



**Rural Development Plan for Malta**  
**European Agricultural Fund for Rural Development**  
**(E.A.F.R.D)**  
**2007-2013**

**Measure 123 ~ Adding Value to Agricultural**  
**Products**

**Rural Development Department**  
**Managing Authority**

**Donald Aquilina- *Sen. Agricultural Officer***



## Objective of Measure 123

- To render agro-processing enterprises more competitive in order to increase the value added by Maltese enterprises in the agro-manufacturing industry.
  
- To facilitate improvements in processing and marketing of agricultural products and support investment aimed at:
  - improving efficiency,
  - tapping in on new market opportunities for agricultural products; and
  - introducing new technologies and innovation.
  
- To promote investment directed towards:
  - quality;
  - improving environmental protection;
  - occupational safety;
  - hygiene ; and
  - animal welfare



## Scope of Measure 123

- Support shall be granted to agro-processing enterprises to undertake investments which would enable these enterprises to become more competitive by:
  - ✓ guiding of production in line with foreseeable market trends;
  - ✓ improving or rationalizing marketing channels or processing arrangements;
  - ✓ improving the preparation and presentation of products;
  - ✓ application of new technologies and innovation in the processing and marketing stages;
  - ✓ bringing enterprises in line with newly introduced standards, or going beyond existing ones to meet tougher quality standards increasingly imposed by retail customers;
  - ✓ reducing dependence on natural resources by improving conservation, rationalising use, re-use and recycling renewable resources, such as run-off water, by-products, and processing effluents; and
  - ✓ adoption of environmental actions, such as waste minimisation strategies.



## Beneficiaries of Measure 123

- The target beneficiaries of this Measure are micro, small and medium-sized agro-processing enterprises in accordance with the definition of Commission Recommendation 2003/361/EC.
- Enterprises that are not covered by Article 2(1) of Commission Recommendation 2003/361/EC but employ less than 750 employees or with a turnover of less than EUR 200 million are also eligible but the aid intensity will be halved.

Type of Agro-Processing Enterprise	Range of Employees	Annual Turnover in (€)	Co-financing Rate of the Eligible Cost
Micro	0-9	0-2,000,000	50%
Small	10-49	2,000,001 – 10,000,000	50%
Medium	50-249	10,000,001 – 50,000,000	40%
Other	250-749	50,000,001 – 199,999,999	25%

- Applicants involved in further processing submitting investment requests in renewable energy only below the value of € 25,000 are eligible under this scheme. Investment request above the value of € 25,000 are eligible for funding under the ERDF energy scheme managed by Malta Enterprise.



## Eligible Actions

- The support of this measure is oriented towards interventions aimed at the processing and marketing of the products of Annex 1 of the Treaty, excluding fisheries. Support is limited to proposed investments that involve one of the following:
  - ✓ Investment focusing on quality in particular quality that can be attested by quality marks be they national or European (for example organic certification, PDO, PGI, TSG, ISO, IFS, DOK Malta, DOK Gozo, IGT for the Maltese Islands);
  - ✓ Investment that builds upon the traditional characteristics of the product (for example, having the Malta Crafts Council label);
  - ✓ Investment that builds upon the freshness of the agricultural input used in processing or marketing activities;
  - ✓ Investment that is characteristic of the ‘cottage industry’ such as involving elaboration of the primary product by hand in small scale units (not an industrial set-up); and
  - ✓ Investment that creates new markets for agricultural products i.e. projects that create a new use to products supplied by farmers.



## Eligible Actions cont.

- Processing activities shall be taken to mean those activities that involve the transformation of agricultural raw materials at units which are normally characterised by machines and equipment, as well as the transformation to new products carried out by hand or in the worker's home from where the elaborated product can also be sold, generally characteristic of the cottage industry.
- Marketing shall only encompass activities that entail some manipulation at the processing plant (not necessarily transformation but it can involve grading, bottling, packaging, etc.) that adds value to the product. Support for marketing activities shall only be granted to enterprises that are also in the business of processing (transforming) the same product that the said marketing investment concerns.
- Wholesaling and retailing such as holding or displaying with a view to sale, delivery or another manner of placing on the market, including the first sale by primary producer- **shall not** be considered as eligible marketing for the purpose of Measure 123.



## Eligibility Criteria

- ✓ The proposed investment fits within the list of actions identified in this Measure, namely quality marks, traditional characteristics of products, freshness, cottage industry and new markets;
- ✓ The proposed investment is either processing or marketing as defined in the Measure;
- ✓ The proposed investment goes beyond operations that increase the efficiency of the general operations and that result in the agro-processing company to become more competitive;
- ✓ The proposed investment respects the Community standards applicable, including occupation health and safety and food hygiene;
- ✓ Proposed investment aids primary producers;



## Eligibility Criteria cont.

- ✓ The applicant is a micro, small, or medium sized enterprise, or an enterprise with less than 750 employees or with a turnover of less than €200 million (EC Reg. 361/2003);
- ✓ The applicant is not an enterprise in difficulty (EU Commission communication 2004/C224/02);
- ✓ The proposed investment is NOT a simple replacement investment ;
- ✓ The proposed investment shall make use of products specified in Annex I to the Treaty as input products; and
- ✓ Compliance with Community Standards will be verified as part of the administrative checks.

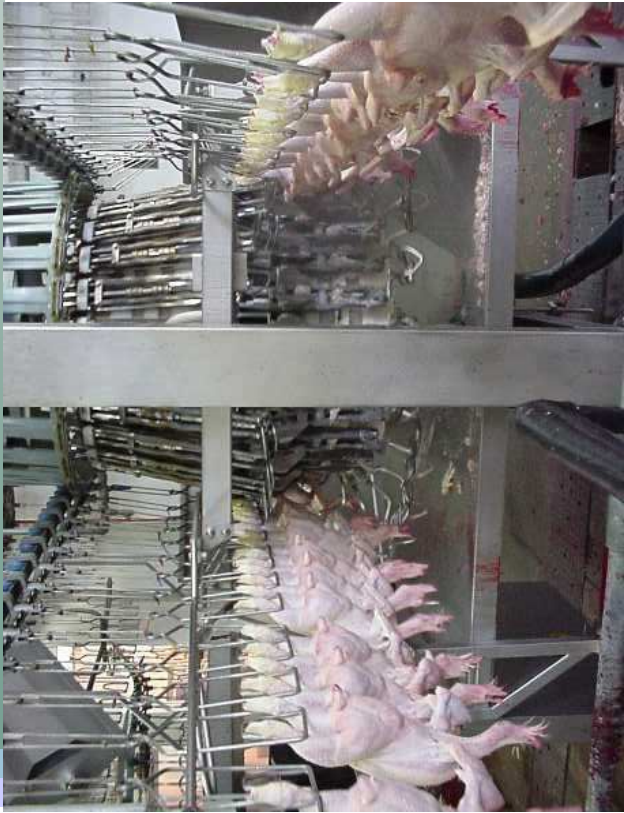
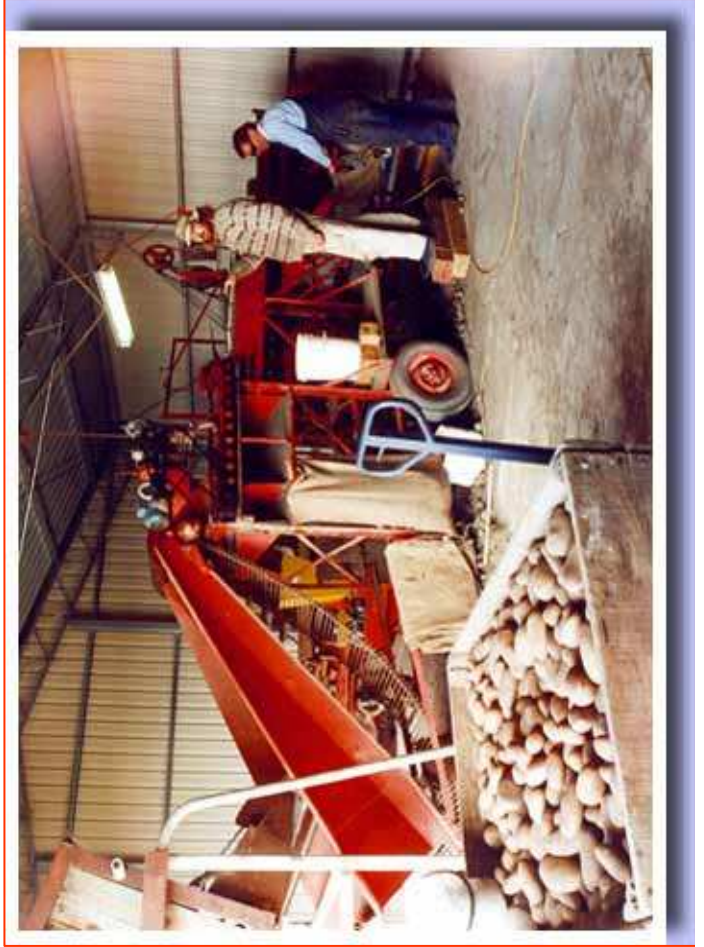
# Examples of Eligible Costs

Eligible investments may consist of tangible and intangible investments.

✓ **Tangible investments** may include:

- fixed and mobile installations (excluding means of transport);
- new operational buildings or refurbishing of existing ones;
- new equipment and machinery.







## Examples of Eligible Costs Cont.

- ✓ **Intangible investments** shall only be eligible if presented as an integral part of the proposed investment and may include:
  - i. application of new technologies, including costs incurred in the acquisition of know-how;
  - ii. purchasing of software, creation and implementaton of internet sites, purchasing of patents and licences, costs for the execution and certification of systems of quality and traceability;
  - iii. general costs such as architects', engineers' and consultants' fees engaged at project conceptual stage, may be supported up to an established ceiling (10% of the eligible investment). However, such costs shall only be eligible if presented as an integral part of the proposed investment and;
  - iv. hire-purchase costs as long as length of hire-purchase is terminated during the duration of project.



## Selection Criteria

Current purchase contracts for primary products directly with Primary Producers, Producer Organisations, Producer Groups recognized Farmer Cooperatives or Associations amount to:	Max score 20
1-49% of raw materials to be processed in current year	10
50-74% of raw materials to be processed in current year	15
75-100% of raw materials to be processed in current year (Marks will be given according to the lower and upper limit of the decimal point (e.g. up to 49.4% 10 marks will be given whilst from 49.5% onwards 15 marks will be given.)	20
Volume of primary produce purchased directly from Primary Producers, Producers Organisation, Producer Groups, Farmers Cooperative or Association increased by at least 5% by the end of the 2 <sup>nd</sup> year of project completion as a result of the investment.	20
Investment will aid in the development of new niche markets	10
Project adopting technology in recycling and/or reduced water consumption	10



## Selection Criteria Cont.

Project adopting technology in recycling and/or reduced waste generation	10
Either Occupational safety, hygiene or animal welfare enhanced as a result of the investment	5
Enterprises that will improve the quality and food safety standards through any of the following certification as a result of the investment:	Max Score 15
ISO 9000 (Quality Management Standard)	5 ISO
ISO 22000 (Food safety)	
ISO 14000 (Environmental Management Standard)	
FS (International Food Standard)	10 (IFS /BRC)
BRC (British Retail Consortium)	



## Selection Criteria Cont.

	Max Score
Employment	10
Retention of employment after completion of project	5
Increase employment upon completion of project	5
For companies already employing	
0-9 - At least 1 full time job or 3 part time jobs	
10-49 – At least 3 full time jobs	
50 and over – At least 5 full time jobs	

To be considered for funding or to be placed on the reserved list, a project must pass all the eligibility criteria and must obtain a minimum of **50** marks out of the total marks allocated to the selection criteria.



## Aid Intensity

- The sum of € 7,000,000 is allocated to the scheme of Measure 123. The EAFRD will contribute to 75% of this amount whilst the remaining 25% will be covered by Maltese Government.
- Aid shall be in grant form and payable upon completion of the project proposals and after the necessary checks and controls have taken place.
- The total eligible cost that can be co-financed through this call will not exceed €300,000 per applicant. The rate of co-financing varies depending on the type of enterprise applying for the grant .
- The maximum aid (EU and Government funds) to be given to a beneficiary cannot exceed €150,000 and the aid intensity to be granted varies between 25%-50% on the total eligible cost depending of the category of the enterprise applying for the scheme.



# Obligations

- The financed investments are subject to an obligation of five years for movable properties and ten years for immovable properties.
- The beneficiary must commit that no changes will be done to the requirements of eligibility identified in the Measure for a minimum period of five years from the completion of the investment.
- The beneficiary must continue to be operational for a minimum period of 5 years after completion of the investment in accordance with Article 72 of Council Regulation 1698/2006.
- The beneficiary must guarantee the maintenance of the ownership arrangement and not to alienate and/or change the nature of capital goods in the 5 successive years from the provision of the final balance.
- The beneficiary must guarantee the respect to Community requirements newly-introduced as per Article 28(c) of Council Regulation 1698/2005. The beneficiary will undertake a commitment to furnish all the monitoring data, to allow visits, inspections and any other activity that is deemed necessary for the purpose of control.



## Where and how to apply ?

- Applications for Measure 123 will be available as from 27<sup>th</sup> March 2009 and the call will remain open till end May 09;
- Applications and Guidelines will be available from Applications Unit, Paying Agency, Ghammieri, Marsa or IACS Office, Victoria Gozo;
- or downloadable from [www.mrra@gov.mt](http://www.mrra@gov.mt)



**Thank you**