



## Measure 4 – Investments in Physical Assets

### Sub-measure 4.2 – Support for Investments in processing/marketing and/or development

#### Background

The Objective of this measure is to support farmers and processors in adding value to primary products or in developing new products, and/or opening up new markets. The beneficiaries of this measure can be either farmers (individually or in groups) or processors. Investments by processors must result in demonstrable benefits to Maltese agricultural producers.

Support can be provided for tangible and/or intangible investments which concern the processing, marketing and/or development of agricultural products covered by Annex I to the Treaty (i.e. agricultural products) or cotton, except fishery products. The output of the production process also has to be an Annex I product.

Processing of an agricultural product means any operation on an agricultural product resulting in a product which is also an agricultural product (Annex I TFEU). Processing activities cannot relate to on-farm preparation of an agricultural product for first sale. Support for Marketing must link to activities further down the supply chain, and not to first sale of primary produce. However, primary producers may benefit from marketing support if making sales to final consumers of a product in separate premises reserved for that purposes. Development of agricultural products mainly refers to adding value to agricultural products, improving quality beyond standards, applying new production methods and technologies or improving product presentation).

#### Type of Support

Grants shall be provided as support under this sub-measure.

#### Eligible Costs

##### The eligible expenditure/actions include:

- The construction, acquisition, including through leasing, or improvement of immovable property;
- The purchase or lease-purchase of new machinery and equipment (including investments related to energy efficiency/generation)
- The cost of funding specialist contractors to undertake project management duties to realise the investment; general costs such as architects, engineers and consultation fees, feasibility studies, the acquisition of patent rights and licences up to a maximum of 15% of the total eligible project cost;
- Intangible investments such as copyrights, trademarks or processes.
- Publicity / dissemination costs

Support can be provided for tangible and/or intangible investments which concern the processing, marketing and/or development of agricultural products covered by Annex I to the Treaty (ie. Agricultural products) or cotton, except fishery products. The output of the production process also has to be an Annex I product.

By way of example, the following types of operations may be supported:

- Introduction of technologies and procedures in order to develop new or higher quality products and open up new markets, especially in the context of short supply chains;
- Investments in order to comply with Union standards that will become compulsory for the holding in the near future.

##### Ineligible Expenditure:

- Simple replacement investments shall not be eligible for support;
- The purchase of agricultural production rights, payment entitlements, animals, annual plants and their planting;
- Other costs connected with the leasing contract, such a lessor's margin, interest refinancing costs, overheads and insurance changes (shall not be eligible expenditure)
- Aid shall not be granted in respect of investments to comply with Union standards in force.

#### Eligibility Conditions

Eligibility Conditions include:

- Support will not be granted to holdings or enterprises in difficulty within the meaning of Commission Regulation No 702/2014;
- Beneficiaries are generally obliged to maintain the project as a going concern for three (3) years, as defined in Article 71 of Regulation 1303/2013, from the date of final payment to the beneficiary, or within the period of time set out in State Aid Rules, where applicable;
- Support will not be granted when this is already provided under other schemes, including the first pillar of CAP;
- No aid will be granted to those sectors and undertakings explicitly excluded from receiving aid under Article 1 of Commission Regulation No 702/2014;
- Undertakings subject to an outstanding recovery order following a previous Commission Decision declaring aid illegal and incompatible with the internal market shall not be eligible to receive aid under this scheme;
- Assistance shall not be granted in contravention of any prohibition or restriction laid down in Regulation (EU) No 1308/2013, even where such prohibitions and restrictions only refer to the Union support provided for in that Regulation.

**For the scope of the first call, unless otherwise notified, only investments related to processing and/or development are deemed eligible.**

#### **Eligible Applicants**

Support under this measure is available to:

- Farmers or groups of farmers, whether natural or legal persons.
- Other businesses/public entities/land managers active in the sectors of agricultural or rural business processing/marketing/development of Annex I products as an input.

#### **Aid Intensity**

For the scope of this call, beneficiaries will receive 50% of the total eligible project costs as public funds with the other 50% coming as a private contribution.