

# Guidance Notes

**GRANT FOR PRODUCTION PLANNING TO FARMERS BASED ON THE  
SALE OF AGRICULTURAL PRODUCE (GRAPPA)**

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The Ministry for Agriculture, Fisheries Food and Animal Rights (MAFA) reserves the right to amend certain provisions established in these Guidance Notes. Such amendments may become applicable and enforced retrospectively.

The English version will be the legally binding text.

The Ministry for Agriculture, Fisheries, Food and Animal Rights (MAFA) also reserves the right to request additional information not included in this Guidance Notes.

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# 1. DEFINITIONS

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**Agriculture Directorate (AD):** The Agriculture Directorate within the Rural Affairs Department within the Ministry for Agriculture, Fisheries, Food and Animal Rights (MAFA).

**AgriConnect:** is the entity within the RAD recognized to provide Farm Advisory Services.

**Applicant:** A Person or legal entity that applied for the grant under this Scheme.

**Beneficiary:** A legal person applying to benefit from the grant scheme.

**Checks and controls:** Provide a means of verification that the investment operation complies with, and is in conformity with, the relevant rules and regulations.

**Malta Food Agency:** The Agency as established in Legal Notice 7/2021.

**Pitkali Markets:** The Agricultural marketing centres established by SL 117.20.

**Primary agricultural production** means the 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.

**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) of the first subparagraph through one or more other enterprises shall also be considered to be a single undertaking.

## **2. INTRODUCTION**

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These Guidance Notes are intended to assist applicants in understanding the requirements to apply for the grant.

Applicants are advised to familiarise themselves with these Guidance Notes prior to completing the Application Form. The Guidance Notes, Application Form and all Annexes and other documentation are available at <https://agrikoltura.gov.mt/>

### **OBJECTIVES**

The objective of this scheme is to provide financial incentives to farmers to develop and manage a production plan based on supply and demand.

In view of the European Green Deal targets, the Farm to Fork Strategy, and in view of ongoing efforts on a European level to ensure a sustainable production and combat food waste, the Ministry for Agriculture, Fisheries, Food and Animal Rights (MAFA) aims to link eligibility for these grants by encouraging land farmers who market their produce through the Pitkali Markets to prepare production plans based on crop plan, review and implement for calendar year 2021.

Crop production planning is a critical and often overlooked part of farming. A production plan, developed before the season starts, helps growers determine how much of each crop to plant, timing and quantity of harvest through the growing season and succession planting or cover cropping to make maximum use of limited acreage. Having a crop production plan can significantly reduce the stress and chaos of a production season, and can contribute to the profitability and productivity of the market farm. Farmers participating in the scheme will be provided with the tools to be able to adjust their production according to the supply and demand.

### **DURATION**

Applications under the Scheme will commence to be received on the 1st June 2021 and shall continue to be received after no later than the 30<sup>th</sup> of July 2021.

### **BUDGET**

The budget available for the Scheme for 2021 is of €500,000 which will be funded exclusively through National funds. The Ministry reserves the right to amend the budget allocated.

## **LIMITS OF GRANT VALUE**

The rate of financial assistance under this Scheme shall be based upon the budget available. The minimum amount to be claimed by each individual beneficiary is set at €50.

In line with Article 3 of Commission Regulation (EU) No 1408/2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid in the agriculture sector (as amended by Commission Regulation (EU) 2019/316 of 21 February 2019) the total amount of *de minimis* aid granted to a single undertaking, from any *de minimis* aid scheme, shall be capped at €20,000 per beneficiary.

## **IMPLEMENTATION**

At present, farmers who sell their produce at the Pitkali markets are subject to direct 3% tax which is deducted directly throughout the year based on the produce marketed by farmer through the Pitkali Markets.

The scheme foresees that farmers participating and complying with the conditions of the scheme can benefit from a grant equivalent to the amount of tax paid in relation to produce sold through the Pitkali Markets, not exceeding the amount of €20,000 per beneficiary over a period of three fiscal years. Should the amount of payments exceed the budget allocated for this scheme, a linear reduction on all payments will be applied. These deductions and penalties are further explained in *Section 9 – Deductions and Penalties* of these Guidance Notes.

## **CALLS PROCEDURE**

The call for applications will open on the 1st June 2021 and shall remain open until the 30th July 2021.

## **REGULATORY FRAMEWORK**

The following is the relevant legal basis for this Scheme:

- Commission Regulation (EU) No 1408/2013 of 18 December 2013 (as amended by Commission Regulation (EU) 2019/316 of 21 February 2019) on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid in the agriculture sector.
- Chapter 146 of the Laws of Malta – Agriculture and Fishing Industries (Financial Assistance) Act

### **3. ELIGIBILITY**

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#### **ELIGIBLE BENEFICIARIES AND SALES**

Assistance is limited to farmers active in the primary agricultural production sector who are registered with the Agriculture Directorate in line with S.L. 549.66 and who are registered with the Pitkali Market and market their produce through the Pitkali Markets.

Only produce produced in the applicant's holding and marketed in the name of the applicant will be eligible for the calculation of the grant.

#### **INELIGIBLE BENEFICIARIES / SALES**

- Farmers not registered in accordance with S.L. 546.66;
- Farmers not registered with the Pitkali Market;
- Produce marketed outside of the Pitkali Markets;
- Products not marketed in the name of the applicant;

## 4. APPLICATIONS

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### SUBMISSION OF APPLICATIONS

Applicants must submit an application form as outlined in the call for applications. All applications must be completed in full, signed and dated by the Applicant.

Applications which do not include and satisfy all of the following will not be considered:

Original Signed Application Form with all annexes bound including all necessary supporting documentation
Copy of ID Card of Applicant
Copy of the Pitkali Market Registration Document
Copy of VAT Registration Certificate (applicable for self-employed applicants)
Current Memorandum of Association or equivalent (applicable only to Legal Entities)
Power of attorney indicating the person responsible for the application (applicable only to Legal Entities)
Declarations required to prove that the applicant has understood the Scheme's obligations and that he/she intends to fully abide by these rules.
All Sections of the Application Form have been filled in
Production plan prepared in line with S.L. 546.66 submitted electronically through a recognised Farm Advisory Service as indicated by the Agriculture Directorate.

### RECEIPT OF APPLICATIONS

In Malta applications shall be received from Monday to Friday between 07:30hrs to 13:00hrs at:

>Customer Care Offices, Malta Food Agency, Pitkali Markets, Ta' Qali, L/O Attard, Malta.

In Gozo applications shall be received from Monday to Friday between 07:30hrs to 13:00hrs at:

>Gozo Office, Government Experimental Farm, Mgarr Road, Xewkija, Gozo.

### ACKNOWLEDGEMENT

An acknowledgement shall be issued by the receiving officer upon submission of a completely filled-in application form at one of the offices indicated above.

**Disclaimer:** The person receiving the application is not responsible for the administrative compliance or completeness of the application form. The issuance of an acknowledgement letter does not mean or imply that the applicant has submitted all the necessary documentation. The application may be refused and returned to the applicant following the issuance of the acknowledgement letter.

## 5. ASSESSMENT

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### VALIDATION OF APPLICATIONS

The Ministry will undertake a validity check of all applications that are received.

If any supporting documentation required with the Application Form is missing, the Ministry shall notify the Applicant through a notification letter. Such missing documents are to be submitted within **ten (10) working days** from the date of the notification letter.

Only complete applications will be considered. Applications that remain incomplete after the ten (10) working day notice period has elapsed will be conclusively rejected.

### ASSESSMENT OF APPLICATIONS

Applications for support that pass the admissibility check will proceed to the next step and shall be assessed against the applicable eligibility criteria.

During this assessment process, checks may be carried out to assess the submitted production plans.

### ERROR IN THE APPLICATION FORM

In cases where the Ministry on the basis of an administrative check notices an error which can be rectified in an application form after the closing date for submission of the application; and the error can be determined from the application and its supporting documentation, the Ministry may decide to ask the applicant to amend the application accordingly.

### ELIGIBILITY CRITERIA

All valid applications shall be assessed against the eligibility criteria listed in this section.

It is important to note that all application forms need to fulfil **ALL** criteria in order to be considered.

The applicable eligibility criteria are as follows:

- a. Submitted application is completed and filled-in fully
- b. Applicant is a farmer registered with the Agriculture Directorate in line with S.L 549.66
- c. Applicants is registered with the Pitkali Markets administration.
- d. Produce marketed through the Pitkali Markets;
- e. A production plan has been submitted electronically through a recognised Farm Advisory Service as indicated by the Agriculture Directorate.

## **UNSUCCESSFUL APPLICANTS**

The Ministry will inform all unsuccessful applicants about the outcome of the assessment process through a formal communication.

## **APPEALS**

Applicants who feel aggrieved by the outcome of the procedure have the right of appeal within five (5) working days from the date of the letter of rejection issued by the Ministry. Appeals will be assessed by an independent Board established by the Permanent Secretary MAFA.

## **LETTER OF ACCEPTANCE**

The Ministry will proceed to inform the successful applicants in writing of the decision to entertain their application. Scanned copies of the letter shall also be submitted through email as applicable. Letters of acceptance may include conditions which have been raised.

## **6. OBLIGATIONS**

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The following sections provide information on some aspects of the obligations of the Beneficiary.

Applicants are to implement the production plan submitted electronically through a recognised Farm Advisory Service as indicated by the Agriculture Directorate.

Applicants are to access the Food Production Planning System and review the production plan at least once during the year.

Beneficiaries are to make changes to the production plan where necessary. A confirmation of the review is to be issued by AgriConnect.

Any changes to the production plan are to be notified to the MAFA before they are implemented.

Unsold produce at the Pitkali Market is to be handed over to MAFA to be disposed of as determined by MAFA with the aim to reduce food waste.

## **DURABILITY OF THE SCHEME**

Beneficiaries are obliged to abide by the production plan submitted or amended after review. Any changes to the production plan should be notified to the Ministry.

## 7. PAYMENT

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### CALCULATION OF PAYMENT

Payments will be based on the 3% tax paid in connection with sales of produce marketed through the Pitkali Market between the 1<sup>st</sup> January 2021 and 31<sup>st</sup> December 2021. Payments shall not be less than €50 and not more than €20,000.

## 8. CONTROLS

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Beneficiaries must note that by applying under this scheme they commit to undertake an obligation for the relevant checks and controls by MAFA and the respective Authorities including the following:

- a. The Agriculture Directorate;
- b. The Malta Food Agency;
- c. Internal Audit and Investigations Department (IAID), Office of the Prime Minister (OPM)
- d. The National Audit Office (NAO) in view of the fact that public funds are being utilised for the implementation of the scheme
- e. The Audit Services of the European Commission (EC) in view of state aid
- f. The VAT Department to ensure that VAT Regulations are respected

The following sections are intended as a guide on applicable checks and controls.

### **Administrative checks on support applications**

The checks shall in particular include verification of:

- the eligibility of the beneficiary
- compliance with the eligibility criteria

### **Administrative checks on the Crop Plan**

Administrative checks on the production plan shall include, in particular and where appropriate for the claim in question, verification of:

- the crops cultivated
- the products identified in the production plan
- the products marketed through the Pitkali Markets

The MAFA will perform a number of checks to verify the correctness and completeness of the information included in the application form.

The MAFA shall retain the right to reject an application in case of insufficient quality or does not contain all the relevant details.

The MAFA may also request the beneficiary to submit clarifications or additional documentation; depending on the nature of the clarifications requested, The MAFA shall stipulate a deadline for submission of additional information or clarifications which deadline shall not exceed 10 working days from the date of the request sent via email or through registered mail. Failure by the beneficiary to submit the requested clarifications within the stipulated timeframe shall lead to rejection of the application.

All relevant documentation is to be submitted by the beneficiary.. This will allow for all documentary checks to be carried out during the administrative checks, thus reducing the need to verify these documents on-the-spot.

### **On-the-spot checks**

On-the-spot checks shall be carried out by the MAFA as required in order to ensure an effective management of risks. Payment shall be rejected if the beneficiary prevents an on-the-spot check from being carried out, except in cases of force majeure or exceptional circumstances.

The on-the-spot check shall verify the accuracy of the information declared by the beneficiary in his/her application.

On-the-spot checks can also be used to verify that the beneficiary is providing accurate information regarding the physical and financial implementation of the operation.

### **Timing of on-the-spot checks**

On-the-spot checks conducted throughout the calendar year may be un-announced but the beneficiaries may be given advance notification (not exceeding 48 hours) of the on-the-spot checks in order to ensure that the relevant staff and documentation are made available by the beneficiary during the check.

## **9. DEDUCTIONS & PENALTIES**

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Penalties will be applied as indicated in table 1 if a beneficiary is found to have submitted incorrect declarations or did not comply with the obligations of the scheme.

Table 1: Penalties

<b>Discrepancy</b>	<b>Penalty</b>
0 to 5% difference between what has been declared in the production plan and the outcomes of the on-the-spot controls.	No Penalty
6% and 10% difference between what has been declared in the production plan and the outcomes of the on-the-spot controls.	5%
11% and 20% difference between what has been declared in the production plan and the outcomes of the on-the-spot controls.	10%
21% and 30% difference between what has been declared in the production plan and the outcomes of the on-the-spot controls.	20%
>30% difference between what has been declared in the production plan and the outcomes of the on-the-spot controls.	100%
No review of production plan at least once in 2021	20%

Example 1:

- A farmer submits a production plan on holding of 10 Ha;
- During the on-the-spot controls 0.7ha does not correspond to the area declared in the plan;
- The difference is therefore 7%
- A penalty of 5% of the amount of the eligible grant will be applied.
- If the maximum eligible grant is €10,000, the farmer would receive €9,500.

Example 2:

- A farmer does not review the plan at least once during 2021,
- A 20% penalty would be applied;
- If the maximum eligible grant is €10,000, the farmer would receive €8,000.

## **10. DATA POLICY**

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By submitting the application, the applicant is giving his/her consent to have personal and application details published in line with the obligations in the relevant EU Legislation. Moreover, this information will also be utilised for monitoring and evaluation purposes.

### **DATA PROTECTION**

Whilst abiding to the provisions set in the Data Protection Act and the General Data Protection Regulation (GDPR) regarding the handling of personal data, the MAFA will retain the right to disclose, exchange or request information about any applicant, application and agreement to or with other organisations or consultants which the MAFA considers appropriate for administration, statistical, monitoring, evaluation and dissemination purposes.

## **TRANSPARENCY**

Since this Scheme involves expenditure of public money, there is public interest in how the money is spent. In this respect the MAFA will ensure that the principle of transparency is fully respected in the implementation of the scheme.

## 11. CONTACT DETAILS

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For more information regarding the scheme, kindly contact the MAFA

**Address:** Malta Food Agency  
Pitkali Markets,  
Ta' Qali

**Telephone Number:** 22926112

**Website:** [www.agrikultura.gov.mt](http://www.agrikultura.gov.mt)