

Frequently Asked Questions

Eligibility of Expenditure

1. **Question:** Can a tender/recruitment call be issued prior to the approval of a project?

Answer: Yes. Moreover, it is pertinent to note that s per Eligibility and Selection Criteria approved by the Monitoring Committee in March 2015, the Project Selection Committee will assign additional marks to projects which are at an advanced stage of readiness, even from a procurement perspective.

2. **Question:** Is the appointment of staff specifically for the duration of the implementation of the Project eligible for funding?

Answer: Yes. However, it is pertinent to note that activities which shall be funded through ESI Funds need to follow the public procurement rules in line with the principles of transparency and good governance at all times. The activities also need to respect the parameters as set by the responsible body such as the respective Ministry or the People and Standards Division.

Ownership or title of holding asset

3. **Question:** A property which is owned by a Government Department but which is rented out for operation to a Local Entity would it be considered eligible for development?

Answer: 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.

Partnership

4. **Question:** Is it possible to have one lead partner who takes the responsibility of the overall management of the project whilst the investment is carried out on the premises of other entities?

Answer: The Application allows the participation of partners. The rationale behind this principle is to maximize the contribution which project partners can provide to the lead Applicant in view of their technical expertise within a particular area, whilst leaving the overall responsibility of the project in the hands of the eligible Applicant. The partners' role in the project needs to be clearly identified in the project Application.

The ownership or title over the land/premises where the project is being proposed needs to be that of the Applicant.

5. **Question:** Can a private company providing consultancy services to the applicant be considered as a partner?

Answer: In such a case, the consultancy company would be considered as providing a service to the Beneficiary and hence will not be considered as a partner.

6. **Question:** Does private financing include private investment from partners?

Answer: Private financing is considered as the third party share which is borne by the Beneficiary. However, this does not preclude entities such as Local Councils to opt to partner up with organisations as a form of sponsorship, with the latter providing private investment over a number of years.

Experience in EU/National Funded Projects

7. **Question:** With regards to the section relating to “*Experience in EU and National Funded Projects*”, should the Project Applicant include all the projects carried out by the Ministry under whose portfolio the particular entity falls, or should it limit itself to those projects carried out solely by the entity?

Answer: The information provided should reflect the experience of the Applicant entity.

8. **Question:** Is it possible to include past project experience on ESF, within an ERDF project proposal submission and vice-versa?

Answer: An applicant is encouraged to list **all** past EU/National funded projects to show its experience in implementing projects.

Indicators and Performance targets

9. **Question:** Should the Project Application target both output and results indicators?

Answer: The Guidance Note for Indicators issued with each call provides that: “*the applicant should ensure that the project is contributing and has clearly identifiable and measurable targets that contribute to at least one of both result and output indicators set in the Programme*”. Therefore, for the project proposal to be considered as eligible, it has to contribute to at least one result indicator and one output indicator (as applicable), within the respective Investment Priority.

10. **Question:** Is it possible for a project proposal to target two different Specific Objectives under the same Investment Priority?

Answer: In line with the eligibility criteria as approved by the Monitoring Committee in March 2015¹, a Project proposal must contribute towards **at least one** of the objectives of the Priority Axis and Investment Priority under which it is submitted.

Horizontal Priorities

11. **Question:** In terms of Horizontal Priorities, what is the difference between: ‘Equality between men and women’, ‘Equal opportunities’ and ‘Non-discrimination including accessibility for persons with disabilities’?

Answer: ‘Equality between men and women’ refers to gender equality; ‘Equal Opportunities’, refers to equal opportunities other than gender equality such as, equality between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation; ‘Non-discrimination including accessibility for persons with disabilities’ refers to non-

¹ The Eligibility and Selection Criteria can be accessed through the following link: <http://eufunds.gov.mt/en/Operational%20Programmes/Monitoring%20Committees/Pages/Operational-Programme-1-2014-2020.aspx>

discrimination amongst persons with a disability and persons without, and between persons with dependants and persons without dependants.

Changes occurring post-implementation

12. **Question:** What are the implications of a physical change in the project post-implementation?

Answer: In line with the durability clause enshrined in Article 71 of Regulation (EU) 1303/2013, an operation retains the contribution of the funds only if that operation does not, within five years from the completion of the operation or within the period of time set out by State Aid rules, undergo a substantial modification (ownership constituting such a change).

Proof of co-financing

13. **Question:** The Eligibility guidelines require applicants to submit a set of signed audited accounts of the last two financial years as a proof of co-financing in particular for NGOs. What happens in the case of an NGO that has been set up for less than 2 years?

Answer: In cases where an NGO was set up for a period of less than 2 years, the Applicant is to provide: (i) proof of the date when the NGO was actually set up; and ii) the available set of signed audited accounts.

Ex-ante conditionalities

14. **Question:** What is the difference between the thematic ex-ante conditionalities and the general ex-ante conditionalities?

Answer: The thematic ex-ante conditionalities relate to a particular sector or policy (e.g. R&D, active inclusion) whilst the general ex-ante conditionalities are of a more generic nature and apply to all sectors and policies (e.g. public procurement, anti-discrimination rules).

Revenue-generating projects

15. **Question:** When can a project be considered as revenue generating?

Answer: As per Article 61 of the Regulation (EU) No 1303/2013, a revenue generating project is a project which generates 'cash in-flows directly paid by users for the goods or services provided by the operation, such as charges borne directly by users for the use of infrastructure, sale or rent of land or buildings, or payments for services less any operating costs and replacement costs of short-life equipment incurred during the corresponding period. Operating cost-savings generated by the operation shall be treated as net revenue unless they are offset by an equal reduction in operating subsidies'.

Calculation of project cost to determine whether a CBA is needed

16. **Question:** What should be taken as the project's total value in order to determine whether a Cost Benefit Analysis (CBA), a Financial Feasibility Study or a Financial Assessment need to be carried out? Are the total project cost's thresholds to conduct either a CBA, a Financial Feasibility Study or Financial Assessment inclusive or exclusive of VAT?

Answer: The total project cost should include the summation of the total eligible costs, applicable VAT and any other ineligible costs.

Cross-financing

17. **Question:** Could you kindly clarify the eligibility for ERDF cross-financing funding?

Answer: The ERDF allows for a limit of 10% community funding cross-financing, without prejudice to the derogations laid down in the specific regulations of the Funds for actions falling within the scope of assistance from the European Social Fund, provided that these actions are

necessary for the satisfactory implementation of the operation and directly linked to it. In addition, please be reminded that any expenditure, will need to follow the relevant public procurement regulations, as applicable.

Sustainability of the project

18. **Question:** What documentary proof is required to show the sustainability of the projects that are not financed by the Government?

Answer: In cases where the Government is not financing the project, Applicants are expected to provide proof and guarantees (not necessarily a bank guarantee, but a document of equivalent standing) to show that the Beneficiary's current and future cash flows can support the project at post-implementation stage.

Flat rate on indirect costs

19. **Question:** With regards to the flat rate on indirect costs, will the Managing Authority require the documents related to procurement, invoices etc on the costs related to this section?

Answer: The flat rate on indirect costs is one example of a Simplified Cost Option that a Beneficiary may make use of. Although the Managing Authority will not be checking the recruitment/procurement processes that are reimbursed through Simplified Cost Options, the Beneficiary is still obliged to follow all public procurement and recruitment regulations, both at a national and at an EU level. The Managing Authority will check that the reimbursement requested is in line with the Simplified Cost Option as outlined in the Grant Agreement. Should the project be approved, the Beneficiary is advised to keep a record of all costs incurred in case these might be needed for future studies.

Residency in Gozo

20. **Question:** How may an individual be considered as a Gozitan resident?

Answer: This requirement will be determined through the information found on the Identity card of the holder (i.e. the "G" or the 'residential position').



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