

Incentives Division

MALTA ENTERPRISE ACT

INCENTIVE GUIDELINE

Thematic:	Enterprise Support Incentives
Regulation:	Enterprise Support Incentives Regulations 2007
Title of Incentive:	ERDF International Competitiveness Grant Scheme

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Operational Programme I – Cohesion Policy 2007-2013
Investing in Competitiveness for a Better Quality of Life
Aid Scheme part-financed by the European Union
European Regional Development Fund (ERDF)
Co-financing: EU Funds, National Funds, and Private Funds
Investing in your future



The official Incentive Guidelines can be downloaded from the Malta Enterprise website:
incentives.maltaenterprise.com

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1. Introduction

1.1 Scope

International markets present various opportunities to forward-looking businesses. Enterprises willing to build capacity to compete in different markets tend to be more innovative in their product/service offerings and processes. Furthermore enterprises present in different markets are less dependent on regional market deficiencies and can exploit better inter-regional cooperation opportunities.

This international competitiveness incentive will support enterprises that are willing to establish a new market, or to introduce a new service or product in an existing international market. The incentive aims to facilitate the building of internal capacities within the enterprise so as to instigate more enterprises to internationalise.

1.2 Duration of the incentive

This incentive will remain effective until 31st December 2013. Malta Enterprise may review, update and amend this Incentive Guideline.

1.3 Competitive Calls

The incentive will be administered through a series of competitive calls. Malta Enterprise will issue public calls for interested enterprises to submit applications under this incentive. Applications will be reviewed and eligible applications will be evaluated and ranked. Grants will be awarded to the top ranking applicants in accordance to the available budgets.

1.4 Legal Basis

Malta Enterprise is authorised to issue and publish Guidelines in terms of Article 8(3)(a) of the Malta Enterprise Act, Chapter 463 of the Laws of Malta.

The legal basis of this incentive is the 'Enterprise Support Regulations, 2008 (L.N. 70 of 2008)'. This Legal Notice provides the parameters for the assistance provided under this incentive.

1.5 Designated Authority

This incentive is administered by Malta Enterprise.

2. Eligibility

2.1 Eligible Sectors

Enterprises embarking on a project to improve their international competitiveness are eligible for assistance under this incentive.

2.2 Exclusions

- a. Enterprises controlled or owned by Government are not eligible for this incentive.
- b. Assistance under this incentive will NOT be provided to undertakings engaged in:
 - the production of products listed in Annex I to the EC Treaty except those involved in the processing and marketing of such products but only to the extent laid down in the Community Guidelines for State aid in the agriculture sector;
 - the fisheries and aquaculture sector;
 - retail activities;
 - tourism Activities:
 - i. Hotels and restaurants (NACE 55 and 56).
 - ii. Travel agency activities, Tour operator activities, other reservation services and related activities (NACE 79).
 - iii. Creative, arts and entertainment activities (NACE 90).
 - iv. Libraries, archives, museums and other cultural activities (NACE 91).
 - v. Sports activities, and amusement and recreation activities (NACE 93).
 - the coal industry;
 - the steel industry;
 - the gaming industry;
 - shipbuilding;
 - financial services;
 - the synthetic fibres sector;
 - the transport sector.
- c. Assistance under the incentive cannot be granted to firms in difficulty in the meaning of the Community Guidelines on State aid for rescuing and restructuring firms in difficulty, Official Journal C244, 01.10.2004;

3. Incentive Description

3.1 Details of Incentive

The aim of the project must be directed at supporting the enterprise to develop new international markets.

3.2 Actions, eligible costs and the applicable aid intensity

The aid intensity for projects supported under this incentive is set at 50% of the costs incurred in relation to the items of expenditure mentioned below.

Projects benefiting from this incentive should be completed within 24 months. For an application to be considered for co-funding, the project value (based on eligible expenses) must be at least **Euro 50,000** and must not exceed **Euro 200,000**. The resultant minimum grant value per project is Euro 25,000 while the resultant maximum grant value is of Euro 100,000.

(A) Market Development (up to 50%)

The following costs related to building the internal capacities of the enterprise and the development of a brand in the target market will be eligible for part financing:

- i. Translation services from and to the language(s) of the target market.
- ii. Consultancy services related to the development and creation of a brand. This includes services acquired in relation to the design and development of product branding, packaging and labelling.
- iii. Costs for localised marketing material (Brochures, leaflets etc.) and electronic content (Website, CD-ROMs etc.)
- iv. Costs leading to the certification of products, processes and services (including training, audits and application costs) that may be required (or useful) to sell in target markets.

Any consultancy or services must be subcontracted and must not be of a continuous or periodic nature, nor relate to the enterprise's usual operating expenditure, such as routine tax consultancy services, regular legal services, or advertising.

(B) Engagement of Business Development Manager (up to 50%)

The wage costs of employing a new manager to support initiatives in developing the designated market or brand may be part-financed; provided that such wage costs relate to new employment and that the post is also new to the enterprise. The support is limited to 24 months and the total value of aid is capped at Euro 25,000.

(C) Participation in international promotional events (up to 50%)

Active participation in trade fairs, conferences, workshops or networking events relevant to the target market and organisation of promotional events may be part-financed. In the case of trade fairs, active participation will mean having a stand at the fair. Active participation in conferences, workshops and other events means that representatives from the enterprise will be delivering a presentation during the event.

Part-funding will be available for:

- i. Rental of exhibition space / stand;
- ii. Stand construction services;
- iii. Travel for two persons attending international events: conferences, workshops or networking events.
 - a) Malta Enterprise will part-finance air travel up to € 500 per person per trip. All other means of travel (Including taxi services and rail) are NOT eligible.
 - b) All travel must be economy class or equivalent.
- iv. Per Diem - beneficiaries may also be granted a per diem of € 100 per person, covering a maximum of two persons travelling to an event, for the duration of the event and two

additional days to cover travelling days. This per diem is capped to a maximum of 10 days which includes 2 days for travelling.

3.3 Additional Provisions

The following additional provisions shall apply to any costs that may be supported through this incentive:

- i. All funding will be based on reimbursement of eligible costs.
- ii. The role of the Business Development Manager must be kept for a minimum of 36 months from the recruitment date.
- iii. All funding must be on costs incurred by the applicant after the aid is granted.
- iv. All consultancy or services must be subcontracted and must not be of a continuous or periodic nature, nor relate to the enterprise's usual operating expenditure, such as routine tax consultancy services, regular legal services, or advertising.

4. Evaluation and Assignment of Aid

All applications will be assessed by Malta Enterprise on the following criteria:

4.1 Eligibility Criteria

For an application to be eligible for evaluation the following conditions must be met:

1. The application should be complete. That is:
 - a. all fields on the form must be filled in with the relevant details;
 - b. all requested annexes must be attached to the application form.
2. The application fits with one of the focus areas of the aid scheme as defined in Section 3 (*Incentive Description*).
3. The applicant has honoured / rectified any obligations or conditions set by Malta Enterprise with respect to previous granted support.
4. The application/applicant must be within State aid parameters as outlined in Section 6 (*State Aid Rules and Obligations*). - All aid under this incentive must be in line with the de minimis rules.
5. The applicant must comply with the laws pertaining to the intervention(s) being proposed for funding.
6. The applicant must be in-line with the criteria in Section 2 (*Eligibility*).
7. The project will be completed within the stipulated timeframe (24 months).

Applications that do not comply with any one of the above conditions will be rejected.

4.2 Preliminary Evaluation (35%)

1. **Risk Appraisal:** Risk will be assessed on the number of years the enterprise has been established, the duration of the project, the value of the project in relation to the financial resources of the applicant, any preparatory work the applicant may have carried out together

with the applicant's capacity to implement the project. The riskier the project in line with the above conditions the lower the score.

2. **Extent of need for support:** Applications will be assessed in terms of the applicants' need for support which will be determined on the size of the enterprise and whether it forms part of a network or is a start-up. The smaller the undertaking the higher the score. Additional points will be given to start-up undertakings and to those undertakings that form part of a relevant network.
3. **Holistic nature of project:** Projects comprising more than one eligible cost as outlined in Section 3 (*Incentive Description*) will be awarded higher marks.

4.3 Strategic Evaluation (65%)

- a) **Thematic priorities 55%:** How will the project contribute to national priorities and to the scheme objective. Projects will be evaluated against the following criteria:
 - i. **Project Impact** - The expected impact that the project will have on the markets / industries in which the enterprise is active will be assessed (for example, operations in a saturated market segment will attract a lower score). Consideration will be given to the potential future growth of the enterprise, potential cost efficiency and potential cost reductions which are expected as well as the degree of networking initiated through the project.
 - ii. **Innovation** – This innovative nature of the project with regards to the potential to develop new products, processes and services will be assessed.
 - iii. **Operational Programme I Indicators¹** – The degree to which the project improves the enterprise's chances to penetrate new markets will be assessed.
 - iv. **Employment** - The project will be assessed on its potential to ensure job retention & create new employment in the future. The nature and skills of this potential employment will also be taken into consideration.
- b) **Horizontal priorities 10%:** Projects must contribute to the attainment of the horizontal priority/cross-cutting themes of Environmental Sustainability and Equal Opportunities:
 - i. **Environmental Sustainability** – Applicants would need to prove that the project addresses issues such as carbon neutrality and climate change, water, waste, air quality and nature protection.
 - ii. **Equal Opportunities** – Applicants would need to prove that the project addresses issues such as the involvement of disadvantaged groups in the project; increased participation of females, ensuring accessibility for all and family friendly measures.

4.4 Notification of results

Successful applicants will be notified in writing of the outcome of their application. Once a project is approved, a Letter of Approval will be issued.

¹ Operational Programme I - Investing in Competitiveness for a Better Quality of Life, Cohesion Policy 2007-2013 - Priority Axis 1 - <http://www.ppcd.gov.mt/op1?l=1>

5. Further Information

5.1 European Regional Development Fund (ERDF)

Malta Enterprise is responsible for the implementation of a grant scheme for enterprises, which will be operating under Malta's Operational Programme I Cohesion Policy 2007 – 2013.

This Incentive Guidelines is based on the eligibility criteria specified in the following documentation:

- a) Malta's National Strategic Reference Framework Document, its Operational Programmes and any other implementation guidelines provided by the Managing Authority which may be updated from time to time. These are available on the website of the Managing Authority for Structural Funds [<http://www.ppcd.gov.mt>].
- b) European Commission Regulations on Structural Funds. These apply to all projects benefiting under Structural Funds and are legally binding in all Member States. The Malta Enterprise Grant Schemes will be co-financed under the European Regional Development Fund (ERDF) and the legislative guidelines which apply directly to this scheme include:
 - Regulation (EC) No. 1083/2006 laying down the general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund.
[\[http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:210:0025:0078:EN:PDF\]](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:210:0025:0078:EN:PDF)
 - National Eligibility rules as per Article 56(4) of Regulation (EC) No. 1083/2006 laying down the general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund.
 - Regulation (EC) No. 1080/2006 on the European Regional Development Fund.
[\[http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:210:0001:0011:EN:PDF\]](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:210:0001:0011:EN:PDF)
 - COMMISSION REGULATION (EC) No. 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No. 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No. 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund.
[\[http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:045:0003:0115:EN:PDF\]](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:045:0003:0115:EN:PDF)

6. State Aid Rules and Obligations

6.1 Applicable State Aid

This Incentive Guideline is in line with Commission Regulation (EC) No 1998/2006 of 15 December 2006 on the application of Articles 87 and 88 of the Treaty to *de minimis* aid, Official Journal L379 of 28.12.2006.

[\[http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l_379/l_37920061228en00050010.pdf\]](http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l_379/l_37920061228en00050010.pdf)

In terms of this State aid regulation, an enterprise may receive a total amount of aid up to €200,000 over a rolling three fiscal year period. This maximum threshold includes all *de minimis* aid granted to the beneficiary including that received from any entity other than Malta Enterprise.

The beneficiary will have to repay with interest any *de minimis* aid in excess of the €200,000 threshold.

6.1.1 De minimis Aid

The *de minimis* regulation will **NOT** apply to the following:

1. Aid granted to undertakings active in the fishery and aquaculture sectors as covered by Council Regulation (EC) No. 104/2000;
2. Aid granted to undertakings active in the primary production of agricultural products as listed in Annex 1 to the Treaty;
3. Aid granted to undertakings active in the processing and marketing of agricultural products as listed in Annex 1 to the Treaty, in the following cases:
 - When the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned;
 - When the aid is conditional on being partly or entirely passed on to primary producers;
4. Aid to export-related activities towards third countries or Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current expenditure linked to the export activity;
5. Aid contingent upon the use of domestic over imported goods;
6. Aid granted to undertakings in difficulty.

6.2 Cumulation

Aid granted under this incentive may only be cumulated with other aid under any other incentive(s), or with other Community funding, in relation to the same item of expenditure as long as such cumulation does not exceed the gross aid intensity fixed by this Incentive Guidelines.

In terms of the *de minimis* regulation quoted above, assistance shall not be cumulated with State aid in respect of the same eligible costs if such cumulation would result in an aid intensity exceeding that fixed in the specific circumstances of each case by a block exemption regulation or decision adopted by the European Commission.

7. Contact Details

Further information on the incentive, as well as information and guidance on the filling in of the application may be obtained by contacting Malta Enterprise during office hours.

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