



GOVERNMENT OF MALTA  
MINISTRY FOR AGRICULTURE,  
FISHERIES AND ANIMAL RIGHTS  
AGRICULTURE AND RURAL PAYMENTS AGENCY



GOVERNMENT OF MALTA  
MINISTRY FOR THE ECONOMY,  
EUROPEAN FUNDS AND LANDS  
FUNDS AND PROGRAMMES DIVISION

# GUIDELINES DIRECT PAYMENTS 2023-2027

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Agency

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# BACKGROUND INFORMATION

## INTRODUCTION

The purpose of these guidelines is to define the implementation of the Direct Aid and shall include instructions concerning the commitments and applicable provisions and penalties applicable under the different Direct payments interventions.

These Guidelines shall be continuously reviewed and updated in order to fully comply with EU Regulations and relevant guidance documents issued by the Commission.

ARPA may not be held responsible for any damages related to changes that shall be carried out to the CAP SP. All information and rates in this document are subject to changes.

## LEGAL BASIS

- Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013.
- Regulation (EU) 2021/2116 of the European Parliament and of the Council of 2 December 2021 on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013.
- Commission Delegated Regulation (EU) 2022/1172 of 4 May 2022 supplementing Regulation (EU) 2021/2116 of the European Parliament and of the Council with regard to the integrated administration and control system in the common agricultural policy and the application and calculation of administrative penalties for conditionality.
- Commission Implementing Regulation (EU) 2022/1173 of 31 May 2022 laying down rules for the application of Regulation (EU) 2021/2116 of the European Parliament and of the Council with regard to the integrated administration and control system in the common agricultural policy.
- All other implementing/delegated acts issued through empowerments of the above mentioned legislative acts.
- CAP SP for Malta



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## PART I - RESPONSIBILITIES OF EACH AUTHORITY

### SUBJECTS INVOLVED IN THE PAYMENT OF AID

The management of the payments in the area-related measures foresees the involvement of the following institutionalised subjects:

- **The Ministry for Agriculture, Fisheries, and Animal Rights:** As designated in the CAP SP MAFA shall be responsible for the national program regarding the Direct Payment Schemes.
- **The Agriculture and Rural Payments Agency (ARPA) of MAFA:** shall be responsible for the management and implementation of the Direct Payment Schemes. Moreover, ARPA shall be the responsible body for the management of all data integrated in the IACS (Integrated Administration and Control System) in relation to the aid (collection and maintenance of land-related data) and the management of multi-annual commitments under eco-schemes.

**The units below within the ARPA will be responsible for the following tasks:**

- **Unit A1 The Front Office:** shall receive and process all claims, perform the initial administrative checks and interact directly with the clients making sure submitted applications and relevant supporting documentation are correct and complete.
- **Unit C1 Authorisation IACS Schemes:** shall be responsible for the co-ordination and authorisation of payments under the Direct Payment interventions.
- **Unit C3.1 The Control Unit (IACS & non-IACS Controls):** shall be responsible for implementing the control system for Direct Payments, carry out on-the-spot checks/ remote sensing/ monitoring (as applicable) and record the results of these controls in the control system on the SITIAgri.
- **Unit C3.2 The LPIS team:** shall be responsible for managing and maintaining all the required geographic data within the LPIS;
- **Unit C4 The Payments Unit:** shall be responsible for the execution of the payment after the approval of the Director General of the Paying Agency and the monitoring of the budget forecasts of the scheme in the PAMS (Payments Administration and Information System).
- **Unit C5 The Accounts Unit:** shall be responsible for the delivery and co-ordination of the X/I fields to be used in the payment files, for debt management and the recording of the transactions in the ARPA's books of Accounts and the reporting of expenditure routine reports.
- **The Veterinary Regulation Directorate:** shall be the authority responsible of the maintenance and up-keeping of the National Livestock Database, in line with all Union rules relating to the Livestock sector and National Legal Notices.



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## MANAGERIAL FLOW AND RELATIVE RESPONSIBILITIES FOR SUBMISSION OF REQUESTS

Each year ARPA will open short time windows to allow farmers to submit any change within their holding which will reflect on the application for Direct Payments. Each year the application will be based on the previous year, therefore in case of changes farmers must inform ARPA to update the LPIS (Land Parcel Identification System) to avoid unnecessary penalties. During these periods farmers may also express their interest in applying for specific interventions, ARPA shall determine whether such farmers would be eligible to benefit from the indicated interventions and make sure they are reflected in the pre-filled applications.



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## PART II - AID PERTAINING TO THE DIRECT PAYMENTS SCHEMES

### 1. Introduction

Malta will be implementing the following schemes to support farmers under the Direct Payments:

- Basic Income Support for Sustainability (BISS)
- Payment for Small Farmers (PSF)
- Complementary Income Support for Young Farmers (CISYF)
- Eco-scheme 1 – Dedicating parcels to enhance biodiversity and pollination
- Eco-scheme 2 – Integrated Pest Management
- Eco-scheme 3 – Use of Bio-degradable Mulch
- Voluntary Coupled Support Measure 1 (VCS Dairy)
- Voluntary Coupled Support Measure 2 (VCS Beef)
- Voluntary Coupled Support Measure 3 (VCS Sheep)
- Voluntary Coupled Support Measure 4 (VCS Tomatoes)

### 2. Definitions

All definitions provided in the CAP Strategic Plan (CAP SP) apply throughout this entire document within the meaning provided therein.

### 3. DP Interventions

## BASIC INCOME SUPPORT FOR SUSTAINABILITY

As from 2023 Malta shall cease using the payment entitlements allocated for the Basic Income Support. In line with article 22 of EC 2115/2021 Malta shall be paying a uniform rate per Hectare to all farmers for all eligible areas in Malta, hence the BISS shall not be based on payment entitlements. The eligible areas are determined through the LPIS.

## BISS – ELIGIBILITY CRITERIA

Farmers applying to receive aid under the BISS shall satisfy the baseline mandatory requirements as follows:

- a) comply with the definition of an active farmer as defined in the CAP SP;
- b) must have a minimum total holding of 0.3 Ha of eligible agricultural area;
- c) At parcel level the minimum area is of 0.01 Ha;
- d) Applications are to be submitted within the deadlines as established by ARPA;
- e) Must be registered in the IACS Farmer Registry as maintained by ARPA and the Nitrates Registry as maintained by the Directorate of Agriculture at the time of application;



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- f) All eligible hectares claimed should be unambiguously located on site and through satellite images and registered with ARPA at the time of application;
- g) The holding on which the application is submitted shall be in Malta;
- h) Applicants shall be in line with standard mandatory agricultural conditions and thus should be able to provide records of their actions.

## BISS – PAYMENT RATE CALCULATION

Minimum Rate set in CAP SP 2023 – 2026: €594.00

Maximum Rate set in CAP SP 2023 – 2026: €637.72

Minimum Rate set in CAP SP 2027: €81.09

Maximum Rate set in CAP SP 2027: €86.56

## PAYMENT FOR SMALL FARMERS

As from 2023 Malta shall be providing this voluntary scheme under which small farmers may be paid a lump sum payment of €250 per year. This scheme replaces all Direct Payment interventions to this end farmers opting to apply for this intervention may not benefit from other DP interventions.

Farmers who apply for this intervention may opt out of this scheme by informing ARPA in writing using form in Annex III, during the request period as set by ARPA.

## PSF – ELIGIBILITY CRITERIA

Farmers applying to receive aid under the PSF shall satisfy the baseline mandatory requirements as follows:

- a) Must have a minimum of 0.3 Ha of eligible agricultural area; and in the case of the payment for small farmers, active farmers must not have more than 1 eligible hectare declared under their name;
- b) At parcel level of 0.01 Ha;
- c) Complies with the definition of an active farmer as defined in the CAP SP;
- d) Applications are to be submitted within the deadlines as established by ARPA;
- e) Active farmers must be registered in the IACS Farmer Registry as maintained by ARPA and the Nitrates Registry as maintained by the Agriculture Directorate at the time of application;
- f) All eligible hectares claimed should be unambiguously located on site and through satellite images and registered with ARPA at time of application.
- g) The holding on which the application is submitted shall be in Malta;
- h) The active farmer has not opted out of this scheme.



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## PSF – PAYMENT RATE CALCULATION

Eligible applicants are paid a lump sum payment of €250 per year. Farmers with area determined of less than 0.3 Ha shall be deemed ineligible for payment. Farmers with area determined that exceeds 1.0 Ha shall be deemed ineligible for payment as well.

## COMPLIMENTARY INCOME SUPPORT FOR YOUNG FARMERS (CISYF)

The Complimentary Income Support for Young Farmers shall be paid at a flat rate per hectare, as a top up on the Basic Income Support for Sustainability payment and is payable to newly setup young farmers that comply with the Eligibility Conditions outlined under this intervention.

Support will be provided either:

- for five (5) years from the first year of submission of the application for this intervention;
- or in the case of those already receiving support under Article 50 of Regulation (EU) No 1307/2013 for the remainder of the five (5) year period from the first year of submission of the application;
- or five years from the first year of registration of the holding in the Nitrates Register; whichever comes first.

## INCOME SUPPORT CISYF – ELIGIBILITY CRITERIA

Eligible beneficiaries must comply with the following eligibility criteria:

- a. Comply with the definition of an active farmer as defined in this Plan;
- b. Comply with the definition of a young farmer farmers who have newly set up for the first time as defined in this Plan; “Newly setup for the first time” refers only to farmers who registered their holding in the Nitrates Register within the last 5 years as at the closing date of the application campaign);
- c. Comply with the definition of “head of holding” for the first time as defined in the Plan;
- d. Eligible parcels must be at least must have a minimum of 0.01 Ha;
- e. must have a minimum total holding of 0.3 Ha of eligible agricultural area;
- f. Applications are to be submitted within the deadlines as established by ARPA;
- g. All eligible hectares claimed should be unambiguously located on site and through satellite images and registered with ARPA at time of application;
- h. Those already receiving support under Article 50 of Regulation (EU) No 1307/2013 are eligible for support for the remainder of the five (5) year period from the first year of submission of the application, given that they are eligible in line with the above criteria.

## ISYF – PAYMENT RATE CALCULATION

Minimum Rate set in CAP SP 2023 – 2026: €520.64

Maximum Rate set in CAP SP 2023 – 2026: €560.00



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Minimum Rate set in CAP SP 2027: €70.00

Maximum Rate set in CAP SP 2027: €80.00

The intervention shall take the form of an additional annual top-up payment per eligible hectare.



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## ECO-SCHEME 1 – DEDICATING PARCELS TO ENHANCE BIODIVERSITY AND POLLINATION (ES 1)

Beneficiaries must commit to dedicating a whole area of at least one land parcel to biodiversity for 3 years by refraining from cultivating the land for crop production and without the use of Plant Protection Products, including fertilisers. The scheme shall compensate farmers who decide to forego their income on whole parcels whilst cultivating plants of high ecological value on that parcel.

### CES 1 – ELIGIBILITY CRITERIA

- Farmers eligible for BISS;
- Committed parcels must at least have a total eligible area of 0.04 Ha throughout the commitment period;
- A parcel shall be deemed eligible if:
  - (i) it consists of arable land
  - (ii) is maintained under annual minimum activity
  - (iii) is kept in good agricultural condition all year round
- At commitment level the minimum area must at least be 0.04 Ha;
- Only one eco-scheme shall be allowed per parcel;
- Farmer must declare the plant species in the IACS digital crop plan;
- The application may not be submitted unless the farmer indicates at least 3 of the plants listed in Annex II in the crop plan.

### ES 1 – COMMITMENTS

- No Plant Protection Products or fertilisers shall be allowed;
- Whole eligible area of the parcels committed in holding dedicated to biodiversity for at least 3 years;
- Whole eligible area of the parcel must be planted with the plant species listed in Annex II;
- The application may not be submitted unless the farmer indicates at least 3 of the plants listed in Annex II in the crop plan. Each plant must at least cover 10% of the eligible area;
- Farmer must upload photos through Biedjacam each year as evidence of the adherence with the commitments under the scheme;
- Parcel must be maintained under annual minimum Agricultural activity.

### ES 1 – PAYMENT RATE CALCULATION

- Minimum Rate set in CAP SP 2023 – 2026: €1,700.00
- Maximum Rate set in CAP SP 2023 – 2026: €2,500.00
- Minimum Rate set in CAP SP 2027: €1,100.00
- Maximum Rate set in CAP SP 2027: €1,197.70

The intervention shall take the form of an annual payment per eligible hectare covered by the commitment.



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## ECO-SCHEME 2 – INTEGRATED PEST MANAGEMENT

Farmers under this scheme shall be asked to follow an integrated approach in their agricultural activity, incorporating various agronomic practices, monitoring through enhanced knowledge and apply targeted solutions to specific problems.

### ES 2 – ELIGIBILITY CRITERIA

- Farmers eligible for BISS;
- Committed parcels must at least have a total eligible area of at least 0.04 Ha throughout the commitment period;
- At commitment level the minimum area is 0.04 Ha;
- Only one eco-scheme shall be allowed per parcel;
- Farmer must provide an integrated pest management plan issued by a recognised Farm advisory service in line with LN 99 of 2019 or by competent consultant as approved by the Plant Health Directorate;
- The IPMP must be in line with guidelines issued by the Agriculture Directorate and should include at least 3 of the following techniques:
  - Agricultural practices that can help prevent build-up of pests (e.g. pruning and tillage methods);
  - Field sanitation and seed bed sanitation
  - Use of pest-resistant varieties
  - Managing sowing, planting, or harvesting dates
  - Water/irrigation management
  - Soil and nutrient management (including mulching, zero/low tillage, fertilizer management)
  - Practices to enhance the build-up of naturally existing predator populations
  - Use of traps or trap crops;
  - Biological inputs
  - Biological control through release of predators, parasites, or pathogens
  - Bio-pesticides
  - Biological preparations;
  - Chemical inputs
  - Chemicals that disrupt insect behaviour (e.g. pheromones)
  - Growth-regulators.

### ES 2 – COMMITMENTS

- Beneficiaries must follow the Integrated Pest Management Plan on the whole area of the land parcel/s, as identified at application stage, for at least three (3) consecutive years.
- The IPM Plan must be drafted by competent individuals
- These plans must be in line with guidelines issued by the Agriculture Directorate where applicable with enhanced emphasis on specific monitoring, prevention and control mechanisms that favour the protection of biodiversity and de-risking of contamination from PPPs.
- Beneficiaries must install traps on parcels to allow the farmers to identify the kind of pest/severity of infestation. Installation of traps must be based on the plans.
- Farmers are required to retain a record, which must cover the date when monitoring was performed, the pest the farmer was monitoring for, and the number of pest(s) recorded (if any)



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- Farmer must before submitting the application declare the crop type in BiedjaCam and record the use of PPPs on such crops
- Parcel must be maintained under annual minimum Agricultural activity
- Farmers must attend training organized by Agri connect related to the crops under cultivations by the end of the commitment period

## ES 2– PAYMENT RATE CALCULATION

- Minimum Rate set in CAP SP 2023 – 2026: €1,500.00
- Maximum Rate set in CAP SP 2023 – 2026: €2,000.00
- Minimum Rate set in CAP SP 2027: €900.00
- Maximum Rate set in CAP SP 2027: €958.00

The intervention shall take the form of an annual payment per eligible hectare covered by the commitment.



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## ECO-SCHEME 3 – ENCOURAGING THE USE OF BIO-MULCH

Beneficiaries must commit use Bio-degradable mulch for at least one crop cycle. Agricultural plastic mulch films are used in production of specialty crops to modify soil temperatures, conserve soil moisture and reduce weed pressure, ultimately improving crop productivity. The scheme intends to be tied to the purchase of biodegradable mulch given the positive environmental benefits associated with it. The use of biodegradable mulch results in reduced waste generation as compared to conventional mulch, which is nonrecyclable material and is thus disposed of in landfill with negative externalities associated with such practice. The use of biodegradable mulch is also considered positive from a practical perspective given that the conventional mulch may get clogged up with machinery. There is also an element of reduced time resource and work effort being required to collect and dispose of biodegradable mulch. This shall primarily target the sector that cultivates intensive crops.

### ES 3 – ELIGIBILITY CRITERIA

- Farmers eligible for BISS;
- Committed parcels must at least have a total eligible area of 0.04 Ha (of crops cultivated using biodegradable mulch) throughout the commitment period;
- At commitment level the minimum area is 0.04 Ha;
- Only one eco-scheme shall be allowed per parcel;
- Farmer must declare the crop type in the digital crop plan;
- Only arable land is eligible under this eco-scheme;
- Organic farmers may not benefit from this scheme.

### ES 3 – COMMITMENTS

- Farmers must submit geo-tagged photos using BiedjaCam for that particular Calendar Year;
- Parcel must be maintained under annual minimum Agricultural activity;
- No herbicides may be used, de-weeding may only be carried out through manual and/or mechanical means;
- Farmer must keep records of fiscal documents related to the purchase of the Bio-degradable mulch, clearly indicating the purchase of such mulch;
- Beneficiaries must commit to use bio-degradable mulch compliant with EU standard EN 17033 on at least the whole growing cycle of one crop.
- Farmer must declare the crop on which the Bio-degradable mulch shall be used.

### ES 3 – PAYMENT RATE CALCULATION

- Minimum Rate set in CAP SP 2023 – 2026: €400
- Maximum Rate set in CAP SP 2023 – 2026: €430
- Minimum Rate set in CAP SP 2027: €200
- Maximum Rate set in CAP SP 2027: €206.03



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The intervention shall take the form of an annual payment per eligible hectare covered by the commitment.

## ES COMPATIBILITY WITH AECCS

Only one Eco-scheme shall be allowed on each parcel, however eco-scheme may be applied for on the same parcel with AECC as follows:

AECC 1 – May be combined with all Eco-schemes

AECC 2 - May be combined with all Eco-schemes

AECC 3 - May be combined with all Eco-schemes

AECC 4 - May be combined with all Eco-schemes

AECC 5 – May not be combined with any of the Eco-schemes except with eco-scheme 3

AECC 6 – It is not area related

AECC 7 - May not be combined with any of the Eco-schemes



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## COUPLED INCOME SUPPORT

Coupled income support will be used to support those sectors that are highly disadvantaged and that are important for socioeconomic or environmental purposes, namely, the dairy, beef, sheep, and tomatoes (for processing) sectors.

The small size of Malta combined with the island's insularity creates several natural and structural disadvantages for these sectors.

The following four sectors shall be supported:

- Dairy;
- Beef;
- Sheep;
- Tomato (for processing)



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## DAIRY SECTOR MEASURE (CIS M1)

This scheme shall be based on an automatic claim system as provided for under Article 65 of EC 2116/2021 based on the National Livestock Database administered by the VRD.

### CIS M1 – ELIGIBILITY CRITERIA

Eligible beneficiaries must comply with the following eligibility criteria:

- a. Must have a contract or agreement with a dairy processor which clearly stipulates the milk yield (in kgs) to be supplied;
- b. Must fulfil 75% of the milk yield set out in the contract or agreement with the dairy processor. In the case that this yield is not reached, beneficiaries will not be eligible for support under this intervention unless it can be proven that it was due to a Force majeure or due to a direction provided by the competent authority;
- c. For an animal to be eligible for funding, by the time of data extraction, it must be registered under the name of the applicant in the National Livestock Database for a period of at least three (3) months from 1st October till the end of December; is a female appertaining to a dairy cow breed; and has at least one calf registered to that animal. When a farm is transferred from one farmer to another, and the animals remain on the same farm throughout the retention period (e.g. transfer from father/mother to son/daughter) if the transfer is a result of Force Majeure and has been recognised as such by the Force Majeure Board, these animals can still be deemed as eligible for funding. The number of eligible heads shall be determined by an automated extraction from the NLD that shall be checked for correctness by the LBMU;
- d. Comply with the minimum requirements on the identification and registration of bovine animals as set out in Regulation (EC) No 1760/2000 and European Parliament and Council regulation 2016/429 as applicable;
- e. Must express their interest in this intervention on an annual basis in line with the deadlines established by ARPA.

### CIS M1 – PAYMENT RATE CALCULATION

- Minimum Rate set in CAP SP 2023 – 2027: €380
- Planned Rate set in CAP SP 2023 – 2027: €405
- Maximum Rate set in CAP SP 2023 – 2027: €440

The intervention shall take the form of an annual payment per eligible head. A uniform flat rate amount per head will be paid.

The annual payment rate shall be calculated by determining the following variables:

- The contracted amount in Kg for each farmer shall be divided by 10,000 to arrive to the maximum entitlement amount per farmer
- The number of eligible heads per farmer is determined from the NLD

The least amount between the above two variables for each farmer shall be taken in consideration for payment, the potential value of eligible heads for each farmer are added together and then the financial allocation is divided by this total value.



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## BEEF SECTOR (CIS M2)

This scheme shall be based on an automatic claim system as provided for under Article 65 of EC 2116/2021 based on the National Livestock Database administered by the VRD.

### CIS M2 – ELIGIBILITY CRITERIA

Eligible beneficiaries must comply with the following eligibility criteria:

- Must have their bovines registered in the National Livestock Database under their name for a minimum period of six (6) months before the date of slaughter; When a farm is transferred from one farmer to another, and the animals remain on the same farm throughout the indicated retention period (e.g. transfer from father/mother to son/daughter), these animals can still be deemed as eligible for funding if the transfer is a result of Force Majeure and has been recognised as such by the Force Majeure Board. The number of eligible heads shall be determined by an automated extraction from the NLD that shall be checked for correctness by the LBMU;
- Must have slaughtered at least three (3) eligible bulls; or cows of a beef breed or cross breed with a beef breed having between 8 and 20 months of age in the year of application;
- Comply with the minimum requirements on the identification and registration of bovine animals as set out in Regulation (EC) No 1760/2000;
- Must express their interest in this intervention on an annual basis in line with the deadlines established by ARPA.

### CIS M2 – PAYMENT RATE CALCULATION

- Minimum Rate set in CAP SP 2023 – 2027: €200
- Planned Rate set in CAP SP 2023 – 2027: €207.90
- Maximum Rate set in CAP SP 2023 – 2027: €220

The intervention shall take the form of an annual payment per eligible head. A uniform flat rate amount per head will be paid.



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## SHEEP SECTOR (CIS M3)

This scheme shall be based on an automatic claim system as provided for under Article 65 of EC 2116/2021 based on the National Livestock Database administered by the VRD.

### CIS M3 – ELIGIBILITY CRITERIA

Eligible beneficiaries must comply with the following eligibility criteria:

- Must have at least 20 ewes of twelve (12) months or older;
- Must have the ewes registered in the National Livestock Database under their name for a minimum period of six (6) months, meaning from 1 June till the end of December. When a farm is transferred from one farmer to another, and the animals remain on the same farm throughout the indicated retention period (e.g. transfer from father/mother to son/daughter), these animals can still be deemed as eligible for funding if the transfer is a result of Force Majeure and has been recognised as such by the Force Majeure Board. The number of eligible heads shall be determined by an automated extraction from the NLD that shall be checked for correctness by the LBMU;
- Comply with the minimum requirements on the identification and registration of ovine animals as set out in Regulation (EC) No. 21/2004.

### CIS M3 – PAYMENT RATE CALCULATION

- Minimum Rate set in CAP SP 2023 – 2027: €20
- Planned Rate set in CAP SP 2023 – 2027: €25
- Maximum Rate set in CAP SP 2023 – 2027: €30

The intervention shall take the form of an annual payment per eligible head. A uniform flat rate amount per head will be paid.



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## TOMATOES FOR PROCESSING (CIS M4)

The intervention shall take the form of an annual payment per eligible hectare.

### CIS M4 – ELIGIBILITY CRITERIA

Eligible beneficiaries must comply with the following eligibility criteria:

- comply with the definition of an active farmer as defined in the Plan;
- At parcel level the minimum area is of 0.01 Ha;
- Must have a contract with a Producer Organisation or cooperative within the tomatoes for processing sector by 15 May, and fulfil at least 50% of the yield as set out in the said contract unless it can be proven by the applicant that due to a Force majeure or direction from a competent authority they could not reach this yield;
- Cultivate the tomatoes (for processing) in the agricultural parcels as declared;
- Applications are to be submitted within the deadlines as established by ARPA;
- Must be registered in the IACS Farmer Registry as maintained by ARPA and the Nitrates Registry as maintained by the Directorate of Agriculture at the time of application;
- All eligible hectares claimed should be unambiguously located on site through satellite images and registered with ARPA at time of application.

### ES 4 – PAYMENT RATE CALCULATION

- Minimum Rate set in CAP SP 2023 – 2027: €7,000.00
- Planned Rate set in CAP SP 2023 – 2027: €7,861.19
- Maximum Rate set in CAP SP 2023 – 2027: €8,500.00

The intervention shall take the form of an annual payment per eligible Ha. A uniform flat rate amount per Ha will be paid.

The value of payments per hectare will be calculated every year taking the lowest number of eligible hectares and the area under cultivation of tomatoes for processing. The number of eligible hectares will be determined by dividing the contracted amount as specified in the farmer's contract with the organisation/co-op by the established yield of 82 tonnes per hectare. The value of payment per eligible hectare shall be uniform for all applicants.



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## PART III - THE OPERATIONAL PROCEDURES

### GENERAL PROCEDURES FOR THE APPLICATION OF AID

To receive support under the direct aid interventions the farmer must submit an application during the established period. Annually, a pre-filled application shall be made available to each farmer, this pre-filled application form is issued from the IACS system which stores all the information declared by the beneficiary and other information found by the ARPA during the process of checks and controls.

### SUBMISSION OF PAYMENT CLAIMS AID APPLICATIONS AND LATE SUBMISSIONS

The dates of receipt of applications and the conditions under which an application is assessed shall be established by the ARPA and made public through the local government gazette.

Farmers shall be given the opportunity to submit a late payment claim of up to 10 calendar days after the closing date.

No payment claims may be submitted after the expiry of these 10 days. In the case that the last day falls on a Saturday, Sunday or Public Holiday, the closing date is postponed to the first working day that follows. Late applications shall incur a penalty.

### ADMINISTRATIVE CHECKS ON APPLICATIONS

There are two types of administrative checks which are:

- Correctness of the application
- Administrative controls related to the eligibility of the application.

These checks are carried out by the IACS system and are aimed to verify:

- the eligibility criteria, commitments and other obligations for the aid scheme or support measure are fulfilled; (e.g. minimum areas at scheme/intervention and parcel level);
- there is no double financing; (parcel is only applied under one beneficiary);
- the aid application or payment claim is complete and submitted within the relevant time-limit;
- where applicable, supporting documents have to be submitted and attached in IACS;
- there is compliance with long-term commitments, as appropriate.

### AMENDMENTS/ WITHDRAWALS OF APPLICATIONS

Following the submission of application, **Unit A1** may carry out amendments to the application as follows:

- Obvious error amendment

ARPA may allow for such an amendment under the following conditions:

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- Required correction has been notified in writing by the applicant;
- Correction is due to an obvious error and request for amendment is in good faith;
- Farmer was not notified of an On the Spot Check;
- Amendment is before the 15<sup>th</sup> of October;
- Provide a description (including the amendment) and reason for amendment.

These must be clearly visible and accessed in one of the menus of the amended applications.

- Withdrawals

Applicants may choose to completely withdraw the applications. ARPA may allow for such withdrawals under the following conditions:

- Withdrawal has been notified in writing by the applicant;
- Farmer was not notified of an OTSC;
- Withdrawal is before the 15<sup>th</sup> of October;
- Provide a description (including the amendment) and reason for withdrawal.

Applicants may choose to partially withdraw the application. ARPA may allow for such partial withdrawals under the following conditions:

- Partial withdrawal has been notified in writing by the applicant;
- Farmer was not notified of an OTSC;
- Partial withdrawal is before the 15<sup>th</sup> of October;
- Provide a description (including the amendment) and reason for the partial withdrawal.

- Amendments due to non-compliances detected by administrative checks

ARPA shall allow for such amendments under the following conditions:

- Applicant was notified of the non-compliance by ARPA;
- Provide a description (including the amendment) of the detected non-compliance (e.g. and incorrect declaration that may be detected from supporting documentation).

- Amendments due to non-compliances detected through area monitoring

ARPA shall allow for such amendments under the following conditions:

- Applicant was notified of the non-compliance by ARPA;
- Provide a description (including the amendment) of the detected non-compliance.



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## FURTHER ADMINISTRATIVE CHECKS

### COUPLED INCOME SUPPORT

Farmers who apply for the Coupled Income Support will be subject to further checks.

#### **Dairy scheme (CIS 1)**

The data of the number of dairy cows will be obtained from the National Livestock Database. The data extracted will confirm that the farmers are in line with the minimum requirements of the scheme and used to establish the amount of eligible bovines.

Complementary to this, ARPA will obtain data from the dairy processor through the Agricultural Directorate to verify the milk production.

#### **Beef Scheme (CIS 2)**

The data of the number of slaughtered eligible bovines will be obtained from the National Livestock Database. The data extracted as at 31<sup>st</sup> December, will confirm whether the farmers are in line with the minimum requirement of the scheme.

#### **Sheep Scheme (CIS 3)**

The data of the number of ewes will be obtained from the National Livestock Database. The data extracted will confirm whether the farmers are in line with the minimum requirement of the scheme. One extraction shall be obtained from the National Livestock Database at the end of each calendar year, based on which the eligibility of the applicants is checked, and the amount of eligible heads is determined.

#### **Tomato Scheme (CIS 4)**

The administrative check will focus on the production delivered by the farmer to the producer group/co-operative.

## CONTROLS

Farmers may be extracted from the entire population of applications and shall be subject to On-the spot checks and administrative checks. An aid application or payment claim shall be rejected if the beneficiary or his representative prevents an on-the-spot check from being carried out, except in cases of force majeure or in exceptional circumstances.

Where it is established that the beneficiary provided false evidence for the purpose of receiving the support or failed to provide the necessary information due to negligence or refused an On-the-spot-check, the support shall be refused or withdrawn in full.



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## CALCULATION OF PAYMENTS

### ESTABLISHMENT OF AREA FOR PAYMENT

For all area-linked payments, if the area determined exceeds the area declared, the area declared shall be used for payment. If the area declared, exceeds the area determined then the area determined shall be used for payment, but all related penalties must be applied.

### CALCULATION OF LIVESTOCK FOR PAYMENTS

Malta shall continue adopting an automatic claim system. In no case aid or support shall be granted for several animals greater than the determined amount from the National livestock Database.

Where cases of non-compliances with regard to the system for the identification and registration for bovine, ovine and caprine animals are found, the following shall apply:

- (a) a bovine animal present on the holding which has lost one of the two means of identification shall be considered as determined provided that it is clearly and individually identified by the other elements of the system for the identification and registration of bovine animals referred to in points (b), (c) and (d) of the first paragraph of Article 3 of Regulation (EC) No 1760/2000;
- (b) an ovine or caprine animal present on the holding which has lost one of the two means of identification means shall be considered as determined provided that the animal can still be identified by a first means of identification in accordance with Article 4(2)(a) of Regulation (EC) No 21/2004 and provided that all other requirements of the system for the identification and registration of ovine and caprine animals are fulfilled;
- (c) where one single bovine, ovine or caprine animal present on the holding has lost two means of identification, it shall be considered as determined provided that the animal can still be individually identified by the register, animal passport, where relevant, database or other means laid down in Regulation (EC) No 1760/2000 or Regulation (EC) No 21/2004, respectively, and provided that the animal keeper can provide evidence that he has already taken action to remedy the situation before the announcement of the on-the-spot check;
- (d) where the non-compliances found relate to incorrect entries in the register, the animal passports or the computerised database for animals, but are not of relevance for the verification of the respect of the eligibility conditions the animal concerned shall only be considered as not determined if such incorrect entries are found during at least two checks within a period of 6 months. In all other cases the animals concerned shall be considered as not determined after the first finding;
- (e) where the non-compliances found relate to late notifications of animal events to the computerised database, the animal concerned shall be considered as determined if the notification has taken place before the start of the retention period or before the reference date established in accordance with rules in relation to VCS set out under section VII of the CAP strategic plan.



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The entries in, and notifications to, the system for the identification and registration of bovine, ovine and caprine animals may be adjusted at any time in cases of obvious errors recognised by the competent authority.

## CALCULATION OF AID PENALTIES

The payment shall be calculated separately for each direct aid scheme the farmer has applied for. All respective penalties must be applied according to the scheme except for penalties related to Conditionality and Social Conditionality.

If relevant penalties shall be calculated in the following order:

- (a) Late submission of applications
- (b) Non-declaration of all penalties
- (c) Over-declaration penalties
- (d) Penalties related to lack of adherence to specific commitments/ obligations (Checklist penalties)
- (e) Penalties related to conditionality for that CY
- (f) Penalties related to conditionality affecting previous claim years
- (g) Penalties related to social conditionality

## LATE SUBMISSION OF PAYMENT CLAIMS

Payment claims shall be submitted prior the date to be set by ARPA each year after which a 1% reduction per working day for late submissions shall apply up to a maximum of 10 working days. No applications submitted after this point shall be accepted.

Both the penalty and the deadline for submission shall not apply in cases of force majeure and exceptional circumstances.

## NON-DECLARATION OF AREAS

If during and OTSC, administrative checks or cross checks ARPA determines that the farmer did not declare all the agricultural parcels related to the areas under his management and the difference between the overall holding area declared and the area of the holding, together with the area not declared is more than 3% of the area declared, then the farmer shall receive a penalty of 3%.

## CALCULATION OF AREA RELATED OUTCOMES



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If a beneficiary is found to have under declared, payment shall be affected on the area declared. However, if the farmer is found to have overdeclared the amount of agriculture area eligible for funding the following mechanism shall apply:

- If the outcome of the controls results in an over declaration between 0% and 10% or the area discrepancy is equal or less than 0.1ha the payment shall be calculated on the area found.
- When the area over declared is more than 10% and the area discrepancy is more than 0.1ha the payment area shall be the area found reduced by 1.5 the area not found to a maximum penalty of 100% of the area determined.

## CALCULATION OF LIVESTOCK DECLARATION OUTCOMES

The total amount of aid or support to which the beneficiary is entitled under an animal aid scheme or animal-related support measure or type of operation under such support measure for the claim year concerned shall be paid based on the number of animals determined in accordance with the above logic, provided that following administrative checks or on the spot checks:

- a. no more than three animals are found non-determined; and
- b. non-determined animals can be individually identified by any means laid down in Regulation (EC) No 1760/2000 or (EC) No 21/2004.

If more than three animals are non-determined, the total amount of aid or support to which the beneficiary is entitled under the aid scheme or support measure or type of operation under such support measure referred to in paragraph 1 for the claim year concerned shall be reduced by:

- c. the percentage to be established in accordance with paragraph 3, if it is not more than 20%;
- d. twice the percentage to be established in accordance with paragraph 3, if it is more than 20% but not more than 40%.

If the percentage established in accordance with paragraph 3 is more than 40 %, no aid or support to which the beneficiary would have been entitled under the aid scheme or support measure or type of operation under such support measure for the claim year concerned.

In order to establish the percentages referred to in paragraph 2, the number of animals of an aid scheme or support measure or type of operation found to be non-determined shall be divided by the number of animals determined for that aid scheme or support measure or type of operation under such support measure for the claim year concerned.

## CALCULATION OF CHECKLIST PENALTIES

These penalties depend on the outcome of checks entered into the control system as regards adherence to obligations and commitments that are intervention specific and are not related to measurements of eligible areas.



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The penalty is expressed in the form of a percentage reduction on the potential payment of that intervention. Checklists entered in the control system are based on a penalty matrix that shall produce the overall penalty to be applied. That penalty is then reflected in the payment calculation under the applications module.

For Direct Payments this shall be applicable to Eco-schemes and Coupled Income Support.

#### Penalties related to conditionality for that CY

Any beneficiary receiving funds under the CAP must comply with the Statutory Management Requirements (SMRs) and the Good Agricultural and Environmental Conditions (GAEC) which together make up the basic obligations under conditionality and are related to the environment, climate change, good agricultural condition of land, public health, animal health and plant health, and animal welfare. Non-compliance with any of the SMRs or GAECs will result in a penalty being applied. These penalties depend on the outcome of checks entered in the control system as regards adherence to above mentioned obligations related to conditionality.

The penalty is expressed in the form of a percentage reduction on the total potential payment during that CY. Checklists entered in the control system are based on a penalty matrix that shall produce the overall penalty to be applied. That penalty is then reflected in the payment calculation under the applications module and applied to the whole payment.

#### Penalties related to conditionality affecting previous claim years

These penalties depend on the outcome of checks entered in the control system as regards adherence to obligations related to conditionality. These apply when it is determined that a particular non-compliance was identified in year N, but the actual non-compliance was persistent in previous years.

The penalty is expressed in the form of a percentage reduction on the potential payment of that intervention. Checklists entered in the control system are based on a penalty matrix that shall produce the overall penalty to be applied. That penalty is then reflected in the payment calculation under the applications module and applied to the whole payment.

#### Penalties related to social conditionality

These penalties depend on the outcome of checks entered in the control system as regards adherence to obligations related to social conditionality.

The penalty is expressed in the form of a percentage reduction on the potential payment of that intervention. Checklists entered in the control system are based on a penalty matrix that shall produce the overall penalty to be applied. That penalty is then reflected in the payment calculation under the applications module and applied to the whole payment.



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## CASES WHERE NO PENALTIES ARE TO BE IMPOSED

No penalties shall be imposed:

- (a) where the non-compliance is due to force majeure or exceptional circumstances as referred to in Article 3 of 2116/2021 and if confirmed as such by ARPA; moreover in such cases the beneficiary shall retain the right to receive aid in full for applications effected by the force majeure or exceptional circumstance;
- (b) where it is determined by ARPA that the non-compliance is due to an error of the competent authority or another authority, and where the error could not reasonably have been detected by the person concerned by the administrative authority;
- (c) where the person concerned can demonstrate to the satisfaction of ARPA that he or she is not at fault for the non-compliance with the obligations referred to in paragraph 1 or if the ARPA is otherwise satisfied that the person concerned is not at fault;
- (d) the non-compliance is due to an order from a public authority.

## REFUSED INSPECTIONS

Where it is established that the beneficiary provided false evidence for the purpose of receiving the support, the support shall be refused or withdrawn in full. Furthermore, the beneficiary shall be excluded from the same measure or type of operation for the calendar year of finding and for the following claim year. Such cases shall also trigger a breach on the whole commitment and funds received under that commitment shall have to be recovered by ARPA.

## FALSE EVIDENCE/ DECLARATIONS

Where it is established that the beneficiary provided false evidence for the purpose of receiving the support, the support shall be refused or withdrawn in full. Furthermore, the beneficiary shall be excluded from the same measure or type of operation for the calendar year of finding and for the following claim year.

## MANAGEMENT OF MULTIANNUAL COMMITMENTS

The beneficiaries who enter multi annual commitments under Eco-schemes, are obliged to follow the obligations indicated throughout the whole period of the commitment.

All commitments are registered in the commitment register module in IACS. The commitment register serves as a database to register the link between the farmer, the parcels and equivalent area committed, the eco-scheme chosen and the duration of the commitment. Once commitment is moved at contract stage the data stored in the commitment is used for the generation of the pre-filled payment claims. Each commitment registered in the commitment register has a unique identification code. Changes resulting from On-the-Spot controls or LPIS refresh are reflected in the commitment register.



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Transfers/breaches of commitments must be registered in the commitment register.

Although such multiannual commitments in the commitment register may be composed of more than one parcel each parcel is considered as a commitment per se. This means that a farmer may transfer/drop one parcel and the overall contract is not considered as in breach on all the committed parcels if the minimum requirements are maintained.

The parcel which is removed from the commitment either through a request by the beneficiary or due to ineligibility of that parcel is to be considered as “in breach” (unless the commitment is transferred to the transferee along with the parcel), at this point ARPA shall carry out an assessment and recover payments from the beneficiary in relation to that parcel. If the removal of the parcel affects the overall baseline eligibility conditions, then all funds received under that particular contract shall be retrieved. If the said removal is a result of a breach of commitment identified through OTSC or any administrative checks carried out by ARPA during the last year of commitment, all related penalties shall be applied, however ARPA may decide that no recovery of past payments is required in terms of proportionality.

A farmer may submit a request and increase the amount of eligible area under committed parcel at any time during the commitment. Likewise requests to reduce the amount of total eligible area of a committed parcel may be accepted if the minimum eligibility conditions are still adhered to.

Beneficiaries must submit a payment claim for each claim year, those who fail to submit the first payment claim will have their commitment closed and considered as breached. No refunds will be required as no payments will be issued under that commitment.

If the beneficiary fails to submit a payment claim in the second year or following years, the farmer will be considered to have breached his/her commitment and all funds issued throughout the commitment for the breached parcels must be recovered.

## RECOVERY OF UNDUE PAYMENTS PLUS INTEREST

Any undue payment following the occurrence of irregularity or negligence, ARPA shall request recovery from the beneficiary. The corresponding amounts shall be recorded at the time of the recovery request in the debtors' ledger of the paying agency.

ARPA shall adopt all legislative, regulatory, and administrative provisions and take any other measures necessary to ensure effective protection of the financial interests of the Community in particular to:

- Prevent and pursue irregularities;
- Recover undue payments plus interest, and bring legal proceedings to that effect as necessary.

The recognition of debts as Irregularity shall take place within the stipulated time frames mentioned in the respective Commission Regulations. Following the recognition of debts, ARPA is obliged to recover the amounts due either through Set-Offs or Payment at bank. In order to be in line with National Law, being that the debt needs to be considered as certain, liquid and due, the debtor has to accept the debt.



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Then, ARPA shall be able to off-set any outstanding debt of the debtor against any future payment to be made to him. The debtor can choose to settle the debt by making a Payment at Bank, directly paying his debt at ARPA's Irregularity bank account. A receipt is issued for any amount recovered. If the debt is not recovered within the stipulated timeframe from the First Notification Letter, then ARPA would apply the interest rates as stipulated in the Commission Regulation and Laws of Malta.

Provided that Implementing acts and delegated acts concerning the implementation of the penalty system for conditionality are still not finalised, the above mechanism is subject to change in accordance with the eventual provisions of such legal text.

### REIMBURSEMENT OF APPROPRIATIONS (FINANCIAL DISCIPLINE PAYMENT)

As provided for in article 17 of Regulation 2116/2021, an adjustment rate for interventions in the form of direct payments referred to in Article 5(2), point (c), of Regulation 2116/2021 and for the Union financial contribution to direct payments under Chapter IV of Regulation (EU) No 228/2013 and Chapter IV of Regulation (EU) No 229/2013 for the specific measures referred to in Article 5(2), point (e), of this Regulation ('the adjustment rate') shall be determined by the Commission where the forecasts for the financing of the interventions and measures financed under the corresponding sub-ceiling for a given budgetary year indicate that the applicable annual ceilings will be exceeded.

The adjustment rate shall apply to payments to be granted to farmers for the interventions and specific measures referred to in the first subparagraph of this paragraph exceeding €2,000 for the corresponding calendar year.

Where such appropriations to be carried over in accordance with the first subparagraph remain available and the overall amount of non-committed appropriations available for reimbursement represents at least 0.2 % of the annual ceiling for EAGF expenditure, the Commission may adopt implementing acts setting out per Member State the amounts of non-committed appropriations to be reimbursed to final beneficiaries.

The amounts set by the Commission in accordance with paragraph 3, second subparagraph, shall be reimbursed to final beneficiaries. In case the Commission make available such appropriations to Malta these appropriations shall be re-distributed back to beneficiaries accordingly.



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## ANNEX I - LIST OF PLANT SPECIES RELATED TO ECO-SCHEME ON POLLINATIONS

Sulla (*Hedysarum coronarium*) - Silla  
Coriander (*Coriandrum sativum*) - Kosbor  
Borage (*Borago officinalis*) - Fidloqqom  
White clover (*Trifolium repens*) – Xnien Abjad  
Rosemary (*Salvia rosmarinus*) - Klin  
Chaste tree (*Vitex agnus-castus*) - Siġret il-Virgi, Għadiba, Bżar il-Patrijiet  
Sage (*Salvia officinalis*) - Salvja tal-Ikel  
Common Lavender/True Lavender (*Lavandula angustifolia*) – Lavanda/sombor  
Peppermint (*Mentha x piperita*) - Nagħniegħ  
Pennyroyal Mint/European Pennyroyal (*Mentha pulegium*) - Plejju  
Fern-leaved Lavender (*Lavandula multifida*) - Lavanda  
Thyme (*Thymus vulgaris*) – Sagħtar komuni  
Marjoram (*Origanum majorana*) - Merqtux  
Oregano (*Origanum vulgare*) - Riegnu  
Great Sage (*Phlomis fruticosa*) - Salvja tal-Madonna  
Maltese Rock-Centaury (*Cheirolophus crassifolius*) - Widnet il-Baħar  
Maltese Everlasting (*Helichrysum panoritenum* subsp. *melitense*) - Sempreviva t'Għawdex  
Mediterranean Heather (*Erica multiflora*) - Erika  
Olive-leaved Germander (*Teucrium fruticans*) – Żebbuġija  
Tree Spurge (*Euphorbia dendroides*) - Tengħud tas-Siġra  
Hoary Rockrose/Cretan Rockrose (*Cistus creticus*) - Ċistu Roża  
Grand Statice (*Limoniastrum monopetalum*)  
Spanish Broom (*Spartium junceum*) - Ġenista Safra  
Sicilian Silvery Ragwort (*Jacobaea maritima* subsp. *sicula*) - Kromb il-baħar Isfar  
Common Myrtle (*Myrtus communis*) - Riħan  
Caper (*Capparis orientalis*) - Kappar





## ANNEX II: DIKJARAZZJONI FUQ L-ISKEMA TAL-BDIEWA ŻĠĦAR

Jiena hawn taħt iffirmit niddikjara li m'inix interessat fl-Iskema tal-Bdiewa ŻġĦar.

Nifhem li b'din id-dikjarazzjoni se nitlef il-benefiċċji kollha li toffri din l-iskema u li se nintalab napplika għall-Iskema tal-Pagament Bażiku bl-obbligi kollha li għandha marbutin magħha din l-iskema.

Isem u Kunjom \_\_\_\_\_

Firma \_\_\_\_\_

Data \_\_\_\_\_

**NOTA:** L-Aġenzija għall-Pagamenti Agrikoli u Rurali twettaq il-funzjonijiet tagħha skont ir-regolamenti rilevanti kollha tal-Kummissjoni Ewropeja u lokali. Din l-applikazzjoni flimkien mad-dokumenti li jkunu mehmuża ser tinzamm b'mod kunfidenzjali u dawn jiġu pproċessati b'konformita' mal-Att tal-Protezzjoni u l-Privatezza tad-Data (Kap 440). L-informazzjoni personali tista' tgħaddi lill-Ministeru għall-Agrikoltura, is-Sajd u d-Drittijiet tal-Annimali, lid-dipartimenti li jaqgħu taħt dan il-Ministeru biex tiġi amministrata l-politika tal-biedja, kif ukoll lill-propjetarji tal-art. Int għandek dritt issaqsi rigward l-informazzjoni personali li qed tiġi pproċessata dwarek skont kif ipprovdut mill-Politika ta' Privatezza ta' din l-Aġenzija, li jekk u meta trid tista' titlob kopja tagħha.

### Għall-użu uffiċjali biss

_____	_____	_____
Isem u Kunjom tal-uffiċjal	Firma	Data
_____	_____	_____
Isem u Kunjom tal-uffiċjal	Firma	Data

li jivverifika



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