



**Guidance Notes for Applications for Funding under
Measure 6.1 – Business start-up aid for young farmers**

Version No 1.8 – 20th June 2022



MANAGING AUTHORITY (EAFRD)

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Rural Development Programme for Malta 2014-2020



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

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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.

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 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.

Updates to these Guidance Notes from the previous version are being marked in red for ease of reference

Notices.

(1) Procedure for the receipt of applications during the ongoing COVID-19 outbreak

Prospective applicants are to note that given the COVID-19 outbreak, only soft copies sent via email to rsubmissions.mefl@gov.mt will be accepted.

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, 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.

Only applications that successfully reach the working mailbox rsubmissions.mefl@gov.mt by the close of deadline will be considered. It remains the responsibility of the applicant to ensure that the application was successfully delivered.

Note that there is a limit on the size of emails and attachments that can be received into the electronic mailbox. **Applications are to be sent in compressed zipped folder/s, with each documentation clearly labelled.** If the email and attachments in total exceeds **10MB**, multiple emails carrying different parts of the application may be sent. Each email is to contain only **one** compressed zipped folder. The email subject should contain the application reference, the part number and the total number of parts. (*e.g. Application M6.1Joe Borg - Part 2 of 3*). Note that in case of multiple emails, only emails received within the application period will be considered and the documentation therein can in no way be changed or modified or new documentation introduced.

The email has to successfully reach the RD mailbox within the application period and not any other mailbox within the Government of Malta email infrastructure system. If it does not reach the RDD mailbox within the application period, the application will not be deemed admissible and will not be considered during the evaluation process.

The MA will not have any obligation to request or attempt any recovery of emails that fail to reach the RDD inbox due to the applicant's failure to follow this guidance document. The MA will not be held responsible if there are any delays associated with non-delivery notifications that may lead to the applicant failing to submit an application within the deadline.

The MA remains available to confirm with applicants that an application has been received if contacted via email on rsubmissions.mefl@gov.mt or (+)356 2555 2634 during office hours. After a manual check on the submitted applications, the MA will also issue an acknowledgement letter.

Upon receiving applications, officers of the Managing Authority will not be in position to validate with the applicant whether the submission satisfies the admissibility check to be considered for evaluation. Such evaluations would be performed after the closure of the batch. It shall remain the sole responsibility of the applicant to ensure the application has been submitted in its entirety.

Note that the automated acknowledgement sent from the RD 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.

Prospective applicants are strongly advised to avoid submitting applications on the last days of the call.

(2) Obligatory documentation in applications

See section 3.3 for a list of obligatory supporting documentation. Please note that signatures in sections 5 and 6 of the application are 'obligatory' since these are an integral part of the application.

All documentation submitted, including but not limited to, quotations, bills of quantities, qualifications, tax, agricultural holding (unless there is proof of transfer, or of a similar nature), etc. is to specifically state the name of the applicant and not of any other individual/company. This also applies to partnerships.

An application will not be admissible, and hence will not be considered during the evaluation process if obligatory parts of the application are not received within the system within the deadline.

The applicants will be advised further, during the evaluation process, with regards to the submission of any necessary clarifications required (this does not apply to missing obligatory documents/information).

This notification supersedes any previous guidance notes, website notifications or other media notification issued on this Measure 6.1 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 www.eufunds.gov.mt and www.eufundsmalta.gov.mt. For more information, the Managing Authority can be contacted by email at rds submissions.mefl@gov.mt or Tel. 2555 2634

(3) Unsatisfactory Cooperation and/or Implementation

Applicants should note that should the applicant have other ongoing project/s under the RDP14-20 which, at the sole discretion of the MA, are not deemed to be adhering to the Grant Agreement and/or fulfilling the respective project objectives, in a timely and correct manner, can be eliminated from consideration under this call (and possibly future calls). This is without prejudice to other actions that the MA or ARPA can take vis-à-vis the ongoing projects.

Definitions

Young Farmer: As per Regulation (EU) 1305/2013, a young farmer is defined as ‘a person who is no more than 40 years of age at the moment of submitting the application, possesses adequate occupational skills and competence and is setting up for the first time in an agricultural holding as head of that holding.’

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

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. Non-productive investments are considered to be cost-effective when: (i) they are effective (see definition of effectiveness below) and; (ii) there is no evidence that the same investments could have been implemented at lower costs.

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.

Effectiveness: Achieving the objectives set.

Efficiency: Achieving the best relationship between effectiveness and costs.

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

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

Land Manager: A land manager is a person who is legally entrusted with the management of a particular site/area.

Managing Authority: 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.

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

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

Public amenity: A public amenity is a feature belonging to a structure which enhances the area or community it is located in.

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, and approved by the Commission, to plan and monitor the implementation of the rural development policy.

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

SME: As stated in Annex I of the Regulation (EU) No 702/2014, SMEs are defined as:

1. The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.
2. Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million.
3. Within the SME category, a microenterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.

1.0 Introduction

These Guidance Notes are intended to assist Applicants understand the requirements for requesting and receiving funding support under the **Measure 6.1 – Business start-up aid for young farmers**.

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 Business Plan Guidelines are available at <http://www.eufunds.gov.mt>

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 EU Funds (MEFL) is the Managing Authority (MA) responsible for managing the measures of the European Agricultural Fund for Rural Development (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 Objectives

In a situation of difficult economic and financial circumstances for prospective young farmers to set up in the agricultural sector and a rather restricted access to capital for many European rural enterprises, support for the creation and development of new viable Agricultural activities is essential. A very important role in this process plays the opportunity for entry of women and young people into the labour market and business management as they are groups at risk of migrating out to urban areas if they do not find appropriate employment in rural areas. At the same time, certain agricultural sectors in the EU continue to face restructuring difficulties and there is a need for consolidating efforts and assets also by transferring holdings and reduction of the number of less or non-efficient agricultural operators. Aging of agricultural farm holders is another issue that needs a policy response ensuring the future of the farmers' profession. Young farmers can bring new skills and energy, new and modern professional management to the farming sector, and can be a smooth provider of innovative management tools and investments in agriculture.

This call targets young farmers focusing on agricultural activity.

1.3 Contribution to focus areas and cross-cutting objectives

The most relevant priorities to which Measure 6.1 contributes are as follows:

Priority (2) "Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and sustainable management of forests", with a focus on:

- (a) Improving the economic performance of all farms and facilitating farm restructuring and modernisation, notably with a view to increase market participation and orientation as well as agricultural diversification;
- (b) Facilitating entry of adequately skilled farmers into the agricultural sector and in particular generational renewal.

Priority (6) "Promoting social inclusion, poverty reduction and economic development in rural areas", with a focus on:

(a) Facilitating diversification, creation and development of small enterprises and job creation;

This measure targets several 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.
- Focus Area 2B: Facilitating generational renewal in the agricultural sector. Business start-up aid for young farmers (6.1) will encourage the entry of new young farmers in the local agricultural sector, thereby contributing directly to the aim of this FA, that is, to a younger local farming population.

Contribution to Cross-Cutting Objectives

Innovation

Young farmer start-ups will contribute to innovative developments as a younger and more highly-trained generation enters into the rural development sector. For example, developing new products and application of new technologies by young farmers or others setting up in business will contribute to the Innovation objectives of the EU.

Needs

Measure 6.1 will impact the following needs set out in the Rural Development Programme:

- i. Maltese quality produce: improving quality, traceability, strategic marketing, adding value, branding and promotion
- ii. Sustainable Livestock: improving resource efficiency, competitiveness and productivity, and welfare
- iii. Water, wastes and energy: improving sustainable use and generating renewable energy
- iv. Wider rural economy and quality of life: developing rural tourism, rural skills and promoting social inclusion

1.4 Scope

Young farmers frequently need support to enter into the agricultural sector. Barriers exist in the form of: difficulties in accessing land through the high costs of either purchasing or renting, fragmentation of land, and difficulties in obtaining loans for business investment through regular commercial channels (lack of collateral). Young farmers also face problems in accessing markets, and resistance from older farmers who are not open to new ideas, innovation in production and marketing, or investment in new processes.

Despite significant numbers of young people attending agricultural courses in Malta, few enter farming due to the barriers identified above and perceived limited financial returns and long hours in the sector. This measure is thus a key element in the strategy to encourage a more attractive, innovative and efficient sector in future.

This call targets young farmers focusing on agricultural activity.

1.5 Investment Priorities

Preference will be given to applications showing that the young farmer submitting the application has the necessary resources to implement the project as well as applications with effective project costing proposals, to ensure the viability and added value of the proposed project. Moreover, applications which show potential for the proposed project to lead to funding opportunities under other measures and/or funds will also be favoured.

Proposed intervention/s should aim to 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. Furthermore, investments with joint economic, environmental and climate benefits will be prioritised. In this regard, preference will be given to interventions addressing these principles.

In addition to the general principles for the selection criteria, under this measure, proposals which include detailed information on the dissemination of the results achieved by the project and the promotion of EU funding will also be given preference.

1.6 Complementarity and demarcation with other measures

Training and Advice

Though not obligatory¹, young farmers benefitting from support under sub-measure 6.1 are encouraged to participate in general training (supported under Measure 1) on environment and climate change issues, as well as advice (supported under Measure 2) specific to their projects concerning environment and climate management. This will help in incorporating long-term adaptation and resilience to climate change within business plans.

1.7 Duration

Unless otherwise notified, this call for applications shall open on Monday, 20th June 2022 and shall close on Friday, 30th September 2022, 12:00pm (local time).

¹ Commitment to obligatory training may be required for some young farmers. This obligatory training will not be covered through Measure 1 or Measure 2 of the RDP 2014-2020.

1.8 Budget

The budget available for Measure 6.1 – ‘Business start-up aid for young farmers’ is €1M in total (public expenditure). The MA reserves the right to amend the budget allocated.

1.9 Maximum Grant Value and Aid Intensity

The grant support provided under this measure is set at a maximum of €70,000. 80% is payable to beneficiary upon signing of grant agreement while 20% is payable upon completion of the business plan by no later than a maximum 18 months after receipt of the funding decision (in view of the reduced business plan period implementation, the ARPA final payment is expected prior to the maximum 18 month period).

In case of applications consisting of a group of young farmers (provided they individually satisfy the eligibility conditions), the full grant of €70,000 may be paid to each eligible member of the group.

Although the business plan includes a financing plan, **the expenditure for the investments envisaged by the business plan shall not necessarily be linked to the grant under this Measure (M6.1).**

1.10 Implementation

Implementation of the business plan must commence **from the onset** of the date of granting of support under this measure.

For young farmers receiving support under this measure, the business plan shall provide that the young farmer complies with Article 9 of Regulation (EU) No 1307/2013 regarding active farmers within **18 months** from the date of setting up.

Applicants will be required to set out their existing occupational skills² as part of their business plan. The applicant may be asked to undergo an assessment procedure (interview) to evaluate the applicant’s skills and competence. A grace period not exceeding **18 months (i.e. by the end of the business plan)** from the date of the individual decision granting support will be allowed to the beneficiary for the acquisition of the occupational skills that may be indicated upon granting of approval. It is important to note that at awarding stage, the applicant will be notified with obligatory requirements (in particular training to be followed) that they must fulfil during the grace period.

Business plans must be implemented within a maximum period of **18 months** from the granting of support under this measure, thereby allowing sufficient time for necessary controls of business plans and final payments (normally up to 1 year).

In case of commitment to transfer possession of land/agricultural holding as part of the business plan, at the end of the implementation period, the beneficiary has to demonstrate such transfer through official documentation such as, for example, a Public Deed. The period of time that such transfer

² Occupational skills may consist of acquired competences and formal academic or vocational qualifications, not necessarily in agricultural subjects. Alternatively occupational skills may be demonstrated through a track record of training and learning through work experience which did not necessarily result in formal/vocational qualification.

covers should clearly indicate that the scope is for the young farmer to take long-term effective control of the holding.

The MA may stipulate, in the eventual signing of grant agreement, timelines by when certain business plan commitments are to be reached.

1.11 Calls Procedure

Unless otherwise notified, this call for applications shall open on Monday 20th June 2022 and shall close on Friday, 30th September 2022, 12:00pm (local time).

The MA sought clearance from the State Aid Monitoring Board (SAMB) on the implementation of this measure. State Aid rules do not apply to RDP measures within the scope of Article 42 TFEU.

1.12 Regulatory Framework

The following is the relevant legal basis for Measure 6.1:

- a. Regulation (EU) 2020/2220 of the European Parliament and of the Council of 23 December 2020 laying down certain transitional provisions for support from the European Agricultural Fund for Rural Development (EAFRD) and from the European Agricultural Guarantee Fund (EAGF) in the years 2021 and 2022 and amending Regulations (EU) No 1305/2013, (EU) No 1306/2013 and (EU) No 1307/2013 as regards resources and application in the years 2021 and 2022 and Regulation (EU) No 1308/2013 as regards resources and the distribution of such support in respect of the years 2021 and 2022.
- b. Regulation (EU) No. 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), in particular Articles 18, 45 and 46.
- c. Regulation (EU) No. 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund.
- d. Commission Delegated Regulation (EU) No. 807/2014 supplementing Regulation (EU) No. 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and introducing transitional provisions, in particular Article 2.
- e. Commission Implementing Regulation (EU) No. 808/2014 laying down rules for the application of Regulation (EU) No. 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)
- f. Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises.

- g. Regulation EU No: 1306/2013 of the European Parliament and the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008.
- h. Regulation (EU) No. 1307/2013 of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No. 637/2008 and Council Regulation (EC) No. 73/2009.
- i. Environment Protection Act, 2016, ACT No. I of 2016
Other documentation for reference:
- j. Malta's Rural Development Programme 2014-2020
- k. Malta Partnership Agreement for the Programming Period 2014-2020:
<https://eufunds.gov.mt/en/Information/Pages/Partnership-Agreement.aspx>

The above list is not exhaustive and may be amended. It is up to the applicant to check whether all national and EU rules are being followed.

2.0 Eligibility

2.1 Eligible Actions

Support under this measure will be contingent upon the following:

A business plan that has to be approved by the Project Selection Committee and which shall contain as a minimum the following elements:

- a. the initial situation of the agricultural holding;
- b. milestones and targets for the development of the activities of the agricultural holding;
- c. details of the actions, including those related to environmental sustainability and resource efficiency, required for the development of the activities of the agricultural holding, such as investments, training, advice.
- d. A Financial Plan, including Budgets and projected profit and loss;
- e. **Only actions on farm or land registered on the name of the applicant are eligible.**
- f. The beneficiary is to submit, as a minimum, evidence of disbursement linked to the approved business plan, investments of no less than EUR70,000. This is without prejudice to other checks carried out by ARPA at the end of the implementation period, including checks on attainment vis-à-vis project/business plan targets and milestones.

Applicants are being requested to strictly follow the supplementary guidelines on the drafting of Business Plans under this measure. Submitted Business Plans having different content, including different headings, are not eligible for support.

Grant support is provided under this measure as stipulated in section 1.9 of these guidelines.

In case of non-compliance with the business plan, the first instalment shall be paid back proportionally to the achieved objectives. The second instalment shall be granted conditional upon the correct implementation of objectives established in the Business Plan.

Contents of a business plan may be accessed from the Managing Authority website: www.eufunds.gov.mt.

2.2 Ineligible Actions

- i. Any actions that are not in conformity to applicable environment, planning and agricultural legislation and/or policy and not in line with the business plan provided at application, shall be considered as ineligible for funding.
- ii. In the case where an application consists of more than one applicant and the MA or PSC finds one of the applicants ineligible, then the whole application will be deemed ineligible.
- iii. Project Applications proposing investments to provide services for the agricultural sector will be considered ineligible under this measure as this falls outside its scope (diversification).
- iv. **It is being clarified that actions which are proposed to be implemented on farm or land which are not being registered on the name of the same applicant are ineligible.**
- v. Applications intended to make use of the grant under this measure to use it as private share co-financing under a different measure.

2.3 Eligible applicants

- i. Article 2.1(n) of Regulation (EU) No 1305/2013 defines eligible applicants for support under this measure as person who is no more than 40 years of age at the moment of submitting the application, possessing adequate occupational skills and competence and is setting up for the first time in an agricultural holding as head of that holding.
- ii. Applications may be received for:
 - Young farmer who is setting up as a sole head of the holding and will be recognized as 'active farmers' within 18 months from the date of setting up.
 - In case the applicant forms part of a family unit, and the spouse of the applicant:

- Has benefitted from Measure 4.1 or similar;
- Has benefitted from Measure 6.1 or similar;
- Is considered a head of holding;

And contributing towards the Community of Acquests³ of the family unit (by virtue of marriage or civil union) the applicant will be considered ineligible.

In this case, the beneficiary should comply with the definition of young farmer set out in Article 2.1(n) of Regulation (EU) No 1305/2013.⁴

- Young farmer is setting up with other young farmer(s) to operate a common agricultural holding;
 - All beneficiaries individually fulfil the conditions to be recognised as a young farmer;
 - All beneficiaries individually respect the thresholds defined in these guidelines allowing agricultural holding to have access to support
 - In the case of two applicants forming part of the same family unit (spouses), and both contributing towards the Community of Acquests of the family unit (by virtue of marriage or civil union), they are to be considered as one applicant under this application and hence support will be capped at the value of one applicant. One of the two applicants will be identified as the project leader.
- Young farmer(s) is setting up with non-young farmer(s) to operate a common agricultural holding.

The practice shows that sometimes young farmer(s) operate on a holding together with non-young farmer(s). In this case, certain rules shall be respected, in particular:

- The thresholds defined in these guidelines allowing an agricultural holding to have access to support shall be individually respected by the beneficiary(ies);

iii. **Important Conditions for the granting of aid to Young Farmers regarding effective control by the Young Farmer**

³ For all intents and purposes, the Community of Acquests refers to the common fund containing the earnings and other income accrued during marriage by both spouses. The assets and liabilities forming part of the community of acquests belong to both spouses and are administered by both jointly.

⁴ A grace period of 18 months from the signing of grant agreement is provided to applicants who have still not achieved the required vocational skills and certificates.

- a) Where the application for support concerns a holding owned by a legal person, a young farmer within the meaning of Article 2(1)(n) of Regulation (EU) No 1305/2013⁵ shall exercise effective and long-term control over the legal person in terms of decisions related to management, benefits and financial risks.
 - b) Where several natural persons, including person(s) who are not young farmer(s), participate in the capital or management of the legal person, the young farmer shall be capable of exercising such effective and long-term control solely
 - c) Where a legal person is solely controlled by another legal person, requirements laid down in point 1 above shall apply to any natural person having control over that other legal person.
- iv. As per Article 19(4) of Regulation (EU) 1305/2013, support is limited to small and micro enterprises.
 - v. In line with the scope of this measure, it is being clarified that any natural or legal person who has already benefitted under Measure 4.1 and/or 6.4 under the current Programme, are not eligible to benefit from Measure 6.1. Likewise, anyone who has benefitted under investment measures targeting agricultural holdings under previous CAP Programming Periods are not eligible under this call. On the other hand, beneficiaries who have successfully benefitted from Measure 6.1 are encouraged to apply under Measure 4.1 and other applicable measures.
 - vi. In the case of two spouses who do not have the Separation of Estates in place, proposing a transfer/sharing of Agricultural Holding from one spouse to the other, their request will be considered ineligible, irrespective of when the holding was acquired.

2.3 Eligible Expenditure

- i. Implementation of the Business Plan is considered to be eligible for support if it has been implemented after an application has been submitted to the Managing Authority and an acknowledgment is issued by the Managing Authority, in line with Art 60 (2) Reg (EU) 1305/2013.
- ii. The acquisition, including through leasing or improvement of immovable property, including the acquisition of land are only eligible to an extent not exceeding 10% of the total Business Plan expenditure.

⁵ (n) "young farmer" means a person who is no more than 40 years of age at the moment of submitting the application, possesses adequate occupational skills and competence and is setting up for the first time in an agricultural holding as head of that holding;

- iii. 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 Business Plan expenditure.
- iv. Where applicable, any investments made through support under this measure shall be made to be aimed primarily on the agricultural holding which is being transferred to the applicant (young farmer).
- v. Without prejudice to sections 2.2 and 2.5, there are no further restrictions of the costs that could be covered under Measure 6.1 – ‘Business start-up aid for young farmers’, **provided these are consistent with the business plan.**
- vi. Support may be granted to young farmers setting up for the first time in an agricultural holding as head of the holding in respect of investments to comply with Union standards applying to agricultural production, including occupational safety. Such support may be provided for a maximum of **18 months** from the date of setting up.

2.5 Ineligible Expenditure

The following are ineligible for support under M6.1 – ‘Business start-up aid for young farmers’:

- Only on-farm vehicles are eligible for support. Vehicles for off-farm use are ineligible for support.
- Second-hand machinery and/or equipment;
- Canopies, excluding canopies for livestock housing;
- Purchase of Livestock;
- Investments in structures of which its primary purpose is for the marketing/sale of produce.

2.6 Specific Provisions

In line with the definition of a Young Farmer for which applicants need to satisfy, it is imperative that the applicant/s are applying for this measure to assist them in becoming the head of an agricultural holding for the first time.

In the case of natural persons, a young farmer must possess **at least one but not all** of the following:

1. A holding/farm;
2. A VAT number;
3. Be recognised as a full-time or part-time farmer by JobsPlus;
4. Necessary licences/permits (with respect to livestock farms).

The MA or PSC may verify through other public domains the status of the applicant in relation to all of the four criteria above.

Therefore, in order for a young farmer to be considered as “actively preparing” they must provide evidence that the process has been initiated by presenting the application/request of one or more of the requirements listed above. The end date of this process will be when the young farmer has all the actual documents at hand.

Where the applicant does not require the necessary licences and/or permits s/he must possess at least one but not all of the following:

1. A holding/farm;
2. A VAT no;
3. Be recognised as a full-time or part-time farmer by JobsPlus

In case of applications including the transfer of government agricultural lease(s) (Qbiela), applicants are required to submit the FORM AGRI1 reference number. This form may be accessed from the following site:<https://onlineportal.landsauthority.org.mt/Application/AGRI1>.

Where applicable, applications submitted without such reference number will be not be eligible for support.

The minimum threshold for allowing agricultural holdings access to support under sub-measure 6.1 is of a minimum of €5,000 Standard Output/holding, while the maximum threshold is €250,000 Standard Output/holding for all sectors.

Both thresholds for accessing support apply at the moment of submitting the application under Measure 6.1. Beneficiaries can exceed this threshold during the implementation of the project, including as a result of the implementation of the business plan.

In case where application consists of a group of farmers, Standard Output thresholds must apply to each individual in the application.

Standard Output requirements for unproductive land (only) during the year preceding the submission of application, shall be calculated upon the future estimated standard output value of the holding. This calculation should be clearly indicated in the attached business plan.

For all intents and purposes, the Standard Output on the application form needs to be calculated on the land/holding that the Young Farmer/s will be taking effective and long-term control with the support of this measure and not based on any other holding.

More information on the calculation of the Standard Output may be accessed on:

<http://eufunds.gov.mt/en/EU%20Funds%20Programmes/European%20Agricultural%20Fund/Documents/Measures/How%20to%20calculate%20the%20SO%20value.pdf>

When the applicant does not own a holding on their name, they must provide the relevant supporting documentation (e.g. Contract of transfer of land), showing the commitment for the transfer of land. This must also include a crop-plan showing the relevant SO thresholds are being satisfied.

2.7 Exclusions

Support will not be granted to holdings or enterprises in difficulty within the meaning of Commission Regulation No 702/2014 'Declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union'.

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

2.8 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).

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 component' or a 'significant sum of components' it is being construed as making up at least 50% of the proposed expenditure.

3.0 Applications

3.1 Application Process

The MA shall publicise the calls through various media and will collaborate with stakeholders particularly representatives of the target groups and other Government Entities to publicise Measure 6.1 – 'Business start-up aid for young farmers' to ensure the widest visibility possible.

3.2 Submission of Applications

Applicants must submit an application as outlined in the call for applications.

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

All applications must be completed in full, signed and dated by the Applicant. (Sections 5 & 6 of the application).

In case where an applicant is submitting an application for funding on behalf of an organisation, the applicant should submit evidence to show that applicant forms part of the organisation and has the necessary authority to apply.

Applicants should submit the following:

- Soft copies of the filled in application form as follows, by email on rds submissions.mefl@gov.mt in Word format,

- Duly Filled Application Form in Word Document Format
- Copy of application form in PDF format (not scanned),
- Signed scanned copy in PDF format,
- Complete set of supporting documentation,
- A contact mobile number (Obligatory),
- A contact email address (Obligatory).

Only upon submission of the above will the application be accepted. All copies must include all supporting documentation attached to the original Application, as explained in the following section. Refer to page 6 of these guidance notes for further information on the submission of Applications.

Upon receiving applications, officers of the Managing Authority will not be in position to validate with the applicant whether the submission satisfies the admissibility check to be considered for evaluation. It shall remain the sole responsibility of the applicant to ensure the application has been submitted in its entirety.

Private beneficiaries that are currently implementing a project funded through the European Agricultural Fund Rural Development (RDP) under this same sub-measure can only be submitted (and accepted) once the first project has been 'closed'. Project closure takes place when the Agriculture and Rural Payments Agency has carried out its final controls and has issued the final payment to the beneficiary. Where requested by the MA, the Final Project Report would have to be submitted prior to the submission of a fresh application.

In view of the foregoing, new applications requesting funding through measures from which the applicant is currently benefitting (and project is not closed as per above) will not be assessed by the Project Selection Committee.

3.3 Documents to be submitted with the Application

A checklist of documents to be submitted with the Application is attached to the Application Form. For the application to be considered complete, all documents that are marked as **compulsory** are to be submitted with the Application Form.

The following is a list of the documents that need to be submitted as part of the Application, and is divided into two parts: (1) supporting documents that concern the applicant, and (2) supporting documents that concern the proposed investment.

3.3.1 Supporting documentation concerning the applicant

The following is a list of supporting documentation that concerns the applicant/applications. Applicants are advised to note whether the submission of relevant documents:

- Is obligatory or required at application stage⁶;
- and whether It is compulsory for all applicants, or as applicable for an individual applicant⁷, as indicated in the list below:

As explained in Section 2.6 – ‘Specific Provisions’ of these guidelines, the applicant must support his/her application with the relevant documentation showing the applicant is *actively preparing*.

All documentation submitted, be it quotations, bills of quantities, qualifications, tax, agricultural holding (unless there is proof of transfer, or of a similar nature), etc. is to specifically state the name of the applicant and not of any other individual/company. This also applies to partnerships.

<p>The following are to be sent in one compressed zipped folder to rds submissions.mefl@gov.mt</p> <ul style="list-style-type: none"> a) a soft copy of application in Word and in PDF format (not scanned) b) a scanned copy of the signed application; and c) soft copies of all annexes, documents and supporting documentation. <p>Each separate digital document is to be individually presented and adequately titled for ease of reference.</p> <p>(Obligatory at application stage)</p>	<p>Compulsory for all Applicants</p>
<p>Copy of ID Card of Applicant/s</p> <p>(Obligatory at application stage)</p>	<p>Compulsory for all Applicants</p>
<p>Curriculum Vitae of the applicant/s</p> <p>(Obligatory at application stage)</p>	<p>Compulsory for all Applicants</p>
<p>Certification of participation to a relevant training within the last two years.</p>	<p>If applicable</p>

⁶ An obligatory document is one that MUST be submitted at application stage. Without such document, the application shall not be accepted. A required document is one that NEEDS to be submitted at application stage, but, if it is missing from the application, the applicant shall be notified to submit the missing document within the stipulated period.

⁷ A compulsory document is one that must be submitted by ALL applicants. A non-compulsory document is one that has to be submitted by an applicant, if applicable.

(Compulsory at application stage where applicable)	
Certification showing the relevant Occupational/Educational/Vocational skills (Compulsory at application stage where applicable)	If applicable
Receipt of sought advice from advisory services within the last two years. (Compulsory at application stage where applicable)	If applicable
Standard Output Calculations (Annex 1 of the application form) (Obligatory at application stage)	Compulsory for all Applicants
Tax Compliance Certificate – A certificate issued not earlier than two (2) months from the date of the application submission, by the Office of the Commissioner for Revenue (CfR) confirming that the Applicant has submitted all returns and has no pending liabilities with CfR; or can otherwise provide official CfR documented evidence that the applicant is honouring an agreement for settling any outstanding amounts. (Obligatory at application stage)	Compulsory for all applicants
Latest (i.e. last year or the previous year, depending on the application deadline) tax return and annexed income statement submitted;	Compulsory for all applicants
Profit and Loss statements for year N-1 (Applicable for Self-Employed)	If applicable
In case of envisaged transfer of land/farm or transfer of agricultural lease (<i>Qbiela</i>) ⁸ as part of the business plan, documented evidence (e.g. promise of sale agreement) that there is commitment on the part of the current (lease) owners to transfer (lease) ownership of holding/land to young farmer (possibly) subject to EU funding. <i>The MA may stipulate in the eventual grant agreement, timelines by when certain business plan commitments are to be reached.</i> (Obligatory at application Stage where applicable)	If applicable

⁸ *In the case of a transfer of holding from one spouse to the other, documentary proof that the spouses are under a Separation of Estates regime is to be provided.*

<p>Audited financial statements of year n-1 and n-2^[1]. If n-1 year audited accounts are not available, the applicant is to submit management accounts.</p> <p>In case of start-ups 1st year of Business: If in the first year of business - existing management accounts at application date, cash flow and revenue projections for next year certified by CPA.</p> <p>In case of Start-ups 2nd year of business: If in the second year of business- audited financial statements of n-1, if these are not available applicant is to submit management accounts.</p> <p>(Applicable for private companies)</p> <p>(Required at application stage, where applicable)</p>	<p>If applicable</p>
<p>Current Memorandum of Association or Partnership Deed</p> <p>(MoA is applicable for legal entities/persons – not required in case of natural persons).</p> <p>(Partnership Deed is required in case of applicants in a Partnership Agreement.)</p> <p>(Obligatory at application Stage where applicable)</p>	<p>Compulsory, if applicable</p>
<p>In the case of legal entities, a copy of the application submitted with the Malta Business Registry (MBR) to register or amend the entity’s memorandum. This registration/amendment must specify that the young farmer is being included in the memorandum as one of the stakeholders and one of the Directors (or the Director). In other words, the young farmer must demonstrate that he has a stake in the company of at least 51%.</p> <p>(Obligatory at application Stage where applicable)</p>	<p>Compulsory, if applicable</p>

^[1] N is the current year.

<p>Certification showing total number of livestock, covering the period between year N-1 and N-3). Certification must clearly indicate farm identification (ex. Farm registration). This certificate⁹ is to be provided by the Veterinary Regulation Division (VRD).</p> <p>(Obligatory at application stage, where applicable)</p>	If applicable
<p>Certification verifying the number of registered beehives, covering the period between year N-1 and N-3. This certificate is to be provided by the Veterinary and Phyto-sanitary Regulation Division (VPRD).</p> <p>(Required at application stage, if applicable)</p>	If applicable
<p>Certification indicating total agricultural holding/land. To be collected from the Front Office, Agriculture and Rural Payments Agency, Pitkali Markets, Ta' Qali, L/O Attard, Malta or the Government Experimental Farm in Xewkija, Gozo.</p> <p>(Obligatory at application stage)</p>	Compulsory for all Applicants
<p>Signed Section 6 of the Application – Data Protection</p> <p>(Obligatory at application stage)</p>	Compulsory for all Applicants
<p>Signed Section 7 of the Application – Declaration</p> <p>(Obligatory at application stage)</p>	Compulsory for all Applicants
<p>All Sections of the Application have been filled in.</p> <p>(Obligatory at application stage)</p>	Compulsory for all Applicants

⁹ It is being clarified that certificates issued by the VRD, intended for non-commercial use (delizzju) will be considered **inadmissible**

3.3.2 Measure specific supporting documentation

<p>The Business Plan in <u>Word Format and PDF Scanned+Signed Version</u></p> <p><i>The Business plan must include the following obligatory sections:</i></p> <ul style="list-style-type: none"> • <i>Current Initial Situation of Holding</i> • <i>Milestones and targets for the development of the activities of the agricultural holding</i> • <i>Financial Section, including Budget and Projected Profit & Loss</i> • <i>Details of the actions, including those related to environmental sustainability and resource efficiency, required for the development of the activities of the agricultural holding, such as investments, training, advice, production (including crop plans and number of livestock units as applicable)</i> <p><i>Further information on how to write the business plan, may be found on the MA website (www.eufunds.gov.mt)</i></p> <p>(Obligatory at application stage)</p>	<p>Compulsory for all Applicants</p>
<p>In case of physical works, a site plan of area of intervention and architect drawings should be submitted.</p> <p>Such plans are to clearly indicate the location of each investment and/or intervention through an appropriate clear legend. BOQ's are to refer to every investment/intervention listed on the architect drawing.¹⁰</p> <p>(Obligatory at application stage)</p>	<p>If Applicable</p>

The applicant must possess one or more but not all of the following. Kindly indicate which documentation you are submitting with this application.

<p>Documentation indicating the possession of the relevant land and/or holding</p> <p>(Obligatory at application stage where applicable)</p>	<p>If Applicable</p>
<p>FORM AGRI1 reference number in case of applications including the transfer of government lease(s) (Qbiela).</p> <p>(Obligatory at application stage)</p>	<p>If Applicable</p>
<p>Copy of VAT registration certificate</p>	

¹⁰ Please refer to Guidance Document of the [MA website](http://www.eufunds.gov.mt).

In cases when the applicant does not currently hold a VAT number, the applicant is required to submit a declaration issued by the VAT department clearly indicating that the applicant is not in possession of a VAT number (Applicable for self-employed) (Obligatory at application stage where applicable)	If Applicable
Necessary permits and/or licenses in case of livestock farmers (Obligatory at application stage where applicable)	If Applicable

3.3.3 Supporting documentation concerning the proposed investments

The following is a list of supporting documentation that concerns the proposed investment. Applicants are advised to note whether the submission of relevant documents is compulsory or required, as indicated in the list below.

Planning permit where relevant. Should the Applicant not have the relevant Planning Authority permit approval at the time of submission of the application the planning permit has to be submitted to the ARPA once available. (Obligatory at application stage where applicable)	If applicable
When applying for the planting or removal of trees, photographic evidence identifying the type of trees and it/their location (s) on the holding. Any photographic evidence should clearly indicate the location and orientation. (Obligatory at application stage where applicable)	If applicable
In cases of new plantings, applicants are also requested to prepare a sitemap on which, the exact location (s) where every tree is to be planted is to be indicated. ¹¹¹² (Obligatory at application stage where applicable)	If applicable
ERA feedback ¹³ prior to removal of invasive alien tree species	If applicable

¹¹ The most recent orthophoto from the Planning Authority (PA) or similar imagery should be used. Interventions are to be clearly indicated with an adequate legend.

¹² Please refer to Guidance Document of the [MA website](#).

¹³ Beneficiary must provide evidence that he has checked with ERA whether the planned intervention needs ERA's authorisation/permit.

<p>(Official correspondence with the Environmental and Resources Authority)</p> <p>(Obligatory at application stage)</p>	
<p>ERA authorisation¹⁴ prior to removal of invasive alien tree species, where relevant.</p> <p>Should the Applicant not have the relevant ERA authorisation at the time of submission of the application the authorisation has to be submitted to ARPA once available.</p> <p>(Obligatory at application stage)</p>	If applicable
<p>In cases where no planning permit has been sought, ERA feedback is required In case of any interventions in Natura 2000 areas¹⁵.</p> <p>(Official Correspondence with the Environmental and Resources Authority).</p> <p>(Obligatory at application stage)</p>	If applicable
<p>ERA authorisation¹⁶ in case of any interventions in Natura 2000 areas, where relevant.</p> <p>Should the Applicant not have the relevant ERA authorisation at the time of submission of the application the authorisation has to be submitted once available.</p> <p>(Obligatory at application stage where applicable)</p>	If applicable
<p>In the case of a business plan related to new livestock farm set-up, an opinion of the Veterinary and Phytosanitary Regulation Department (VPRD) as to whether the proposed start-up is feasible in terms of necessary licensing within the respective sector.</p> <p>(Obligatory at application stage where applicable)</p>	If applicable

3.3.3 List of Contact Persons

- The Final Settlement and of Social Security Contributions Compliance Certificate can be acquired by contacting the Office of the Commissioner for Revenue on:

¹⁴ If required beneficiary must submit ERA authorisation/permit prior to commencement of work.

¹⁵ Beneficiary must provide evidence that he has checked with ERA whether the planned intervention needs ERA's authorisation/permit.

¹⁶ If required beneficiary must submit ERA authorisation/permit prior to commencement of work.

Tel No: 22962755

Email: compliance-certificates.mfin@gov.mt

- The Income Tax Compliance Certificate can be acquired by contacting the Office of the Commissioner for Revenue on:

Tel No: 22962755

Email: compliance-certificates.mfin@gov.mt

- The VAT Compliance Certificate can be acquired by contacting the following Office of the Commissioner for Revenue officials:

Mariella Orlando

Tel No. : 22799231

Email: mariella.orlando@gov.mt

Or

Joseph Attard

Tel No.: 22799232

Email: joseph.b.attard@gov.mt

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

Tel No: 22925100

Email: veterinaryregulation.mafa@gov.mt

3.4 Receipt of Applications

Applications are to be sent by not later than **noon (12:00) Local Time** of the deadline date specified published on the MA website. Refer to the Notices section in the introductory part of these guidance notes for further information on the submission of Applications.

3.5 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.

4.0 Assessment and selection

4.1 Validation of applications

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

There are two types of documents that need to be submitted along with the application: (1) obligatory at application stage i.e. application will be refused if these documents are missing and (2) required but non-compulsory at application stage.

Should any documentation that is required (non-compulsory) be missing from the Application Form, the MA shall notify the Applicant through a notification letter. Any required non-compulsory documents that were missing from the Application Form are to be submitted within not more than 5 (five) working days from the date of the notification letter.

Only complete applications will be considered by the Project Selection Committee. Applications that remain incomplete after the 5 (five)-working day notice period has elapsed will be rejected and the applicant will be notified accordingly.

Should the applicant wish to re-submit an application, the process is considered a new cycle. 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. (for e.g. the project application would have been dismissed on grounds that the applicant's Employment History shows that the applicant is not a new farmer but in the following application submission the applicant would have unregistered themselves)

4.2 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 (sections 4.3 and 4.4 below are intended to provide guidance, however, applicants are advised to refer to the official document on the selection criteria, available at <https://eufunds.gov.mt/en/EU%20Funds%20Programmes/European%20Agricultural%20Fund/Documents/MC/Eligibility%20and%20Selection%20Criteria%202014-2020.pdf>). Also refer to Section 4.4 of this document.

Applications shall be assessed and ranked on the basis of 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 a total

of at least 50% of the total marks of the general and measure-specific selection criteria. Certain selection criteria require an obligatory 'pass mark' within the respective criterion.

During the assessment and selection process, checks will also be carried out to assess the reasonableness of the cost where 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.

4.3 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.

4.3.1 General Eligibility Criteria

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

- a. Submitted application is fully completed/filled-in¹⁷
- b. Applicant demonstrates that they form 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

4.3.2 Measure-Specific Eligibility Criteria

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

- a. Young farmers according to definition established in Regulation (EU) No. 1305/2013, non-agricultural SMEs set up in rural areas, other persons in rural areas, farmers or household members of the holding who diversify into non-agricultural activities;
- b. SMEs as defined by Regulation (EU) No. 1305/2013;
- c. Business plan, implementation to start upon the granting of support and to be completed within 18 months;
- d. Adequate vocational skills and competencies by project completion.

¹⁷ In terms of details as required by the selection committee to evaluate the application for eligibility and selection accordingly.

- e. Young Farmers must be 'actively preparing' who have not completed the process to becoming Head of holding, as shall be defined in the RDP.
- f. In the case of a business plan related to new livestock farm set-up, an opinion of the Veterinary Regulation Department (VRD) as to whether the proposed start-up is feasible in terms of necessary licensing within the respective sector.

4.4 Selection of Proposed Investments

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) in order to have a comprehensive understanding of the proposal.

For a project to be considered for funding, it has to 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;
- Unacceptable 01 to 25% of points.

For the purpose of project selection, Measure 6.1 – business start-up aid for young farmers carries a total maximum scoring of 130 marks. The general selection criteria carry a maximum of 100 marks, while the measure-specific criteria carry a maximum of 30 marks.

4.4.1 General Selection Criteria

The following is a list, together with maximum scoring, of general selection criteria applicable to Measure 6.1. The maximum total marks that can be obtained by fulfilling these general selection criteria is 100%.

Project proposal targeting multiple indicators – max marks 20

Applicants are awarded points on the basis of 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.

Organisational capacity – max marks 20¹⁸

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 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 as this indicates that the applicant is already familiar with the processes and obligations involved.

Cost effectiveness – max marks 20¹⁹

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 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.

Evidence of cost-effectiveness should be accompanied by both quantitative and qualitative justifications.

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 mainstreaming 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.

4.4.2 Measure-specific Selection Criteria

The following are the measure-specific selection criteria and relevant scores for Measure 6.1:

¹⁸ Applicants will be required to obtain a minimum of 10 marks from this selection criterion.

¹⁹ Applicants will be required to obtain a minimum of 10 marks from this selection criterion.

- 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.

- 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. 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 Measure 6.1 uploaded online.

4.5 Unsuccessful applicants

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

4.6 Appeals

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

New (or the same) applications submitted by applicants who have filed an appeal under the same RDP sub-measure to the PSAB will not be accepted or considered by the MA, and will be returned to the applicant.

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).

4.7 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.

4.8 Grant Agreement

Applicants whose proposals for investments have been selected in accordance to 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.

4.9 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 Managing Authority prior to the changes being actually implemented (*a priori*). The Managing Authority 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.

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

5.1 Durability of Investment

Given the non-investment nature of the setting-up support, the business start-up support is not subject to the provisions of Art 71 of Regulation (EU) No 1303/2013 CPR concerning the "durability of operations".

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. 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. A copy of the inventory can be downloaded from the following link:

<https://eufunds.gov.mt/en/EU%20Funds%20Programmes/European%20Agricultural%20Fund/Pages/Circulars.aspx>

5.3 Public procurement

Beneficiaries of Grant Support are to be aware that they are bound by the principles of good governance, sound financial management, transparency, objectivity and non-discrimination.

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 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 1303/2013²⁰;
- 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."²¹

5.4.2 Administrative checks on payment claims

Administrative checks on payment claims shall include in particular, and where appropriate for the claim in question, verification of:

- the completed operation compared with the operation for which the application for support was submitted and granted;

²⁰ Simplified costs option

²¹ Article 48(2) of Commission Implementing Regulation (EU) No 808/2014

- the costs incurred and the payments made.²²

The verifications shall cover in particular:

- That expenditure relates to the eligible period and has been paid;
- For simplified cost options: that conditions for payments defined in the grant agreement have been fulfilled²³;
- That the expenditure relates to an approved operation;
- Compliance with national and Union eligibility rules;
- Delivery of the product/service in full compliance with the terms and conditions of the grant agreement.
- Irregular double financing with other Union or national schemes and with the previous programming period²⁴

The documents to be submitted with each payment claim by beneficiaries shall be comprehensive enough to enable the Paying Agency to verify the legality and regularity of the expenditure in compliance with national and Union rules. Administrative checks shall thereby comprise, as far as possible, a complete review of the supporting documents to each payment claim.

It is crucial that all necessary documentation is presented (if and when required) and that the tax invoices/VAT receipts submitted are clear and valid as per the twelfth schedule of the Value-Added Tax Act (Chapter 406 of the Laws of Malta), which stipulates what a tax invoice should include.

The Paying Agency retains the right to request original copies of invoices/VAT receipts/tax invoice if this is not of sufficient quality or does not contain all the relevant details.

In general, a tax invoice should contain the following particulars:

1. The date of issue;
2. A sequential number which uniquely identifies the invoice;
3. The name, address and VAT number of the supplier;
4. The name, address and VAT number of the customer;
5. A description sufficient to identify the quantity and nature of the goods or the extent and nature of the goods or the extent and nature of the services applied;
6. The date on which the supply was made or complete or the date on which a payment on account of a supplier was made;

²² Article 48(3) of Commission Implementing Regulation (EU) No 808/2014

²³ Simplified cost option is not being implemented, but may become an option at a later stage of the programme.

²⁴ Article 48(4) of Commission Implementing Regulation (EU) No 808/2014

7. The taxable value per rate or exemption, the unit price exclusive of tax and any discounts or rebates if they are not included in the unit price:
8. The amount of tax chargeable, if any, at each rate so chargeable
9. The total amount of tax chargeable, if any.

All relevant documentation is to be submitted by the beneficiary together with the payment claim. This will allow for all documentary checks to be carried out during the administrative checks, thus reducing the need to verify these documents on-the-spot. The supporting documentation shall, as a minimum, include a schedule of the individual expenditure items, totalled and showing the expenditure amount, the references of the related invoices, the date of payment and the payment reference number and list of contracts signed. Moreover, electronic invoices and payments or copies of invoices and proof of payment should be provided for all expenditure items. The Paying Agency may from time to time issue guidelines on the submission of payment claims including templates and any required supporting documentation. The Paying Agency may also establish time frames for the submission of payment claims as well as procedures governing the rejection of claims which do not comply with minimum standards.

Where the verification of payment claims will involve an inordinately large volume of documentation being submitted by beneficiaries, an alternative approach may involve requesting only the supporting documentation in respect of the sample of expenditure items selected for verification. This approach has the advantage of reducing the volume of documentation to be submitted by beneficiaries. However, as the selection of the required supporting documentation can only be made on receipt of the beneficiary's payment claim, processing of the claim may be delayed pending receipt of the requested documentation.

The terms of agreements for individual operations may include a requirement for beneficiaries to provide an auditor's certificate with payment claims they submit. These certificates vary depending upon the scope of the work carried out by the auditor but generally cover basic requirements such as confirmation that the expenditure has been paid within the eligible period, that it relates to items approved under the agreement, that the terms of the agreement for individual operation have been complied with and that adequate supporting documentation, including accounting records, exists. Although the administrative checks cannot rely solely by checks carried out by third parties (e.g. auditors), auditors' certificates may justify limiting the administrative check to a sufficient sample taking account of known risks, including the risk of a lack of independence of the body providing the certificate. This should not be simply a one sentence certificate on the regularity of the beneficiary's claim, but should describe the work carried out and the results.

The annually audited financial statement of a beneficiary cannot replace a specific auditor's certificate for each payment claim made by that beneficiary.

5.4.3 In situ visits

The in-situ visits in the context of administrative checks are different in purpose from on-the spot checks. In in situ visits, the aim is to check the points of the administrative check (primarily the correct completion of the investment). In the second case, the aim is to supplement the administrative check in order to carry out as exhaustive as possible a check of a sample of beneficiaries.

5.4.4 On-the-spot checks

On-the-spot checks, shall be carried out by the Paying Agency as required in order to ensure an effective management of risks. Payment claims shall be rejected if the beneficiary or his representative prevents an on-the-spot check from being carried out, except in cases of force majeure or exceptional circumstances.

The on-the-spot check shall verify the accuracy of the data declared by the beneficiary against underlying documents. This includes a verification that the payment claims submitted by the beneficiary are supported by accounting or other documents, including, where necessary, a check on the accuracy of the data in the payment claim on the basis of data or commercial documents held by third parties.

The on-the-spot check shall verify that the use or intended use of the operation is consistent with the use described in the application and business plan for support and for which the support was granted. Except in exceptional circumstances, duly recorded and explained by the competent authorities, on-the-spot checks shall include a visit to the place where the operation is implemented or, if the operation is intangible, to the operation promoter.

Where administrative checks are exhaustive and detailed, there are still some elements concerning the legality and regularity of expenditure that cannot be verified through an administrative check. It is therefore essential that on-the-spot checks are carried out in order to check in particular the reality of the operation, delivery of the product/service in full compliance with the terms and conditions of the grant agreement, physical progress, respect for Union rules on publicity etc. On-the-spot checks can also be used to verify that the beneficiary is providing accurate information regarding the physical and financial implementation of the operation.

5.4.5 Timing of on-the-spot checks

Beneficiaries will be given advance notification of the on-the-spot checks in order to ensure that the relevant staff (e.g. project manager, engineer, accounting staff) and documentation (in particular, financial records including bank statements and invoices) are made available by the beneficiary during the check.

Normally on-the-spot checks will be carried out before the final payment for the operation and after receipt of the final payment claim.

5.4.6 Ex-post checks

Ex-post checks shall be carried out on investment operations to verify the respect of commitments pursuant to Article 71 of Regulation (EU) No 1303/2013 or detailed in the rural development programme.

The ARPA may apply financial corrections in the case where the investment project fails to reach the proposed indicators.

5.5 Provision of interim payments

Not applicable.

5.6 Publicity Obligations

Publicity is an integral part of the project. The Beneficiary must be aware of the source of funding through which they have been given the Grant. In addition, upon completion of the project, the

Beneficiary must ensure that the necessary EU publicity requirements are adhered to in accordance to provisions laid down in Annex III of Commission Implementing Regulation (EU) No 808/2014, (e.g. stickers indicating the source of co-financing are to be attached to all equipment procured through the Grant). Where appropriate, the Beneficiary is obligated to install posters, explanatory plaques, billboards and any other publicity material as may be required.

Beneficiaries will be advised to refer to the applicable Visual Identity Guidelines published by the Managing Authority and to adhere to the applicable provisions.

Further guidance on publicity are available on the Managing Authority Website:

<https://eufunds.gov.mt> .

5.7 Force majeure

Force majeure is generally considered to imply an abnormal or unforeseeable circumstance beyond a project holder's control, the consequences of which could not be avoided by reasonable action. A written request for applying the force majeure clause needs to be submitted to the PA within fifteen (15) days from the date of occurrence of the circumstance. After consultation, the PA will decide whether to accept or reject the application.

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. Equal Opportunities
- b. Sustainable development

6.2 Public Procurement

Beneficiaries should note that Grants awarded for actions under the Measure 6.1 are public funds. In this regard, all Beneficiaries should ensure that any procurement undertaken for cost items to be financed through the Measure 6.1 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 together with these Guidance Notes.

6.3 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.

6.4 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.

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 Measure 6.1 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.

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 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.

8.0 Contact Details

For more information regarding the Measure 6.1, kindly contact the Funds and Programmes Division.

Address: Funds and Programmes Division,
The Oaks Business Centre, Block B, Farsons Street,
Hamrun, Malta

Telephone Number: +356 2555 2634

E-mail: rdd.mefl@gov.mt

Website: www.eufunds.gov.mt

Annex I Timeline

