



GOVERNMENT
OF MALTA



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GUIDANCE NOTES

Off-Farm Productive Investments Intervention 73.4

COMMON AGRICULTURAL POLICY – STRATEGIC PLAN
(MALTA) 2023-2027

20.05.2024

Version 1.3

MANAGING AUTHORITY (EAFRD)

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The European Agricultural Fund for Rural Development:
Europe investing in rural areas

Disclaimer

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.

In case of any conflicts between these guidelines and the text of the Common Agricultural Policy Strategic Plan (CAP SP) 2023 - 2027 and other legislative text, the interpretation given by the CAP SP and relevant legislation will be given priority.

The English version will be the legally binding text.

The Managing Authority also reserves the right to request additional information not included in this Guidance Document, in order to proceed with checks and evaluation of the application throughout the process.

Notices

HISTORY OF CHANGES		
Version	Publication Date	Change
1.0	15.12.2023	Publication of Call 1
1.1	20.02.2024	Section 1.6 Duration - Change in Deadline Section 3.3 Line Items – Removal of text
1.2	27.03.2024	Section 1.8 Max Grant Value & Aid Intensity – Updated Section 1.9 State Aid Rules & Regulations – NEW Section 2.7 Exclusions - Updated
1.3	20.05.2024	Section 1.9.1 State aid rules applicable to farmers in case of investments resulting in non-Annex I products (output)

Prospective applicants are to submit **their application online** using the following link <https://iacs.gov.mt.abacogroup.eu/customerportal/login>

FIRST TIME APPLICANTS

First time applicants are required to register with ARPA Front Office in order to create an account and have access to the online system. Contact details as follows:

Malta Front Office – Telephone: 22 92 61 48

Front Office

Agriculture and Rural Payments Agency (ARPA)

Pitkali Markets, TA' QALI L/O ATTARD

Malta

Front Office Opening Hours (Malta):

1st October – 15th June: Monday – Friday 07:30 – 15:00

16th June – 30th September: Monday – Friday 07:30 – 12:30

Gozo Front Office – Telephone: 22 15 69 79

Gozo Office

Government Experimental Farm, Mgarr Road, XEWKIJIA

Gozo

Gozo Office Opening Hours:

Monday – Friday: 07:00 – 12:30

APPLICANTS BEING ASSISTED BY A THRID PARTY

It is possible for a 3rd party to assist an applicant with their application. Applicants who make use of such assistance are required to complete a form authorising third parties to access and manage their application. Such form needs to be signed by both parties (applicant and 3rd party or consultant) and may be obtained from the ARPA Front Office.

DEADLINES AND ACKNOWLEDGEMENTS

It is the responsibility of the applicant to ensure that the application is submitted prior to the set deadline.

Upon submission of an application through the online portal an automated acknowledgement email will be sent to applicants via the online system.

Upon receipt of applications, the Managing Authority will not be in a position to validate with applicants whether their submission satisfies the admissibility check to be considered for evaluation. It is the applicant's sole responsibility to ensure the application has been submitted in its entirety. The MA remains available to confirm with applicants that an application has been received if contacted via email on communications.eufunds@gov.mt or **(+356 2555 2555)** during office hours.

The online system is not responsible for the administrative compliance of the application form. The acknowledgement email does not imply that the applicant has submitted all the necessary documentation. The Managing Authority (MA) may request clarifications following the issuance of the acknowledgement letter.

THE SUBMISSION OF DOCUMENTATION

Applications in hard copy, whether submitted by mail, by hand or any other means, will not be accepted and in this case, the application will not be deemed admissible and hence will not be considered during the evaluation process. Pen-drives and CDs etc are not required and will not be accepted. This applies to submissions at both the Front Offices in Malta and Gozo as well as the Managing Authority Offices in Hamrun.

All documentation will be submitted through the online application portal together with the application, including but not limited to, quotations, bills of quantities, qualifications, tax, etc. is to specifically state the name of the applicant and not of any other individual/company. This also applies in terms of partnerships, where all the documents must be in the partnership's name.

DISCLAIMER

This notification supersedes any previous guidance notes, website notifications or other media notification issued on this Intervention prior to the launch of this call. Other notifications can be issued on such platforms following the issue of this call.

Further details on the application process may be published in due course on the websites of the Managing Authority <https://fondi.eu/> For more information, the Managing Authority can be contacted by email at communications.eufunds@gov.mt or **(+356 2555 2555)** during office hours.

Contents

Disclaimer	2
Notices	3
Contents	5
Definitions.....	7
1.0 Introduction.....	10
1.1 Authorities.....	10
1.2 Scope & Objectives.....	10
1.3 Regulatory Framework	10
1.4 Contribution towards the CSP Objectives	11
1.5 Complimentary and demarcation with other interventions.....	12
1.6 Duration	12
1.7 Budget	12
1.8 Maximum Grant Value & Aid Intensity.....	12
1.9 State Aid Rules and Obligations	13
1.9.1 State aid rules applicable to farmers in case of investments resulting in non-Annex I products (output).....	13
1.9.1 State aid rules applicable to undertakings in case of investments resulting in non-Annex I products (output).....	14
2.0 Standard Eligibility Conditions	16
2.1 Eligibility	16
2.2 Ineligible Actions	17
2.3 Eligible Applicants	17
2.4 Eligible Expenditure.....	17
2.5 Ineligible Expenditure.....	18
2.6 Specific Provisions	19
2.7 Exclusions	19
3.0 The Project Proposal.....	20
3.1 Project Details.....	20
3.2 Sector and Type of Activity	20
3.3 Line Items	21
3.4 Technical Description	21
3.5 Supporting Documents	22

3.6 Declarations	23
4.0 Assessment and Selection	24
4.1 Validation of applications	24
4.2 Assessment and Selection of Applications	24
4.3 Unsuccessful Applicants	25
4.4 Appeals	25
4.5 Letter of Acceptance	25
4.6 Grant Agreement	25
4.7 Changes	25
5.0 Contractual Obligations	27
5.1 Durability of Investment	27
5.2 Documentation	27
5.3 Procurement	27
5.4 Controls and Penalties	27
5.4.1 Administrative checks on payment claims by the paying agency (ARPA)	28
6.0 Compliance with Community Policy	29
6.1 General Principles	29
6.2 Equal Opportunities and Non-discrimination	29
6.3 Sustainable Development	29
7.0 Data Policy	30
7.1 Data Protection	30
7.2 Transparency	30
7.3 Monitoring, Evaluation and Dissemination	30
8.0 Contact Details	31

Definitions

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

CAP: Common Agricultural Policy is a commitment that the EU is promoting amongst its Member States to ensure a stable supply of food, safeguards farmers' income and protects the environment, while keeping rural areas vibrant.

CSP: Common Agricultural Policy – Strategic Plan is a plan drawn up by each Member State to contribute towards reaching the aims of the Common Agricultural Policy. CAP Strategic Plans encourage the transition towards a smart, sustainable, competitive, resilient, and diversified agricultural sector, while ensuring long-term food security.

CSP Regulation: REGULATION (EU) 2021/2115 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013 and REGULATION (EU) 2021/2116 of the European Parliament and of the Council of 2 December 2021 on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013.

CPR: (where applicable) Common Provision Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy.

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

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

CRRB: Change Request Review Board

Development of an agricultural product: Refers to adding value to agricultural products, improving quality beyond standards, applying new production methods or improving product presentation.

EAFRD: European Agricultural Fund for Rural Development.

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 support being given.

Grant Award Letter: A letter sent by the MA to the selected applicants upon the completion of the selection process as to inform applicants of its outcome. The award letter can include certain conditions and actions expected on the part of the applicant.

Intervention: There are two types of interventions - those related to land (e.g. practices on agricultural land) or through investments (e.g. investing in the infrastructure of a farm, or buying equipment for the processing of agricultural products).

Managing Authority: A national or regional body designated by a Member State to manage and implement the CAP Strategic Plan.

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

Natura 2000: A network of sites selected to ensure the long-term survival of Europe's most valuable and threatened species and habitats.

Off-Farm Productive Investments: Off-farm productive investments are not bound by a specific location and can be introduced and/or supported regardless of the location of the plant (for example, it could be in the proximity/adjacent/abutting on an agricultural holding but could equally be located in a non-agricultural zone as well as in a non-rural locality).

Primary agricultural production: The production of products of the soil and of stock farming, listed in Annex I of the Treaty, without performing any further operation changing the nature of such products.

Processing of an agricultural product: Means any operation on an agricultural product resulting in a product which is also an agricultural product¹, except on-farm activities necessary for preparing an animal or plant product for the first sale.

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

¹ Refer to Annex I to the treaty, which may be accessed through the following link: https://eur-lex.europa.eu/resource.html?uri=cellar:07cc36e9-56a0-4008-ada4-08d640803855.0005.02/DOC_45&format=PDF

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

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

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

Short supply chain: a supply chain involving a limited number of economic operators (not more than one) committed to co-operation, local economic development, and close geographical and social relations between producers, processors and consumers.

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

- a. One enterprise has a majority of the shareholder's or members' voting rights in another enterprise;
- b. One enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;
- c. One enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;
- d. One enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders' or members' voting rights in that enterprise.

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

1.0 Introduction

These Guidance Notes are intended to assist Applicants understand the requirements for requesting and receiving funding support under **Off-farm Productive Investments**.

Applicants are advised to familiarise themselves with these Guidance Notes prior to completing an application. The Guidance Notes, Application Form and all Annexes and other documentation are available at www.fondi.eu during the application period.

Applicants are reminded to ensure that they refer to the latest guidance notes 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 version available at the time of opening of the batch will be considered for evaluation.** The relevant version of the guidance notes will be made online available together with a specific call. The guidance notes may change from time to time, applicants are to ensure that reference is made to guidance notes accompanying any specific calling order to ensure that the application is considered compliant.

1.1 Authorities

The Funds and Programmes Division (FPD) within the Office of the Deputy Prime Minister and Ministry for European Funds, Equality, Reforms and Social Dialogue (MEES) is the Managing Authority (MA) responsible for managing the interventions of the European Agricultural Fund for Rural Development Fund (EAFRD) in accordance with the Common Agricultural Policy – Strategic Plan for the 2023-2027 programming period.

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

Other national authorities may be involved and referred to in the assessment of an application, or during project implementation.

1.2 Scope & Objectives

This intervention aims to support farmers and processors, as well as the development of new products, covering the entire territory of Malta.

1.3 Regulatory Framework

The following is the relevant legal basis for RD Off-Farm P. INVEST:

- a. Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013;

- b. Regulation (EU) 2021/2116 of the European Parliament and of the Council of 2 December 2021 on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013;
- c. Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy;
- d. Commission Implementing Regulation (EU) 2022/1475 of 6 September 2022 laying down detailed rules for implementation of Regulation (EU) 2021/2115 of the European Parliament and of the Council as regards the evaluation of the CAP Strategic Plans and the provision of information for monitoring and evaluation;
- e. Environment Protection Act (CAP 549 of the Laws of Malta);

Other documentation for reference:

- f. Common Agricultural Policy Strategic Plan for Malta 2023-2027

The above list is not exhaustive and may be amended. It is up to the applicant to ensure that all national and EU rules are being followed at all times.

1.4 Contribution towards the CSP Objectives

The most relevant Specific Objectives to which RD Off-Farm P. INVEST contributes are:

SO2: Enhance market orientation and increase farm competitiveness, both in the short and long term, including greater focus on research, technology and digitalisation.

SO3: Improve the farmer' position in the value chain.

Needs addressed by the intervention:

Code	Description
2.2	Better cooperation and strategic market approached in the sectors which currently lack this
2.3	Increase direct selling, adding value, improving processing, marketing facilities and skills
2.4	Identify and support the investment needs of the sector to increase its market competitiveness
3.2	Improve the organisation of producers in the relevant sectors, where this is currently lacking
3.4	Further develop established niche markets for authentic Maltese products

Result Indicators addressed by the intervention:

R.10 Share of farms participation in producers groups, producer organisation, local markets, short supply chain circuits and quality schemes supported by the CAP.
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1.5 Complimentary and demarcation with other interventions

Interventions supporting off-farm productive investments involving processing and/or development of new products shall contribute towards interventions in on-farm productive investments targeting diversification and cooperation.

1.6 Duration

This Batch shall close on the 31st May 2024, at noon (12:00hrs Central European Time) subject to availability of funds and/or notifications by the MA informing otherwise. The total maximum duration of the project should be up to 24 months.

1.7 Budget

The indicative budget available for this intervention is €6.6 million in total (public expenditure). The MA reserves the right to amend the budget allocated.

1.8 Maximum Grant Value & Aid Intensity

Subject to State Aid rules that may be applicable depending on the type of activity ~~and the status of the applicant~~, as further outlined in Section 1.9 below, no particular limit is being applied to the maximum grant value that may be requested by the applicant. The MA reserves the right to reject an application, including but not limited to cases where funds are not available under the respective intervention. In such instances the MA may consider the creation of a Reserve list of project proposals.

This intervention will finance 50% of the eligible costs, this is nevertheless subject **to the limitations and thresholds of the applicable State aid rules**, in those cases where **assistance would constitute State Aid due to the type of activity** ~~and the status of the applicant~~ concerned.

- State aid rules do not apply for those interventions that fall within the scope of Article 42 TFEU, i.e. for operations related to Annex I products (inputs) and which also result in Annex I products (outputs).
- No State aid implications will arise in the case of public entities that do not carry out an economic activity within the meaning of Article 107 TFEU.
- **In case of investments resulting in non-Annex I products (output), aid will be granted in line with the general de Minimis Regulation².**

²Commission Regulation (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the EU to de minimis aid (applicable as from 1st January 2024) [2024 De minimis Regulation OJ.pdf](#)

- ~~• In cases where the applicant is a farmer and the investment results in a non-Annex I product (output), aid will be granted in line with the agricultural *de minimis* Regulation³.~~

Value added tax (VAT) is not eligible for aid if it is recoverable. Any VAT over EUR 5 million is not eligible, even if it is not recoverable.

1.9 State Aid Rules and Obligations

1.9.1 State aid rules applicable to farmers in case of investments resulting in non-Annex I products (output)

~~Aid granted to farmers in case of investments resulting in non-Annex I products will be implemented in line with Commission Regulation (EU) No. 1408/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid in the agriculture sector (OJ L 352/9, 24.12.2013), amended by Commission Regulation (EU) 2019/316 of 21 February 2019 amending Regulation (EU) No 1408/2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid in the agriculture sector (OJ L 511, 22.2.2019) and by Commission Regulation (EU) 2023/2391 of 4 October 2023 amending Regulations (EU) No 717/2014, (EU) No 1407/2013, (EU) No 1408/2013 and (EU) No 360/2012 as regards *de minimis* aid for the processing and marketing of fishery and aquaculture products, and Regulation (EU) No 717/2014 as regards the total amount of *de minimis* aid granted to a single undertaking, its period of application and other matters (OJ L, 2023/2391, 05.10.2023) (the agricultural *de minimis* Regulation).~~

~~The agricultural *de minimis* Regulation states that a single undertaking cannot receive more than €20,000 in *de minimis* aid over any period of 3 fiscal years, including *de minimis* aid received and/or applied for from schemes offered by entities other than the Managing Authority. This period covers the fiscal year concerned as well as the previous two fiscal years.~~

~~This Regulation applies to aid granted to undertakings active in the primary production of agricultural products, with the exception of:~~

- ~~a. aid the amount of which is fixed on the basis of the price or quantity of products put on the market;~~
- ~~b. aid to export related activities towards third countries or Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current expenditure linked to the export activity;~~
- ~~c. aid contingent upon the use of domestic over imported goods.~~

~~Where an undertaking is active in the primary production of agricultural products and is also active in one or more of the sectors or has other activities falling within the scope of Regulation EU 2023/2831, that Regulation shall apply to aid granted in respect of the latter sectors or activities, provided that the~~

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02013R1408-20231025>

~~Managing Authority ensures, by appropriate means such as separation of activities or distinction of costs, that the primary production of agricultural products does not benefit from de minimis aid granted in accordance with that Regulation.~~

~~Where an undertaking is active in the primary production of agricultural products as well as in the primary production of fishery and aquaculture products, Commission Regulation (EU) No 717/2014 shall apply to aid granted in respect of the latter sector, provided that the Managing Authority ensures, by appropriate means such as separation of activities or distinction of costs, that the primary production of agricultural products does not benefit from de minimis aid granted in accordance with that Regulation.~~

~~The rules on cumulation of aid as outlined in Article 5 of the *de minimis* Regulation will be respected.~~

~~Applicants will be required to submit a signed *de minimis* declaration indicating any *de minimis* aid received and/or applied for during the fiscal year concerned as well as the previous two fiscal years.~~

1.9.1 State aid rules applicable to undertakings ~~that carry out activities that are not in relation to the production of and trade in agricultural products (i.e. products not listed in Annex I to the Treaty on the Functioning of the European Union)~~ in case of investments resulting in non-Annex I products (output)

The State aid component of this measure will be implemented in line with the terms and conditions of Commission Regulation EU 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid (OJ L, 2023/2831, 15.12.2023) (the *de minimis* Regulation).

The *de minimis* Regulation stipulates that **a single undertaking cannot receive more than €300,000 in *de minimis* aid over 3 years**, including *de minimis* aid received and/or applied for from schemes offered by entities other than the Managing Authority. The three-year period is assessed on a rolling basis.

This Regulation applies to aid granted to undertakings in all sectors, with the exception of:

- i. Aid granted to undertakings active in the primary production of fishery and aquaculture products.
- ii. Aid granted to undertakings active in the processing and marketing of fishery and aquaculture products, where the amount of the aid is fixed on the basis of price or quantity of products purchased or put on the market.
- iii. Aid granted to undertakings active in the primary production of agricultural products.
- iv. Aid granted to undertakings active in the processing and marketing of agricultural products, in one of the following cases:
 - a. Where the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned;
 - b. Where the aid is conditional on being partly or entirely passed on to primary producers.

- v. Aid granted to export-related activities towards third countries or Member States, namely aid directly linked to the quantities exported, the establishment and operation of a distribution network or other current expenditure linked to the export activity.
- vi. Aid contingent upon the use of domestic good and services over imported goods and services.

Where an undertaking is active in the sectors referred to in points (i), (ii), (iii) or (iv) above, and is also active in one or more of the other sectors falling within the scope of the *de minimis* Regulation or has other activities falling within the scope of the *de minimis* Regulation, the *de minimis* Regulation shall apply to aid granted in respect of the latter sectors or activities, provided that the Managing Authority ensures, by relying on appropriate means such as separation of activities or separation of accounts, that the activities in the sectors excluded from the scope of this Regulation do not benefit from the *de minimis* aid granted in accordance with this scheme.

The rules on cumulation of aid as outlined in Article 5 of the *de minimis* Regulation will be respected.

Applicants will be required to submit a signed *de minimis* declaration indicating any *de minimis* aid received and/or applied for during the applicable three-year period.

In line with Article 6(1) of the *de minimis* Regulation, as of 1 January 2026, information on *de minimis* aid granted under this State aid component of the intervention, shall be made publicly available in the central register at national or Union Level.

The Managing Authority shall retain the following records:

- the identification of the beneficiary,
- the aid amount,
- the granting date,
- the aid instrument, and
- the sector involved on the basis of the statistical classification of economic activities in the Union ('NACE classification').

2.0 Standard Eligibility Conditions

2.1 Eligibility

The call is open for off-farm investment related to processing and/or development; enhancing of market orientation and increasing competitiveness, including greater focus on research, technology and digitalisation; as well as improving farmers bargaining position in the supply chain.

(a) Investments in processing should add value to primary products, improve quality or develop new products, specifically resulting in demonstrable benefits to Maltese agricultural producers.

This intervention shall be open to processing and/or development of agricultural products listed in Annex 1 to the Treaty as an input. **Support shall also be provided for off-farm investments that transform Annex 1 products into other Annex I products. Investments that transform Annex 1 products into non-Annex 1 products are eligible, however these will be subject to State Aid parameters in line with the De Minimis Regulation.** It is however admissible to support processing with non-Annex I products to the extent that they constitute a minor component of the input within the processing operation and are necessary for processing reasons e.g. small percentage of additives.

The main tools used to determine if a product is an Annex I product to the Treaty or not are:

- Annex I to the Treaty on the Functioning of the European Union (TFEU)⁴
- Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013, establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007

A product is Annex I (TFEU) if the CN code begins with any of the following numbers: 01, 02, 03, 04, 0504, 0515, 06, 07, 08, 09, 10, 11, 12, 1302, 1501, 1502, 1503, 1504, 1507, 1512, 1513, 1517, 16, 1701, 1702, 1703, 1705, 1801, 1802, 20, 2204, 2205, 2207, ex 2208, ex 2209, 2210, 23, 2401, 4501, 5401, 5701.

Processing should be specifically related to undertaking activities that add value to primary production, for processors in all forms. This may complement interventions involving diversification to agricultural activities. **Off-farm productive investments are not bound by specific locations and can be introduced and/or supported regardless of the location of the plant (for example, it could be in the proximity/adjacent/abutting on an agricultural holding but could equally be located in a non-agricultural zone as well as in a non-rural locality).**

This intervention also supports development activities aimed at adding value to agricultural products, improving quality beyond standards, applying new and more efficient production methods, or improving product presentation. **Shops that are part and parcel of the processing**

⁴ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:12012E/TXT&from=EN>

and/or development plant are eligible for support, and these should be limited to marketing Annex 1 products only. Sales from such shops will be aimed at direct selling to the final consumer.

- (b) *Enhancing market orientation and increase competitiveness, including greater focus on research, technology, and digitalisation.*

Investments shall aim at enhancing the competitiveness and profitability of beneficiaries. Modern equipment that reduces the expenditure on inputs such as water and energy and the development of new products aimed at increasing one's market share shall be considered.

- (c) *Improving farmers bargaining position in the supply chain*

Investments shall aim at shortening the supply chain, bringing farmers closer to processors. Projects should contribute to enhancing the competitiveness of farmers since shortening the supply chain and adding value will likely provide beneficiaries with better returns on primary produce, and therefore better possibility for further investments and opportunities for business development.

2.2 Ineligible Actions

Any actions that are not in conformity to applicable environment, planning and agricultural legislation and/or policy and not in line with the scope of off-farm productive investments as outlined in Malta's CSP, shall be considered as ineligible for funding. Processing activities cannot relate to on-farm preparation of an agricultural product for first sale e.g. producing cheeselets on farm.

2.3 Eligible Applicants

Support under this intervention is available to:

- Farmers, whether natural (self-employed) or legal persons
- Groups of farmers, including inter alia partnerships, cooperatives
- Other businesses/public entities/land managers active in the sectors of agricultural or rural business processing/marketing/development of Annex I products as an input.

2.4 Eligible Expenditure

Expenditure is considered to be eligible expenditure and therefore eligible for reimbursement **only** if it has been incurred **after Friday 27th October 2023**, in line with the CSP 2023-2027 and the pertinent Eligibility Rules.

The following type of expenditure is considered eligible for the purpose of support:

- a) The construction, acquisition, including the leasing leading to a purchase obligation at the end of the contract, or improvement of immovable property;

- b) The purchase or lease-purchase of new machinery and equipment (including investments related to energy efficiency);
- c) General costs such as architects, engineers and consultation fees, feasibility studies, the acquisition of patent rights and licences, up to a maximum of 15% of the total eligible project cost;
- d) Intangible investments such as copyrights, trademarks or processes;
- e) Publicity costs that go over and above the mandatory obligations listed in the Visual Identity Guidelines;
- f) Shops intrinsically linked to the supported processing and/or development plant. Shops shall be part and parcel of the processing and/or development plant in order to be considered for support under this intervention and shall be limited to shops marketing Annex 1 products only. Sales from such shops will be aimed at direct selling to the final consumer; and
- g) Indirect Costs of 7%.

2.5 Ineligible Expenditure

The following costs shall be considered ineligible for the purpose of this investment:

- a) Simple replacement investments.
- b) The purchase of agricultural production rights, payment entitlements, livestock, annual plants, and their planting.
- c) Other costs connected with the leasing contract, such as lessor's margin, interest refinancing costs, overheads, and insurance charges.
- d) Shops and marketing elements that are not part of a processing and/or development plant supported under the CAP SP
- e) Shops selling non-Annex I products
- f) Publicity and Dissemination Criteria
- g) Project Management Costs

Others:

- h) Second-hand machinery and/or equipment.
- i) 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).
- j) Contingencies and/or losses made by the Applicant.
- k) Statutory fines and penalties.
- l) In kind contributions.
- m) Ordinary maintenance operations.
- n) Transaction costs.
- o) Costs related to extension of warranty, preventive maintenance, commissioning of works, planning application fees, and insurance charges.

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

- a. Beneficiaries have the option to claim at least 50% of the Total Grant Amount by not later than 4 months from the date of the signing of the Grant Agreement. An official request for an advance payment including all relevant supporting documentation accepted by the Agriculture and Rural Payments Agency (ARPA) shall be deemed sufficient to fulfil this obligation. In case of default, the Grant Agreement will be revoked.
- b. 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).
- c. In the case of investments under RD Off-Farm P. INVEST, the input must be an Annex I product. It is however admissible to support processing with non-Annex I products to the extent that they constitute a minor component of the input within the processing operation and are necessary for processing reasons, e.g., small percentages of additives.
- d. The proposed investment respects the applicable Community Standards, Including Occupation health and safety and food hygiene.
- e. Investment shall result in demonstrable benefits to Maltese agricultural producers⁵;

2.7 Exclusions

- a. Assistance shall not be granted in contravention of any prohibition or restriction laid down in Regulation (EU) No 1308/2013, even where such prohibitions and restrictions only refer to the Union support provided for in that Regulation.
- b. In the case of assistance which constitutes State aid, no aid will be granted to those applicants engaged in activities specifically excluded from receiving *de minimis* aid under Article 1 of the *de minimis* Regulation.

⁵ The proposed investment must predominantly result in demonstrable benefits to Agricultural producers established in Malta. A proof of this may be requested by the Project Selection Committee, if deemed required.

3.0 The Project Proposal

Interested applicants may commence the application process by accessing the online portal <https://iacs.gov.mt.abacogroup.eu/customerportal/login> and follow the instructions.

It is strongly advisable that prior to the preparation and submission of the application, prospective applicants carefully read these Guidance Notes.

More information on each section of the application can be found in the following section.

3.1 Project Details

- **Project Title:** Name your project in a way that it can be easily understood and captures the gist of your project (max 100 characters)
- **Project Duration:** Insert the number of months required to complete the proposed project. The maximum project duration is 24 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.
- **Lead Applicant:** Tick the box as applicable.
- **Applicant's Information:** To include details of applicant – address, mobile number, email address and website (if applicable).
- **Project Leader:** To include details of project leader – address, mobile number, email address and position within the entity.
- **Details of Partnership:** To include details of partnership, if applicable.
- **VAT Status:** To include information regarding VAT status.
- **Nature of Activity/Business:** Tick the nature of the business.
- **Details of the contact person for the application/project implementation:** To be filled in if contact person is different than applicant and to choose if this is valid for application stage or project implementation stage. If ticked yes, information of contract person is to be filled in.

3.2 Sector and Type of Activity

- **Sector and Type of Activity:** Tick only the sector that is applicable to your activity and indicate if its conventional (C) or organic (O).

3.3 Line Items

In this section the applicant needs to insert the action which will be included as part of the project plan. Awareness campaigns should include activities that go beyond the regulatory obligations of the EAFRD programme e.g., plaques and stickers should not be listed here.

An indirect cost of 7% will be applied on the total eligible costs that will cover any overheads incurred by the Beneficiary.

All actions need to include amount exc. and inc. VAT.

Projects co-funded through this Intervention will be assisted with 50% contribution from the European Agricultural Fund for Rural development and Government of Malta funds. Investments that transform Annex I products into non-Annex I products may be subject to other rates, subject to the applicable State Aid parameters. The amount of each component is to be included under the year in which the investment is expected to be procured. The expected Beneficiaries under this Call for are expected to practice the principles of good governance and sound financial management not only during implementation but also at application stage when drafting the proposed budget. The Project Selection Committee reserves the right to request clarifications on the budget presented by each applicant should it be deemed necessary to do so.

3.4 Technical Description

Project Description: Key Investment Plan forms an integral part of the Application Form, and all Sections must be completed by the Applicant for such applications to be eligible under this intervention (**Note this section contributes directly to the ranking criteria as listed in the application**). The selection criteria can be accessed at: [FONDI.eu | 2021-2027 Eligibility & Selection: Rules & Criteria - FONDI.eu](https://fondi.eu/2021-2027-Eligibility-&-Selection-Rules-&-Criteria-FONDI.eu)

- **Actions linked to the investment:** Tick the actions the project will be targeting – either processing of an agricultural product and/or development of an agricultural product. Shops cannot be ticked on its own but must be linked to (a) processing and/or (b) development.
- **Inputs-Outputs:** List down the inputs and outputs linked to the processing and/or development of agricultural products listed in Annex I to the Treaty on the Functioning of the European Union (TFEU)⁶
- **Use of Non-Annex 1 Products:** Tick whether the final product will include any Non-Annex I products.
- **Project Details:** Include a brief description of the project idea, giving reasoning behind the investments. Include information on how the project will enhance/result in the adoption of innovation/use of state-of-the-art technology in the sector. Also state whether the applicant

⁶ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:12012E/TXT&from=EN>

will have partnership with other actors. If the project is going to have an awareness campaign⁷, details should be listed in this section (20 marks). Furthermore, indicate the number of farms that may be positively impacted, directly or indirectly through this project e.g. the number of farms from where the processor is sources the produce (15 marks).

- **Objectives and needs to be addressed:** Tick the specific objectives and needs that your project will be targeting. Reference to the SOs and needs of this intervention is found in Section 1.4 Contribution towards the CSP Objectives (15 marks).
- **Contributions of the project towards the Farm to Fork Strategy:** Tick the boxes relevant to your project. More information on the Farm to Fork Strategy can be found [here](#) (15 marks).
- **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. Kindly list the activities envisaged within the operation that requires a planning or an environmental permit, identify whether the permit application has already been submitted and if yes list down the PA or Tracking number (5 marks).
- **Risks:** Explain the risks associated with the project and provide the mitigation and/or preventive measures as well as the actions to be taken in case an adverse event occurs. Give an explanation on risks associated with financial, implementation, capacity, legal, logistical and procurement.
- **Equal Opportunities:** Tick where applicable where the project will facilitate the increased participation of women, young farmers, young persons and/or other minorities, and explain how the project will ensure equal opportunities (5 marks).
- **Sustainable Development:** Applicants are required to demonstrate that they have considered sustainable development areas at all stages of their projects and how contribution will be mainstreamed throughout the projects' aims and operations. Tick the actions that the project will be contributing to (15 marks).

3.5 Supporting Documents

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

⁷ Awareness campaigns should include activities that go beyond the regulatory obligations of the EAFRD programme e.g., plaques and stickers should not be listed here.

3.6 Declarations

The application is requested to read through the statements in the declaration section and confirm that the Applicant will abide with the stipulated declarations. If the information is found to be false or deliberately or otherwise misleading, any EU funds awarded may be withdrawn and any funds paid may be recovered by the ARPA from the Applicant organisation completing this form. These obligations shall be considered binding upon signing of the Grant Agreement if the application is approved for co-financing. If the applicant does not accept all these declarations, the applicant will not be allowed to submit the application. If submitted such application would be considered null and void.

4.0 Assessment and Selection

4.1 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.

Each application will nonetheless be forwarded for the PSC assessment. Only complete applications will be considered by the Project Selection Committee. Applications that remain incomplete after the specified 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.

Applications that would have been rejected by the PSC on grounds of eligibility and re-submitted in a following batch showing a change of status with the intention of making themselves eligible, would still be considered ineligible.

4.2 Assessment and Selection 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 the sections below are intended to provide guidance, however, applicants are advised to refer to the aforementioned document on the selection criteria, available on www.fondi.eu⁸

Applications shall be assessed and ranked on the basis of selection criteria relevant to the intervention.

The Project Selection Committee (PSC) will award marks according to the criteria and rank projects according to the marks obtained. To qualify for selection, the proposal needs to obtain a total of at least 50% of the total marks of the general and intervention-specific selection criteria. Certain selection criteria require an obligatory 'pass mark' within the respective criterion.

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

⁸ [Microsoft Word - EAFRD Selection Criteria CAP SP 23-27 v.1.2 \(fondi.eu\)](#)

4.3 Unsuccessful Applicants

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

4.4 Appeals

Applicants who feel aggrieved by the outcome of the procedure have the right of appeal with the Project Selection Appeals Board (PSAB).

Note that the same application (i.e. applications having the same scope) cannot be considered as being under PSAB and PSC consideration concurrently. In such cases, only the application undergoing a PSAB procedure will be under consideration (by the PSAB).

4.5 Letter of Acceptance

The MA will proceed to write to the successful applicants informing them of the decision of acceptance of their project. Scanned copies of the letter shall also be submitted through email. Letters of acceptance may include conditions which have been raised by the PSC.

4.6 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.

4.7 Changes

The beneficiary organisation shall undertake every effort to ensure that the project is implemented within the stipulated timelines as defined in the broad project actions, and in line with the relevant EU and National Regulations and administrative procedures.

The Beneficiary shall not strategically change or alter the overall and broad project scope and actions. Significant and strategic changes that alter the scope of the project must be agreed to by the Managing Authority in the Change Request procedure published by the MA. Strategic changes applied to the project that do not bear the MA approval would be done at the applicant's own risk and will be assessed at the payment stage of the project.

In case the beneficiary fails to follow the timelines defined in the Grant Agreement may lead to recoveries of funds by ARPA or termination by the MA.

Projects with a grant value of equal or less than EUR100,000 shall be limited to two (2) change request submissions, including extension requests, 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.

In the case where an investment included in the project requires a planning permit and the necessary permit approvals are not obtained in due time as deemed necessary by the MA, the project proposal will be subject to a withdrawal assessment by the MA. 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: http://fondi.eu/important_documentat/earfd-templates/

5.0 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 Payments Agency (ARPA) may, from time to time, issue further information and guidance.

5.1 Durability of Investment

Beneficiaries are obliged to maintain the project for three (3) or five (5) years from the final payment to the beneficiary, depending on the durability obligations listed down in the CAP-SP and in the eligibility rules.

5.2 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. Investments will be subject to ex-post on-the-spot checks. A signed inventory, listing any items bought in connection with the project, should be compiled and held on site (where feasible) and this should be made available to ARPA whenever requested. A copy of the inventory can be found on the www.fondi.eu website.

5.3 Procurement

Beneficiaries should note that grants awarded for actions under this Intervention are public funds. In this regard, all beneficiaries should ensure that any procurement undertaken for cost items to be financed through this intervention 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.

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 and in terms of State Aid regulations.

5.4 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, Fisheries 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,
- 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.

5.4.1 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 intervention, 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>

6.0 Compliance with Community Policy

6.1 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

6.2 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.

6.3 Sustainable Development

Beneficiaries should include Sustainable Development, wherever possible 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 unnecessary related environmental damage.

7.0 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.

7.1 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.

7.2 Transparency

Because projects implemented under this Intervention 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 Common Agricultural Policy – Strategic Plan 2023-2027.

Annually, 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).

7.3 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 intervention 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 intervention 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 intervention as well as evidencing implementation of projects. The MA may also request cooperation from beneficiaries vis-à-vis promotion of the CSP, including use of pictures/videos taken from projects supported through this intervention.

8.0 Contact Details

For more information regarding the RD Off-Farm Productive Investment, kindly contact the Funds and Programmes Division.

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

Telephone Number: (+)356 2555 2555

E-mail: rsubmissions.mees@gov.mt

Website: www.fondi.eu