

MEMO 6/2018

To All FPD staff
From Financial Control Unit
Date 17th December 2018
Subject Approval by State Aid Monitoring Board (SAMB) when changes in projects arise

Background

In general, EU State aid rules apply to projects which involve any direct (or indirect) financial support from the public sector to commercial enterprises or organisations carrying out an economic activity or if in some way the assistance involved distorts trade or threatens to distort competition within the Community. Project applicants have a duty to ensure compliance with State aid rules.

It is the duty of the applicant organisation¹ to contact and receive clearance from SAMB prior to project submission to the relevant Managing Authority although in line with the project selection manual the MA/RA² will also re verify the status prior approval of the project.

Once a project is approved no significant changes to the project can be effected unless such modification is once again endorsed by the SAMB. Hence before the MA/RA will proceed with the addendum to the project (subject that the modification requested is justified and approved) any changes should be brought to the attention of SAMB by the MA/RA.

As dictated in the project grant agreement in the event of a change in **the scope of the project during its life-time and/or after completion, thereby raising the possibility of State aid, a beneficiary shall report this change to the MA / RA / National Authority without delay.**³ Failure to report such change may result in loss of funds to that beneficiary.

Beneficiaries should note that changes involving State aid implications could also result in recoveries being imposed on the project. If it is known that state aid is involved, then the project may be rejected and fully recovered.

Hence, any significant change that could impact on the State aid position with regards to a specific project should be referred to the Board for its consideration.

The term used by the SAMB is that a change has to be significant; that is, if the change falls under State Aid (for example change in ownership, nature of works/project, support aid, capping of support etc), then this would have to be reported back to SAMB. It is to be generally understood that in case of doubt, officers should refer to SAMB⁴.

¹ In some cases this process is managed by the relevant Unit (eg for ETC projects). Applicants will have to follow the instructions as devised in the application guidelines.

² When necessary

³ The relevant authority will then obtain SAMB clearance if and when required

⁴ SAMB contact details: Executive Secretary, State Aid Monitoring Board Telephone: (+356) 2125 2757 Email: yana.haber@gov.mt
