

Cohesion Policy 2021-2027

ERDF/CF/JTF Programme (2021-2027)
**Towards a smarter, well connected and resilient economy, a
greener environment and an integrated society**

Eligibility Guidance Notes Call 5 for Project Proposals under European Regional Development Fund

Priority 1

A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity

RSO 1.3

Enhancing sustainable growth and competitiveness of SMEs and job creation in SMEs, including by productive investments (ERDF)



Co-funded by
the European Union

1. 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 ERDF/CF/JTF Programme 2021-2027 '*Towards a smarter, well connected and resilient economy, a greener environment and an integrated society*'.

In Malta, European Regional Development Fund (ERDF), Cohesion Fund (CF) and Just Transition Fund (JTF) 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 ERDF/CF/JTF Programme I¹ as will be highlighted in the sections below, in order to avoid submitting ineligible applications. Furthermore, in order to determine the eligibility of expenditure, potential Applicants are encouraged to refer to the National Eligibility Rules².

Prospective Applicants are also encouraged to go through the Indicator Guidance Notes for better understanding of what is requested with regards to the indicators section.

2. Background information on the ERDF/CF/JTF 2021-2027 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 objective of the Programme is to strengthen capacities in sectors falling within the scope of the ERDF, CF, JTF Regulations with the objectives of improving and adapting to new and emerging needs.

The ERDF/CF/JTF Programme has 9 Priorities which reflect the 5 policy objectives set in the Common Provision Regulation No. 2021/1060:

- Priorities 1 to 4 funded under the ERDF;
- Priorities 5 to 7 funded under the CF;
- Priority 8 funded under the JTF; and
- Priority 9 refers to Technical Assistance and is funded under the ERDF.

The ERDF aims to strengthen economic, social and territorial cohesion in the European Union by correcting imbalances between its regions. Specifically under the 2021-2027 it will focus on investments within several key priority areas, which are:

Competitive and smarter Europe – through promotion of innovative and smart economic transformation and regional ICT connectivity;

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

² The document can be downloaded from: https://fondi.eu/wp-content/uploads/2023/09/2021_2027_National-Eligibility-Rules.pdf

Greener Europe– promotion of clean and fair energy transition, sustainable wastewater management and green investment;

Social and Inclusive Europe – through the implementation of European Pillars of Social Rights; and

A Europe which is Closer to Citizens – fostering the sustainable and integrated development of all types of territories and local initiatives.

The CF is aimed at Member States whose Gross National Income (GNI) per capita is below 90% EU-27 average to strengthen the economic, social, and territorial cohesion of the EU. The CF supports investments in the below specific priority areas:

Environment – through the promotion of sustainable water management, a circular and resource efficient economy;

Sustainable Urban Mobility – through the promotion of sustainable multimodal urban mobility;

Connected Europe – enhancing mobility through sustainable and intermodal TEN-T.

The JTF is a new fund in the context of the European Green Deal aiming at achieving the EU climate-neutrality by 2050. The JTF supports the territories most affected by the transition towards climate neutrality to avoid regional inequalities growing, in line with EU Cohesion Policy’s aim to reduce regional disparities and to address structural changes in the EU. Consequently, the priority area under this fund is:

Climate-neutral economy – foster a just transition under this Programme which is crucial in line with EU climate change ambitions.

3. Context of the Call

Call 5 under ERDF is restricted to projects to be submitted by **Ministries, Public Sector entities and Government Departments**.

The following is the priority and policy objective applicable under this call:

Priority: 1. PO 1 - ERDF: A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity

- **RSO 1.3 - Enhancing sustainable growth and competitiveness of SMEs and job creation in SMEs, including by productive investments (ERDF)**

Note: This call envisages project proposals aimed at the setting up of industrial facilities, including the development of a Business Incubation Centre. Applicants should refer to the relevant section in the Programme, for a detailed description of the type of interventions that can be supported.

Only proposals which can demonstrate their contribution to the above Specific objective are eligible to apply.

State Aid

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.

4. The Application Process

The Application Form should be submitted through the <https://sfd.gov.mt/application/Login.aspx> by not later than **2nd February 2024**.

Submitting an Application Form is considered as 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 during 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.

5. 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 40 of the Common Provision Regulation (EU) 2021/1060. These criteria aim at ensuring that the projects being selected are within the Priority parameters 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 approved eligibility and selection criteria.

Eligibility criteria are the essential criteria that all projects must meet to be admissible for a further qualitative assessment. Such eligibility criteria are normally assessed through a technical assessment and consist in a gateway assessment which ensures that all applications have reached a minimum standard. Projects which do not comply with the gateway eligibility criteria will not proceed to full appraisal and scoring.

Selection criteria are designed to assess the fit and contribution of project proposals with the Programme strategy, its target groups and its objectives. These criteria are divided in a way to capture both quantitative assessment and qualitative assessment. The evaluation will combine both data (quantitative and qualitative) to have a comprehensive understanding of the proposal.

Eligibility Criteria	Assessment	Selection Criteria	Marks
Submission of a complete project application as published in the call	Yes/No	Capacity of the organisation	10
Applicant organisation is an eligible Applicant as outlined in the call	Yes/No	Contribution of the project to the relevant Development Needs	10
Applicant is not in an exclusion situation in accordance with Art 136(1) and Art 141(1) of 2018/1046 Financial Regulation and CPR Art 73(2)(i)	Yes/No	Potential of the project to contribute to the achievement of the Expected Results	10
Applicant organisation has remit to implement the project within its mandate	Yes/No	Contribution towards indicators	10
Project to be implemented within the eligible territory or for its direct benefit	Yes/No	Readiness	15
Proof of co-financing (where applicable)	Yes/No	Project Sustainability	10
Selection of a relevant Specific Objective as published in the call	Yes/No	Horizontal principles - Equal opportunities and non-discrimination	10
Selection of at least one output indicator and one result indicator linked to a relevant Specific Objective as published in the call	Yes/No	Horizontal principles – Sustainable Development	15
Status of operation is either ongoing or not yet started unless otherwise allowed by the specific applicable regulations	Yes/No	Quality of Application Form	10
Compliance with Climate Proofing requirements – where relevant	Yes/No		
Compliance with the DNSH principle	Yes/No		

Table 1: Project eligibility and selection criteria

6. Eligibility Criteria

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

- a) **Submission of a complete project application as published in the call:** 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 stipulated by the MA. No outline applications or incomplete applications shall be considered. Submission of project proposals must be made within the time-limit set for receipt of applications.
- b) **Applicant Organisation is an eligible Applicant as outline in the call:** The Applicant organisation should be one of the eligible Applicants as outlined in the relevant call. Supporting documentation related to the legal status of the Applicant, as required in the call, would need to be provided by the Applicant.
- c) **Applicant is not in an exclusion situation in accordance with Art 136 (1) and Art 141 (1) of 2018/1046 Financial Regulation and CPR Art 73(2)(i):** The Applicant should declare that they or any person involved in the project are not in an exclusion situation in accordance with the Financial Regulation and Common Provisions Regulation.
- d) **Applicant Organisation has remit to implement the project within its mandate:** Applicants must be publicly mandated or authorised to implement the project by virtue of the applicable law establishing the organisation or by the respective Statute, in the case of NGOs. The parameters and the objectives of the project must fall within the remit and mandate of the Applicant. Supporting documentation as required in the call would need to be provided.
- e) **Project to be implemented within the eligible territory or for its direct benefit:** The eligible territory for the Programme is the whole territory of the Republic of Malta. All or part of an operation may be implemented outside of a Member State, including outside the Union, provided that the operation contributes to the objectives of the programme and provides direct benefits to the targeted territory of Malta.
- f) **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. a set of audited accounts showing the Applicant's ability to co-finance the project; or
 - b. a declaration by the Mayor, Executive/Head and Treasury/Financial Controller of the organisation, stating that the Local Council/the organisation commits to its co-financing obligations and to the financing of any ineligible costs. In the case of Local Councils, following the submission of a project proposal, the MA retains the right to consult with the Director of Local Government to check that the co-financing as declared by the Council is available/ likely to be met. A similar approach may be taken with the Commissioner for Voluntary Organisations in relation to Calls that are open for NGOs and VOs. This assessment by the Director of Local Government and/or the Commissioner for Voluntary Organisations (as the case may be) will be made on the basis of the information provided by the Applicant; or
 - c. any other form of evidence/documentation such as bank statements and/or future cash flow projections of the Applicant which show that the entity will be financially able to implement the project.

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

- g) **Selection of a relevant Specific Objective as published in the call:** Only proposals that selected the relevant Specific Objective/s as published in the call will be considered.
- h) **Selection of at least one output indicator and one result indicator linked to a relevant Specific Objective as published in the call:** The project must have at least one output and at least one result indicator in the relevant Priority and under the Specific Objective as published in the call. Applicants are encouraged to read through the Indicators Guidance Notes on how to address this section.
- i) **Status of operation is either ongoing or not yet started unless otherwise allowed by the specific applicable regulation:** Unless otherwise allowed by the specific applicable regulations, operations shall not be considered eligible for support by the Funds where they have been physically completed or fully implemented before the application for funding under the programme is submitted, irrespective of whether all related payments have been made.
- j) **Compliance with the Climate Proofing requirements:** The proposed operation shall comply with climate proofing requirements for investments in infrastructure with an expected lifespan of at least 5 years in line with the requirements of Regulation 2021/1060 and any applicable ad hoc national guidance. The proposed operation should therefore integrate both climate change mitigation and adaptation measures into the development of infrastructure projects.
- k) **Compliance with the DNSH principle:** The Applicant should be aware of the DNSH principle, and the actions set out at a European and National Level. An Assessment of the applicable environmental objectives vis-à-vis the Programme Priorities was undertaken. The Applicant should declare that the justification and mitigation measures identified in the DNSH assessment of the Programme's actions, which are aimed to prevent, reduce, and off-set any significant risk on the environment will be adhered to. Furthermore, the Applicant is requested to indicate what actions will be undertaken to ensure that such mitigation measures will be ensured throughout the different stages of the project. The MA reserves the right to request technical documentation/certifications as evidence of the applicable mitigation measures.

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

7. Selection Criteria

a) Capacity of the organisation (10 marks)

The Applicant organisation will be assessed on its adequate overall expertise to implement the project, including that of the project partners, as applicable. Past experience in EU and/or similar projects will also be assessed.

b) Contribution of the project to the relevant Development Needs (10 marks)

The Applicant should demonstrate evidence of real demand for the project (qualitative and quantitative evidence) to address a gap as identified in the relevant Priority within the Programme and how it will contribute to the need of the Programme and relevant specific objective and are attributed to a type of intervention. Evidence should be provided as to what extent this need will be addressed through the activities proposed. The Applicant should also demonstrate to what extent will the project be contributing

to the National and EU Policies, as well as the underlying relevant strategies of the programme. Moreover, should ensure consistency with the corresponding enabling condition strategies.

c) Potential of the project to contribute to the achievement of the Expected Results (10 marks)

The Applicant should demonstrate that through its implementation, the project will contribute to the achievement of the Expected Results as identified in the relevant Priority and specific objective in the Programme. The proposed project should also indicate whether any partners will be involved and explain their contribution to the achievement of the Expected Results. The ability of the proposed project to mobilise complementary funding/actions to achieve the Expected Result/s will also be assessed. Projects will also be assessed as to whether innovative solutions are being proposed to achieve the Expected Results.

d) Contribution towards indicators (10 marks)

The Applicant will be assessed on the selection of all relevant indicators as applicable for the project. An assessment whether the description of the selected indicators is providing an adequate explanation of the method of quantification and verification will be carried out. Moreover, an assessment of whether there are any unrealistic indicator targets which are not achievable will also be carried out. The contribution of the proposed indicators towards achieving Programme targets as outlined in the call will also be assessed.

e) Readiness (15 marks)

In this section, negative marking will be applied based on criteria which hinder the implementation of the proposed project. Assessment will be based on the Applicant's readiness in terms of tenders, CBA/FFS/FS, Planning Authority permits, recruitment procedures and relevant documentation pertaining to training, scholarships amongst others, depending on the nature of the published call and the nature of the project.

The project will also be assessed on how realistic the proposed timeframe is and the associated risks to the successful implementation of the project. The proposal should also identify other risks such as those associated with capacity, applicable procurement procedures, processing of payments and disbursement, implementation of proposed activities (including logistical risks) and legal risks associated with the proposed project. The Applicant should identify mitigation measures to be put in place to address the identified risks.

The more advanced the project is, the more marks will be awarded. Further to the above, evidence of readiness should be provided. This may include contract references, PA permits, studies, consultations, attainment of approvals etc.

f) Project Sustainability (10 marks)

The project proposal should clearly demonstrate the added value of the project and its complementarity with other projects. Moreover, it should present the best relationship between the amount of support, activities to be undertaken and the achievements of objectives. The project will be assessed on the magnitude of post-operating costs against the cost of the project. The Applicant organisation should also demonstrate the organisation's financial stability in line with Art 73 (d) CPR and how the benefits of the

project will continue to be delivered after grant support comes to an end. The project proposal should clearly demonstrate the added value of the project and its complementarity with other projects.

g) Horizontal principles – Equal opportunities and non-discrimination (10 marks)

The Applicant should provide detailed information beyond the minimum legal obligations in these areas. To this end, the applicant should explain how equality between men and women, equal opportunities, gender mainstreaming and the integration of the gender perspective are taken into account and promoted throughout the project design, implementation, monitoring, reporting and evaluation stages. The Applicant should explain what measures are planned to be carried out to ensure appropriate steps are taken to prevent any form of discrimination based on gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation during all project stages. In addition, Applicant should explain how such measures are put in place during the preparation and implementation stages of the project. Higher marks will be allocated to those projects which link the proposed actions with the measures proposed.

h) Horizontal principles – Sustainable Development (15 marks)

The proposal should provide information on how the project contributes towards sustainable development, namely economic growth, social cohesion and environmental sustainability. Applicants should outline their project's contribution to economic growth through the potential contribution towards the local economy/industry, and towards social cohesion through potential skill development as a result of the project and generation of employment. Another dimension is the Environmental Sustainability where assessment will be based on the extent of which the proposed project successfully combines sustainability, aesthetics and inclusiveness for affordable, inclusive, sustainable and attractive solutions for climate challenges (New European Bauhaus Initiative).

i) Quality of application form (10 marks)

Marks will be awarded on the general presentation and overall coherence across the different sections of the proposal to show the contribution of the activities towards the achievement of the objectives. An assessment will be carried out as to whether the proposed budget is clear, realistic and in line with the proposed activities, demonstrating sound financial management and also demonstrating that no 'double funding' is present in the proposed activities. Applicant should provide an adequate description and purpose of each activity being proposed, highlighting any dependencies / interlinkages between the different activities, and a work plan and/or Gantt chart with regards to the implementation of these activities. The proposal should identify communication strategies and actions showing how the use of EU funds will be effectively publicised and communicated with the relevant target groups of the proposed project and the general public.

8. Support

Further information and generic queries on this call and on the European Structural and Investment Funds 2021-2027 may be obtained from <https://fondi.eu/> or from PPCD's email for Calls for Proposals 2021-2027 fondi.eu@gov.mt