Operational Programme I (2014-2020)
Fostering a competitive and sustainable economy to meet our challenges

European Regional Development Fund
Eligibility Guidance notes to Call IV Project Proposals

Priority Axis 4
‘Shifting towards a low-carbon economy’

Priority Axis 5
‘Protecting our environment - investing in natural and cultural assets'
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1. **Scope of the Eligibility Guidelines**

The scope of these Eligibility Guidelines is to provide assistance to prospective Applicants when applying for projects part-financed by the European Regional Development Fund (ERDF) under the 2014-2020 Operational Programme I ‘Fostering a competitive and sustainable economy to meet our challenges’.

In Malta, the ERDF and Cohesion Fund (CF) fall under the responsibility of the Managing Authority (MA), the Planning and Priorities Co-ordination Division (PPCD), within the Ministry for European Affairs and the Implementation of the Electoral Manifesto (MEAIM).

**Potential Applicants** are encouraged to read through these Eligibility Guidelines and the relevant sections of Operational Programme I as will be highlighted in the sections below, in order to avoid submitting ineligible applications.

The Managing Authority also issues other additional supporting documentation, including a detailed guidance document which explains how to complete the online application form as well as a guidance note on indicators.

2. **Background information on the ERDF and CF in 2014-2020 programming period**

Following consultation among various levels of governance, representatives from interest groups, civil society and local and regional representatives, Malta prepared the “Partnership Agreement” which was later adopted by the European Commission, thus establishing the strategy for the optimal use of European Structural and Investment Funds in the country. This Partnership Agreement provides the overarching strategy which delineates the main areas of intervention envisaged under the European Structural and Investment Funds. The various Operational Programmes, serve as a tool with which Malta can turn the investment priorities and objectives set for each fund, and agreed in the partnership agreement, into concrete actions.

The European Structural and Investment Funds (ESIF) are made up of the below funds:

- The European Regional Structural Fund;
- The European Social Fund;
- The Cohesion Fund;
- The European Maritime and Fishery Fund;
- The European Agricultural Fund for Rural;

The ERDF and CF are subject to the same rules of programming, management and monitoring as the other European Structural and Investment Funds (ESIF) and as from 2014, these operate under a common framework and pursue complementary policy objectives.\(^1\)

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\(^2\) During 2014-20 programming period, there is a single set of rules covering the EU’s 5 structural and investment funds (ESIF): which are European Regional Development Fund (ERDF), European Social Fund (ESF), Cohesion Fund (CF), European Agricultural Fund for Rural Development (EAFRD) European Maritime & Fisheries Fund (EMFF). These are the main source of investment at EU level to help Member States to restore and increase growth and ensure a job rich recovery while ensuring sustainable development, in line with the Europe 2020 objectives.
Operational Programme I ‘Fostering a competitive and sustainable economy to meet our challenges’ is built on 11 Priority Axes: Axes 1 to 9 funded under the European Regional Development Fund while Axes 10 and 11 are funded under the Cohesion Fund.

The ERDF aims to strengthen economic and social cohesion in the European Union by correcting imbalances between its regions and focuses its investments on several key priority areas, which are:

- Innovation and research;
- The digital agenda;
- Support for small and medium-sized enterprises (SMEs);
- The low-carbon economy.

The Cohesion Fund is aimed at Member States whose Gross National Income (GNI) per inhabitant is less than 90% of the EU average with the specific objective to reduce economic and social disparities and to promote sustainable development. The Cohesion Fund supports investments under Trans-European transport networks and Environment.

3. Context of the Call

Call IV, under Operational Programme I, is restricted to interventions undertaken by Local Councils and NGOs under the following Priority Axes and Investment Priorities:

1. Priority Axis 4 – ‘Shifting towards a low-carbon economy’

   - Investment Priority (IP) 4a – Promoting the production and distribution of energy derived from renewable sources.

2. Priority Axis 5 – ‘Protecting our environment - investing in natural and cultural assets’

   - Investment Priority (IP) 6c – Conserving, protecting, promoting and developing natural and cultural heritage.

Only proposals which are able to demonstrate their contribution to the above Investment Priorities are eligible to apply.

Proposed projects under Priority Axis 4 which involve State Aid will need to have their eligibility assessed also in line with the relevant criteria of Article 41\(^3\) of the General Block Exemption Regulation\(^4\).

Proposed projects under Priority Axis 5 that involve State Aid will need to have their eligibility assessed also in line with the relevant criteria of Article 53\(^5\) and 54\(^6\) of the General Block Exemption Regulation.

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\(^3\) Dealing with investment aid for the promotion of energy from renewable sources

\(^4\) Commission Regulation No. 651/2014 of 17\(^{th}\) June 2014 declaring certain categories of aid compatible with the Internal market in application of Articles 107 and 108 of the Treaty.

\(^5\) Dealing with aid for culture and heritage conservation.

\(^6\) Dealing with aid schemes for audio visual works.
Applicants should note that the involvement of state aid is not necessarily tied to the legal status of the Applicant but to the nature of the activity.

Prospective Applicants should consult with the State Aid Monitoring Board being the competent authority on State Aid and project proposals are subject to clearance from this body. It is advisable to consult the competent authority as early as possible during the project preparation process.

4. The Application Process

The application form is available on http://eufunds.gov.mt/opencalls (PPCD section). Submission is by electronic format ONLY through the online application form.

The Applications for project proposals will close on Friday 7th April at noon.

Further information is provided in the Detailed Guidance Notes issued by the MA, available on http://eufunds.gov.mt/opencalls (PPCD section). These Detailed Guidance Notes will explain how to complete the Application Form. A number of contact persons are included for possible assistance in the compilation of certain sections of the application. It is the responsibility of the Applicant to seek the advice from the experts (those identified or others of the applicant’s choice) to ensure comprehension of certain concepts, terminology and processes.

Submitting an application form is a formal statement by the applicant organisation that all the details in the application form are factually correct. It is also a confirmation that should the project be approved, the Applicant will carry out the project as described in the application form (including any amendments that may be proposed by the Project Selection Committee in the course of evaluation or by Managing Authority, in line with the conditions stipulated in the Grant Agreement, and the applicable procedures, rules and regulations applicable to the fund concerned.

5. Submission of Eligible Application - General Test of Eligibility

a. Eligible Applicants

This call is restricted to Local Councils (as defined under Chapter XA Article 115A of the Constitution of Malta7) and NGOs (as defined under Part II Article 3 of the Voluntary Organizations Act8).

b. Eligible Activities

Eligible activities should fit within the Investment Priorities under the selected Priority Axis and must be in line with the scope of the relevant source of funds open under this call. Specifically:

- Activities funded by ERDF shall contribute to the financing of support which aims to reinforce economic, social and territorial cohesion by redressing the main regional imbalances in the Union through the sustainable development and structural adjustment of

regional economies, including the conversion of declining industrial regions and regions whose development is lagging behind, as per article 3 of ERDF Regulation (1301/2013);

- Contributes to the achievements of the objectives and results of the Programme and of the Investment Priority Open under this call;

The Applicant must be the owner of the holding (asset) where the activity will be undertaken and/or hold legal title for a period of not less than five years after project completion. Applicants are also reminded of the durability clause enshrined in Article 71 Regulation (EU) 1303/2013, inter alia, that an operation does not, within five years from the final payment to the beneficiary or within the period of time set out in State Aid rules, where and as applicable, undergo:

- a cessation of relocation of a productive activity outside the programme area
- a change in ownership of an item of infrastructure which gives a firm or a public body undue advantage
- a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objective

6. Project Eligibility and Selection Criteria

Projects correctly submitted online will be evaluated and ranked by a Project Selection Committee according to a set of eligibility and selection criteria (refer to table below) which have been approved by the Monitoring Committee in line with Article 110 of the Common Provision Regulation (EU) 1303/2013. These criteria aim at ensuring that the projects being selected fit into the intervention logic outlined under the OPI and can concretely contribute to the achievements of the objectives and results of the Programme. For a project to be considered for funding or to be placed on the reserve list, a project must pass all the Eligibility Criteria and must also obtain a minimum of 50% of the total marks allocated to the Selection Criteria.

Table 1 below offers a snapshot of the eligibility and selection criteria approved under OPI. Eligibility criteria are a form of gateway assessment that all projects must meet in order to have reached a minimum standard and are hence admissible for further qualitative assessment. Projects which do not comply with any one of the gateway eligibility criteria will not proceed to full appraisal and scoring. Once a project has passed the eligibility criteria test, it will proceed to the project scoring system based on a number of selection criteria. Refer to section 6.1 for further information.

Selection criteria are designed to assess the fit and contribution of project proposals with the OP strategy, its target groups and its objectives. These may be further refined in calls for project proposals to include criteria which are specific to one type of activity, area or target group. Refer to section 6.2 for further information.

<table>
<thead>
<tr>
<th>Eligibility Criteria</th>
<th>Assessment</th>
<th>Selection Criteria</th>
<th>Marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete Application form</td>
<td>Yes/No</td>
<td>Contribution towards indicators beyond minimum required</td>
<td>10</td>
</tr>
<tr>
<td>Project remit within mandate of Beneficiary</td>
<td>Yes/No</td>
<td>Readiness</td>
<td>15</td>
</tr>
</tbody>
</table>

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9 Article 2 of EU Regulation N.1301/2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006
Table 1: Project eligibility and selection criteria

| | | | |
|---|---|---|
| Project leader from beneficiary organisation | Yes/No | Project Sustainability | 10 |
| Project implemented within the Eligible Territory | Yes/No | Capacity of the organisation | 10 |
| Proof of co-financing where applicable | Yes/No | Contribution to the development needs | 10 |
| Contribution towards Investment Priorities (IPs) | Yes/No | Potential of the project to contribute to the achievement of the expected results | 15 |
| Proposal in line with the relevant Specific Objective and Expected results of the IP | Yes/No | Horizontal priorities Environmental Sustainability and Equal Opportunities | 10 |
| Contribution towards one indicator | Yes/No | Other Horizontal Priorities and Climate Change mitigation and adaptation | 10 |
| | | Quality of application form | 10 |

6.1 Eligibility Criteria

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

a) **Complete application form:** The Applicant must present a complete Application Form, filled in with all relevant details and documentation using the system made available by the MA unless otherwise agreed to with the MA. No outline applications or incomplete applications shall be considered. In addition, it is important for Applicants to ensure that all sections of the Application Form are completed and all relevant supporting documents are submitted.

b) **Fits in with one of the Investment Priority:** The project must fall within the scope of one of the relevant Investment Priorities that are open for project proposals. The IPs which are relevant under this Call are:

<table>
<thead>
<tr>
<th>Priority Axis (PA)</th>
<th>Investment Priority (IP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PA 4 ‘Shifting towards a low-carbon economy’</td>
<td>IP 4a - Promoting the production and distribution of energy derived from renewable sources.</td>
</tr>
<tr>
<td>PA 5 ‘Protecting our environment - investing in natural and cultural assets’</td>
<td>IP 6c – Conserving, protecting, promoting and developing natural and cultural heritage.</td>
</tr>
</tbody>
</table>
c) **Contribute towards specific objectives and expected results:** The project must contribute towards one specific objective related to the *selected Investment Priority* and must show that it is capable of reaching the relevant expected result. In this regard, the Specific Objectives and Expected Results which are relevant under this call are the following:

<table>
<thead>
<tr>
<th>PA</th>
<th>Investment Priority (IP)</th>
<th>Specific Objective (SO)</th>
<th>Expected Result (ER)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td><strong>IP 4a</strong> - Promoting the production and distribution of energy derived from renewable sources</td>
<td>Promoting the use of RES through financial incentives in the domestic sector and undertakings not carrying out an economic activity.</td>
<td>Increase the generation of energy from RES from the domestic sector and undertakings not carrying out an economic activity.</td>
</tr>
<tr>
<td>5</td>
<td><strong>IP 6c</strong> – Conserving, protecting, promoting and developing natural and cultural heritage.</td>
<td>Improve the Maltese competitiveness standing within the tourism sector through the promotion, protection and preservation of natural/cultural/historical assets in the public domain intended to improve the Maltese cultural tourism experience whilst maintaining increased tourist flows.</td>
<td>Maintain, consolidate and further develop Malta's natural, cultural and historical heritage to improve Malta's tourism product.</td>
</tr>
</tbody>
</table>

The Applicant **must** ensure that the proposal will concretely contribute to the relevant SO and ER as highlighted above.

d) **Contribute towards indicators:** The project must have clearly identifiable and measurable targets that comply with at least one of the indicators set in the relevant Priority Axis and Investment Priority of the Programme (output and result indicator) open under this call. The Applicant **must** ensure that the project will contribute to one of the indicators which are relevant in relation to the *selected Expected Result*.

Applicants are to refer to the Guidance Note on indicators for this Call for further information.

e) **Project remit within the mandate of the Beneficiary:** Applicants must be publicly mandated or authorized by virtue of their Statute, in the case of NGOs, to carry out activities planned under the proposed project. For example, in Malta, the upgrading of TEN-T road infrastructure lies within the remit of the Roads and Infrastructure Directorate, within Transport Malta. Consequently, any other agency applying for funds to upgrade a TEN-T road will not be considered as an eligible Applicant, unless such agency provides a clear justification as to why they will be intervening in this context, and after obtaining the endorsement of this justification by the mandated agency, in this case Transport Malta;

f) **Project Leader from Beneficiary Organisation:** The project leader carries the overall financial and legal responsibility for the implementation of the project on behalf of the Beneficiary and hence, his/her
direct association with the Beneficiary organization is fundamental, especially to ensure that the grant will exclusively be used for the purpose stipulated in the project proposal.

g) **Proof of Co-financing (where applicable):** In cases where Government is not co-financing the project from the national budget, Applicants must submit, together with the application form, evidence of co-financing as well as:

i. A set of signed audited accounts of the last two financial years;

ii. A joint declaration by the Mayor, Executive/Head and Treasury/ Financial Controller of the organisation, stating that the organisation commits to its co-financing obligations and to the financing of any ineligible costs.

iii. In the case of Local Councils, the declaration under point ii must be supported by a statement from the Director of Local Government, confirming that co-financing is available/likely to be met, citing also the basis for such confirmation; and

iv. In the case of Local Councils, where it is clear that the audited accounts do not provide evidence of availability of sufficient liquidity (cash or cash equivalent) to cover the co-financing and ineligible costs, other sources of assurances, such as bank guarantee\(^{10}\) should be presented.

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

h) **Project must be implemented within / for the direct benefit of the eligible territory:** The eligible territory for the Operational Programme is the whole territory of the Republic of Malta. In cases of publicity / training abroad/marketing, actions may be aired or distributed outside the territory if the benefit clearly targets the eligible territory.

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

6.2 **Selection Criteria**

a) **Contribution to the development needs:** The Applicant should demonstrate that the proposed project is adequately addressing the relevant development needs as identified in the OP. The Applicant should provide a clear description of how the intended project will do so by means of an analysis of the current situation, thus outlining why there is a need for such a project to be implemented. In this regard, marks will be assigned on how the project will make a difference vis-a-vis the relevant OP development need. The relevant development needs under this call are the following:

<table>
<thead>
<tr>
<th>Priority axis 4</th>
<th>Specific Objective</th>
<th>Development Need</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IP 4a</strong></td>
<td>Promoting the use of RES through financial incentives in the domestic sector and undertakings not carrying out an economic activity.</td>
<td>Involve every sector of the economy to contribute towards low carbon</td>
</tr>
</tbody>
</table>

\(^{10}\) All guarantees (including bank guarantees) should be clear and unequivocal that the co-financing will be provided should the project be selected.
Priority axis 5

<table>
<thead>
<tr>
<th>Investment Priority</th>
<th>Specific Objective</th>
<th>Development Need</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>IP 6c</em></td>
<td>Improve the Maltese competitiveness standing within the tourism sector through the promotion, protection and preservation of natural/cultural/historical assets in the public domain intended to improve the Maltese cultural tourism experience whilst maintaining increased tourist flows</td>
<td>→ Valorise natural/cultural/historical assets for tourism purposes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>→ Need to improve the accessibility of natural, cultural and historical sites</td>
</tr>
</tbody>
</table>

b) Potential of the project to contribute to the achievement of the expected results: Investments funded through ESI Funds need to be result-oriented. This is intended to ensure that the cohesion policy will significantly contribute to the reduction in economic and social inequalities between Member States and to achieve the strategic Europe 2020 goals (as applicable).

c) Further contribution towards indicators: The project should demonstrate a clear contribution to the relevant indicators (output and result) as outlined in the section above. In this regard, the Applicant should ensure that the selected indicators are properly quantified so as to make credible the envisaged target; show that a good method of verification and audit trail is in place and that, especially when it comes to indicators addressing the performance framework as highlighted below, the achievements are realistically planned to be achieved before 2018.

Under this call, the indicators which will contribute to the performance framework are the following:

<table>
<thead>
<tr>
<th>PA</th>
<th>IP</th>
<th>Output Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>4a</td>
<td>● Additional capacity of renewable energy production</td>
</tr>
</tbody>
</table>
| 5  | 6c | ● Increase in expected number of visits to supported sites of cultural or natural heritage and attractions  
  ● Rehabilitated/Preserved Land |

The Applicant should provide a clear explanation of how the targets for ‘outputs,’ and ‘results’ have been calculated and the method of measurement that will be used as well as the year of achievements. The Applicant should provide a short action plan as to corroborate the indicated date for when the achievements will be registered and verified.

d) Project Sustainability: Projects need to demonstrate their sustainability after completion. The project proponent must show how the benefits of the project will continue to be delivered after grant support comes to an end. The Applicants should thus ensure that the longer-term economic sustainability of the project is taken into account and appropriate measures are put in place.
e) **Readiness:** Marks will be awarded for projects that are in an advanced state of readiness, e.g. where Applicants have already prepared the tender dossier or launched the tender. In cases where a feasibility study is required, marks will be given if this has been finalised or is under implementation at the time of submission. The more advanced the project, the more marks will be awarded. Evidence of such readiness should be provided.

f) **Capacity of the Organisation:** The capacity to implement the project is part of the commitment of the Applicant towards the project. Projects cannot depend on external expertise or contracted managers. Capacity is assessed both in terms of adequate human resources, as well as previous positive experience in the implementation of EU projects, Structural Funds or similar. The applicant is also to indicate experience in implementing projects, similar in nature that may have been funded through other sources. Organisations must present an organigram of the units that will be involved in the implementation of the project, especially in the day-to-day management and also state how the project will be operated and maintained. Furthermore, the Legal Act on which the entity is constituted is to be uploaded with the application.

g) **Quality of the Application Form:** Marks will be awarded on the overall Coherence between different sections of the proposal; adequate description of the main activities; whether budget in reflecting activities included and on the general presentation of the proposal.

h) **Horizontal Priorities - Equality between men and women, non-discrimination and accessibility and Sustainable development:** Marks will be awarded to Applicants who make an effort to integrate effectively the horizontal priorities into the project. Equal Opportunities, Equality between men and women together with Accessibility are identified in the Common Provisions Regulation (EU) No 1303/2013 as horizontal themes that should be incorporated into Cohesion Policy Programme. Projects are to demonstrate the legal obligations and additional measures in these areas and to clearly demonstrate how these will be integrated and monitoring throughout the project.

Another horizontal theme incorporated in Cohesion Policy Programme is Sustainable Development. A holistic approach will be taken to assess Sustainable Development in its broadest sense which covers economic growth, social cohesion and the protection of the environment.

i) **Other Horizontal Priorities and Climate Change mitigation and adaptation:** Assessment based on the extent of which the application incorporates measures to improve Air Quality, Sustainable Water Management and Climate change mitigation and adaptation as defined in implementing on methodology for climate change support.

7. **Support**

Further information and generic queries on this call and on the European Structural and Investment Funds 2014-2020 may be obtained from [www.eufunds.gov.mt](http://www.eufunds.gov.mt) or from PPCD’s Email for Calls for Proposals 2014-2020: [info.eufunds@gov.mt](mailto:info.eufunds@gov.mt).