saving made possible by the investment⁹;
- c. In the case of an investment on a single agricultural holding, it shall also result in a reduction to the holding's **total** water use amounting to at least 50 % of the potential water saving made possible at the level of the investment.

⁸ 'Affecting bodies of ground water' refers to an irrigation installation which is connected to a groundwater abstraction source. i.e. affects groundwater in terms that it uses groundwater.

⁹ i.e. if ex-ante assessment declares a 10% water saving, then at least 5% water savings must be achieved post investment.

- d. A water electronic meter that permits measurement of water use at the level of the supported investment must be in place or shall be installed as part of the investment¹⁰. All water use linked to the investment should pass through this meter allowing measuring of water use. The water meter must be a permanent fixture attached to the investment.
- e. In cases when water pumped/conveyed out of a cistern (reservoir) is not being used for irrigation purposes, metering is not required.

At application stage:

- a. The beneficiary needs to submit a certificate by a warranted engineer certifying a minimum of ex-ante potential water savings of a minimum of 5 % according to the technical parameters of the existing installation or infrastructure compared to the installation in place (certificate cannot be issued by supplier). Certificate must also include parcels and the amount of hectares of the irrigated area and a declaration that irrigated area i.e., amount of hectares will not increase as a result of the investment.
- b. Certificate from Malta Resources Authority (MRA) declaring that the borehole is registered. Certificate must also include a Borehole registration number.

The potential water saving impact of irrigation technology will be calculated as the difference between the projected use of irrigation water using the new or upgrading infrastructure and that which would have resulted with the existing infrastructure. A real (actual) or modelled data pertaining to a cropping season shall be utilised by the engineer for such calculation. The warranted engineer in his report/certificate must specify the cropping season utilised in the calculation.

At payment stage:

- a. When submitting the final payment beneficiary must submit:
 - A certificate by a warranted engineer attesting whether the investment has resulted in an effective reduction in water use, amounting to at least 50% of the potential water savings made possible by the investment¹¹;
 - In the case of an investment on a single agricultural holding; a certificate by a warranted engineer attesting whether at the investment resulted in a reduction to the holding's total water use amounting to at least 50% of the potential water saving made possible at the level of the investment.
 - The calculation must be based on a comparable cropping season allowing for a period from complete installation and operation of system whereby the effective savings of the system can be calculated. The certificate must specify the cropping season utilised in the calculation.

¹⁰ This provision does not remove the obligation to have additional meters where so required by legislation.

¹¹ i.e. if ex-ante assessment declares a 10% water saving, then at least 5% water savings must be achieved post investment.

- b. The Certification must also include parcels and the hectares of the irrigated area and a declaration that irrigated area was not increased as a result of the investment

3. The following specific provisions apply for investments in new rainwater harvesting cisterns/reservoirs, in Maltese, *ġwiebi*, which do not affect bodies of ground or surface water as follows:

In Malta, the scope of Reservoirs (cisterns) is the harvesting of rainwater runoff from among others, country roads reducing the pressure on natural groundwater resources such as groundwater. In Malta, reservoirs are referred to as cisterns or '*ġwiebi*'; these are small on field reservoirs used by farmers.

- a. A water electronic meter that permits measurement of water use at the level of the supported investment must be in place or shall be installed as part of the investment. All water pumped/conveyed **out of the cistern** should pass through this meter allowing measuring of water use. The water meter must be a permanent fixture attached to the investment¹².

At application stage:

- a. The proposal must also be accompanied by a report by an architect or a warranted engineer certifying the capacity of the new Rainwater Harvesting Reservoir/Cistern (*Ġiebjja*) and its potential water savings. The potential water savings impact is to be calculated at seven times (7) the real storage capacity of the reservoir/cistern. The report must also include a declaration that the investment will not make use of any abstracted groundwater linked to a borehole, spiera or springs,

At payment stage:

- a. When submitting the final payment beneficiary must submit a certificate by a warranted engineer/ architect certifying that the investments in rainwater harvesting cisterns/reservoirs has not affected bodies of ground water.

The following specific provision applies for investments in new rainwater harvesting cisterns/reservoirs, in Maltese, *ġwiebi*, as follows:

- a. The potential water saving impact of the rainwater harvesting infrastructure (reservoirs/cisterns) shall be calculated as being equivalent to seven (7) times the storage capacity of the new infrastructure, to take into account of the multiple-use factor of the infrastructure during the rainy season.

Investments resulting in an increase of the irrigated area affecting a given body of ground or surface water will not be eligible for funding under this call.

¹² This provision does not remove the obligation to have additional meters where so required by legislation.

3.0 Filling out Part A – Administrative Forms

- **Project Title:** Name your project in a way that it can be easily understood and captures the gist of your project. Must be within 15 words.
- **Project Duration:** Insert the number of months required to complete the proposed project. The maximum project duration is 15 months and thus applicants are advised to be realistic in their project in view of the timing constraints. The project duration in months will be calculated from the date of the signing of the grant agreement.
- **Project Summary:** In under 500 characters, describe your project in a way that any person can understand without going into technical specifications. This summary may be used publicly to promote the project.
- **The applicant:** Tick the box according to whether you are a full-time/part-time farmer
- **Nature of Activity/Business:** Tick if you are applying as an individual farmer, in partnership or as a legal entity.
- **Applicant's Information:** Fill-in only the section that is relevant according to the nature of activity which you ticked.
- **Details of the contact person for the application:** In case a third party (such as consultant/advisor) is filling in this application and will be responsible for any queries in relation to the application, then the information of the contact person is to be entered here.
- **Sector and Type of Activity:** Tick only the sector that is applicable to your activity and indicate if it's conventional (C) or organic (O).
- **Appropriate training and/or skills required:** If you received any training in the last 2 years that is related to agriculture or related include a certificate as this will grant additional marks in the ranking. Similarly, if you sought advice from a recognised Farm Advisory Service, please include receipt. Only farm advisors listed on this link will be acknowledged for ranking purposes <https://agrikultura.gov.mt/en/arpa/Pages/farmAdvisorySystem.aspx>
- **List of previous EU Funded Projects:** *It is in the interest of the applicants to list up to a maximum of 2 EU-Funded projects which the applicant has been awarded in the past as additional marks are given.*
- **Declarations:** Please read each declaration carefully and tick each box by clicking on it to appear as . The declarations will become legally binding once the project is approved and the applicant has signed the Grant Agreement.

4.0 Filling out Part B – Technical Description

Key Investment Plan: This is a critical section of the application form. This is where all the details and technical specifications of the project are to be explained by using a combination of quantitative and qualitative data. The project also needs to be explained in terms of how the agricultural holding will become:

- environmentally efficient
- Increased productivity
- Cost-effectiveness
- Long-term sustainability

This section needs to feature how the project will contribute to the cross-cutting objectives, focus areas and needs of the Rural Development Programme which are explained in the section below.

Contribution to cross-cutting objectives, focus areas and needs

Applications for support will be considered based on their contribution to one or more of the following cross cutting objectives, focus areas and needs¹³.

Contribution to Cross-Cutting Objectives

Project proposals under the Investment in Holdings Measure are expected to contribute to one or more of the following cross-cutting objectives:

Environment: Investments in physical assets will result in reduced groundwater consumption, thus reducing the pressure on Malta's limited water resources.

Climate: Investments in physical assets will result in reduced energy consumption and increased renewable energy generation, thus reducing emissions from the use of fossil fuels.

Innovation: Investments will encourage farmers to look at best practice in other Member States, and to innovate in terms of exploring new and more resilient farming systems and practices.

Contribution to Focus Areas

Project proposals under this Sub-Measure are expected to contribute to one or more of the following focus areas¹⁴:

- Focus Area 2A: Facilitating restructuring of farms facing major structural problems, notably farms with a low degree of market participation, market-oriented farms in particular sectors and farms in need of agricultural diversification, and extension of irrigated areas.
- Focus Area 2B: Facilitating generational renewal in the agricultural sector
- Focus Area 3A: Improving competitiveness of primary producers
- Focus Area 4B: Improving water management
- Focus Area 4C: Improving soil management

¹³ For further details on the Focus areas and cross-cutting objectives, please refer to chapter 8 of the RDP 2014-2020 'Investment in physical assets, section 8.2.4.2 'General description of the measure including its intervention logic and contribution to focus areas and cross-cutting objective'.

¹⁴ Certain aspects of these focus areas shall not be applicable for the purpose of this call, according to the actions that are eligible. More details on eligibility of actions are provided in subsequent sections.

- Focus Area 5A: Increasing efficiency in water use by agriculture
- Focus Area 5B: Increasing efficiency in energy use in agriculture (and food processing)
- Focus Area 5C: Facilitating the supply and use of renewable sources of energy, of by-products, wastes, residues and other non-food raw materials for purposes of the bio-economy
- Focus Area 5D: Reducing nitrous oxide and methane emissions from agriculture.

Contribution to the Needs of the Rural Development Programme

Applicants are also required to demonstrate how their proposed projects shall result in the achievement of certain targets by clearly outlining the proposed project's contribution to one or more of the following needs that have been identified in the Malta Rural Development Programme (RDP)¹⁵:

Water, Wastes and Energy:

Water: New EU requirements on water and nitrates must be met. New equipment and infrastructure is required to help farms improve the efficiency of input use on farms (fertilisers, pesticides and water).

Energy: Renewable energy generation on farms (solar PV, Wind, biogas): To ensure effective action, co-ordination between farms and with the Planning Authorities will be needed particularly for bioenergy and wind installations. Farms able to invest in solar PV on rooftops or other 'unutilised space' can also make a useful contribution to reducing Malta's carbon footprint. Bio-gas plants would most cost-effectively be developed between livestock farms owned and controlled by the livestock producers themselves. Support under Measure 4 in relation to renewable energy production or energy efficiency, will take two main forms:

Support for energy produced for self-consumption – which may include investment in a renewable energy plant on-farm. Where the investment is made for the production of thermal energy and/or electricity from renewable sources on agricultural holdings, the renewable energy production facilities are eligible for aid only if the aim is to serve their own energy needs and their production capacity is no more than equivalent to the combined average annual energy consumption of thermal energy and electricity on the agricultural holding including the farm household when the farm household is located on the same agricultural holding. If the farm household is not within the natural perimeter of the agricultural holding, then the consumption originating from that household is not to be considered.

The selling of electricity into the grid is allowed as far as the self-consumption limit is respected (electricity sold into the grid equals on average the electricity taken out of it over one year). General State Aid Rules may apply.

There is a need for investment in more efficient water-saving devices and systems on all farms but particularly cropping farms, also enhanced water and waste storage, and better waste handling and collection facilities and processes. There is scope for much greater rainwater capture, reducing farmers' reliance on boreholes; this requires new investment in infrastructure (reservoirs, gutters

¹⁵ Certain aspects of these needs shall not be applicable for the purpose of this call, according to the actions that are eligible. More details on eligibility of actions are provided in subsequent sections.

and other collecting equipment on buildings, surface channels between fields and new or restored reservoirs). This will also address in part the problem of soil sealing.

Maltese Quality Produce: Investments in holdings also contribute to support innovation and improved productivity, also of quality produce.

Sustainable Livestock: Sustainable livestock will be promoted via investments in new, more efficient equipment and machinery and other facilities and infrastructure that improve the viability and competitiveness of the farm. Livestock farms shall be supported to invest in systems that result in the modernisation of storage and handling of manures and slurries; as well as operations that lead to improved nutrient budgeting and management of inputs/resources. The livestock sector is also expected to benefit from projects that improve the quality and nutritional value of home-grown forage crops for fodder.

Investments related to water savings: Tick accordingly if your project includes investments related to irrigation and water capture.

- Please note that investments resulting in an increase of the irrigated area, affecting a given body of ground or surface water, shall not be supported.
- In the case of new rainwater harvesting not affecting ground or surface water, note that the investment will be considered eligible subject to the approval by the relevant environment and planning authorities. In such cases, calculation of water savings are 100%.
- Where investment is made to improvement to existing reservoirs not affecting ground or surface water, it will be considered eligible if the water savings are calculated to be at least 5% and 25% of the existing installation.

Project Costs: For each investment proposed, list down in the table (double – click on the table) the line item (e.g. Tractor) and the Quantity (e.g 1). Each investment is to be backed up by a quotation or Bill of Quantities to be enclosed with the application form. Only items listed in this section will be considered for application assessment and grant award. Projects co-funded through this Measure will be assisted with 50% contribution from the European Agricultural Fund for Rural development and Government of Malta funds. The amount of each component is to be included under the year in which the investment is expected to be procured.

Investments contributing towards Economic Recovery: In this section describe how your project will contribute economic and social development in rural areas, and contributes to a resilient, sustainable and digital economic recovery in line, inter alia, with the agri-environment climate objectives¹⁶, and in particular addressing:

- (a) short supply chains and local markets;
- (b) resource efficiency, including precision and smart farming, innovation, digitalisation and modernisation of production machinery and equipment;
- (c) safety conditions at work;
- (d) renewable energy, circular and bio-economy;

¹⁶ REGULATION (EU) 2020/2220

- (e) access to high-quality ICT in rural areas.

Preparedness/Readiness: Readiness refers to project proposals that are in an advanced state of preparedness such as quotations having already been gathered, necessary permits obtained etc.

Evidence of applicant's ability to successfully implement the project (Organisational Capacity): The applicant will be assessed based on the experience they have in the management of the agricultural holding and the plan to engage necessary persons to successfully implement the project. Applicants are to describe how the project will ultimately benefit the general rural area whether it is from, *inter alia*, an economical, environmental, aesthetic, social standpoint.

Dissemination: Beneficiaries are obliged by Commission Implementing Regulation (EU) No 808/2014 to acknowledge support from the Fund through plaques or billboard depending on the Grant Amount as explained in the extract below. Additional marks are given to applicants describing promotional actions which go beyond the regulatory obligations.

Responsibilities of beneficiaries to acknowledge support from EAFRD

All information and communication actions of the beneficiary shall acknowledge support from the EAFRD to the operation by displaying:

- (a) the Union emblem;
- (b) a reference to the support from the EAFRD.

During the implementation of an operation, the beneficiary shall inform the public about the support obtained from the EAFRD by:

(a) providing on the beneficiary's website for professional use, where such a website exists, a short description of the operation where a link between the purpose of the website and the support provided to the operation can be established, proportionate to the level of support, including its aims and results, and highlighting the financial support from the Union;

(b) for operations not falling under point (c) the total public support of which exceeds EUR 50,000 placing at least a poster (minimum size A3) or plaque with information about the project, highlighting the financial support from the Union, at a location readily visible to the public.

(c) putting up, at a location readily visible to the public, a temporary billboard of a significant size for each operation consisting of the financing of infrastructure or construction operations for which the total public support to the operation exceeds EUR 500 000 .

No later than three months after completion of an operation, the beneficiary shall put up a permanent plaque or billboard of significant size at a location readily visible to the public for each operation that fulfils the following criteria:

- (i) the total public support to the operation exceeds EUR 500 000 ;

- (ii) the operation consists of the purchase of a physical object or of the financing of infrastructure or of construction operations.

This billboard shall state the name and the main objective of the operation and highlight the financial support provided from the Union.

The billboards, posters, plaques and websites shall carry a description of the project/operation and the elements referred to in of point 1 of Part 2. That information shall take up at least 25 % of the billboard, plaque or webpage.

Horizontal Priorities: The applicant shall be considered for additional marks for any actions related to equal opportunities, either already in place or being committed to as part of the project.

5.0 Documents to be submitted with the Application

A checklist of documents to be submitted with the Application is included in the Application Form. The applicants will be advised further, during the evaluation process, with regards to the submission of any necessary clarifications/documents required

6.0 Acknowledgement

An acknowledgement shall be issued by the receiving officers upon submission of a completely filled-in application form, as per instructions in section above.

Disclaimer: The person receiving the application is not responsible for the administrative compliance of the application form. This issuance of this acknowledgement letter does not imply that the applicant has submitted all the necessary documentation. The application may be refused and returned to the applicant following the issuance of the acknowledgement letter.

7.0 Additional Notes

The MA reserves the right to extend this period after the signing of the Grant Agreement, if the beneficiary presents a valid justification, and subject that such justification is approved by the Change Request Review Board.

Projects with a grant value of equal or less than EUR100,000 shall be limited to two (2) change request submissions, whereas projects with a grant value of more than EUR100,000 but less than or equal to EUR200,000 shall be limited to three (3) change request submissions. The limit of change request submissions applies for the entire duration of the project. For the avoidance of doubt, the limitation is subject to the number of submissions and not the amount of changes requested per submission. Furthermore, the limitation still applies in case the MA rejects the request in part or in its entirety.

7.1 Standard Output

Applicants must be farms which are efficient and economically viable. Efficient and economically viable farms are defined as agricultural holdings with a standard output (SO) which is higher than the established minimum threshold of 15,000 SO/holding¹⁷; this is applicable for both the crop¹⁸ and the livestock sectors.

Only agricultural outputs featured on the Eurostat list for Malta can be considered for SO calculation purposes¹⁹. This list can be found on the webpage:

<https://ec.europa.eu/eurostat/web/agriculture/data/ancillary-data>

The SO **cannot** be generated by the natural 'upkeeping' of an area, regardless of its categorisation with ARPA Holding certificate (seasonal flowers, for example, will **not** be considered for SO).

The following outputs shall **not** be used in the SO calculation

- Sheep & Sheep Total
- Goats & Goats Total

Only the 'cultivable' area/s as indicated in the LPIS certificate will be considered for SO calculations.

The minimum SO/holding must be maintained until completion of project.

7.2 Exclusions

Support will not be granted when this is already provided under other schemes, including the first pillar of CAP.

It is being clarified that expenditure linked to actions that are specifically targeted under the scope of **other** RDP 14-20 measures cannot be considered under this measure (for example rubble walls, non-agricultural diversification and projects focusing on processing).

7.3 Additional provisions

Where the investment is likely to have negative effects on the environment, investment operations shall be preceded by an assessment of the expected environmental impact in accordance with legislation specific to that kind of investment (Article 45 of Regulation 1305/2013).

PVs are eligible up to 10% of the total eligible costs, subject that energy produced is for self-consumption (see section 2.6.1).

¹⁸ In the case of horticulture, Standard Output calculation can include both parcels registered as 'agriclaim' and 'agridec'.

¹⁹ Without prejudice to other information in this section, the MA will be providing further guidance with regards to support for on-farm investments linked to agricultural activities with no Eurostat SO value for Malta.

In the case where a major component or a significant sum of components of the application are deemed ineligible, the application will be considered inadmissible. By 'major components' or a 'significant sum of components' it is being construed as making up at least 50% of the proposed expenditure.

8.0 Contact Details of Competent Authorities

- The Tax Compliance Certificate can be acquired by contacting of the Commissioner for Revenue

Tel No: 22962755

Email: certificates.cfr@gov.mt

OR

Using the E-ID online services

- Animal population report in Livestock Unit can be acquired by contacting Veterinary Regulation Directorate (VRD) on:

Tel No: 22925100

Email: veterinaryregulation.mafa@gov.mt

9.0 Assessment and selection

9.1 Validation of applications

The MA will undertake a validity check of all applications that are received.

Should any documentation that is required be missing from the Application Form, the MA shall notify the Applicant through a notification letter. Any required documents that were missing from the Application Form are to be submitted within the specified period from the date of the notification letter.

Only complete applications will be considered by the Project Selection Committee. Applications that remain incomplete after the specified period notice period has elapsed will be rejected.

Should the applicant wish to re-submit an application, the process is considered a new one. In such cases, the effective application date would be that of the new submission.

9.2 Assessment of Applications

Applications for support that pass the admissibility check will proceed to the next step and shall be assessed according to the eligibility and selection criteria (Part B – Technical Description).

Applications shall be assessed and ranked based on selection criteria relevant to the Measure.

The Project Selection Committee (PSC) will award marks according to the criteria and rank projects according to the marks obtained. In order to qualify for selection, the proposal needs to obtain at least 50% of the total marks of the general and measure-specific selection criteria.

During the assessment and selection process, checks will also be carried out to assess the reasonableness of the cost were applicable. Grants will be awarded ensuring the cost-effective and value-for-money principles.

The selection of projects may be limited by the available budget, in which case the highest-ranking projects will be offered a grant.

9.3 Eligibility Criteria

All valid applications shall be assessed against the eligibility criteria that have been established for the RDP 2014-2020. Eligibility criteria consist of two sets: general eligibility criteria and measure-specific eligibility criteria.

It is important to note that all applications need to conform to/fulfil ALL general and measure-specific eligibility criteria in order to be considered for ranking and selection.

The MA reserves the right to revise the eligibility criteria applicable to the Measure, subject to pre-notification.

9.3.1 General Eligibility Criteria

The following are the general eligibility criteria to which the application must conform:

- a. Submitted application is fully completed/filled-in
- b. Applicant demonstrates that the applicant forms part of (or is the legal representative) the beneficiary/applicant organisation.
- c. The proposed project will be implemented within the eligible territory.
- d. Evidence of sufficient financial capacity required to cover the private financial component (where applicable) is provided.
- e. The proposed project contributes to the targets and objectives of the relevant measure/s.
- f. The proposed project contributes to at least one indicator target.

9.3.2 Measure-Specific Eligibility Criteria

The following are the measure-specific eligibility criteria to which the application must conform:

- a. Farmers, whether natural or legal persons must be registered on the DoA database (IACS)
- b. Environmental Impact Assessment with application (where applicable).
- c. Private holdings not in financial difficulty, must be efficient and economically viable.
- d. Relevant requirements for irrigation investments must be met (Art. 46 of Regulation 1305 of 2013)²⁰

9.4 Selection of Proposed Investments²¹

Selection criteria are designed to assess the fit and contribution of project proposals with the RDP strategy, its target group, and its objectives. These criteria are divided in two groups: those that reply on a quantitative assessment and those that require a qualitative assessment. The evaluation will combine both data (quantitative and qualitative) to have a comprehensive understanding of the proposal.

For a project to be considered for funding, it must obtain at least 50% of the marks available in total (both general and measure-specific criteria). Projects will be ranked according to marks and funds allocated to those projects which obtain the highest marks. In cases of over-demand for funding, other projects which obtain the pass mark, but which are not funded/selected will be placed on a reserve list according to marks obtained and funding offered if and when funds become available.

The voting members shall decide how the project proposal addresses each of the criteria and assign points according to the following guide:

- Excellent 81 to 100% of points.
- Very good 76 to 80% of points.
- Satisfactory 50 to 75% of points.
- Very poor 26 to 49% of points.

²⁰ In cases when water pumped/conveyed out of a cistern (reservoir) is not being used for irrigation purposes, metering is not required.

²¹ The applicant shall keep in mind that the information and documentation submitted in the application form shall be used for scoring purposes against this list of criteria and thus it is in the applicants' interest to be comprehensive when providing such information.

- Unacceptable 01 to 25% of points.

For the purpose of project selection, the Investments in Holdings Measure carries a total maximum scoring of 210 marks. The general selection criteria carry a maximum of 100 marks, while the measure-specific criteria carry a maximum of 110 marks.

9.4.1 General Selection Criteria

The following is a list, together with maximum scoring, of general selection criteria applicable to the Investments in Holdings Measure. The maximum total marks that can be obtained by fulfilling these general selection criteria is 100.

NB: Applicants are still obliged to implement any part of the project presented in the original application even if this item will not be supported through funding. Such items shall NOT be considered and will not be assessed. i.e., NO marks will be awarded to removed items.

Project proposal targeting multiple indicators – max marks 20

Applicants are awarded points based on how well their project proposal targets more than one indicator, and how well the proposal fits within the relevant RDP/LDS priorities.

Preparedness / Readiness – max marks 10

Applicants are awarded points according to the level of preparedness with regard to permits, drafting of tenders, CBAs, etc. as and where applicable.

Evidence of applicant's ability to successfully implement the project (Organisational capacity) – max marks 20²²

Points awarded according to the administrative capacity, competence and technical resources available to the organization, and how well the project demonstrates long term sustainability. Consideration will be made of how the project will continue to benefit the business/sector/rural area after RDP funding comes to an end. Application should demonstrate evidence of applicant's financial viability.

Any significant experience with managing current or past projects that are EU and/or Nationally funded should be listed in the provided table on the application form.

Cost effectiveness – max marks 20²³

Points awarded according to evidenced added value, effectiveness and reasonableness of costs proposed. Consideration will be made as to whether the applicant considered other forms of funding and set out clearly the impact the funding will make on the business and/or the surrounding market. The outputs and outcomes of the proposal should be proportionate to the level of funding offered. Project deliverability will also be assessed on the basis of whether competitive quotes have been

²² Applicants will be required to obtain a minimum of 10 marks from this selection criterion.

²³ Applicants will be required to obtain a minimum of 10 marks from this selection criterion.

sought, clear rationale in cases where the lowest valid offer is not chosen, whether the costs are realistic and whether the application shows how the project will be successful at the end of the contract.

Complementarity – max marks 10

Points awarded according to the potential of the proposed project to lead to funding opportunities under other measures/funds.

Horizontal Priorities (Social Criterion) – max marks 20

Points awarded on the basis that the proposed intervention/s contribute towards the promotion of equal opportunities, equality, non-discrimination and improved accessibility whilst targeting sustainable development in the areas of economic growth, social cohesion and environmental protection. Consideration will be made of whether the applicant has a gender mainstream strategy, an appropriate policy on equality and diversity (e.g. as an employer), access requirements have been taken into account (e.g. for buildings, websites), and whether any jobs created are open to a diverse range of applicants.

9.4.2 Measure-specific Selection Criteria

The following are the measure-specific selection criteria and relevant scores for the Investments in Holdings Measure:

Young Farmers – max marks 10

Points awarded if the applicant or at least one of the farmers forming part of the PO/PG/ is a young farmer i.e., is no more than 40 years of age at the moment of submitting the application.

In case of Private Limited Companies, points will be awarded where the shareholders have at least one person where at the time of the application have not reached the age of 41 years.

Dissemination – max marks 10

Points awarded according to the adequateness and strategy for result dissemination, including a strategy for promotion of EU funding which goes over and above the minimum obligations established by applicable legislation.

Agri-environment-climate – max marks 20

Applicant awarded points if also participating in at least one of the AEMs (Agri-Environmental Measures) Measure 214 – Rural Development Programme 2007-2013, or at least one of the AECMs (Agri-environmental-climate measures) under Measure 10 of the RDP 2014-2020.

Energy efficiency – max marks 20

Points awarded on the basis of the project's contribution towards increased efficiency as well as the inclusion of measures targeting the improvement of air quality, sustainable management/use of water and energy, better soil management and climate change adaptation and mitigation.

Effective water savings – max marks 20

Points awarded if the project proposals are envisaged to result in a high percentage of effective water savings.

Although water tanks are eligible for support as on-farm investments, a minimum tank capacity of 5,000 litres (a single tank and not a battery of tanks) may be considered for ranking purposes.

Improvement of production efficiency and resource efficient management – max marks 20

Preference will be given to project proposals which aim at improving production efficiency and enabling more resource-efficient management of animal wastes, proposals for improvement in water capture, storage and distribution, smart irrigation, soil testing, quality assurance, and proposals submitted by rather than individuals. In this way support will be more targeted towards the livestock and horticultural sectors.

Participation in training/advisory services – max marks 10

Points awarded to applicants providing evidence of participation in relevant training or advisory services in the two years preceding the submission of the application.

The MA reserves the right to update and change the selection criteria as deemed necessary, respecting the appropriate legal provisions. Any updates would be reflected in the version of the criteria and the Guidance Notes for the Investments in Holdings Measure uploaded online.

9.5 Unsuccessful applicants

The MA will inform all applicants about the outcome of the selection process.

9.6 Appeals

Applicants who feel aggrieved by the outcome of the procedure have the right of appeal with the Project Selection Appeals Board (PSAB) within five (5) working days from the date of the letter of rejection by the PSC.

The same application cannot be considered as being under PSAB and PSC consideration concurrently. As stated above, only the application undergoing a PSAB procedure will be under consideration (by the PSAB).

9.7 Letter of Acceptance

The MA will proceed to write to the successful applicants informing them of the decision of acceptance of their project. Letters of acceptance may include conditions which have been raised by the PSC.

9.8 Grant Agreement

Applicants whose proposals for investments have been selected in accordance with the procedure described above, in terms of being eligible and having obtained the necessary scoring for selection, and

furthermore, could be allocated the requisite budget for funding, shall be invited to enter into an agreement with the MA by signing the Grant Agreement. More details on the generic provisions applicable in the Grant Agreement and the contractual obligations of the Beneficiary are provided in the subsequent sections. Selected applicants that do not come forward to sign the grant agreement within stipulated timeframes will have the award withdrawn.

9.9 Changes

In cases where amendments to the Grant Agreement need to be made by the beneficiary, the beneficiary must submit a written request to the Change Request Review Board (CRRB) via the Change Request Form *prior* to the changes being implemented (*a priori*). The CRRB will review the request and notify the beneficiary accordingly.

If a request for changes to the Grant Agreement is submitted after these changes have actually taken place (*ex-post*), the expenditure related to these changes may be subject to applicable penalties.

In the case where an investment included in the project requires a planning permit, the project will be subject to a withdrawal assessment by the Managing Authority if the necessary permit approvals are not obtained within 25% of the applicable project duration, at the time of the withdrawal assessment. This is without prejudice to any other withdrawals that the MA or ARPA may seek in view of project progress impacting timeframes and scope.

The Change Request Form can be downloaded from the Managing Authority website from the following link: https://fondi.eu/important_documentat/earfd-templates/

10.0 Contractual Obligations

Upon signing the Grant Agreement, the Beneficiary becomes legally bound by certain provisions. The following sections provide information on some aspects of the contractual obligations of the Beneficiary.

The Agriculture and Rural Paying Agency (ARPA) may, from time to time, issue further information and guidance.

10.1 Durability of Investment²⁴

Beneficiaries are obliged to maintain the project as a going concern for five (5) years, as defined in Article 71 of Regulation 1303/2013, from the date of final payment to the beneficiary,. With regards to

²⁴ It is being clarified that in line with the obligations under Art 71 (1) (b) of Regulation (Eu) No 1303/2013 Of The European Parliament and of the Council, a change in ownership of an item of infrastructure **is not possible**. This means that the beneficiary has to maintain ownership of the assets purchased by EU funds and the beneficiary has to ensure that the acquired assets are kept in good condition during and after the implementation of the project. This period, as described in the guidance notes and grant agreement (contract),

SMEs this period is of three (3) years from the final payment to the beneficiary, The period shall also be stipulated in the Grant Agreement.

Investments will be subject to ex-post on-the-spot checks. Failure to comply with the obligation for the durability of investments will result in penalties being applied.

The Project has to be operational and functional at the end of the implementation period.

10.2 Documentation

Beneficiaries are obliged to retain all supporting documentation for a two (2)-year period from 31 December following the submission of the accounts in which the final expenditure of the completed operation is included. A signed inventory, listing any items bought in connection with the project, should be compiled and held on site and this should be made available to ARPA whenever requested.

10.3 Procurement

Beneficiaries should note that grants awarded for actions under the Investments in Holdings Measure are public funds. In this regard, all beneficiaries should ensure that any procurement undertaken for cost items to be financed through the Investments in Holdings Measure is carried out in line with the principles of sound financial management, good governance, transparency, and equality together with the provisions of the Manual of Procedures issued by the relevant authorities and with the provisions of the relevant EU and/or National Legislation including contents of MA PA Circular 1 of 2021.

Checks in relation to procurement will verify that Union public procurement rules and related national rules are complied with and that the basic principles of transparency, objectivity, non-discrimination, and appropriate disclosure have been respected throughout the entire process.

In cases of non-compliances with the rules of public procurement, the financial corrections towards the service provider beneficiary will be determined by the Paying Agency on the basis of the Commission Decision of 14.5.2019 laying down the guidelines for determining financial corrections C(2019)3452 final.

10.4 Controls and Penalties

Beneficiaries must note that by signing the Grant Agreement they are agreeing to undertake an obligation for the relevant checks and controls by the respective Authorities including the following:

- a. The Paying Agency (PA) – Agriculture and Rural Payments Agency (ARPA), Ministry for Agriculture, Fishing, and Animal Rights (MAFA),
- b. The Certifying Body (CB) – Internal Audit and Investigations Department (IAID), Office of the Prime Minister (OPM),
- c. The National Audit Office (NAO) in view of the fact that public funds are being utilised for the implementation of the investment,

is applicable for 3 or 5 years, depending on the durability obligations. Breach of such obligation will lead to a full recovery of any support paid.

- d. The Audit Services of the European Commission (EC) and the European Court of Auditors (ECA) in view of the fact the investment is benefitting from European Union (EU) funds,
- e. The VAT Department to ensure that VAT Regulations are respected.

The following sections are intended as a guide on applicable checks and controls.

10.4.1 Administrative checks on support applications

Administrative checks on applications for support shall ensure the compliance of the operation with applicable obligations established by Union or national law or by the rural development programme, including those of public procurement, State aid and other obligatory standards and requirements. The checks shall, in particular, include verification of:

- the eligibility of the beneficiary.
- the eligibility criteria, commitments, and other obligations of the operation for which support is requested.
- compliance with the selection criteria.
- the eligibility of the costs of the operation, including compliance with the category of costs or calculation method to be used when the operation or part of it falls under Article 67(1)(b), (c) and (d) of Regulation (EU) No 1303/2013²⁵.
- for costs referred to in Article 67(1)(a) of Regulation (EU) No 1303/2013, excluding contributions in kind and depreciation, a verification of the reasonableness of the costs submitted. The costs shall be evaluated using a suitable evaluation system, such as reference costs, a comparison of different offers or an evaluation committee.²⁶

10.4.2 Administrative checks on payment claims by the paying agency (ARPA)

Once a Beneficiary's project proposal is selected and awarded a grant, the beneficiary will be invited to enter into a Grant Agreement with the Managing Authority (MA). Following the signature of the Grant Agreement and subject to the eligibility rules of the specific measure, a Beneficiary may start to submit payment claims to the Agriculture and Rural Payments Agency (the Agency) for processing, verification and ultimately payment authorisation.

Kindly note that the ARPA Payment Guidelines can be accessed through:

<https://agrikultura.gov.mt/en/arpa/Pages/guidelines.aspx>

²⁵ Simplified costs option

²⁶ Article 48(2) of Commission Implementing Regulation (EU) No 808/2014

11.0 Compliance with Community Policy

11.1 General Principles

It is the responsibility of the Beneficiary to ensure compliance with Community Policy, namely:

- a. Public Procurement
- b. Equal Opportunities
- c. Sustainable development

11.2 Equal Opportunities and Non-discrimination

Beneficiaries 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.

11.3 Sustainable Development

Beneficiaries should include Sustainable Development in their 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.

12.0 Data Policy

By submitting the application, the applicant is giving his/her consent to have personal and project details published in line with the obligations in the relevant EU Regulations and other requests by relevant bodies.

12.1 Data Protection

Whilst abiding to the provisions set in the Data Protection Act regarding the handling of personal data, the Managing Authority and/or Paying Agency will retain the right to disclose, exchange or request information about any applicant, application, and agreement to or with other organisations or consultants which the Managing Authority and/or Paying Agency consider appropriate for administration, statistical, monitoring, evaluation and dissemination purposes.

12.2 Transparency

Because projects implemented under Measure 4.1 involve expenditure of public money, there is public interest in how the money is spent. In this respect the Managing Authority will ensure that the principle of transparency is fully respected in the implementation of operations under Malta's Rural Development Programme 2014-2020.

Annually, and by no later than 30th May of each year, the Agriculture and Rural Payments Agency (ARPA) is bound to publish a list of beneficiaries who received payment during the preceding financial year (16th October to 15th October) in line with Regulation (EU) No 1306/2013 of the European Parliament and of the Council.

12.3 Monitoring, Evaluation and Dissemination

From time to time, the Managing Authority and/or the Paying Agency, as well as other National and/or EU entities as may be identified by the Managing Authority, may conduct economic, environmental, or other evaluation of the measure which may involve the beneficiary in surveys/interviews of various types. Managing Authority officials or consultants/evaluators engaged by the Managing Authority may contact beneficiaries as necessary. In applying for support under this measure the beneficiary is deemed automatically as agreeing to cooperate with or take part in such studies, which are important for reviewing the effectiveness of the measure as well as evidencing implementation of projects. The MA may also request cooperation from beneficiaries vis-à-vis promotion of the RDP, including use of pictures/videos taken from projects supported through this measure.

13.0 Contact Details

For more information regarding the Investments in Holdings Measure, kindly contact the Funds and Programmes Division.

Address:

The Oaks Business Centre, Block B, Triq Farsons, Hamrun HMR 1321, Malta

Telephone Number: (+)356 2555 2634

E-mail: rdsubmissions.mefl@gov.mt

Website: www.fondi.eu

Annex 1 – Focus Areas

- **Focus Area 2A:** Facilitating restructuring of farms facing major structural problems, notably farms with a low degree of market participation, market-oriented farms in particular sectors and farms in need of agricultural diversification, and extension of irrigated areas.
- **Focus Area 2B:** Facilitating generational renewal in the agricultural sector.
- **Focus Area 3A:** Improving competitiveness of primary producers.
- **Focus Area 4B:** Improving water management.
- **Focus Area 4C:** Improving soil management.
- **Focus Area 5A:** Increasing efficiency in water use by agriculture.
- **Focus Area 5B:** Increasing efficiency in energy use in agriculture and food processing.
- **Focus Area 5C:** Facilitating the supply and use of renewable sources of energy, of by-products, wastes, residues and other non-food raw materials for purposes of the bio-economy.
- **Focus Area 5D:** Reducing nitrous oxide and methane emissions from agriculture.

Annex 2 Line Items by Focus Area

Line-Item Description	Focus Area
Agricultural Stores	2A
Automated Drinking Systems	2A
Automated feeding systems	2A
Building of new farms	2A
Cages and Boxes	2A
Controlled microclimate	2A
Copyrights, trademarks, or processes	2A
Cow Sheds	2A
Energy Saving Equipment	5B
Feasibility Studies	2B
Fertigation systems	2A
Greenhouses	2A
Irrigation system	5A
Manure Clamp	5D
Manure Separator	5D
Manure storage structures	5D
Milking Parlour	3A
Permanent Crops	2A
Photovoltaic	5C

Professional fees	0B
Provision of ventilation	2A
Pump rooms	2A
Refrigeration	3A
Refurbishment of existing farms	2A
Solar water heaters	5C
Specialised storage and handling buildings	3A
TMR machine	2A
Thermal insulation	5B
Tractor	2A
Tractor implements	2A
Trees	2A
Vine netting	2A
Vine trellises	2A
Water pump	2A
Water heater (not solar)	2A
Water recycling plant	5A
Water Reservoirs	5A
Wind turbines	5C

Annex 3 - Bill of Quantities²⁷

Construction projects consist of a number of major components or chapters, such as earthworks, concrete, masonry, roofing, etc. Each major component comprises a number of elementary components, such as: the mechanical excavation of the terrain; the mechanical excavation of foundation trenches; the supply, transport, dumping and compacting of spoil for foundation trenches; the supply, transport, dumping and compacting of crushed aggregate for foundation trenches; etc. Each standard construction project has its major components and their elementary components itemised and defined in a product specification called a bill of quantities.

In addition to detailing the components, the bill of quantities also provides a preamble describing the project, its location and other factors that need to be taken into account when pricing it. Each bill is accompanied by a set of technical drawings. There are as well pricing guidelines. These are common to all the bills of quantities and reiterate the explanations and instructions given in this chapter.

	Item specification	Unit	Quantity	Unit Price (national currency)	Total Price (national currency)
3.	Masonry				
3.1	Ground floor double-skin external wall:				
	➤ 20 cm sand-lime brickwork + 11 cm facing brickwork, inclusive of pointing and acid cleaning	m ²	257	17	4369
	➤ Plastering	m ²	257	8	2056
3.2	Upper floors double skin external wall:				
	➤ 11 cm sand lime brickwork + 10 cm facing brickwork, inclusive of pointing and acid cleaning	m ²	413	18	7434
	➤ Plastering	m ²	413	8	3304
3.3	Gable ends, 11 cm facing bricks, inclusive of pointing and acid cleaning	m ²	625	18	11250
3.4	Fair-finish 7 cm plaster block work	m ²	585	7	4095
	Total				32508

Figure 1 - An example of a major component and its elementary components

²⁷ Based on OECD/Eurostat (2012), "Construction", in Eurostat – *OECD Methodological Manual on Purchasing Power Parties*, OECD Publishing

Major component	(national currency)
01. Earthworks	2489
02. Concrete	28985
03. Masonry.	32508
04. Roofing	16220
05. Carpentry, joinery, steel and metal working	29175
06. Finishings	35097
07. Mechanical installations	19602
08. Electrical installations	10182
09. Drainage	715
A. Overall price of work done (01 + 02 + + 11)	174973
B. Architect's and engineer's fees (5% ¹ of A)	8749
Total price without VAT (A + B)	183722

¹ Standard rate prevailing in the country. The 5% is for illustration only.

Figure 2 - An example of a summary sheet detailing major components

For pricing purposes, the elementary components of the standard projects are detailed in bills of quantities as shown in Figure 1. These are:

1. Earthworks
2. Concrete
3. Masonry
4. Roofing
5. Carpentry, joinery, steel & metal working
6. Finishings
7. Mechanical Installations
8. Electrical Installations
9. Drainage

The total price for the elementary component is computed by multiplying the unit price in national currency units (NCUs) by the quantity specified.

For example, the total price of brickwork for the ground floor external wall as specified in Figure 1 is 4,369 NCUs – that is, 257 square metres multiplied by a unit price of 17 NCUs per square metre. By summing the total prices of its elementary components, a total price can be determined for each major component. The total price for masonry as detailed in figure 1 is 32,508 NCUs. By summing the total prices of the major components, an overall price for work done can be obtained. Each bill of quantity has a summary sheet, such as that in Figure 2, specifically for this purpose.

The overall price for work done is not the final price of the project. It needs to be augmented by architects' and engineers' fees and by non-deductible taxes on products in order to arrive at the desired purchasers' price. Such fees are to be listed on separate and identifiable line items of the BOQ.

Applicants are required to exclude non-deductible VAT and only supply the overall price for work done and the architects' and engineers' fees when completing the summary sheet.