



SME Consultancy Services Grant Scheme

Guidance Notes

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Definitions

Aid intensity means the gross aid amount expressed as a percentage of the eligible costs, before any deducted tax or other charge.

Date of granting of the aid means the date when the legal right to receive the aid is conferred to the beneficiary, being the date of the signing of the Grant Agreement.

Start of works means the earlier of either the start of works or services in relation to the activities being assisted, or the first legally binding commitment to order the service or works or any other commitment that makes the expenditure irreversible.

Economic activity – means an activity consisting of any one or more of the following:

- any trade, business, profession or vocation and the provision of any personal services;
- the exploitation of tangible or intangible property for the purpose of obtaining income there from on a continuing basis;
- the provision by a club, association or organisation of the facilities or advantages available to its members for a subscription or other consideration;
- the admission of persons to any premises for a consideration.

External service provider means a consultancy Service Provider autonomous and unrelated to the Beneficiary Undertaking, and is registered with the Intermediate Body to provide consultancy services under this Grant Scheme.

Unrelated to the Beneficiary – the fact that the buyer does not control the seller is not sufficient for fulfilling this criteria. The parties have to be unrelated. For that, there should be no influence (decisive or not) on the composition, voting or decisions of the organs of an Undertaking.

Undertaking means a **Micro, Small and Medium-sized Enterprise** as defined in Annex I of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty.

<http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1404295693570&uri=CELEX:32014R0651>

The main factors determining whether an enterprise is an SME are:

1. **staff headcount** and
2. either **turnover** or **balance sheet total**.

Company category	Staff headcount	Turnover	or	Balance sheet total
Medium-sized	< 250	≤ € 50 m		≤ € 43 m
Small	< 50	≤ € 10 m		≤ € 10 m
Micro	< 10	≤ € 2 m		≤ € 2 m

For more details:

http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition/index_en.htm

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

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

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

An enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships regularly engaged in an economic activity.

Organisational innovation means the implementation of a new organisational method in an Undertaking's business practices, workplace organisation or external relations, excluding changes that are based on organisational methods already in use in the Undertaking, changes in management strategy, mergers and acquisitions, ceasing to use a process, simple capital replacement or extension, changes resulting purely from changes in factor prices, customisation, localisation, regular, seasonal and other cyclical changes and trading of new or significantly improved products.

Process innovation means the implementation of a new or significantly improved production or delivery method (including significant changes in techniques, equipment or software), excluding minor changes or improvements, increases in production or service capabilities through the addition of manufacturing or logistical systems which are very similar to those already in use, ceasing to use a process, simple capital replacement or extension, changes resulting purely from change in factor prices, customisation, localisation, regular, seasonal and other cyclical changes and trading of new or significantly improved products.

Investment means an investment in tangible and intangible assets related to the setting-up of a new establishment, extension of the capacity of an existing establishment, diversification of the output of an establishment into products not previously produced in

the establishment or a fundamental change in the overall production process of an existing establishment.

Diversification of the output of an establishment into products not previously produced in the establishment means that the products were not produced in that establishment before the project. However, the "product" is not defined by reference to NACE codes. If the activity resulting into the new product falls under a different four digit numerical NACE code, it can also be considered as diversification into a new product. However, not in all cases would the activities resulting into new products have to fall under different four digit numerical NACE codes.

Initial investment in favour of new economic activity means an investment in tangible and intangible assets related to the diversification of the activity of an establishment, under the condition that the new activity is not the same or a similar activity to the activity previously performed in the establishment.

The same or a similar activity means an activity falling under the same class (four-digit numerical code) of the NACE Rev. 2 statistical classification of economic activities as laid down in Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains¹.

Fundamental change in the overall production process means the implementation of a fundamental (as opposed to routine) process innovation. The simple replacement of individual assets without fundamentally changing the overall production process constitutes a replacement investment and does not qualify as a fundamental change of an overall production process, and thus is not considered to constitute an initial investment. Where the eligible costs must exceed the depreciation of the assets linked to the activity to be modernised in the course of the preceding three fiscal years.

Steel sector means all activities related to the production of one or more of the following products:

- (a) pig iron and ferro-alloys: pig iron for steelmaking, foundry and other pig iron, spiegeleisen and high-carbon ferro-manganese, not including other ferro-alloys;
- (b) crude and semi-finished products of iron, ordinary steel or special steel: liquid steel whether or not cast into ingots, including ingots for forging semi-finished products: blooms, billets and slabs; sheet bars and tinplate bars; hot-rolled wide coils, with the exception of production of liquid steel for castings from micro, small and medium-sized foundries;
- (c) hot finished products of iron, ordinary steel or special steel: rails, sleepers, fishplates, soleplates, joists, heavy sections of 80 mm and over, sheet piling, bars and sections of less than 80 mm and flats of less than 150 mm, wire rod, tube rounds and squares, hot-rolled hoop and

¹ OJ L 393, 30.12.2006, p. 1

strip (including tube strip), hot-rolled sheet (coated or uncoated), plates and sheets of 3 mm thickness and over, universal plates of 150 mm and over, with the exception of wire and wire products, bright bars and iron castings;

- (d) cold finished products: tinplate, terneplate, blackplate, galvanised sheets, other coated sheets, cold-rolled sheets, electrical sheets and strip for tinplate, cold-rolled plate, in coil and in strip;
- (e) tubes: all seamless steel tubes, welded steel tubes with a diameter of over 406.4 mm.

Synthetic fibres sector means:

- (a) extrusion/texturisation of all generic types of fibre and yarn based on polyester, polyamide, acrylic or polypropylene, irrespective of their end-uses; or
- (b) polymerisation (including polycondensation) where it is integrated with extrusion in terms of the machinery used; or
- (c) any ancillary process linked to the contemporaneous installation of extrusion/texturisation capacity by the prospective Beneficiary or by another company in the group to which it belongs and which, in the specific business activity concerned, is normally integrated with such capacity in terms of the machinery used.

Transport sector means the transport of passengers by aircraft, maritime transport, road, rail, or by inland waterway or freight transport services for hire or reward; more specifically, the 'transport sector' means the following activities in terms of NACE Rev. 2:

- (a) NACE 49: Land transport and transport via pipelines, excluding NACE 49.32 Taxi operation, 49.42 Removal services, 49.5 Transport via pipeline;
- (b) NACE 50: Water transport;
- (c) NACE 51: Air transport, excluding NACE 51.22 Space transport.

Coal means high-grade, medium-grade and low-grade category A and B coal within the meaning of the international codification system for coal established by the United Nations Economic Commission for Europe and clarified in the Council decision of 10 December 2010 on State aid to facilitate the closure of uncompetitive coal mines.

Shipbuilding means the building in the Union, of 'self-propelled commercial vessel'.

Self-propelled commercial vessel means a vessel that, by means of its permanent propulsion and steering, has all the characteristics of self-navigability on the high seas or on inland waterways and belong to one of the following categories:

- (i) seagoing vessels of not less than 100 gt and inland waterway vessels of equivalent size used for the transportation of passengers and/or goods;

- (ii) seagoing vessels of not less than 100 gt and inland waterway vessels of equivalent size used for the performance of a specialised service (for example, dredgers and ice breakers);
- (iii) tugs of not less than 365 kW;
- (iv) unfinished shells of the vessels referred to in points (i), (ii) and (iii) that are afloat and mobile.

Marketing of agricultural products means holding or display with a view to sale, offering for sale, delivery or any other manner of placing on the market, except the first sale by a primary producer to resellers or processors and any activity preparing a product for such first sale; a sale by a primary producer to final consumers shall be considered to be marketing if it takes place in separate premises reserved for that purpose.

Primary agricultural production means 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.

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

Agricultural product means the products listed in Annex I to the Treaty, except fishery and aquaculture products listed in Annex I to Regulation (EU) No 1379/2013 of the European Parliament and of the Council of 11 December 2013.

Fishery and Aquaculture sector, are defined as per provisions of Regulation (EU) No 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products, amending Council Regulations (EC) No 1184/2006 and (EC) No 1224/2009 and repealing Council Regulation (EC) No 104/2000.

1. Introduction

This document provides information on the SME Consultancy Services Grant Scheme and should be read in conjunction with the following documents:

- Notes to Applicants
- Guidelines for Implementation

These Guidance Notes together with the Guidelines for Implementation are binding. Failure to comply with the provisions of these documents may result in financial corrections and recovery of funds.

These Guidance Notes may be reviewed, updated and amended from time to time by the Intermediate Body throughout the lifetime of the Scheme.

1.1 Delegation of Authority

The Measures and Support Division within the Ministry for European Affairs and Implementation of the Electoral Manifesto has been designated by the Managing Authority (MA) as an Intermediate Body (IB) responsible for administering European Regional Development Fund (ERDF) Grant Schemes through the implementation of Support Measures under the 2014 – 2020 programming period.

1.2 Scope

SMEs generally have limited in-house resources and competences required to conduct studies to assist them in their decision making processes to embark on investment initiatives. This limitation presents a dependency on outsourcing consultancy services.

This Measure seeks to support SMEs through the provision of assistance in the form of a non-repayable Grant to cover part of the costs incurred for external consultancy services contracted to assess and evaluate the potential of re-engineering the organisation and its operations, or processes and systems aimed at rendering it more efficient; or the potential of the Undertaking to take on proposed investment initiatives aimed at the potential future business growth of the Undertaking, and at rendering it more competitive.

1.3 Investment Priorities and Specific Objectives

This Measure falls under Priority Axis 3 ‘Enhancing Malta’s competitiveness through investment in SMEs’ of Operational Programme 1 2014 – 2020 ‘Fostering a competitive and sustainable economy to meet our challenges’, and addresses the following Investment Priority and Specific Objective:

3d: Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes.

SO2: Nurture the growth potential of SMEs at regional, national and international level through the provision of infrastructure, access to finance as well as supporting services.

1.4 Duration

The SME Consultancy Services Grant Scheme will remain operational until 31st December 2020, subject to availability of funds.

1.5 Budget

The allocated budget for this Measure is set at €1,000,000 with indicative annual thresholds of €200,000.

1.6 Open rolling call

The scheme shall be managed on a demand driven bases. The IB shall issue a public open call (rolling-call) for interested eligible Undertakings to submit their applications. Applications will be assessed and evaluated and eligible applications meeting the Gateway Criteria shall be awarded the grant. Grants shall be awarded on a first-come-first served basis subject to budget availability.

1.7 Maximum Grant Value and Aid Intensity

The maximum Grant value under this scheme is set at €4,000 part-financing eligible costs up to 80%. The Grant amount that a single Undertaking may receive shall depend on the receipt of *de minimis* state aid by the Undertaking over any period of three fiscal years within the timeline of the project (including the application stage). In line with Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid, each single Undertaking may not receive more than €200,000 in *de minimis* aid from any public funding (EU Structural Funds or any other State Aid) for a rolling period of three fiscal years.

1.8 Implementation

Actions financed under the SME Consultancy Services Grant Scheme are to be implemented within 12 months from the date of the Grant Agreement.

1.9 Regulatory Framework

The Operational Programme I “Fostering a competitive and sustainable economy to meet our challenges” for support from the European Regional Development Fund and the Cohesion Fund under the Investment for growth and jobs goal for Malta approved by Commission Implementing Decision C (2014) 9966 Final dated 15 December 2014.

[https://eufunds.gov.mt/en/Operational%20Programmes/Programming%20Period%202014%20-%202020/Operational%20Programme%201/Documents/Adopted%20OPI\(ff\).pdf](https://eufunds.gov.mt/en/Operational%20Programmes/Programming%20Period%202014%20-%202020/Operational%20Programme%201/Documents/Adopted%20OPI(ff).pdf)

The National ERDF Eligibility Rules and the Partnership Agreement of Malta.

<https://eufunds.gov.mt/en/Information/Pages/Partnership-Agreement.aspx>

Aid may be awarded in accordance with the relevant terms and conditions of the Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid.

http://ec.europa.eu/competition/state_aid/legislation/de_minimis_regulation_en.pdf

Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 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 and laying down general provisions on the European Regional Development Fund, the European Social Fund, the

Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006.

<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R1303>

Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 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.

<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R1301>

2.0 Description

2.1 Eligible Actions

The Measure shall support SMEs through the provision of non-repayable Grants to part-finance consultancy services procured from external consultancy Service Providers which are autonomous and unrelated to the Beneficiary Undertaking, and are registered with the IB under the SME Consultancy Services Grant Scheme.

External consultancy services shall be procured to support the decision-taking process, by assessing and evaluating:

- the potential of re-engineering the organisation and operations, or processes and systems of the Undertaking aimed at rendering it more efficient, resulting in the development of a report in the form of an Organisation and Operations Review, or a Process and Systems Review; or
- the potential of the Undertaking to take on proposed investment initiatives aimed at the potential future business growth of the Undertaking, and at rendering it more competitive through the development of a Business Plan or a Feasibility Study addressing any of the following -
 - the economic exploitation of new ideas,
 - expansion in the capacity of the establishment,
 - diversification of the activity of an establishment,
 - diversification in the output of an establishment,
 - fundamental change in the overall production process of the establishment,
 - development of new or improved products, processes and systems,
 - investment in new or improved products, processes and systems,
 - organisation innovation,
 - process innovation,
 - the internationalisation of products and services,
 - the entry, establishment and expansion into new markets,
 - the introduction, upgrading and integration of e-commerce solutions enabling online selling by the Undertaking.

The reports shall include at least the following:

Business Plan	Feasibility Study	Organisation and Operations/ Process and Systems Reviews
Executive Summary	Executive Summary	Executive Summary
Business History, Background and Objectives	Description of Products/Services	Description and Purpose of the assessment
Business Environment	Technology Considerations	Management and Organisation
Business Products and/or Services	Product/Service Marketplace	Findings
Present Market	Marketing Strategy	Evaluation
Competition	Organisation and Staffing	Recommendations
Management and Organization	Schedule	
Business Resources	Financial Projections	
Business Project Proposal	Findings and Recommendations	
Expected Outcome and Impacts		
Financial Plan/Data		
Supporting Information		

The final product shall include acknowledgement to support from EU funds in line with EU Commission Regulation 821/2014 and in line with the Guidelines for Implementation issued by the Intermediate Body.

On project completion, the beneficiary Undertaking will provide the IB with an authenticated report, drawn up by the Consultancy Service Provider, outlining the level of service provided and its resultant output in line with these Guidance Notes.

2.2 Eligible Expenditure

The cost for External Consultancy Services procured from an external service autonomous and unrelated to the Beneficiary Undertaking, registered with the Intermediate Body under the scheme.

Expenditure shall only be considered eligible if the cost item is approved in the Grant Agreement, no modifications were made without the prior approval of the IB, and that the expenditure is evidenced by supporting documentation and in line with the Guidelines for Implementation issued by the IB together with these Guidance Notes.

2.3 Ineligible Costs

- a) Tax including Value Added Tax and other duties.
- b) Any other direct or indirect ancillary costs.
- c) Consultancy services addressing legal and regulatory obligations arising from the nature of the Undertaking's operations and economic activity.
- d) Training costs.
- e) Contingencies and/or losses made by the Applicant.
- f) Statutory fines and penalties.
- g) In kind contributions.

3.0 Eligibility

3.1 Eligible Undertakings

Micro, Small and Medium-sized Enterprises engaged in an economic activity, irrespective of their legal form, referred to as the ‘Undertaking’ subject to the exclusions listed below.

Undertakings which are not vested with a legal personality acquired through the law applicable to their establishment, need to be registered under the Second Schedule of the Civil Code (Chap. 16 Laws of Malta).

3.2 Exclusions

- i. Undertakings subject to collective insolvency proceedings or fulfilling the criteria under their domestic law for being placed in collective insolvency proceedings at the request of their creditors.
- ii. Undertakings that have not honoured their obligations further to a Decision by the competent Court in favour of a recovery order issued by the competent authorities responsible for the administration and management of aid schemes co-funded under the European Regional Development Fund - Cohesion Policy Operational Programme I 2007 – 2013.
- iii. Undertakings that have not honoured their obligations further to a recovery order issued by the competent authorities responsible for the administration of aid schemes co-funded under Cohesion Policy 2014 – 2020.
- iv. Exclusions as per provisions of Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid.
- v. Undertakings whose principal activities fall under Section A ‘Agriculture, Forestry and Fishing’ of the NACE Rev. 2.
- vi. Actions addressing the processing and marketing of agricultural products in so far as such actions can be considered eligible for funding under the EAFRD.
- vii. Undertakings whose principal activities include the manufacturing, processing and marketing of tobacco and tobacco products.
- viii. Public entities: Ministries, Departments, Entities, Authorities, Public Commissions, Public Sector Foundations and similar organisations carrying out a public or regulatory function which does not involve the carrying out of an economic activity, whether or not such organisations are established by law. With the exception of commercial Undertakings carrying out exclusively economic activity in direct competition with third parties and in which Government has a controlling interest.
- ix. Energy Generation, distribution and infrastructure.
- x. The Steel Sector.
- xi. The Coal Sector.
- xii. The Shipbuilding Sector.
- xiii. The Transport Sector.
- xiv. The Synthetic Fibres Sector.

- xv. Undertakings whose principal activities fall under Section K ‘Financial and insurance activities’ of the NACE Rev. 2.
- xvi. Undertakings whose principal activities fall under Section L ‘Real Estate activities’ of the NACE Rev. 2.
- xvii. Undertakings that perform intra-group activities whose principal activities fall under classes 69 ‘Legal and Accounting Activities’ 70.10 ‘Activities of head offices’ or 70.22 ‘Business and other management consultancy activities’ of NACE Rev. 2.
- xviii. Gambling and Betting Activities.
- xix. Investment to achieve the reduction of greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC.
- xx. Actions resulting in training and mentoring activities.
- xxi. Actions resulting in the design and production of advertising material.
- xxii. Actions resulting in the decommissioning or the construction of nuclear power stations.
- xxiii. Actions resulting in investment in airport infrastructure unless related to environmental protection or accompanied by investment necessary to mitigate or reduce its negative environmental impact.
- xxiv. Undertakings engaged in an illegal economic activity.

3.3 Additional Provisions

- i. The Grant amount will depend on the receipt of *de minimis* aid by the Applicant Undertaking over any period of three fiscal years within the timeline of the project (including application stage). In line with Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid, each single Undertaking may not receive more than €200,000 in *de minimis* aid from any public funding (EU Structural Funds or any other State Aid) for a rolling period of three fiscal years.
- ii. Undertakings are to submit an updated *de minimis* declaration on the *de minimis* aid received in line with Reg. 1407/2013.
- iii. Undertakings that have not honoured their obligations, further to a recovery order issued by the competent authorities responsible for the administration and management of aid schemes co-funded under the European Regional Development Fund – Cohesion Policy Operational Programme I 2007 -2013 and in respect of which legal action has been instituted and proceedings are pending or underway before the competent Court, are eligible to apply without prejudice to the assessment and evaluation of their application. However in the event that the proposed project is selected, the Grant Agreement will only be entered into if, within 6 months from the date of the notification by the Intermediate Body to the Undertaking that the Project has been selected, such obligations are no longer due either pursuant to a Court Decision or the effective payment of dues.

- iv. The Undertaking is in compliance with applicable EU and national legislation and administrative requirements, including fulfilment of fiscal obligations and social security contributions.
- v. Start of works on actions in relation to the activities for which assistance is being requested may only be initiated after the date of the granting of the aid.
- vi. The services contracted shall not be of a continuous or periodic nature nor relating to the Undertaking's usual operating costs, such as routine tax consultancy services, regular legal services or advertising or related to the legal and regulatory obligations arising from the nature of the Undertaking's operations and economic activity.
- vii. The eligible costs shall be the costs of consultancy services procured from external sources which are autonomous and unrelated to the Beneficiary Undertaking, and registered to provide consultancy services under the measure as outlined in this document.
- viii. Applicants must submit evidence as to the capability for private match financing the project.
- ix. All funding is based on reimbursement of eligible expenditure.
- x. Approved projects shall be based and operational in Malta.
- xi. The Undertaking has not been approved or granted any public funding, and will not seek public funding through other National and/or European Union funded initiatives in relation to the activities for which assistance is being requested through this incentive. This includes schemes under Cohesion Policy and any other European Union instruments or through any other form of Public Funding including schemes administered through National Funds.

4.0 Applications

4.1 Application Process

The IB shall publicise the calls through various media and will collaborate with stakeholders particularly representatives of the target group and other Government Entities to publicise the Grant Scheme to ensure the widest visibility possible.

4.2 Submission of Applications

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

The application shall include the Undertaking's name and size, a description of the project, its start and end dates, the location of the project and a list of project costs and the amount of public funding needed for the project, amongst other requirements.

It is strongly advisable that prior to embarking on the development and submission of the application, prospective applicants read these Guidance Notes together with the Notes to Applicants and the Guidelines for Implementation.

4.3 Documents to be submitted with the Application

The following documents need to be submitted as part of the application.

1. **De Minimis Declaration Form** – a declaration by the Applicant outlining a breakdown of the *de minimis* aid granted to the Undertaking over a period of the three fiscal years from the date of application.
2. **VAT Compliance Certificate** – a certificate issued not earlier than three months from the date of the application, by the VAT Department.
3. **Income Tax Compliance Certificate** – a certificate issued not earlier than three months from the date of the application, by the Inland Revenue Department confirming that the Applicant has no liabilities in respect of Income Tax or is otherwise honouring an agreement for settling any outstanding amounts.
4. **Final Settlement and Social Security Contributions Compliance Certificate** – a certificate issued by the Inland Revenue Department confirming that the Applicant has no liabilities in respect of the Final Settlement System (FSS) and of Social Security Contributions (SSC) or is honouring an agreement for settling any outstanding amounts. The certification should have been issued in the three months preceding the submission of the application.
5. **Audited Financial Statements and/or the Management Accounts** dated within the two fiscal years prior to the year of submission of the application in relation to the applicant and the linked and partner enterprises.

With the respect to the last fiscal year, the applicant enterprise is to submit a copy of the detailed (not abridged version) of the Audited Financial Statements or the Management Accounts (Profit & Loss Statements/Income Statement and Balance

Sheet/Statement of Assets and Liabilities) certified by a Certified Public Accountant. The abridged version may be submitted with respect to the previous year. No documents would need to be submitted if a copy of these documents is already deposited with the Registry of Companies.

In the case of linked and partner enterprises with an obligation to present Audited Accounts/Annual Accounts at the Registry of Companies in terms of the Companies Act (Chapter 386 of the Laws of Malta) no documentation need to be presented subject to the condition that the last Audited Accounts/Annual Accounts declared are not earlier than for the two fiscal years prior to the year of submission of the application.

In the case of linked and partner enterprises without a legal obligation to prepare financial statements the Management Accounts (Profit & Loss Statements/Income Statement and Balance Sheet/Statement of Assets and Liabilities) certified by a Certified Public Accountant.

In the case of a Start-up established not over 2 years from the date of application not having the above documentation, a Profit & Loss Account/Income Statement, Cash Flow Projections and a Balance Sheet/Statement of Assets and Liabilities certified by a Certified Public Accountant.

In the case of a Sole Trader/self-employed a copy of the Income Tax Return for the last two years certified by a Certified Public Accountant.

6. **The Quotation** issued by a registered external Service Provider.

Failure to submit all the documentation and correct information will render the application to be rejected in the first instance.

The IB may request any additional documentation for verification purposes.

4.4 Acknowledgement

Once an application is submitted and confirmed, the online system generates a unique reference number for the project and an acknowledgement e-mail together with the application reference number will be sent to the Applicant.

The automated e-mail must be printed and attached to the original signed Declarations and sent to the Project Selection Committee within one (1) week from the submission of the application.

The IB will then send an acknowledgement e-mail to confirm receipt of the Declaration forms and include the Project Reference Number and Title.

Applications will be assessed and selected as outlined in Section 6 'Assessment and Selection'. The issuance of the acknowledgement does not confer any obligation on the IB to issue the Grant towards the financing of the project. Actions may only be initiated further to the signing of the Grant Agreement.

5. Compliance with Community Policy

5.1 General Principles

It is the responsibility of the Undertaking to ensure compliance with Community Policy, namely:

- Public Procurement
- State Aid requirements
- Equal Opportunities
- Sustainable development

5.2 Public Procurement

Undertakings should note that Grants awarded for actions under SME Consultancy Services Grant Scheme are public funds. In this regard all Beneficiary Undertakings should ensure that any procurement undertaken for cost items to be part-financed through the SME Consultancy Services Grant Scheme is carried out in line with the principles of **sound financial management, good governance, transparency, and equality** together with the provisions of the Guidelines for Implementation issued by the IB together with these Guidance Notes.

5.3 State Aid requirements

The terms and conditions of this measure are set out in line with Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid.

The Undertaking shall ensure compliance with the rules on cumulation of aid in line with the Commission Regulation (EU) No 1407/2013 of 18 December 2013 and shall ensure that the total amount of *de minimis* aid granted to the single Undertaking shall not exceed EUR 200,000 over any period of three fiscal years.

Applicants must submit a duly filled in *de minimis* declaration form regarding any other *de minimis* aid received during the current fiscal year and the previous two fiscal years with their application.

It is the responsibility of the Applicant Undertakings to seek advice and to ensure compliance with State Aid rules and requirements.

5.4 Equal Opportunities and non-discrimination

Beneficiary Undertakings 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.

5.5 Sustainable Development

Undertakings should include Sustainable Development in the 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.

6. Assessment and Selection

The Assessment and Selection of projects shall be undertaken by a Project Selection Committee.

Applications for funding will be assessed against the Gateway Criteria. Applications meeting all the Gateway Criteria will be granted funding on a first-come-first served basis subject to availability of funds. In order to be considered, applications must be submitted by Undertakings by not later than 30th September 2020 or any other date that may be determined by the IB subject to the take-up and availability of funds.

6.1 Gateway Criteria

The Gateway Criteria are the minimum requirements which must be met for an application to be approved for funding. This stage will involve a Due Diligence process to establish that these minimum requirements are met and shall address the following:

1. **Complete application form:** an Undertaking must present a fully compiled application form together with all the requested supporting documentation, by the indicated deadline.
2. **Eligible Undertaking:** the Undertaking is an eligible Undertaking in line with these Guidance Notes.
3. **Eligible action:** the action for which the Applicant is asking for support is eligible and at least includes an eligible activity.
4. **Match Financing:** the Applicant has submitted evidence as to its capacity to match finance the project from private sources.

6.2 Unsuccessful Applications

Unsuccessful applicants will be informed in writing by the IB.

6.3 Appeals

The IB shall appoint an independent Appeals Board to assess representations submitted by unselected applicants that failed to meet the Gateway Criteria. Applicants whose application was not selected may submit representations within 10 working days from the date of notification by the IB.

The Appeals Board shall review and re-assess the application against the Gateway Criteria and shall notify the Applicant of its decision. The decision of the Appeals Board shall be final.

6.4 Acceptance Letter

The IB shall issue a funding acceptance letter to selected applicants. The funding acceptance letter shall include any conditions as outlined by the Project Selection Committee. It should be noted that a positive decision at this stage is not a guarantee of funding. All the conditions set-out in the funding acceptance letter would need to be discharged before the Grant Agreement can be signed.

6.5 Grant Agreement

The Intermediate Body shall appoint a contact person from within it to liaise with the Beneficiary with a view to conclude the Grant Agreement. The Grant Agreement (GA) is the formal agreement between the Intermediate Body and the Applicant. The GA is the legally binding document and sets out the terms of the grant. The IB will work through the terms and any conditions which must be discharged prior to entering into the GA with the Applicant. When the IB is satisfied that any conditions have been discharged, it will issue the GA and it will submit two unsigned copies to the Applicant. The Applicant will, by the indicated timeframe, sign and return both copies for counter-signature by the IB and one copy will be sent back to the Applicant.

6.6 Changes

Any changes to the actions approved in the GA are to be communicated to the IB with immediate effect for necessary approvals. Actions departing from the GA, initiated without the prior approval of the IB will render the action ineligible.

7. Monitoring and Reporting

This section outlines in brief the reporting requirements and the reimbursement process, and should be read in conjunction with the Implementation Guidelines issued by the IB together with this document.

7.1 Reporting

A final implementation report together with the claim for reimbursement is to be submitted following the completion of the assisted action.

The IB shall retain the right to carry out on-the-spot checks during and after the project timeframe.

Further information regarding the implementation of the project is available in the Guidelines for Implementation.

7.2 Reimbursement

The Beneficiary Undertaking must submit a claim for reimbursement together with a Final Implementation Report, a copy of the output resulting from the consultancy service as outlined in Section 2.1, an updated VAT Compliance Certificate, Income Tax Compliance Certificate and Final Settlement of Social Security Contributions Compliance Certificate issued not earlier than the date of completion of the supported action. A Financial Identification Form² is to be submitted with the claim.

The reimbursement request will only be processed when the IB is satisfied that the claimed cost items were implemented, in line with the GA and pertinent regulations, rules and guidelines, following rigorous monitoring and checks.

The claim for reimbursement will include the following documentation which must be signed and certified by a **Certified Public Accountant** as specified in the Guidelines for Implementation:

- A copy of the invoice issued by the Service Provider;
- A copy of the bank statement confirming the transaction of payments to the Service Provider for the claimed cost (defrayment from bank account identified in the Financial Identification Form) or bank cheque image;
- A copy of the respective receipt issued by the Service Provider.

Furthermore, the claim will also be supported by a statement which must be signed and certified by a **Certified Auditor**, specifying that:

- i. The costs claimed were actually incurred by the Undertaking and were not reimbursed or may be recoverable through other sources;
- ii. The expenditure satisfies the conditions that are outlined in the Grant Agreement;

² For more details refer to the Guidelines for Implementation issued by the IB

- iii. The expenditure was incurred during the approved project period;
- iv. A separate accounting system or a separate accounting code has been maintained for all project transactions and that all project transactions are accurately and properly recorded;
- v. The Beneficiary has ensured that any rules governing accumulation of aid have been respected; and
- vi. Aid has been calculated at the applicable intensity level as approved by the Intermediate Body.

Beneficiaries are to consult the Guidelines for Implementation which provides further detailed information in this regard.

7.3 Retention of Documentation

The Beneficiary has the obligation to retain all related documents for control and audit purposes, for 10 years following the completion of the project. The Beneficiary must also co-operate with the IB and other monitoring and auditing bodies entrusted with such functions with respect to the granting of aid under this scheme, for the duration of 10 years in light of audits and other controls.

Further information related to the retention of documentation is available in the Guidelines for Implementation.

8. Publicity

Beneficiary Undertakings are responsible for ensuring proper visibility of interventions assisted through this Grant Scheme, part-financed through the European Regional Development Fund under Operational Programme I 2014 – 2020.

All communication and publicity measures must acknowledge support from EU Funds in line with EU Commission Regulation 821/2014. Visibility measures should be proportionate and reflect the scale of assistance and the nature of the project.

Beneficiaries are to seek the guidance of the IB prior to embarking on publicity and visibility actions. Failure to fully comply with the visibility and publicity requirements will result in financial corrections and loss of funds. The beneficiary is responsible to keep evidence of compliance such as copies of printed documentation, photographic evidence of participation at fairs, and of commemorative plaques and posters affixed throughout the implementation of the project.

Further information related to publicity is available in the Guidelines for Implementation.

9. Data Protection

Data and information collected and held by the IB in relation to the financed action may be transferred to official third parties in order to fulfil the IB's functions, in line with Community obligations according to law and in line with the provision of the Data Protection Act.

In applying for assistance under this scheme applicants will be giving authorisation to the IB to make enquiries and to carry out the necessary checks with the competent Authorities and Organisations to verify any information submitted in relation to the application.

Beneficiary Undertakings should ensure that they disclose factual and accurate data to the IB. The Beneficiary Undertaking has the right to access all the data relating to the grant issued in its name and may request the rectification of any incorrect data.

10. Contact Details

For more information regarding the Business Enhance Grant Schemes, kindly contact the Measures and Support Division.

Address: Measures and Support Division
Triq il-Kukkanja,
St. Venera SVR 1411

Telephone Number: 22001142

Email: msd.meaim@gov.mt

Website: www.businessenhance.gov.mt or
www.eufunds.gov.mt

BUSINESS ENHANCE



Operational Programme I - European Structural and Investment Funds 2014-2020
"Fostering a competitive and sustainable economy to meet our challenges"
Aid Scheme part-financed by the European Regional Development Fund
Co-financing rate: 80% European Union; 20% National Funds

