



GOVERNMENT
OF MALTA



MANUAL OF PROCEDURES FOR THE IMPLEMENTATION OF OPERATIONS

A GUIDE TO BENEFICIARIES

These procedures apply to operations financed by the following funds: the European Regional Development Fund (ERDF), Cohesion Fund (CF), Just Transition Fund (JTF), European Social Fund Plus (ESF+), European Maritime, Fisheries, and Aquaculture Fund (EMFAF), Asylum, Migration, and Integration Fund (AMIF), Internal Security Fund (ISF), Border Management and Visa Instrument (BMVI) and European Agricultural Fund for Rural Development (EAFRD).

Contents

Preface	6
List of Acronyms.....	9
1. Introduction.....	11
1.1. Plans/Programmes.....	12
1.2. Purpose and Scope of this Manual	14
2. Roles, Responsibilities, Channels of Communication and Information Systems	15
2.1. Managing Authority (MA)	15
2.2. Horizontal Units within the Ministry responsible for EU funds	15
2.3. The EU Payments Unit.....	16
2.4. Paying Agency (PA) – CAP SP.....	17
2.5. Accounting Function Body	17
2.6. Audit Authority (AA) / Certification Body (CB).....	18
2.7. Intermediate Body (IB)	19
2.8. Line Ministry	19
2.9. Beneficiary.....	20
2.10. Department of Contracts	20
2.10.1. Contracting Authorities	21
2.10.2. Sectoral Procurement Directorate.....	21
2.10.3. Operations Directorate	22
2.10.4. Tender Evaluation Committees.....	22
2.10.5. Departmental Contracts Committee	23
2.10.6. General Contracts Committee.....	23
2.11. Contractor.....	23
2.12. National Audit Office	24
2.13. Committees	24
2.13.1. Monitoring Committee	24
2.13.2. Inter-Ministerial Consultative Committee (IMCC).....	24
2.14. Channels of Communication	25
2.15. Information Systems	26
3. Compliance with Horizontal Principles.....	27

3.1.	EU Charter of Fundamental Rights	27
3.2.	Equality Principles	27
3.2.1.	Equal Opportunities	27
3.2.2.	Non-Discrimination	27
3.2.3.	Gender Equality	27
3.3.	Sustainable Development	28
3.3.1.	Environment and Planning	28
3.3.2.	Do No Significant Harm (DNSH) Principle	29
3.3.3.	Climate Proofing	29
3.4.	State Aid Requirements	30
4.	Fraud, Corruption, Conflict of Interest and Double Funding	31
4.1.	Anti-Fraud Strategy	31
4.1.1.	Prevention / deterrence	32
4.1.2.	Detection and Reporting	32
4.1.3.	Reporting lines in Cases of Suspected Fraud	33
4.1.4.	Proportionate anti-fraud and anti-corruption measures	35
4.2.	Preventing, Detecting, Mitigating and Addressing Conflict of Interest	36
4.3.	Double funding and Complementarity	39
5.	Public Procurement and Contracting	41
5.1.	Public Procurement	41
5.2.	Procurement administered by Local Councils	42
5.3.	Procurement administered by Voluntary Organisations (VOs), Non-Governmental Organisations (NGOs), Church Institutions and International Organisations	42
5.4.	Employment Contracts	45
5.5.	Preventing fraud in public procurement and recruitment	46
6.	Financial Management	47
6.1.	Grant Agreement	47
6.2.	Savings to the operation	47
6.3.	Eligibility of Costs	47
6.4.	Co-financing	48
6.5.	Government Pre-Financing Set up	48
6.6.	Treatment of Value Added Tax	48

6.7.	Simplified Cost Options	49
6.8.	Payments and related supporting documentation.....	49
6.9.	Revenue-Generating Operations	49
6.10.	Separate Accounting System or Appropriate Coding for Transactions	49
7.	Drawdown of Funds from the European Commission	51
7.1.	Management Verifications.....	51
7.2.	Statement of Expenditure/Declaration of Expenditure	52
8.	Monitoring and Reporting Project Performance and Evaluations	55
8.1.	Introduction.....	55
8.2.	Monitoring.....	55
8.2.1.	Monitoring Procedures and Tools	56
8.2.2.	Monitoring of Results - Use of Indicators	57
8.3.	Reporting Requirements	58
8.4.	Performance Framework.....	58
8.5.	Annual Review Meeting and Performance Reporting	60
8.6.	Evaluation.....	61
9.	Audit and Control	63
9.1.	System Audits and Audits on Operations	63
9.2.	National Audit Office	64
9.3.	EU Audit Missions	64
9.4.	Preparing for Audit Visits (applicable to all audits).....	65
9.5.	Follow-up to an Audit Mission	66
9.6.	Audits after Closure of Programme.....	66
9.7.	Ex-Post Management Control and Repayment Obligations in relation to the Durability of Operations and Revenue Generation	67
10.	Reporting on Irregularities.....	69
10.1.	Irregularities and Financial Corrections	69
10.2.	Detecting and reporting irregularities	70
10.3.	Content of an Irregularity Report.....	71
11.	Information and Publicity.....	72
11.1.	Role of the Managing Authority (Programme-Level information and publicity)	72

11.2.	Role of the Beneficiary (Operation Level information and publicity)	72
11.3.	Participation in Publicity and Information Measures at EU or Programme Level	74
11.4.	Beneficiary Involvement and Collaboration.....	74
11.5.	Visual Identity Guidelines.....	75
12.	Delegation of Authority or Change in Project Leader	76
12.1.	Delegating Authority.....	76
12.2.	Change in Project Leader	77
13.	Retention of Documents.....	78
13.1.	Records to be retained.....	78
13.2.	Filing System for Related Documentation.....	79
13.3.	Records to be uploaded in the MCIS	81
13.3.1.	Grant Agreement and related documentation.....	81
13.3.2.	Procurement.....	81
13.3.3.	Simplified cost options	82
13.3.4.	Payment Process - Refer to EU Payments Unit Circular OPS/MFI/4/2026	82
13.3.5.	Certification Process at Project Level	83
13.3.6.	Monitoring.....	83
13.3.7.	Publicity Records.....	83
14.	Data Protection	84

Preface

The purpose of this Manual of Procedures (MoP) is to provide clear and practical guidance to Beneficiaries involved in the implementation of EU-funded programmes. It serves as a reference framework to ensure compliance with applicable rules and regulations throughout the project lifecycle.

This Manual applies to **public entities**, including – though not limited to – **Government bodies** (covering both **public service** and **public sector** organisations), **Regional Councils**, and **Local Councils**. It also applies to **Voluntary Organisations**, **Non-Governmental Organisations**, **International Organisations**, **Church institutions** and **Social Partners**, where applicable.

Private entities that do not fall within any of the above categories are **excluded** from the scope of this MoP.

This Manual should be interpreted in conjunction with relevant national legislation, national eligibility rules for the 2021-2027 programming period, and the overarching principles set out in EU Regulations, including but not limited to:

- Regulation (EU, Euratom) 2024/2509 on financial rules applicable to the general budget of the Union.
- Regulation (EU) 2021/1060 (Common Provisions Regulation) and related implementing acts.
- Regulation (EU) 2021/2116 on the financing, management and monitoring of the common agricultural policy.
- Specific fund regulations, including those governing ERDF, CF, JTF, ESF+, EMFAF, AMIF, BMVI, ISF, and EAFRD.
- Relevant Commission implementing regulations and decisions.

Disclaimer: This Manual and its annexes are intended to provide explanatory and illustrative guidance to Beneficiaries. In case of conflict, relevant EU and national legislation, as well as Circulars issued by the Managing Authority (MA), take precedence over the content of this Manual. Beneficiaries must ensure they refer to the most recent amendments to all applicable regulations.

A list of applicable regulations is provided in this section for reference. These regulations may be updated periodically; stakeholders are responsible for consulting the latest versions:

- Regulation (EU, EURATOM) 2024/2509 of the European Parliament and Council of 23 September 2024 on financial rules applicable to the general budget of the Union.
- Regulation (EU) 2021/1060 of the European Parliament and of the Council (CPR) of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy.
- Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021, on the European Regional Development Fund and on the Cohesion Fund.
- Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021, establishing the Just Transition Fund.
- Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021, establishing the European Social Fund Plus (ESF+) and repealing Regulation (EU) No 1296/20133.
- Regulation (EU) 2021/1139 of the European Parliament and of the Council of 7 July 2021 establishing the European Maritime, Fisheries and Aquaculture Fund and amending Regulation (EU) 2017/1004.
- Regulation (EU) 2021/1147 of the European Parliament and of the Council of 7 July 2021, establishing the Asylum, Migration, and Integration Fund.
- Regulation (EU) 2021/1148 of the European Parliament and of the Council of 7 July 2021, establishing, as part of the Integrated Border Management Fund, the Instrument for Financial Support for Border Management and Visa Policy.
- Regulation (EU) 2021/1149 of the European Parliament and of the Council of 7 July 2021, establishing the Internal Security Fund.
- Commission Implementing Regulation (EU) 2021/439 of 3 March 2021, amending Implementing Regulation (EU) No 215/2014 regarding the addition of a new thematic objective to the nomenclature of the categories of intervention for the ERDF, the ESF, and the Cohesion Fund under the Investment for growth and jobs goal.
- Commission Implementing Decision (EU) 2021/1130 of 5 July 2021, setting out the list of regions eligible for funding from the European Regional Development Fund and the European Social Fund Plus, and of Member States eligible for funding from the Cohesion Fund for the period 2021-2027.

- 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.
- Regulation (EU) 2021/2117 of the European Parliament and of the Council of 2 December 2021 amending Regulations (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products, (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs, (EU) No 251/2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products and (EU) No 228/2013 laying down specific measures for agriculture in the outermost regions of the Union.
- Commission Delegated Regulation (EU) 2022/127 of 7 December 2021 supplementing Regulation (EU) 2021/2116 of the European Parliament and of the Council with rules on paying agencies and other bodies, financial management.
- Commission Implementing Regulation (EU) 2022/128 of 21 December 2021 laying down rules for the application of Regulation (EU) 2021/2116 of the European Parliament and of the Council on paying agencies and other bodies, financial management, clearance of accounts, checks, securities and transparency

List of Acronyms

AA	Audit Authority
AFCOS	Anti-Fraud Coordinating Service
AMIF	Asylum, Migration and Integration Fund
BMVI	Broader Management and VISA Instrument
CAP	Common Agricultural Policy
CAP SP	Common Agricultural Policy Strategic Plan for Malta
CB	Certification Body (AGRI Funds)
CF	Cohesion Fund
CPR	Common Provisions Regulation
DoC	Department of Contracts
DCC	Departmental Contracts Committee
DNSH	Do No Significant Harm
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
EMFAF	European Maritime, Fisheries and Aquaculture Fund
EPPO	European Public Prosecutor's Office
ERDF	European Regional Development Fund
ESF+	European Social Fund Plus
EU	European Union
FCU	Financial Control Unit
FPD	Funds and Programmes Division
GCC	General Contracts Committee
IACS	Integrated Administration and Control System
IAID	Internal Audit and Investigations Directorate
IB	Intermediate Body
IMCC	Inter-Ministerial Consultative Committee
ISF	Internal Security Fund
JTF	Just Transition Fund
MA	Managing Authority
MC	Monitoring Committee
MCIS	Management and Control Information System
MoP	Manual of Procedures
MPSC	Ministerial Projects Steering Committee
NAO	National Audit Office
DNSH	Do No Significant Harm
NUTS	Nomenclature of Territorial Units for Statistics
OLAF	European Anti-Fraud Office
PA	Paying Agency

PPCD	Planning and Priorities Coordination Division
PPRs	Public Procurement Regulations
SAMB	State Aid Monitoring Board
SID	Strategy and Implementation Division
TEC	Tender Evaluation Committee

1. Introduction

The focus of the EU for the programming period 2021-2027 remains the promotion of economic, social, and territorial convergence through sustainable competitiveness, research and innovation, digital transition, the objectives of the European Green Deal, and the promotion of the European Pillar of Social Rights. These efforts are complemented by the Common Agricultural Policy (CAP), which aims to foster a resilient and diversified agricultural sector, ensure long-term food security, and strengthen environmental protection, climate action, and the socio-economic fabric of rural areas. Together, these policies are implemented through the following funds:

- **European Regional Development Fund (ERDF):** This fund aims to strengthen economic, social, and territorial cohesion within the EU by reducing regional disparities. ERDF promotes investments to make Europe more competitive and technologically advanced, encouraging innovation, digitalization, and supporting small and medium-sized enterprises. It also focuses on creating a greener and better-connected Europe by enhancing mobility and fostering social inclusion, employment, education, and local development, bringing the benefits closer to its citizens.
- **Cohesion Fund (CF):** The Cohesion Fund is dedicated to financing environmental projects and trans-European transport infrastructure networks (TEN-T).
- **Just Transition Fund (JTF):** As a new addition to the EU's Cohesion Policy, the JTF is designed to support regions and individuals in addressing the social, employment, economic, and environmental impacts of the EU's transition towards its 2030 energy and climate targets and the broader goal of a climate-neutral economy by 2050, in line with the Paris Agreement.
- **European Social Fund Plus (ESF+):** This is the EU's primary instrument for investing in people, significantly contributing to the EU's policies on employment, social inclusion, education, and skills.
- **European Maritime, Fisheries and Aquaculture Fund (EMFAF):** This fund supports the EU's Common Fisheries Policy (CFP), maritime policy, and international ocean governance agenda. It funds innovative projects to ensure sustainable use of aquatic and maritime resources.
- **Asylum, Migration, and Integration Fund (AMIF):** AMIF aims to enhance national capacities and improve procedures for managing migration. It also fosters solidarity and responsibility-sharing between Member States, particularly through resettlement and the relocation mechanism.
- **Internal Security Fund (ISF):** The ISF aims to ensure a high level of security within the EU by preventing and combating terrorism, radicalization, serious and organised crime, and cybercrime, while also supporting victims of crime. It focuses on proactive measures to manage security-related risks, incidents, and crises.

- **Border Management and Visa Instrument (BMVI):** BMVI seeks to establish effective and integrated border management at the EU's external borders to ensure a high level of internal security while maintaining free movement within the Union. The fund supports European integrated border management in cooperation with national authorities and the European Border and Coast Guard, as well as the common visa policy to harmonize visa issuance, facilitate legitimate travel, and prevent migratory and security risks.
- **European Agricultural Fund for Rural Development (EAFRD):** EAFRD is geared towards sustainable rural development across the EU by enhancing the competitiveness of the agricultural sector, encouraging sustainable management of natural resources and the protection of the environment, as well as contributing towards a balanced territorial development of rural economies and communities. These objectives are realised through national and regional rural development programmes which are co-financed by the EAFRD and the national budgets of EU countries.
- **European Agricultural Guarantee Fund (EAGF):** EAGF provides basic income support schemes for farmers including payment for sustainable farming methods (“Eco-schemes”) and a payment for young farmers. This Manual is not intended for EAGF funding. Interested Beneficiaries should consult the Paying Agency’s website at <http://www.arpa.gov.mt> for detailed guidance.

1.1. Plans/Programmes

Each EU Fund is governed by a specific Programme or strategic document (Plan) that defines its priorities, objectives, expected outcomes, and, in some cases, specific eligibility criteria. These strategic documents offer detailed guidance on the types of activities and expenditures eligible for funding within the scope of each Programme. The Plans/Programmes for the 2021-2027 programming period covered by this document include:

Title	Fund	Link
<i>Towards a smarter, well connected, and resilient economy, a greener environment, and an integrated society</i>	ERDF- CF-JTF	https://fondi.eu/programme/european-regional-development-fund-cohesion-fund-just-transition-fund/
<i>Fostering the socioeconomic wellbeing of society through the creation of opportunities for all and investments in human resources and skills</i>	ESF+	https://fondi.eu/programme/european-social-fund-plus/
<i>EMFAF Programme: Fostering socio-economic growth and environmentally sustainable blue investment in Maltese Fisheries and Agriculture</i>	EMFAF	https://fondi.eu/programme/european-maritime-fisheries-and-aquaculture-fund/
<i>Asylum, Migration and Integration Fund Programme for Malta</i>	AMIF	https://fondi.eu/programme/asylum-migration-and-integration-fund/
<i>Internal Security Programme for Malta</i>	ISF	https://fondi.eu/programme/internal-security-fund/
<i>Border Management and Visa Instrument Programme for Malta</i>	BMVI	https://fondi.eu/programme/border-management-and-visa-instrument/
<i>Common Agricultural Policy Strategic Plan for Malta</i>	EAFRD & EAGF	https://fondi.eu/programme/common-agricultural-policy-strategic-plan/

1.2. Purpose and Scope of this Manual

This Manual serves as a guide for Beneficiaries implementing operations co-financed by the funds outlined in Section 1.1.

For the purposes of this document:

- **CPR Funds** collectively refer to ERDF, CF, JTF, ESF+, EMFAF, AMIF, BMVI, and ISF.
- **HOME Funds** refer specifically to AMIF, BMVI, and ISF.
- **AGRI Funds** refers to EAFRD.

In accordance with Article 2 of Regulation (EU) 2021/1060, the term *operation* refers to a project, contract, action, or group of projects selected under the relevant programmes¹. For AGRI Funds, the term is further defined in Article 4 of Regulation (EU) 2021/2115.

It is important to emphasize that each project² must adhere to the specific conditions and rules of the respective Plan or Programme to ensure alignment with the unique requirements of the fund. Therefore, this Manual should be interpreted in conjunction with the Regulations cited in the preface, as well as any implementing decisions and regulations, including subsequent amendments.

While this Manual provides generic guidance for Beneficiaries, additional specific instructions may be issued through separate Circulars and Guidance Notes by the Managing Authority (MA).

This Manual is subject to periodic updates. Any revisions will be communicated to all relevant institutions, and the Ministry's website for EU Funds management (<https://fondi.eu/>) will be regularly updated with the latest guidelines and documentation.

Beneficiaries are responsible for consulting the recent version of this Manual and ensuring compliance with all updates.

¹ For the purposes of this Manual the term operation will be used in accordance with this definition.

² From this point onwards the term operation/project is being used interchangeably throughout this Manual.

2. Roles, Responsibilities, Channels of Communication and Information Systems

2.1. Managing Authority (MA)

Article 71 of the Common Provisions Regulation (CPR) (Regulation (EU) 2021/1060) outlines roles and responsibilities of programme authorities for the 2021-2027 programming period. The specific functions of the Managing Authorities are further detailed in Article 72 of the same Regulation. For the Common Agricultural Policy Strategic Plans (CAP SP), these functions are detailed in Article 123 of the Common Agricultural Policy Regulation 2021/2115.

The **Planning & Priorities Co-ordination Division (PPCD)** within the Ministry responsible for EU Funds is designated as the Managing Authority for the following Programmes:

- Towards a smarter, well-connected, and resilient economy, a greener environment, and an integrated society – financed through **ERDF, CF** and **JTF**.
- Fostering the socioeconomic wellbeing of society through the creation of opportunities for all and investments in human resources and skills – financed through **ESF+**.

The **Funds and Programming Division (FPD)** within the Ministry responsible for EU Funds is designated as the Managing Authority for the following Programmes:

- Fostering socio-economic growth and environmentally sustainable blue investment in Maltese Fisheries and Agriculture – financed through **EMFAF**.
- Asylum, Migration and Integration Fund Programme for Malta – financed through **AMIF**.
- Internal Security Programme for Malta – financed through **ISF**.
- Border Management and Visa Instrument Programme for Malta – financed through **BMVI**.
- Common Agricultural Policy Strategic Plan – financed through **EAGF** and **EAFRD**.

Planning and Priorities Coordination Division and Funds and Programmes Division

Address: The Oaks Business Centre, Block B, Farsons Street, Hamrun, HMR 1325, Malta

Tel. no.: (+356) 2555 2555

Email: fondi.eu@gov.mt

2.2. Horizontal Units within the Ministry responsible for EU funds

Several horizontal units, within the Ministry responsible for the management, coordination, and control of European and other funds, oversee the implementation of the Programmes/Plans although they are separate from the PPCD and FPD. These include the following:

- The **Financial Control Unit (FCU)** within the Office of the Permanent Secretary operates at arm's length from other authorities and is tasked with performing internal control functions, particularly the verification of expenditures conducted by the Managing Authorities. The Financial Control Unit plays a crucial role in ensuring the effective implementation of EU funds by conducting checks on a sample basis, supporting audits of CPR Funds, and coordinating the correction and reporting of irregularities in line with Regulation (EU) 2021/1060. The unit's work is essential for maintaining compliance with EU regulations and ensuring that funds are used efficiently and transparently, thereby protecting the financial interests of the European Union.
- The **ICT, Digitalisation, and Communications Unit** within the Strategy and Implementation Division (SID), plays a key role in ensuring the efficient functioning of the electronic data exchange system (Management and Control Information System – MCIS) for the programming period 2021-2027. In addition to this, the unit is responsible for drafting and implementing communication strategies to share key messages with both internal and external stakeholders, thereby fostering transparency and understanding in line with Regulation (EU) 2021/1060 (CPR).
- The **Evaluation Unit** within SID is responsible for managing and coordinating evaluation activities across both CPR Funds and AGRI Funds. For CPR Funds, the Unit designs and implements a coordinated evaluation plan that aligns with programme objectives, ensures consistency, efficiency, and fostering cross-programme learning and sharing of best practices. For AGRI Funds, the Unit plays an equally important role by ensuring evaluations are carried out effectively, in compliance with fund-specific regulations, and tailored to each programme's objectives while remaining aligned with the broader EU funding framework. Across all funds, the Evaluation Unit is tasked with monitoring the implementation of evaluation activities, ensuring quality control and data validation, and reporting to the Monitoring Committee and the European Commission. This centralized approach not only enhances the effectiveness of evaluations but also ensures that the outcomes contribute to sound financial management and the achievement of programme objectives.

2.3. The EU Payments Unit

The payment system applied in Malta operates in such a way that all expenditure related to EU operations is first covered by national funds. The EU Payments Unit within SID is primarily responsible for effecting payments to Beneficiaries implementing operations under CPR Funds. Its key responsibilities include:

- a) Receiving requests for payment/reimbursements to contractors and Beneficiaries, as applicable;
- b) Carrying relevant checks to ensure that the expenditure and supporting documentation are correct and comply with national Financial Regulations; and
- c) Processing payments/reimbursements to contractors and Beneficiaries for expenditures incurred in approved operations.

d) Administer the receipt of funds from beneficiaries following irregularities

For payment purposes, AGRI Funds are administered by the Paying Agency (PA) within the Ministry responsible for Agriculture, in accordance with Article 9 of Regulation (EU) 2021/2116.

2.4. Paying Agency (PA) – CAP SP

The Agriculture and Rural Payments Agency is the designated Paying Agency under the Ministry responsible for Agriculture, responsible for the verification and disbursement of AGRI Funds in line with Article 37 of Regulation 2021/2116. The Paying Agency is also responsible for the submission of annual accounts for the CAP SP as designated in Article 9(3)(a) of Regulation (EU) 2021/2116.

Paying Agency

Address: Luqa Road, Qormi, QRM 9075, Malta

Tel. no.: (+356) 2292 6148

Email: arpa.mafa@gov.mt

2.5. Accounting Function Body

The EU Certifying Authority within SID, under the Ministry responsible for European Union Funds, is the designated Accounting Function Body for the CPR Funds, in terms of Articles 71(1), 72(2) and 72(3) of the CPR (Regulation (EU) 2021/1060).

In line with Article 76 of Regulation (EU) 2021/1060, the EU Certifying Authority is responsible for the certification process including the submission of Interim/Final Payment Applications through SFC³ and providing the Government with information and compiling relevant reports on certified expenditure, funds received, upkeep of debtors' ledger reports, and transferring funds to the Ministry for Finance Revenue Vote following receipt of funds from the Commission in terms of Articles 89, 90 and 91 of Regulation (EU) 2021/1060.

Accounting Function Body

Address: The Oaks Business Centre, Block B, Farsons Street, Hamrun, HMR 1325, Malta

Tel. no.: (+356) 2555 2145

Email: certifyingauthority.eufunds@gov.mt

³ SFC is a software application accessible via the Internet, developed and hosted by the European Commission. The objective of SFC is to facilitate electronic exchange of information between the Member States of the Union and the European Commission in the context of shared management funds.

2.6. Audit Authority (AA) / Certification Body (CB)

The EU Funds Audits Directorate, within the Internal Audit & Investigations Department (IAID) under the Office of the Prime Minister, serves as the designated Audit Authority in accordance with Article 71 of Regulation (EU) 2021/1060 (CPR). In relation to the CAP SP the IAID acts as the Certification Body in line with Article 5 of Commission Implementing Regulation (EU) 2022/128.

IAID is the executive branch of the Internal Audit Investigations and is regulated by the Internal Audit and Financial Investigations Act 2003 (Chapter 461, Laws of Malta).

The functions of the AA/CB are outlined in Article 77 of Regulation (EU) 2021/1060 as well as Article 12 of Regulation (EU) 2021/2116 in the case of the CAP SP.

As part of its broader mandate, the AA is responsible for establishing an audit strategy that includes both system audits and audits on operations. System audits are conducted to verify the efficient operation of the control system, while audits on operations are performed based on an appropriate sample to verify the expenditure declared.

Each year, the AA will select a sample of operations listed on payment requests sent to the Commission, taking into consideration its Audit Methodology, based on records maintained by the Managing Authorities in the MCIS, as well as records kept at the Beneficiaries' end, as applicable. The AA will carry out independent audits on the systems put in place to manage EU funds, as well as on operations for which expenditure will be included in the payment requests to the Commission, as applicable.

The AA/CB ensures continuous engagement and collaboration with the Managing Authorities, EU Certifying Authority, Competent Authority, Paying Agency and other pertinent stakeholders to facilitate a coordinated approach to the management and auditing of EU funds. The results of the AA's work will be submitted to the Commission as part of the Annual Control Report for CPR Funds, and the Annual Certification Reports in the case of AGRI Funds. These reports will detail the checks performed and present the results of audits and controls for the reference period, in accordance with the audit strategy. These reports will highlight any gaps identified in the control systems. Based on the controls and audits conducted, the AA will provide an opinion on the completeness, accuracy, and veracity of the payment claims submitted to the Commission. The opinion will provide reasonable assurance that the expenditure statements presented to the Commission are accurate and that the underlying transactions are legal and regular. For AGRI Funds, the CB provides an opinion on whether the accounts transmitted to the Commission give a true and fair view in all material respects as regards the total net expenditure charged.

Since the IAID also fulfils the role of the Anti-Fraud Co-ordinating Service (AFCOS) Malta, it will report irregularities to OLAF (The European Anti-Fraud Office) in line with the established procedure.

Internal Audit and Investigations Department

Tel. no.: (+356) 2123 7737

Email: info.iaid@gov.mt

2.7. Intermediate Body (IB)

In line with Article 71(3) of Regulation (EU) 2021/1060, the Managing Authority in Malta has entrusted the implementation of specific schemes to designated Intermediate Bodies. These public organisations perform certain functions on behalf of the Managing Authority to facilitate efficient management and execution of EU funded programs.

In this context, the Beneficiaries are the enterprises receiving aid under the scheme. There is one Intermediate Body under ESF+ and another under ERDF. The relationship between the Managing Authority and the Intermediate Body is governed by a Covenant and its Annexes. Any requests for information regarding the Intermediate Bodies should be directed to the Managing Authority.

No Intermediate Bodies are designated for CF, JTF, EMFAF⁴, AMIF, ISF, BMVI, or EAFRD.

This Manual of Procedures does not apply to individuals, private entities, or enterprises. Specific guidance is provided as follows: by the Intermediate Body for ESF+ and ERDF; by the Managing Authority for EMFAF; and by the Managing Authority or Paying Agency for EAFRD. Likewise, Local Action Groups (LAGs) funded under LEADER within the CAP SP receive dedicated guidance issued by the Managing Authority.

2.8. Line Ministry

In most cases, the Director responsible for Programme Implementation within each Ministry, and/or the Director for European Union Affairs, assumes responsibility for the Line Ministry⁵ function.

The Line Ministry is primarily responsible for inter-agency coordination for all operations implemented by departments or public organisation within its portfolio. This coordination function applies from the outset, including providing Ministerial input during the programming stage, supporting agencies during the submission of proposals, and assisting Beneficiaries (excluding Intermediate Bodies) during implementation, including vetting of payments prior to their processing by the EU Payments Unit through national funds.

Additional responsibilities of Line Ministries include:

- Drafting assessments and procedures, and conducting control checks to prevent fraud, corruption, conflicts of interest, and double funding (refer to Chapter 4 of this Manual);
- Monitoring operations within the Ministry's remit;
- Addressing issues arising from management verifications and audits.

⁴ The Intermediate Body does not apply to private individuals applying under the EMFAF.

⁵ Line Ministry function does not apply for individuals, private entities or enterprises.

2.9. Beneficiary

The organisation responsible for implementing the operation is the Beneficiary, which signs a Grant Agreement with the Managing Authority. Each operation must be implemented in compliance with this Agreement, adhering to its terms and conditions, as well as the provisions of this Manual and any Circulars or Guidelines issued by the Managing Authority and the Paying Agency and other authorised bodies within the Ministry responsible for European Funds. Throughout implementation, the principles of good governance, transparency, and sound financial management must be upheld at all times. The list of Beneficiaries is available at <https://fondi.eu/important-documentation/reference-documents/list-of-beneficiaries/2021-2027-programming-period-list-of-beneficiaries/>.

2.10. Department of Contracts

The Department of Contracts (DoC) within the Ministry responsible for Finance was established to regulate and administer Public Procurement initiatives and procedures, as set out in the relevant legislation under Chapter 601 'Public Finance Management Act'.

The main principal legislation, governing this manual, is the Public Procurement Regulations (2016) S.L. 601.03, which was initially published through Legal Notice 352 of 2016 and came into effect on 28th October 2016. Amendment Legal Notices are regularly issued to ascertain compliance to Directive 2014/24/EU and to implement necessary updates. The Regulation is accessed through: <https://legislation.mt/eli/sl/601.3/eng/pdf>.

The Department of Contracts provides information and guidance on the interpretation and application of procurement legislation. It also offers advice and support to Contracting Authorities' matters related to public contracts. In line with Schedule 6 of S.L. 601.03, the Department of Contracts acts as sole Central Government Authority as well as a Central Purchasing Body, as specified in Schedule 4 of S.L. 601.03. On the other hand, the Ministry/Department/Entity/Agency/Body procuring the goods, services, or works is known as the Contracting Authority⁶.

As the Operator and/or Regulator, the Department of Contracts ensures that procurement calls are published in compliance with the relevant regulations. It also guarantees that public contracts are awarded in alignment with the principles of non-discrimination, equal treatment, transparency, mutual recognition, proportionality, open competition, sound financial management, and good governance. The main functions of the Office of the Director of Contracts are outlined in Regulations 10 till 15 of S.L. 601.03.

⁶ Regulation 2 of S.L. 601.03 defines Contracting Authorities as the 'State, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law', whereby Bodies governed by Public Law is defined 'bodies that have all of the following characteristics: (a) they are established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character; (b) they have legal personality; and (c) they are financed, for the most part, by the State, regional or local authorities, or by other bodies governed by public law; or are subject to management supervision by those authorities or bodies; or have an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities, or by other bodies governed by public law'.

Department of Contracts

Website: <https://contracts.gov.mt/> and <https://www.etenders.gov.mt/epps/home.do>

Email: info.contracts@gov.mt

Tel: (+356) 2378 1001

2.10.1. Contracting Authorities

Contracting Authorities under the Public Procurement Regulations (2016) S.L. 601.03 are classified under three Schedules as follows: Schedule 2; Schedule 3; Schedule 16.

Contracting Authorities shall observe and comply with S.L. 601.03. Additionally, they are bound to prepare/draft the Procurement Document/s (and all relevant Supporting/Ancillary Documentation). The primary duties of Contracting Authorities are outlined in Regulations 16 till 20 as well as in Regulations 105 till 113⁷ of S.L. 601.03.

For EU-Funded Procurement, the respective Fund must be referenced in the procurement documents.

Contracting Authorities including those not under the direct operational remit of the Department of Contracts (such as Local Councils and other Contracting Authorities classified under Schedule 3), are encouraged to seek advice from the Department of Contracts on Public Procurement matters, Public Procurement Calls and subsequent Public Contracts.

Beneficiaries of EU Funds which operate outside Government, such as Non-Governmental Organisations (NGOs), may seek advice from the Department of Contracts on public procurement matters if needed.

2.10.2. Sectoral Procurement Directorate

The Sectoral Procurement Directorate, operating under the remit of the DoC, is responsible for publishing, administering and determining Calls for Tenders on behalf of Contracting Authorities listed under Schedule 16. This applies to tenders published under Open or Restricted procedure where the estimated Value exceeds €10,000 (excluding VAT) but does not exceed €750,000 (excluding VAT), in accordance with Regulation 9(1)(c)⁸ of the Public Procurement Regulations (2016) S.L. 601.03. The main provisions in relation to the Office of the Director Sectoral Procurement are outlined in Regulations 79 of S.L. 601.03.

Sectoral Procurement Directorate

Tel. no.: (+356) 2378 1501

Email: spd.mfe@gov.mt

⁷ Regulations 105 till 113 found in Part III of S.L. 601.03 relate to Rules applicable to Departmental Tenders, whereby the latter relates to Procurement Calls with an Estimated Value in line with the Threshold established in Regulation 9(1)(a) of S.L. 601.03.

⁸ Schedule 16 Contracting Authorities conducting a Call for Quotations shall be published, administered and determined by the Contracting Authorities on their own without the need to involve the Department of Contracts.

2.10.3. Operations Directorate

Procurement Calls required by Contracting Authorities listed under Schedule 2⁹ of the Public Procurement Regulations (2016) S.L. 601.03, fall under the responsibility of the Operations Directorate (DoC) when the estimated Value meets or exceeds a specific Threshold. The Operations Directorate is responsible for publishing, administering and determining Calls for Tenders on behalf of these Contracting Authorities for Estimated Values equal to or exceeding the Threshold defined in Regulation 9(1)(b)¹⁰ of S.L. 601.03.

The Operations Directorate manages the publishing, administration and determination of open and restricted Calls for Tenders with a procurement estimated value exceeding €750,000 (excluding VAT) on behalf of Schedule 16 Contracting Authorities. If Contracting Authorities classified under Schedule 16 would like to conduct a procurement procedure other than open or the restricted calls, where the Estimated Value equals or exceeds the Threshold specified in Regulation 9(1)(b) of S.L. 601.03, the administration of the procurement process must be managed through the Operations Directorate.

Operations Directorate

Tel. no.: (+356) 2122 0212

Email: info.contracts@gov.mt

2.10.4. Tender Evaluation Committees

Tender Evaluation Committees (TECs) are boards or committees appointed by Contracting Authorities to evaluate tenders submitted by Economic Operators and subsequently make the necessary recommendations through the Evaluation Report.

Pursuant to Regulation 17 of the Public Procurement Regulations S.L. 601.03, TECs shall draft and submit the Evaluation Report to the appropriate Awarding Body. In line with Contracts Circular No. 10/2020, Evaluation Committees shall prepare and submit the Online Automated 'Evaluation Report Summary' generated by the ePPS, including all applicable annexes and documentary evidence.

TECs must adhere to the latest version of the Standard Operating Procedures (SoP) for Tender Evaluation Committees published (and regularly updated) by the Department of Contracts in view that it provides a detailed and comprehensive guide to the Evaluation Process. The said SoP which may be viewed and/or downloaded by officers holding an active log-in ePPS account, forms part of a zipped folder titled 'Standard Templates for CfTs (CAs)', accessible through the 'Resources' section of Government's e-Procurement Platform (Electronic Public Procurement System – ePPS) hosted on www.etenders.gov.mt.

⁹ Contracting Authorities classified under Schedule 2 are currently and generally those within the remit of the Ministry responsible for Health.

¹⁰ Schedule 2 Contracting Authorities conducting a Call for Quotations or a Call for Tenders with a Procurement Estimated Value which is less than the Threshold as specified in Regulation 9(1)(a) of S.L. 601.03 shall be published, administered and determined by the Contracting Authorities on their own without the need to involve the Department of Contracts.

During the publication stage, TEC members are strongly advised to thoroughly review the procurement document(s) including all published supplementary/ancillary documentation), to familiarise themselves with the requirements, specifications and conditions, ahead of the evaluation process.

It is also recommended that TECs familiarize themselves with various procurement documentation, such as, the applicable version of the General Rules Governing Tenders, Contracts Circulars, Guidance Notes and Procurement Policy Notes published by the Department of Contracts.

TECs are encouraged to use the templates and procedures available on the Department of Contracts' website, with necessary amendments made by the relevant Contracting Authority during the Evaluation process. TECs should consult the Department of Contracts if further relevant information on the evaluation process is required. It is also the responsibility of TECs to obtain applicable approvals at the different stages of the evaluation.

2.10.5. Departmental Contracts Committee

Departmental Contracts Committees (DCCs) are established in accordance with Regulation 73 of the Public Procurement Regulations ((2016) S.L. 601.03. DCCs are relevant only to Contracting Authorities categorised under Schedules 2 and 16. The role of the DCC is to make definite recommendations for the award or cancellation of public contracts estimated below the relevant local threshold/s as specified in S.L.601.03.

The provisions concerning DCCs are outlined in Regulations 73 till 75 of S.L. 601.03.

2.10.6. General Contracts Committee

The General Contracts Committee (GCC), established under Regulation 64 of the Public Procurement Regulations (2016) S.L 601.03, is responsible for carrying out the functions specified in Regulation 72 of the same Regulations. One of the GCC's primary functions is to evaluate reports and recommendations for the award or cancellation of public contracts, for those procurement calls published, administered and determined by the Operations Directorate (within DoC) on behalf of the Contracting Authority. The provisions in relation to the General Contracts Committee are outlined in Regulations 64 till 72 of S.L. 601.03.

2.11. Contractor

The contractor is the provider of works, supplies, or services that has been awarded a contract following the launch and adjudication of a procurement procedure. The Beneficiary is responsible for ensuring, through supervision and certification, that the contractor delivers the works, supplies, or services in accordance with the terms and conditions stipulated in the contract, as well as in compliance with national and European Union regulations.

2.12. National Audit Office

The National Audit Office is the external auditor of the public sector in Malta and operates independently from the executive branch. Its independence is entrenched in the Constitution.

Since all operations co-financed through European Funds are considered public funds, the National Audit Office may conduct audits on these initiatives. This includes audits of government departments as well as public entities and agencies. Private sector and voluntary organisations involved in the implementation of such initiatives may also be included in such audits to the extent that EU funds are involved.

National Audit Office

Tel. no.: (+356) 2205 0000

Email: nao.malta@gov.mt

2.13. Committees

This section outlines the key committees established to support the governance, coordination, and oversight of EU-funded programmes, ensuring effective implementation, strategic alignment, and compliance with regulatory requirements.

2.13.1. Monitoring Committee

In accordance with Article 38 of Regulation (EU) 2021/1060, Monitoring Committees have been established in Malta to oversee the implementation of CPR Funds. These Monitoring Committees operate under their own terms of reference, as outlined in Article 40 of the same regulation and are chaired by the Permanent Secretary for European Union Funds or his/her representative.

Each Committee is composed of government representatives, social and economic partners, civil society representatives and the European Commission, in line with Article 8 of Regulation (EU) 2021/1060, which outlines the partnership principle and multilevel governance.

The roles and responsibilities of the Monitoring Committee responsible for overseeing the implementation of the CAP Strategic Plan are outlined in Article 124 of Regulation (EU) 2021/2115.

2.13.2. Inter-Ministerial Consultative Committee (IMCC)

Malta has established the Inter-Ministerial Consultative Committee on EU Funds (IMCC), a platform that unites stakeholders responsible for EU funds under direct, indirect, and shared management. The Committee facilitates discussions on complementarities among actions funded through different EU Funds.

During IMCC meetings, Managing Authorities collaborate with Beneficiaries to coordinate the parallel implementation of operations, ensuring alignment between activities. They also address feedback from the IMCC concerning potential overlaps at the fund and programme levels. The primary objectives of the IMCC are to guide the demarcation between different funds and programmes, conduct consultations if overlaps are identified, and foster information exchange on emerging funds.

If overlaps between funds or programmes are identified, the Committee tasks the Managing Authorities with investigating the situation and, where necessary, defining additional demarcation parameters or implementing monitoring mechanisms. Managing Authorities are required to report back to the IMCC on their findings and the actions undertaken.

The IMCC's Terms of Reference define the Committee's membership and meeting frequency. Participants typically include representatives from Managing Authorities, Intermediate Bodies, National Contact Points, responsible authorities for migration and asylum programmes, and community programme national contact points. Ad hoc technical experts, including those involved in the CAP SP, may also attend IMCC meetings. When necessary, the IMCC may establish ad hoc sub-committees to address highly specific issues.

Further information about the IMCC can be found [here](#).

2.14. Channels of Communication

The following communication protocols must be observed throughout the implementation of EU-funded programmes:

Only the **Managing Authority**, the **Accounting Body Function**, and the **Audit Authority**, in their respective roles and via official channels, are authorised to communicate directly with the **European Commission** on matters related to European Funds.

As the **secretariat to the Monitoring Committees**, the MA is solely responsible for communicating with the respective committees on EU Funds-related matters. Committee members should submit any comments or queries to the MA for onward distribution.

In relation to the implementation of operations, the MA will liaise directly with the **Beneficiary** and the **Line Ministry**, as applicable, on all operation-related issues.

Beneficiaries are responsible for consulting the relevant **national authorities** on matters concerning the operations they are implementing. This includes, but is not limited to:

- the **Department of Contracts** for procurement-related issues,
- the **EU Payments Unit/Paying Agency** for payment matters,
- the **Commission for the Rights of Persons with Disability** and **National Commission for the Promotion of Equality** (refer to Section 3.2 of this Manual),
- the **Planning Authority** for planning and environmental permits (refer to Section 3.3 of this Manual),
- the **State Aid Monitoring Board** for state aid compliance (refer to Section 3.4 of this Manual),
- and the **Malta Tax and Customs Administration** for VAT related matters (refer to Section 6.6 of this Manual).

2.15. Information Systems

The **MCIS** is the official system used during the 2021–2027 programming period for **CPR Funds**. Any changes to implementation arrangements must be communicated immediately to the **MA officers** and the **Chief Coordinator of the Programme/Plan** within **PPCD/FPD**. **Access rights** to the MCIS (including granting, modifying, revoking, and reviewing access) are managed in accordance with **SOP/IS/U/01 – Information Systems User Rights** available from [SOP/IS/U/01](#). Users of the MCIS should note that **regular training sessions** are organised to support the use of these systems. Assistance is also available through tutorials embedded within the system, accessible via the help icon on each page. It is the responsibility of the respective **Project Leader** to immediately terminate access for any user within his/her remit who no longer requires access. Further details are provided in **Chapter 12** of this Manual.

For **AGRI funds**, the **Integrated Administration and Control System (IACS)** is used by the Managing Authority and Paying Agency for day-to-day monitoring and document uploads related to **AGRI Funds**. Beneficiaries must have an active profile within the IACS.

3. Compliance with Horizontal Principles

Throughout implementation, the Beneficiaries must ensure that all operations supported by the EU funds are executed as applicable in accordance with the respective programme's horizontal principles. These principles include fundamental rights as enshrined in the Charter of Fundamental Rights of the European Union, the United Nations Convention on the Rights of Persons with Disabilities, gender equality, non-discrimination, and sustainable development. These efforts are essential for fostering inclusiveness and ensuring equal opportunities for all participants involved in the operations. Additionally, State aid requirements must be strictly observed.

3.1. EU Charter of Fundamental Rights

EU-funded operations must adhere to the Charter of Fundamental Rights of the European Union, ensuring that the rights and freedoms of all EU citizens are respected. Project activities, decisions, and actions must not violate or infringe upon the rights and dignity of individuals or groups. These operations should promote the creation of an equal and just society, as defined by Maltese and international law. Further details on the Charter of Fundamental Rights can be obtained from [this link](#).

3.2. Equality Principles

Ensuring equality is a fundamental aspect of all EU-funded operations, and it is crucial that these principles are embedded throughout the project lifecycle. Beneficiaries must make concerted efforts to promote equal opportunities, prevent discrimination, and gender equality in all project activities. These principles are not only legal obligations but are also essential to fostering an inclusive and fair society.

3.2.1. Equal Opportunities

Equal opportunity is a cross-cutting theme that should be integrated by Beneficiaries into all relevant measures. Efforts must extend beyond mere compliance with legal obligations. Beneficiaries should ensure that equal opportunities are considered at every stage of the project, regardless of gender, racial or ethnic origin, religion or belief, disability, age, or sexual orientation.

3.2.2. Non-Discrimination

In terms of non-discrimination including accessibility for persons with disability measures are to be put in place during the design, implementation, monitoring, and closure of the operations to prevent discrimination in particular accessibility for persons with disability and ensure access for all.

3.2.3. Gender Equality

Project measures should actively contribute to achieving gender equality by integrating a gender perspective and promoting gender mainstreaming throughout the project. This involves ensuring that everyone, irrespective of their gender benefit equally from project activities and outcomes, and that gender considerations are a key part of the planning and implementation process.

National Commission for the Promotion of Equality:*Tel. no.:* (+356) 2595 7850*Email:* equality.gov.mt**Commission for the Rights of Persons with Disability:***Tel. no.:* (+356) 2226 7600*Email:* helpdesk@crpd.org.mt**Human Rights Directorate:***Tel. no.:* (+356) 2226 3210*Email:* eufunds.hrd@gov.mt

3.3. Sustainable Development

Sustainable development is at the core of the European Union's policy agenda, driving every initiative to improve citizens' lives and build a sustainable future. The EU and its Member States are committed to delivering on the UN 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs), with the European Green Deal playing a crucial role in achieving many of these goals.

This principle is particularly important in the implementation of operations under 2021-2027 programming period. It reflects the EU's commitment to meeting the needs of the present, without compromising the ability of future generations to meet their own needs. Beneficiaries must ensure that sustainable development considerations are integrated into their operations. The National Sustainable Development Strategy can be accessed [here](#).

3.3.1. Environment and Planning

Beneficiaries must ensure that planning regulations and obligations are strictly adhered to, and that environmental considerations are integrated throughout the operation's life cycle. All operations are required to comply with both the Union environmental acquis and national legislation pertaining to environmental protection. Operations should aim to avoid or minimize adverse environmental, social, and economic impacts, striving to prevent significant harm to ecosystems, natural resources, cultural heritage, and human health.

To ensure the timely implementation of measures, the timeframes stipulated by national law and procedures for obtaining planning permits must be carefully observed. Officials from the Environment and Resources Authority and the Planning Authority can provide advice on environmental and planning permitting matters.

Planning Authority:*Tel. no.:* (+356) 2290 0000*Email:* customercare@pa.org.mt**Environment and Resources Authority:***Tel. no.:* (+356) 2292 3500*Email:* info@era.org.mt

3.3.2. Do No Significant Harm (DNSH) Principle

In accordance with Article 33(2)(d) of Regulation (EU) 2024/2509 programmes and operations must be implemented, where feasible and appropriate, in line with sector-specific rules to achieve their set objectives without causing significant harm to environmental objectives. This includes climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems, as outlined in Article 9 of Regulation (EU) 2020/852. Article 17 of Regulation (EU) 2020/852 specifies what constitutes 'significant harm' to six environmental objectives. Detailed criteria for each environmental objective are provided in Article 17. This ensures that funded operations align with sustainability criteria and contribute to environmental protection without undermining the EU's broader climate and ecological objectives. It is noted that this principle does not apply to operations financed under EMFAF, HOME and AGRI¹¹ Funds.

As part of the project implementation, Beneficiaries must assess and demonstrate that their projects do not significantly harm these environmental objectives, as required by Article 9 of Regulation (EU) 2021/1060. Beneficiaries must integrate these considerations to mitigate potential environment risks and impacts into the operational stages, ensuring that their activities align with the EU's sustainability goals.

Moreover, Beneficiaries are required to continuously monitor the environmental impact of their operations throughout the entire lifecycle, as stipulated by Article 17 of Regulation (EU) 2020/852. This monitoring ensures ongoing compliance with the DNSH principle and contributes to achieving the EU's sustainability and environmental objectives.

3.3.3. Climate Proofing

In accordance with Article 73(2)(j) of Regulation (EU) 2021/1060, all investments in infrastructure with an expected operational lifespan of five years or more must undergo appropriate climate proofing. This obligation ensures that funded projects are resilient to current and projected climate risks and aligned with the EU's climate neutrality objectives, particularly those outlined in the European Green Deal and the "do no significant harm" principle.

The Beneficiary is responsible for ensuring that climate proofing is systematically integrated into project planning, design, and implementation phases. This responsibility includes:

- Assessing climate change risks and vulnerabilities to determine potential impacts on infrastructure performance over its lifecycle.
- Incorporating climate adaptation and mitigation measures into technical specifications and design criteria to enhance resilience and reduce greenhouse gas emissions.
- Ensuring compliance with relevant national and EU climate strategies, particularly regarding energy efficiency, emissions reduction, and sustainable resource use.

¹¹ In the current CAP framework, agriculture is excluded from the application of the 'Do No Significant Harm' principle. DNSH is not explicitly referenced in the CAP Strategic Plans Regulation (EU) 2021/2115.

- Collating documentary evidence attesting the above.

Through the submission of a climate proofing assessment at Project Selection stage, the climate proofing process should be evidence-based and documented, demonstrating that the investment contributes to climate resilience, and aligns with the long-term environmental objectives of the EU.

Proper climate proofing not only strengthens the sustainability of infrastructure investments but also safeguards the long-term value and functionality of assets in the face of a changing climate.¹² It is noted that this principle does not apply to operations financed under EMFAF, HOME and AGRI funds.

3.4. State Aid Requirements

European Union state aid rules apply to operations that involve any direct or indirect financial support from the public sector to commercial enterprises or organisations engaged in economic activities, or if the assistance provided distorts or threatens to distort competition within the EU.

Clearances obtained from the State Aid Monitoring Board (SAMB) must be documented and communicated to the respective Beneficiaries for their records.

Any conditions stipulated by SAMB must be recorded by the Managing Authority for monitoring purposes, and follow-ups with the respective Beneficiaries should be conducted as necessary. If Article 107 TFEU notification is required, the standard process for said notification needs to be followed through the SAMB.

It is the **responsibility of the Beneficiary to ensure compliance with State Aid regulations** and to **inform the Managing Authority of any changes to the nature of the intervention that could potentially give rise to State Aid implications**. In such cases, the Beneficiary must seek clearance from SAMB and notify the Managing Authority accordingly.

State Aid Monitoring Board

Tel. no.: (+356) 2125 2757

Email: yana.haber@gov.mt

¹² It is noted that this principle does not apply to operations financed under EMFAF, HOME and AGRI funds.

4. Fraud, Corruption, Conflict of Interest and Double Funding

4.1. Anti-Fraud Strategy

Fraud involving public funds is often linked with corruption, generally understood as any act or omission that abuses official authority or which seeks to bring about such abuse to obtain undue benefit. Irregularity is a broader concept than fraud. It is defined as any breach of applicable law, resulting from an act or omission by an economic operator, which has or would have the effect of prejudicing the EU budget (including public funds) by charging unjustified expenditure to that budget. If such a breach of law is committed intentionally, it constitutes fraud. Hence, what differentiates fraud from other irregularities is the malicious intent of the perpetrator.¹³

Furthermore, the EU treaty¹⁴ defines fraud, in respect of expenditure, as an intentional act or omission related to:

- the use or presentation of false, incorrect, or incomplete statements or documents, which leads to the misappropriation or wrongful retention of funds from the EU;
- non-disclosure of information in violation of a specific obligation, with the same effect;
- the misapplication of such funds for purposes other than those for which they were originally granted.

The EU Funding System in Malta adheres to a zero-tolerance policy on fraud and corruption. It is committed to preventing and detecting fraud cases, maintaining high legal, ethical, and moral standards, and adhering to the principles of integrity, objectivity, and honesty. The system is opposed to fraud and corruption in all its business activities.

To this end, robust control systems, measures, and procedures are in place to manage the risk of fraud, corruption, and conflicts of interest. The competent authorities will follow up on all cases of suspected fraud. In addition to management and internal control measures, the EU Funding System in Malta is supported by the [National Anti-Fraud and Corruption Strategy](#). This strategy includes various legal and institutional measures set up over the years by the Maltese Government to combat fraud and corruption.

Furthermore, a focused [Anti-Fraud Strategy](#) outlines the approach of the Managing Authority, Line Ministries and Beneficiaries to tackle fraud and corruption in line with the provisions of the EU regulatory framework and National rules. Beneficiaries are encouraged to prevent fraud, implement proportionate measures to detect it, and report any suspicions of fraud related to the programmes. They should pay particular attention to Chapter 4 of the Anti-Fraud Strategy, 'The Anti-Fraud Cycle,' which highlights their responsibility to prevent, detect, and report fraud.

¹³ ECA Special Report 1/2019 <https://www.eca.europa.eu/en/publications?did=48858>

¹⁴ The Convention drawn up based on Article K.3 of the Treaty on European Union, on the protection of the European Communities' financial interests.

4.1.1. Prevention / deterrence

Beneficiaries must be committed to maintaining high legal, ethical, and moral standards, adhering to the principles of integrity, objectivity, and honesty, and actively opposing fraud and corruption in their operations. They are responsible for establishing an effective internal control system aimed at deterring potential fraudsters and maximizing staff commitment to combat fraud, recognizing that fraud and corruption are costly in terms of investigative costs, financial losses, and reputational risk.

For this purpose, the Beneficiary should endeavour to:

- Establish internal procedures to prevent fraud (including conflict of interest). This includes standard operating procedures, conducting regular checks and ensure that staff are informed about European Commission and national guidance on fraud indicators.
- Raise awareness through formal training for all staff involved in managing EU Funds, focusing on preventative and detective control measures, understanding specific roles and responsibilities of all stakeholders, and knowing the reporting mechanisms in place.
- Establish effective separation of duties, particularly within financial and control units, and rotate staff (where feasible) to minimize the risk of fraud.
- Promote an ethical culture among staff, encouraging them to act honestly and with integrity to safeguard all national and Community resources.
- Ensure that staff involved in the management and implementation of EU funds are vigilant about potential conflicts of interest or fraudulent behaviour at every stage of implementation.
- Encourage staff to report any suspected cases of fraud related to EU Funds to the Managing Authority, either through their respective hierarchy or directly if necessary.

Further information on preventing fraud and corruption in public procurement is available in Chapter 5 of this Manual.

4.1.2. Detection and Reporting

While robust control systems can significantly reduce the risk of fraud, they cannot fully eliminate it or guarantee that it is always detected. Therefore, it is essential that these systems include procedures to detect fraud and take appropriate action when a suspected case is identified.

The Beneficiary is responsible for the first level of oversight, ensuring the accountable, transparent, and effective management of operations, which are to be designed, implemented, and executed in coordination with the relevant Line Ministry. During the implementation of an operation the Beneficiary must be vigilant to the main fraud and corruption risks identified by the respective risk assessments. Some potential fraud and corruption risks identified in the National Risk Assessment and detailed in the Anti-Fraud Strategy include:

- Unlawful use of resources and information systems

- Procurement processes not in line with regulations
- Intentional improper payments to third parties
- Disclosure of sensitive information to unauthorised parties
- Failure to declare a direct or indirect conflict of interest by an employee
- Active corruption (e.g., offering or giving a bribe) and passive corruption (e.g., receiving a bribe).

The Beneficiary must report any detected or suspected fraud to the Managing Authority without delay. The following section outlines the responsibilities and reporting lines in cases of suspected fraud. Reports may be submitted through the usual organisational hierarchy or directly to the Managing Authority via the following link <https://fondi.eu/contact-us/>.

4.1.3. Reporting lines in Cases of Suspected Fraud

“Suspected fraud” gives rise to the initiation of administrative or judicial proceedings at national level to establish the presence of intentional behaviour, in particular fraud.

Malta shall take all necessary measures, including legislative, regulatory, and administrative measures, to protect the Union's financial interests, by preventing, detecting and correcting irregularities and fraud. The last three elements and ‘prosecution’ constitute the four key elements of the anti-fraud cycle as also detailed in the Anti-Fraud Strategy.

The Managing Authority have a clear commitment to combat fraud and corruption both through preventive and detective control mechanisms, and it is determined to transmit cases to the competent authorities for investigation and sanction.

The below procedure highlights the authority levels, responsibilities for action, and reporting lines established in the event of suspicion of fraud.

4.1.3.1. Reporting

- When any relevant authority or the Beneficiary, or their members of staff, suspects that fraud has occurred, they must notify their immediate superior or the relevant authority within their organisation. This includes any instances where there is a conflict of interest or other ethical breaches that could lead to fraudulent activity. If it is inappropriate to raise the matter with the immediate superior, the concern should be raised with the Head of the Beneficiary / Ministry / Managing Authority. The official with whom the report was filed must immediately relay the message to the Head of the Managing Authority.
- Timeliness is crucial when addressing suspected cases of fraud. Upon identifying potential fraud, officers must immediately alert their direct superior verbally. This initial notification should be followed by a confidential written report (subject to legal obligations) to ensure that the relevant authorities are informed and can initiate further investigative assessment.

- The reporting body must exercise caution in situations that might lead to fraudulent transactions. In cases where possible forged documents are detected, the EU Payments Unit/ Paying Agency should temporarily halt all payments to the Contractor in question.
- The body identifying or reporting the suspected fraud must inform the Permanent Secretary and/or Head of the Beneficiary and the IAID in writing. In accordance with Article 16 of the Internal Audit and Financial Investigations Act (Chapter 461 of the Laws of Malta), any entity suspecting irregularity or fraud involving public funds must immediately refer the matter to the Director of IAID and provide all relevant information. This report, as per National Regulation, is followed through the circulation of the Irregularity Report, as required by EU Regulation.
- Fraud may also be reported via the channels established under the Whistleblower Act (Chapter 527 of the Laws of Malta). Each Ministry has appointed a Whistleblowing Reporting Officer to receive reports, and an External Whistleblowing Officer has been appointed within the Cabinet Office to assist public sector employees. Detailed contact information and guidelines for Whistleblowers, as well as reporting obligations for Whistleblowing Officers, can be accessed at the following link: [Whistle-Blower Act](#).
- Beneficiaries should also be aware that one may also:
 - Report fraud to the European Anti-Fraud Office (OLAF) – This Office investigates fraud against the EU budget, corruption and serious misconduct within the European institutions, and develops anti-fraud policy for the European Commission. Further detail can be found here: [OLAF](#)
 - Report crime to the European Public Prosecutor’s Office (EPPO) – This Office is the EU’s first independent, decentralised prosecution office, empowered to investigate and prosecute crimes affecting the EU’s financial interests. Further detail can be found here: [European Public Prosecutor’s Office](#).

4.1.3.2. Investigation and Prosecution

In accordance with Article 18 of the Internal Audit and Financial Investigations Act, *“whenever, and as soon as the Director firmly establishes the existence of suspected cases of irregularities and, or suspected cases of fraud concerning the responsibilities of the auditee under review, the Director shall, if he is of the opinion that the irregularity, if proved, would constitute a criminal offence immediately inform the Attorney General”*.

The Attorney General will evaluate the case and determine whether or not to forward the case to the Malta Police for a criminal investigation.

- If the case is forwarded, the Commissioner of Police will provide the reporting body with a copy of the investigation report, including any court actions to be taken by the Police.

- If the investigation report concludes that no criminal proceedings are required (i.e., it is confirmed that the suspicion of fraud was unfounded), the Managing Authority will advise the EU Payments Unit/ Paying Agency to proceed with the payment of any pending invoices.

However, if the investigation report confirms that criminal proceedings are warranted (i.e., the suspicion of fraud is proven to be factual), the Managing Authority/Paying Agency shall seek to recover any amounts unduly paid or misused unless already done.

4.1.4. Proportionate anti-fraud and anti-corruption measures

The Beneficiary should note that for CPR Funds the Managing Authority adopts the EC-developed specific risk-scoring tool, ARACHNE, which helps to identify areas (operations, projects, beneficiaries and contracts or contractors) where there is a higher risk that might warrant additional attention. In addition, the Managing Authority/Paying Agency uses other data mining tools and databases as deemed relevant to enhance risk assessment and monitoring. Beneficiaries are recommended to use data mining tools and databases as well for their own checks, as applicable, ensuring thorough review in identifying and mitigating potential risks.

The information will be made available to the Audit Authority and the Commission upon request in relation to specific operations. Furthermore, besides the regular checks, controls, verifications, on-the-spot checks, and periodical assessment of risks through the risk register, the Managing Authority/Paying Agency will use a fraud risk self-assessment tool to assess the impact and likelihood of common fraud risks occurring. The tool identifies specific fraud risks in relation to three processes:

- a. Selection of beneficiaries;
- b. Implementation of operations/projects by beneficiaries, focusing on procurement and recruitment procedures;
- c. Certification of expenditure by the Managing Authority and payments.

For each of the specific risks, the first step is to quantify the risk that a given fraud type would occur, by assessing impact and likelihood, ignoring the current mitigating internal controls (**gross risk**). The second step is to factor in the current controls in place and assess the effectiveness of these controls to mitigate the gross risk. The resulting risk (the **residual risk**) should then be assessed on whether it is tolerable or not. If it is not tolerable, additional controls would have to be introduced till the risk level is considered by the Managing Authority to be tolerable (**target risk**).

Thus, the output of the fraud risk assessment identifies those specific risks with respect to which not enough measures are in place to reduce the combined likelihood and impact of potentially fraudulent activity to an acceptable level. The team carrying out the assessment should then propose further corresponding anti-fraud measures, primarily in the form of mitigating internal controls. The Managing Authority will be vigilant in assessing the effectiveness of its anti-fraud measures and guidelines, with a view to making timely modifications or tightening procedures as needed.

The Beneficiaries should also note that the Audit Authority, as well as EU auditors, may carry out targeted verifications to identify potential risks of irregularities or fraud, which may also be performed through the ARACHNE tool. Additionally, Beneficiaries are reminded that, as detailed in [OPS/OPM-EES/1/2025](#) they need to ensure that a fraud risk assessment for EU funded operations is in place¹⁵. This assessment identifies the aspects of the operations that are most prone to fraud and corruption. As clarified above, this fraud risk assessment is the process that leads to the compilation of a Fraud Risk Register, which is essential for developing a comprehensive Fraud Risk Register as part of Risk Registers requested in OPM Circular No.1/2016. Annex IV to OPS/OPM-EES/1/2025 explains in detail how to conduct the fraud risk assessment and how to draw up the fraud risk register.

4.2. Preventing, Detecting, Mitigating and Addressing Conflict of Interest

The First Schedule of the Public Administration Act (Chapter 595 of the Laws of Malta) titled 'Codes of Ethics for Public Employees and Board Members' provides that 'public employees and board members shall ensure that no conflict, real or apparent, arises between their official duties and any other occupations, activities, or interests (financial or otherwise) that they or their close relations may have'.

In line with the Public Administration Act, Directive No.16 "Governing Framework for Preventing and Managing Conflicts of Interest in the Public Administration" provides a clear definition of conflicts of interest and mandates that public employees identify and disclose any potential conflicts. The Directive establishes procedures to identify potential conflicts of interest before they arise, and outlines procedures for managing and resolving conflicts. Public officials are required to disclose potential conflicts of interest promptly and transparently. Such Directive outlines the accountability mechanisms for public officials, including disciplinary actions for non-compliance. By mandating declarations of conflict of interest and the establishment of internal procedures to manage them, the Directive seeks to enhance transparency and accountability in the public sector. It underlines the importance of ethical behaviour in public administration and reinforces the commitment to uphold the highest standards of integrity in public service.

Section 6.2 of the Public Service Management Code stipulates that a conflict of interest arises 'when a public employee, or their close relations, have a private or personal interest, sufficient enough to influence the objective exercise of the public employee's duties.' The Code also stipulates that it is the responsibility of the employee to inform one's Permanent Secretary, in writing, and within a week from assuming office or upon a change in duties/circumstances.

Furthermore, for all beneficiaries benefitting from EU funds, according to Article 61 of the Financial Regulation (EU, Euratom) 2024/2509, **a conflict of interest exists where the 'impartial and objective exercise of the functions of a financial actor or other person' involved in budget implementation 'is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other direct or indirect personal interest.'** This Article, which applies to

¹⁵ Whilst the preparation of the Fraud Risk Assessment is recommended, Beneficiaries classified as Voluntary Organisations, Non-Governmental Organisations, International Organisations, Church institutions and Social Partners are not required to carry out such as an assessment.

all funds stemming from the EU budget, obliges Member States to prevent and address conflicts of interest as set out in the Article.

In view of this, on 9th April 2021 the Commission issued [Commission Notice 2021/C 121/01](#) which provides guidance on the avoidance and management of conflicts of interest under the Financial Regulation.

This Commission's Guidance acknowledges that situations involving conflicts of interest can happen at any time. To mitigate this type of risk, it is of paramount importance to either prevent them or manage them appropriately when they occur. That requirement is crucial for upholding the transparency, reputation, and impartiality of the public sector and the credibility of the rule of law principles as a fundamental value of the EU.

Beneficiaries are responsible for documenting all checks carried out and reporting any identified conflicts of interest to the Line Ministry, MA and/or Financial Control Unit. This documentation is crucial for ensuring transparency and accountability throughout the project lifecycle. Beneficiaries must ensure that their procedures for managing conflicts of interest align with both Directive No.16¹⁶ and the broader EU and national regulations, such as the EU Charter of Fundamental Rights and the Financial Regulation. This alignment is necessary to ensure that all operations are implemented in accordance with the highest standards of integrity and transparency.

As detailed in the Anti-Fraud Strategy, a multi-tiered approach is being adopted in Malta's internal control system to prevent, detect, and properly mitigate and address conflicts of interest. This covers the entire EU Funding structure.

While developing / updating their detailed policies and rules, the first tier as mentioned in the anti-fraud strategy referring to the Beneficiaries and Line Ministries, are to be guided by the information provided in this Manual and latest published Circular [OPS/OPM-EES/1/2025](#), preceding Circular MEFL/EFL Circular 01/2023 and MA Circular 04/2022, and any further guidance and/or circular/s which may be issued by the Managing Authority or the Ministry responsible for the management of EU funds.

Beneficiaries must ensure that the project team has signed the Declaration of Conflict of Interest and should carry out verifications on the veracity and correctness of the declarations of non-conflict of interest for both the project team and personnel involved throughout the procurement process as detailed in [OPS/OPM-EES/1/2025](#). In addition, the Beneficiary should conduct appropriate checks on recruitment selections, particularly concerning staff costs and salaries. Beneficiaries should be aware that Line Ministries will carry out quality checks on the Declarations of Conflict of Interest. These checks shall include the assessment of the Curriculum Vitae vis-à-vis the signed declarations. In addition, the first level of control is expected to adopt data mining practices to identify Ultimate Beneficial Owners as per the detailed policies and rules specified by the respective Line Ministry.

¹⁶ Directive No. 16 is applicable to Public Sector Beneficiaries.

The Managing Authority, as the second level of control¹⁷, will apply a risk-based methodology and undertake a detailed check on both procurement procedures and recruitment procedures, focusing on checks relating to the Ultimate Beneficial Owner, the project team, the personnel involved throughout the procurement process, the selection committee members and the engaged employees.

The Financial Control Unit, as the third level of control, will exercise oversight due diligence over the workings of the Managing Authority and ascertain that the different Managing Authorities work in tandem and along the established internal procedures.

All checks performed by the Beneficiary must be documented, and their results must be provided to the Managing Authority, and/or Audit Bodies upon request. Furthermore, the Beneficiary is reminded that should checks identify suspicion of fraud, it shall be reported as detailed in section 4.1.3 of this Manual.

Beneficiaries – What to take note of:

- Beneficiaries should adhere to the detailed policies and rules on the avoidance and management of conflicts of interest circulated by the Ministry responsible for the management of EU Funds, the Managing Authority, and their respective Line Ministry.
- Beneficiaries should establish internal measures to prevent and manage conflicts of interest and adopt standard operating procedures in line with Directive No.16 (for Beneficiaries falling within the Public Sector) and Circular [OPS/OPM-EES/1/2025](#). These measures should include the identification, prevention, and management of conflicts of interest to ensure transparency and integrity in project implementation.
- Members on selection boards appointing officials on EU-funded operations are required to sign a Declaration of Conflict of Interest to ensure impartiality and transparency.
- A Declaration of Conflict of Interest must also be signed by all members of the project team involved in the implementation of EU-funded operations to ensure that no personal or financial interests compromise the project's integrity.
- Procurement drafters responsible for preparing tender specifications, terms of reference, and related procurement documents must also sign the Declaration of Conflict of Interest prior to drafting a procurement procedure.
- Evaluation Committee members are to sign the Declaration of Conflict of Interest as soon as they have sufficient information on the competing tenders to fully assess any potential conflicts of interest¹⁸. Technical consultants and external experts appointed to assist an evaluation committee are also required to sign this declaration to maintain the integrity of the evaluation process.

¹⁷ This does not apply to AGRI Funds —such checks are performed by the Paying Agency in line with the ARPA Payment Guidelines.

¹⁸ Not applicable for call for quotations/tenders which are issued through the e-tendering system, where this confirmation is carried out electronically through the system following unlocking of offers.

- When a possible conflict of interest is disclosed or reported by a third party, the officer concerned must immediately refrain from dealing with the relevant assignment until the conflict is resolved.
- In the case of public officers, as specified in Directive No.16 and the Public Service Management Code, public officers who intend to perform private work or make private investments must obtain the necessary approval or notification as applicable. The Beneficiary/Ministry must ensure that any ancillary or part-time employment does not create a conflict of interest with the officer's current tasks related to the EU funded project before approval is granted.
- Beneficiaries, especially those handling large operations, must ensure that professionals such as Engineers and Architects working on a project are independent from the Contractor implementing the works they are certifying. This independence is essential to avoid conflicts of interest and ensure the integrity of the certification process.
- Line Ministries, together with Beneficiaries, are responsible for conducting comprehensive checks on project teams and all personnel involved throughout the procurement and recruitment processes. In addition, data-mining practices should be applied to identify Ultimate Beneficial Owners, in accordance with the detailed policies and rules established by the respective Line Ministry and in line with Circulars issued by the Managing Authority or the Ministry responsible for the management of EU funds.

4.3. Double funding and Complementarity

Member States are required to prevent “double funding” when implementing EU-funded operations. Article 63(9) of Regulation (EU) 2021/1060 and Article 36 of Regulation (EU) 2021/2116 stipulates that Union support provided through EU funds must complement other Union programmes and instruments, ensuring that the same expenditure is not financed by multiple sources. This principle safeguards against double financing and promotes efficient use of Union resources.

At the **design stage**, the programming of EU-funded plans and programmes is coordinated centrally to ensure that synergies and complementarities across funds are embedded in the programming process, thereby avoiding overlaps between interventions financed under different EU funded instruments. While it is recognized that the risk of double funding in Malta is minimized through assurances provided at the programme design level, controls at the project/implementation stage are still necessary to ensure the absence of double funding.

Furthermore, building on the coordination efforts at programming stage, Malta has set up an **Inter-Ministerial Consultative Committee on EU Funds (IMCC)** for the 2021-2027 Programmes. The IMCC provides direction on the demarcation between different funds and programmes, undertake relevant consultations if overlaps are identified and provide opportunity for exchanges of information on any new funds. The IMCC is chaired by the Strategy and Implementation Division within the Ministry responsible

for EU Funds, that is also responsible for the Programming of all EU funded plans and programmes. The IMCC includes representatives from the Managing Authorities, Intermediate bodies, National Contact Points for the European Territorial Cooperation programmes, responsible authorities for the migration and asylum programmes and national contact points for community programmes, such as Horizon Europe and LIFE, relevant Ministries and entities as deemed relevant for the programmes covered by the Committee. Other ad hoc technical experts may also attend IMCC meetings as well as ad-hoc sub-committees which may deal with issues of a specific nature.

If overlaps between funds or programmes are identified, the IMCC shall mandate Managing Authorities to establish further demarcation parameters and monitoring mechanisms, following which the Managing Authorities will report back to the IMCC on the action taken to address overlaps and avoid double funding.

At **application stage**, the applicant for EU funding must clarify whether their proposal, either in whole or in part, has been submitted for or received EU and/or any national funding. If applicable, the status of such a proposal must also be provided. Additionally, the applicant must specify the sources of funding – whether EU, national, private or commercial – if these are known or if a request for financing has been made. During this stage, the Secretariat of the **Project Selection Committee** also assesses the likelihood of double funding by consulting with all Managing Authorities to assess the potential risks of double funding. If any risks are flagged, the applicant is required to attend a meeting with the members of the Project Selection Committee to discuss and address these concerns.

If a **project is approved**, the applicant will be asked to **confirm that the situation regarding double funding, as declared at application stage, remains unchanged**. Furthermore, the applicant will be required to **formally notify the Managing Authority in writing of any changes, additions, or deletions to the sources of funding as declared during the application stage**.

At **implementation stage**, the **Beneficiary** is to **ensure that in no circumstances the same costs are financed twice under any budget**. Such obligation is also reflected in grant agreements.

For **CPR Funds**, the Managing Authority also conducts a **further assessment of the approved project**. The risk of double funding for each project is categorised by the Managing Authority based on the information provided and their internal procedures. Additionally, the Beneficiary should note that if the above controls identify high-risk operations, the Managing Authority will conduct further detailed checks during the project's implementation. These additional checks are intended to ensure that the same cost item has not been claimed under different operations and to inform stakeholders of any potential risks.

For **AGRI Funds**, additional checks are carried out by the **Paying Agency** at the **payment stage**. These checks serve two main purposes:

- To verify the eligibility of expenditure by comparing newly submitted projects with previously approved ones, ensuring there is no duplication or overlap in funding.
- To confirm that the same expenditure is not claimed more than once within the same project.

5. Public Procurement and Contracting

5.1. Public Procurement

In the CPR Regulation 2021-2027, public procurement and compliance with EU law is also addressed under the "enabling conditions" framework. Specifically, Article 15 of Regulation (EU) 2021/1060 outlines that Member States must ensure compliance with horizontal enabling conditions, which include adherence to public procurement rules, state aid, and environmental legislation. Furthermore, Article 37(a) of Regulation 2021/2116 applicable to AGRI funds specifies that expenditure declared by Paying Agencies must be in accordance with the applicable Union rules. These conditions must be fulfilled for funds to be disbursed, and the Commission monitors compliance throughout the programming period. If any conditions are not met, the Commission can suspend payments.

EU law establishes the minimum requirements for the procurement of goods, services, and works that involve public funding. This is outlined in the EU Directive and its transposed version in local legislation, the Public Procurement Regulations (PPRs) under Subsidiary Legislation 601.03. Specifically, Public procurement processes must adhere to:

- EU Public Procurement Directives: These directives ensure that procurement is conducted fairly, transparently, and competitively across the EU, particularly for contracts exceeding certain thresholds.
- National procurement laws that align with EU directives.
- Documentation issued by the Department of Contracts which include Circulars, Guidance Notes, Procurement Policy Notes (PPNs), Standard Operating Procedures (SOPs) and Procurement Templates.

The PPRs apply to Contracting Authorities as defined in the legislation. **Public entities are legally required to fully comply with the PPRs. Although Non-Governmental Organisations, Voluntary Organisations and International Organisations are not legally bound to observe the Regulations, they should still adhere to the principles of the PPRs when procuring goods, works, or services for EU-funded projects.**

Failure to comply with the PPRs can result in the potential loss of EU co-financed funds, as misalignment with the Public Procurement Regulations may lead to financial corrections. This is in line with [Commission Decision C\(2019\) 3452](#) of 14 May 2019, which establishes guidelines for determining financial corrections to be applied to expenditure co-financed by the European Funds in cases of non-compliance with public procurement rules.

Beneficiaries are encouraged to consult the Department of Contracts for guidance on the planning, interpretation, and application of procurement regulations, as well as throughout the execution of procurement procedures. Templates for procurement procedures are available in the Resources section of <https://www.etenders.gov.mt/epps/home.do>. Checking for any regulatory updates before beginning the tender drafting process is highly recommended to prevent unnecessary effort and costs.

5.2. Procurement administered by Local Councils

In accordance with Chapter 363 of the Local Government Act, as available [here](#), Article 41 stipulates that projects co-financed by the European Union must comply with both the European Union procurement rules and the National Public Procurement Regulations. Furthermore, procurement guidelines designed to assist local councils in efficiently managing their procurement processes – while ensuring transparency, accountability, and value for money – are available [here](#).

Templates for procurement procedures are available from the Department of Contracts, and it is strongly recommended that local councils consult the Department for any updates or changes before starting the tender drafting process. This is crucial as the drafting of tenders can be complex and resource intensive and being aware of any regulatory updates can prevent unnecessary waste of time and resources.

Local authorities can access these templates and updates via the e-tenders platform (<https://www.etenders.gov.mt/epps/home.do>), where they can find the relevant resources for their procurement needs.

5.3. Procurement administered by Voluntary Organisations (VOs), Non-Governmental Organisations (NGOs), Church Institutions and International Organisations

Although these organisations are not subject to the EU Public Procurement Directive and National Public Procurement Regulations (PPRs), they are nonetheless required to ensure compliance with key principles established by the European Union – namely, transparency, fairness, and sound financial management in the use of public funds – as specified in [Circular No. OPS/MFI/5/2026](#) dated 11th May 2026.

Beneficiaries – What to take note of:

The below points aim to facilitate the implementation of an operation and to encourage good practice in line with the **procurement principles**.

Procurement General Issues:

1. Contracting must align with the approved proposal and the conditions set out in the Grant Agreement. Accordingly, Beneficiaries should establish a payment schedule that complies with the terms of the Grant Agreement and incorporate it into the special conditions of the published procurement documentation.
2. Beneficiaries are to ensure consistency and compliance with the [Visual Identity Guidelines](#) when drafting or using procurement and contract templates and when issuing adverts.
3. When drafting procurement documents, beneficiaries are required to rigorously adhere to European Union stipulations concerning equal opportunities and sustainable development. This includes integrating measures that support environmental sustainability and climate performance objectives, ensuring that all aspects of procurement contribute towards these overarching goals. Compliance with these requirements is essential for aligning with EU directives and fostering inclusive and sustainable growth.
4. Items not included in the approved operation proposal and Grant Agreement should either be excluded from the tender/lot containing eligible items or clearly identified with separate costs. Ideally, such ineligible items should be placed in a distinct lot within the same tender or listed as a separate Bill of Quantity item.
5. It is essential to include safeguards such as bank guarantees in the tender document, particularly for pre-financing payments¹⁹ or to protect against losses if the contractor fails to fulfil the contract. Beneficiaries should be aware that retaining funds at the end of the contract is not advisable. While retention during the contract's execution is allowed, all withheld funds must be released upon completion. If a Beneficiary needs to retain funds for specific safeguards, a clause should be incorporated in the procurement document that allows for full payment at the provisional acceptance stage, supported by a bank guarantee valid until final acceptance. Beneficiaries are encouraged to consult the Department of Contracts for additional guidance on these matters.
6. The Beneficiary should seek to consolidate the number of procurement procedures. In the first instance, this reduces administrative burden. Moreover, unjustifiable splitting of tenders is not in line with Public Procurement Regulations and the EU Directives on Public Procurement.

¹⁹ Further guidance on pre-financing for EU-funded procurement is available in Procurement Policy Note No.34 issued by the Department of Contracts.

7. The applicable procurement procedure will vary depending on the contract value. When calculating the value of a contract, the maximum total amount that may be paid during the entire contract period (including renewal periods and possible modifications) needs to be estimated.
8. Publication on the European Union Official Journal is compulsory for call for tenders exceeding certain thresholds, as defined in the European Directives and National Regulations. Given that these thresholds are revised periodically, the Beneficiary is advised to review the applicable Directives/Regulations or consult the Department of Contracts for any updates.
9. Selection and Award criteria must be stipulated in advance in the procurement document and offers are to be evaluated **only** on those pre-established criteria.
10. If a direct award/negotiated procedure is used for reasons of urgency, it must be proven and thoroughly documented that the urgency is due to unforeseeable circumstances. Insufficient planning by the Beneficiary does not justify a direct award.
11. If a direct award/negotiated procedure is used for technical/exclusivity reasons, it must be possible to prove that no contractor, other than the one being contracted, can provide the requested services. The process of excluding other contractors must be based on objective criteria to reinforce the importance of fairness and transparency in the process. If objective proofs do not exist, an open procurement procedure must be organised. Its outcome will then prove if there is no equivalent alternative on the market.
12. Offers must be evaluated by an evaluation committee as per the published selection, specifications, and award criteria. The Committee shall be guided by the Guidelines for Tender Evaluation Committees issued by the Department of Contracts.

Implementation General Issues:

1. The Beneficiary is responsible for the implementation of the contract.
2. In executing the contract, the Beneficiary must ensure that the Contractor complies with the Contract Agreement as well as all relevant European Union and national legislation concerning the environment and equal opportunities.
3. Payments are to be affected as per payment schedule stated in the conditions of the contract.
4. The invoice should be addressed to the Beneficiary and must be issued by the Contractor that was awarded the contract. For CPR Funds, payments are made via a bank credit transfer through the EU Payments Unit, in line with the Unit's procedures and EU Payments Unit Circular No. OPS/MFI/4/2026. For AGRI Funds, in most cases, the Beneficiaries cover the

invoice cost upfront and subsequently submit a reimbursement claim to the Paying Agency. Details can be accessed at: <https://arpa.gov.mt/en/guidance-documents/>.

5. Amendments to the contract necessitate a justification and approval. The evidence needs to ensure that the amendment/s did not distort competition in the relevant market and that there was no substantial modification of the object of the initial contract.
6. Any contractual requirements, including proof of delivery of goods or services, need to be requested and retained.
7. The Beneficiary must ensure that appropriate publicity is displayed on the asset purchased, and on relevant documentation. Please refer to the [Visual Identity Guidelines](#).
8. The Beneficiary must ensure the accurate and timely input of data related to the implementation of interventions within its responsibility in the MCIS, including data on Final Recipients as required by Article 69 of the Regulation (EU) 2021/1060.²⁰

N.B. In the event of **non-compliance with public procurement rules, financial corrections of up to 100% of the costs may be applied by the Managing Authority or auditors** (see [Commission Decision C\(2019\) 3452](#) laying down the guidelines for determining financial corrections to be made to expenditure financed by the Union for non-compliance with the applicable rules on public procurement).

5.4. Employment Contracts

Employment Contracts are established following a recruitment process. Beneficiaries are strongly encouraged to consult the Department of Industrial and Employment Relations to determine the appropriate procedure. The choice between a contract of service (employment contract) or a contract for service (outsourcing through a procurement procedure) depends on factors such as the nature of the service, level of autonomy, duration, frequency, and location of delivery.

For employment contracts, Beneficiaries should follow official recruitment channels, ensuring compliance with national legislation and adherence to principles of good governance and transparency. Where necessary, the relevant authorities should be consulted to confirm that recruitment procedures meet all legal requirements.

In addition, where employees are specifically engaged to work on an EU funded project, Beneficiaries are expected to ensure that all required approvals are in place. Public Sector Beneficiaries must seek endorsement from the Ministry responsible for the management of EU funds by forwarding the Vacancy Form, duly endorsed by the Permanent Secretary responsible for the entity or department, together

²⁰ This is not applicable to AGRI Funds, since the Beneficiaries do not have access to IACS system.

with any supporting documentation. In the case of VOs and NGOs, the required approval is to be granted by the Head of the organisation.

Beneficiaries are reminded that the Managing Authority, Paying Agency, and the European Commission bear no liability for employment disputes arising during or after the implementation of an operation.

Beneficiaries must also comply with the eligibility rules for staff costs as set out in the [2021-2027 National Eligibility Rules](#) and [Circular OPS/MFI/2](#), ensuring that all staff costs are properly justified and documented in accordance with these requirements.

5.5. Preventing fraud in public procurement and recruitment

To effectively prevent and detect fraud in public procurement and recruitment, Beneficiaries must be vigilant in managing fraud risks, as outlined in Chapter 4 of this Manual and in line with the guidelines set forth in [Circular OPS/OPM-EES/1/2025](#). Key preventive measures include implementing robust internal conflict of interest policies, requiring conflict declarations and their verification, and maintaining conflict registers.

Background checks on companies bidding for contracts are essential to identify conflicts of interest, often by utilizing online company registers and general website searches. Post-award checks are also crucial to ensure that the works, goods, or services provided meet the tender specifications and that the quoted prices are fair.

Regular training for procurement officers is essential, focusing on fraud detection, proper handling of procurement processes, and raising awareness of common fraud tactics and ethical standards. Furthermore, for all public procurement above the lowest threshold, beneficiaries must establish strong internal controls to mitigate risks such as irregular split purchases, unjustified direct awards, improper contract extensions, unauthorised contract amendments, leaking of bid data²¹ and overly restrictive tenders.

[Circular OPS/OPM-EES/1/2025](#) serves as a critical reference in implementing these controls to prevent fraud and conflicts of interest in both procurement and recruitment.

²¹ Controls to ascertain this is particularly important for Voluntary Organisations and Non-Government Organisations who do not procure through the e-tendering system owned by the Department of Contracts.

6. Financial Management

6.1. Grant Agreement

The Grant Agreement signed between the Managing Authority and the Beneficiary provides detailed information on the objectives, targets, and financial allocations of the operation. The Grant Agreement is legally binding and constitutes all aspects of the approved operation, including any specified conditions where applicable.

This Agreement obliges the Beneficiary to implement the operation in line with the terms and conditions outlined. Any requests for changes must be submitted to the designated desk officer within the Managing Authority in a timely manner, allowing for proper assessment and approval (or rejection) by the Managing Authority. In the case of AGRI Funds, such changes are subject to the approval of the Change Request Review Board.

Approvals for changes are communicated in writing and are generally followed by an addendum to the Grant Agreement. However, while the Managing Authority must approve all changes in writing, an addendum is not required for every individual change. In line with the principles of proportionality and reducing administrative burden, an addendum may incorporate several changes that would have been approved throughout the implementation of the project²².

No unilateral changes by the Beneficiary to the Grant Agreement will be accepted by the Managing Authority.

6.2. Savings to the operation

It is important to note that as a rule any savings to an operation go back to the Programme under which the operation is co-financed. In this regard, the Beneficiary is to inform the Managing Authority of any potential savings or savings registered on the operation. Beneficiaries will be held responsible for any loss of funds to Malta resulting from failure to report savings (or even possibility of savings) to the operation in a timely manner. The Beneficiary cannot utilise any savings arising in one or another component of the operation without prior authorization or subsequent endorsement from the Managing Authority. As a rule, if the Beneficiary needs to utilise savings, it should submit a request to the Managing Authority providing the relevant justification.

6.3. Eligibility of Costs

In line with EU objectives, the Eligibility Rules for the 2021-2027 programming period aim to create a harmonized and consistent approach to the eligibility of expenditure across all EU funds, extending beyond the eight shared management funds. This approach is intended to streamline the eligibility

²² Requests for extension of a Grant Agreement are approved in writing by the Managing Authority but **do not** require an addendum to the Grant Agreement.

assessment process, simplify administrative procedures, and enhance transparency in the allocation of EU funds.

These Eligibility Rules should be used in conjunction with the relevant 2021-2027 Programmes, EU Regulations (including the CPR and EU-specific Fund Regulations), as well as specific guidance available on the Ministry for EU Funds' website (<https://fondi.eu/>). Relevant resources include, but are not limited to, the Manual of Procedures, Eligibility and Selection Criteria, Circulars, Simplified Cost Option (SCO) Guidance, and Visual and Publicity Requirement Guidelines.

A set of national eligibility rules is also available on the Managing Authority's website²³.

6.4. Co-financing

All operations benefiting from the Funds mentioned in this Manual require national co-financing except for Home Funds (Emergency Assistance and Operating Support under AMIF, ISF and BMVI) which are 100% financed by EU funds. The eligible costs and co-financing arrangements (Community, national public, and own resources) are detailed in the Grant Agreement.

6.5. Government Pre-Financing Set up

For CPR Funds, the Government of Malta pre-finances expenditure for mainstream projects through the national budget. Since Beneficiaries are reimbursed from national funds, Malta – through this dedicated procedure for the mobilisation and circulation of funding designed to facilitate project implementation – fully complies with Article 74(1)(b) of Regulation (EU) No 2021/1060.

This procedure does not apply to AGRI Funds, where Beneficiaries must settle payments directly with Contractors and subsequently submit a reimbursement claim to the Paying Agency. The documentation necessary to support such claims is outlined in the Paying Agency's guidelines, available at: <https://arpa.gov.mt/en/guidance-documents/>.

6.6. Treatment of Value Added Tax²⁴

VAT expenses incurred by Beneficiaries are generally ineligible for reimbursement or contribution from EU Funds, except in specific cases outlined in Article 64(1)(c) of the Common Provisions Regulation and the National Eligibility Rules 2021-2027.

Beneficiaries must complete the Value Added Tax (VAT) Declaration Form at the early stages of project implementation. Once finalized, the form should be submitted to the Managing Authority for CPR Funds.

²³ This is available on the following link https://fondi.eu/wp-content/uploads/2023/09/2021_2027_National-Eligibility-Rules.pdf. Beneficiaries should ensure that they have the latest version as the list is reviewed from time to time.

²⁴ This section is not applicable to AGRI Funds.

These entities will forward copies to the Malta Tax and Customs Administration for endorsement. A copy of the VAT Declaration Form is available at fondi.eu.

Beneficiaries are also advised to consult the Malta Tax and Customs Administration for any VAT-related queries.

6.7. Simplified Cost Options

In line with Article 53(1) of Regulation (EU) 2021/1060 and Article 83(1) of Regulation (EU) 2021/2115, simplified cost options (SCOs) offer an alternative form of financing to actual costs incurred and paid, using predefined methods linked to processes, outputs, and/or results. SCOs must comply with the conditions, as specified by the Managing Authority in the National Eligibility Rules, calls for project proposals, the Grant Agreement, and any subsequent addenda. Additional information on the simplified cost options can be found in the national eligibility rules for the programming period 2021-2027 for all EU funds available [here](#).

6.8. Payments and related supporting documentation

The payment process is processed through the MCIS for CPR Funds and IACS for AGRI Funds. The use of these systems is essential to ensure transparency, traceability, and compliance with EU financial regulations throughout project implementation.

Beneficiaries benefiting from CPR Funds are required to upload all relevant supporting documents as outlined in Chapter 13, including invoices and receipts as outlined in Circular No. OPS/MFI/4/2026 [EU Payments Unit Circular](#). These documents form part of the audit trail necessary for the proper validation and verification of expenses. Furthermore, the latter Circular provides clear guidance to Beneficiaries and the procedures followed by the EU Payments Unit.

6.9. Revenue-Generating Operations

In line with the National Eligibility Rules, the Beneficiary is required to declare any revenue generated and, where applicable, ensure its deduction from the project cost. The MA is responsible for verifying the project's financial sustainability based on the information provided by the Beneficiary. For further details, see Chapter 9.

6.10. Separate Accounting System or Appropriate Coding for Transactions

The legal basis for the obligation of Beneficiaries to maintain separate accounting or appropriate coding for transactions across various EU funds is outlined in several key regulations.

To assist Beneficiaries of both CPR Funds and AGRI Funds with this obligation, the Ministry responsible for EU Funds has issued [Circular-HR_OPM-EES_7_2024.pdf](#) which outlines:

- how Beneficiaries can comply with accounting records
- the obligations for different types of Beneficiaries
- the expected management verifications and the requirement for audited financial statements
- how direct payments will be treated vis-à-vis general payments.

The Managing Authority/Paying Agency, as applicable, will carry out management verifications to ensure compliance with this obligation. The Managing Authority will follow the Accounting Verification Report Template available on fondi.eu. The Paying Agency management verification templates are to be obtained directly from the PA.

7. Drawdown of Funds from the European Commission

This chapter provides a comprehensive overview of the procedures and requirements for drawing down funds from the European Commission during the 2021-2027 programming period. It outlines the key steps involved, from management verifications to the certification of expenditure, ensuring full compliance with Regulation (EU) 2021/1060 for CPR Funds and Regulations (EU) 2021/2115 and 2021/2116 for AGRI Funds.

7.1. Management Verifications

The Managing Authority for CPR Funds and the Paying Agency for AGRI Funds are responsible for verifying that co-financed products and services have been delivered, and that declared expenditure is legal and regular.

Two types of management verifications are carried out:

- **Administrative verifications**
- **On-the-spot verifications**

These are conducted in line with Article 74 of Regulation (EU) 2021/1060 for CPR Funds and Articles 59(1)(a) and 74 of Regulation (EU) 2021/2116 for AGRI Funds.

Administrative verifications ensure that expenditure complies with the Grant Agreement, Commission Decision, and relevant Delegated Acts. They involve a detailed review of supporting documents including but not limited to invoices, delivery notes, bank statements, progress reports, commissioning/acceptance certificates and timesheets to confirm compliance with EU and national rules.

When operations use Simplified Cost Options (SCOs) — as provided under Article 53 of Regulation (EU) 2021/1060 for CPR Funds and Article 83 of Regulation (EU) 2021/2115 for AGRI Funds — the scope of supporting documents may be reduced or adapted. SCOs aim to ease administrative burden while maintaining sound financial management. In the case of CPR funds, for SCOs covered by Appendix I to the Programme, verification procedures follow the specific provisions of the approved Programme.

Administrative checks also cover procurement processes, ensuring a clear audit trail and compliance with Directive 2014/24/EU, Directive 2014/25/EU, and national procurement rules to guarantee transparency, competition, and equal treatment.

On-the-spot verifications confirm the physical delivery and eligibility of expenditure during project implementation. Managing Authority and Paying Agency officers may engage external experts for technical support.

For ESF+ and HOME Funds, on-the-spot visits may take place during implementation (e.g., training sessions) to verify that activities are being conducted as planned. These checks are crucial for ensuring the reality and eligibility of expenditure.

Furthermore, for CPR Funds, whenever assets are purchased under an operation, on-the-spot verifications must ensure that the compiled Inventory List accurately reflects all assets procured and that these assets are available and operational on site.

Beneficiaries should note that where physical verification is not feasible, alternative evidence must be provided. The Inventory List Template is available from the following link: fondi.eu

For AGRI Funds, in line with Commission Delegated Regulation (EU) 2022/127, the Paying Agency selects projects for on-site checks using random sampling and risk-based analysis. These verifications occur once payment claims are submitted — typically at interim or final stages — and only on claims extracted for inspection.

On-site checks are conducted in the presence of the Beneficiary or their representative. Photographic evidence is collected, and a report is signed by both parties.

It is important to understand that any non-compliance identified during the management verifications may result in financial corrections/deductions²⁵ imposed by the Managing Authority or Paying Agency. However, before any such correction/deduction is applied, the Beneficiary will be given sufficient time to submit a response or clarification. For CPR Funds, if no response is received within the deadline the Report may still be considered as closed and uploaded to the MCIS system to ensure transparency. For AGRI Funds, deductions are also communicated via a Notification Letter.

Beneficiaries should be aware that these management verifications, while essential for ensuring compliance with the relevant regulations, do not offer any guarantees concerning audits. Additional audits, both at the national and EU level, may still be conducted to assess compliance beyond the scope of those performed by the Managing Authority or Paying Agency.

For CPR Funds, templates related to management verifications are available through the [fondi.eu online portal](https://fondi.eu). For AGRI Funds, templates are available at the Paying Agency.

7.2. Statement of Expenditure/Declaration of Expenditure

As outlined in Section 6.5 of this Manual, the Maltese Government pre-finances operations. However, Malta can only request reimbursement from the European Union once the expenditure has been incurred. Therefore, Beneficiaries and Line Ministries must ensure that invoices are received, and payments are processed without delay.

²⁵ Refer to Article 103 of Regulation (EU) 2021/1060 (CPR), which governs financial corrections for non-compliance, ensuring that irregularities are adequately addressed. For AGRI funds refer to Commission Decision of 14.5.2019 laying down the guidelines for determining financial corrections to be made to expenditure financed by the Union for non-compliance with the applicable rules on public procurement and relevant Annex.

For CPR Funds, paid invoices are stored in the MCIS system and verified by the Managing Authority before submitting the Payment Claim (reimbursement request) to the European Commission. For AGRI Funds, data is recorded in IACS and verified by the Paying Agency before payment is made to the Beneficiary and prior to submitting the Payment Claim to the European Commission.

For CPR Funds, in line with Article 91 of Regulation (EU) 2021/1060, payment applications for interim payments may be submitted up to six times per year, with deadlines on 28 February, 31 May, 31 July, 31 October, 30 November, and 31 December. Each application must refer to expenditure incurred and paid by Beneficiaries under the relevant fund and accounting year. The final payment application for each fund and accounting year must be submitted by July 31 of the following calendar year to allow proper validation and processing by the Commission.

For AGRI Funds, and in accordance with Article 22 of Regulation (EU) 2022/128, Member States shall send to the Commission, their declarations of expenditure by the following deadlines: 30 April for expenditure from 1 January to 31 March; 31 July for expenditure from 1 April to 30 June; 10 November for expenditure from 1 July to 15 October; 31 January for expenditure from 16 October to 31 December.

The Statement of Expenditure for **CPR Funds** involves three stages of checks as follows:

- **At Operation Level:** This initial check is conducted by the Beneficiary. The Managing Authority will coordinate with the Beneficiaries by circulating a timetable with fixed dates for preparing the Statement of Expenditure. Once the Statement of Expenditure (SoE) at the operation level is generated, it is forwarded to the Managing Authority for further processing. The Beneficiary is responsible for ensuring that the Expenditure is accurate, and all related documentation is compliant with the Grant Agreement and relevant regulations.
- **At Priority Axis Level:** The Managing Authority performs its management verifications to ensure that payments submitted by the Beneficiary are legal, regular and correct. During this stage, the Managing Authority may request additional clarifications or assurances from the Beneficiary.

The FCU performs its own sample checks on the expenditure submitted by the Beneficiaries and checked by the respective Managing Authority. These checks serve as an additional layer of verification to ensure that the Expenditure is compliant with the regulatory requirements and that the management and control systems function as intended. Should any discrepancies or issues arise, the FCU may request further information or documentation from the respective Managing Authority before finalizing its checks.

Payments accepted are then forwarded to the EU Certifying Authority.

- **At Fund Level:** Upon receiving the Expenditure from the Managing Authority, the EU Certifying Authority which represents the Accounting Body Function, undertakes the certification process in line with Article 76 of Regulation (EU) 2021/1060. This process ensures that the payments included in the Statement of Expenditure have been properly verified and any ineligible expenditure has been deducted in compliance with EU Regulations. The Accounting Body may

also request additional information before completing the certification and submitting the Payment Claim (request for reimbursement) to the European Commission.

For **AGRI Funds**, the Declaration of Expenditure consists of a single stage, where after the verification and issuance of payments, the Paying Agency generates the expenditure to be claimed from the European Commission.

8. Monitoring and Reporting Project Performance and Evaluations

8.1. Introduction

Effective monitoring, reporting, and evaluation are essential to ensuring the efficient and transparent implementation of operations financed by EU funds. These procedures facilitate decision-making and compliance with regulatory requirements, contributing to the achievement of policy objectives and the efficient use of financial resources.

This section establishes the framework for data collection, progress assessment, and evaluation in accordance with the provisions of the Common Provisions Regulation (EU) 2021/1060 and fund-specific regulations. It applies to operations financed by the ERDF, CF, JTF, ESF+, EMFAF, AMIF, ISF, BMVI and EAFRD.

8.2. Monitoring

Monitoring for the 2021-2027 programming period is governed by Regulation (EU) 2021/1060 and supplemented by fund-specific regulations. This process ensures that operations and programmes adequately align with their respective objectives and have structured monitoring mechanisms as required to be established/confirmed by the respective Managing Authority, with the support of the Monitoring and Evaluation Unit.

Key fund-specific monitoring obligations:

- Regulation (EU) 2021/1060 (Common Provisions Regulation) – Article 41 to 44 define overarching monitoring requirements.
- European Social Fund Plus (ESF+) Regulation (EU) 2021/1057 – Article 32 outlines monitoring and reporting obligations to ensure effective tracking of funded operations, including through the reporting of common output and result indicators as listed in Annex I of the ESF+ Regulation.
- European Regional Development Fund (ERDF) and Cohesion Fund (CF) Regulation (EU) 2021/1058 – Article 8 sets out indicator requirements to assess progress and results.
- Just Transition Fund (JTF) Regulation (EU) 2021/1056 – Article 12 establishes key performance indicators.
- Asylum, Migration, and Integration Fund (AMIF) Regulation (EU) 2021/1147 – Article 33 defines monitoring and reporting provisions for migration-related programmes.
- Internal Security Fund (ISF) Regulation (EU) 2021/1149 – Article 27 outlines monitoring obligations related to security-focus operations.
- Border Management and Visa Instrument (BMVI) Regulation (EU) 2021/1148 – Article 27 outlines the overarching obligations related to monitoring and reporting, whilst Articles 30 and 31 define reporting obligations for border management and visa policy.

- European Maritime, Fisheries and Aquaculture Fund (EMFAF) Regulation (EU) 2021/1139 – Article 46 details monitoring and reporting mechanisms to ensure sustainable fisheries and aquaculture management.
- CAP Strategic Plan Regulation (EU) 2021/2115 – Article 7 setting out indicator requirements to assess performance of the Plan, Article 130 setting out the need for the setting up of an IT system for data collection, Article 134 related to the contents of the Annual Performance Report that is submitted annually by the Paying Agency, Article 125 related to the Biennial performance review that is carried out for FY 2024 and FY 2026, Article 136 related to the Annual Review Meeting as well as Article 40 related the evaluation of the Plan.

Guidance by the European Commission from the respective Directorate Generals on monitoring and evaluation emphasizes a multilevel governance approach, moreover it provides further details on the related obligations. The Managing Authority oversees programme-level monitoring while beneficiaries monitor the progress of their respective project's progress in relation to indicators and outcomes. Moreover, the Managing Authorities are supported by the Monitoring and Evaluation Unit, which provides guidance on indicators and related procedures, as well as carries out quality reviews on data being recorded in the information system. In the case of the CAP SP, progress on indicators is reported on an annual basis by the Paying Agency, as part of the Annual Performance Report.

8.2.1. Monitoring Procedures and Tools

Monitoring involves tracking of progress, outputs and results; as well as monitoring towards intended project outcomes, and the lessons learnt in the process. Key tools include:

- The MCIS which is regularly updated
- Progress Reports, where applicable, and Closure Reports are generated through the MCIS following the input of data by the beneficiary and subsequent verification by the Managing Authority.
- The Monitoring Committee, established in line with Article 39 of Regulation (EU) 2021/1060 and Article 124 of Regulation (EU) 2121/2115.
- CAP SP indicator tracking takes place through the Siti-Agri module and is directly linked to payments to beneficiaries.
- In relation to the CAP SP, for projects of a significant stature, the Managing Authority also has shared project management sheets with the respective beneficiaries. These sheets are updated periodically by the beneficiary, enabling the Managing Authority to monitor progress.
- Bilateral meetings held between the Managing Authority and beneficiaries, to address delays and implement corrective measures.
- Ministerial Project Steering Committees (MPSC): These committees provide an additional layer of oversight, ensuring that all ministries and public bodies are aligned with programme goals.

The Monitoring and Evaluation Unit provides guidance to the respective Managing Authority in terms of identifying the adequate reporting timeframes and supporting documentation. Moreover, it conducts sample quality reviews on indicators across the different EU funding programmes. The Managing Authority provides comprehensive guidance documents²⁶ with the support of the Monitoring and Evaluation Unit, for Beneficiaries of EU-funded operations. These documents offer a clear interpretation of each performance indicator, detailing the methods for measurement and specifying the documentation required to substantiate the progress made. This ensures consistent reporting and compliance with the established monitoring and evaluation framework and is aligned to the respective Commission guidance documents on indicator definitions.²⁷

8.2.2. Monitoring of Results - Use of Indicators

Monitoring progress in the 2021-2027 period is facilitated through an indicator system, as outlined in Article 16 of Regulation (EU) 2021/1060 with the following indicators:

- *Output indicators* measure what is produced directly by the operations (e.g., supported people or entities).
- *Result indicators* measure the effects resulting from the supported operations, such as the immediate benefits of the operations (e.g., employment outcomes for participants).

Monitoring progress for the CAP 2023-2027 period is also facilitated through an indicator system, as outlined in Articles 7 and 128 of Regulation (EU) 2021/2115 with the following indicators:

- *Output indicators* measure the realised output of the interventions supported (e.g., number of hectares supported and number of supported operations).
- *Result indicators* which are used for the establishment of quantified milestones and targets (e.g., area under management commitments aimed at improving certain environmental outcomes)

Each operation is required to meet specific output and result indicators as detailed in the Grant Agreement and the relevant Fund-specific Regulations which may specify requirements for reporting common output and result indicators, in addition to the programme indicators. Beneficiaries must ensure that the collection and reporting of these indicators align with the approved methods of quantification and verification outlined in the respective indicator guidance documents. For programme indicators, they must also ensure that the results contribute to achieving the overall programme targets, where applicable. The MCIS of the respective fund is used to record, review, and monitor these indicators, supplemented by additional surveys or research when necessary.²⁸

²⁶ Available on the following link <https://fondi.eu/important-documentation/guidance-for-beneficiaries/guidance-on-indicators/>

²⁷ This paragraph does not apply to AGRI Funds.

²⁸ This paragraph does not apply to AGRI Funds.

8.3. Reporting Requirements

Beneficiaries are subject to specific reporting requirements to ensure timely and accurate tracking of progress and compliance with programme obligations.

- *Progress Report / Progress Updates:* Beneficiaries are required to submit regular Progress Reports / updates on indicator achievements through the MCIS, within the timeframes and procedures stipulated by the Managing Authority. Indicator updates provided will be reported by the Managing Authority in accordance with the requirements of Article 42 of Regulation (EU) 2021/1060 - Transmission of Data. To this end, it is imperative that all indicator reporting is substantiated with the necessary documentation, as evidence of the achievement being reported, and as applicable to the respective indicator/s. The Managing Authority may request additional data and clarifications, as needed to ascertain the robustness of the data being reported.
- *For the CAP SP, progress updates are not transmitted through MCIS and any indicator data, if applicable, is requested as part of a Progress or Closure report.* Furthermore, for large projects, the Managing Authority creates a shared project progress sheet which the beneficiary updates periodically. This enables the Managing Authority to assess progress and in case of delays, these can be immediately noted and acted upon as needed.
- *Closure Report:* At the end of the operation, Beneficiaries must compile a Closure Report, which is reviewed and endorsed by the relevant authorities. This report is crucial for confirming that all obligations have been fulfilled.

The results of monitoring feed directly into reporting requirements are used also as part of evaluation studies carried out.

8.4. Performance Framework²⁹

The Performance Framework is a critical element of the monitoring and evaluation process for the 2021-2027 programming period. The Performance Framework, as outlined in Article 16 of Regulation (EU) 2021/1060 (Common Provisions Regulation), applies to all funds covered by the CPR. This framework establishes a structured approach to monitor, report, and evaluate the performance of these funds, ensuring effective implementation and accountability.

The performance framework comprises a series of milestones and targets set for each priority/specific objective in a programme, which are reflected in the contribution of each individual operation as applicable.

Final targets (output and result indicators) must be met by the operation's closure and by the end of the programme as indicated in the respective regulation. These targets ensure that each operation

²⁹ This paragraph does not apply to AGRI Funds. AGRI performance is monitored through the Annual Performance Report which details are provided in Section 8.5.

contributes to the overall objectives of the Programmes, promoting accountability and alignment with EU-wide goals.

Each Programme contains a set of output and result indicators which are linked to milestones and targets. These indicators measure both the immediate outputs (such as the direct products or services delivered) and the broader effects or changes resulting from the operations (such as the medium to long-term benefits or impacts of the project). Each operation is expected to contribute to a specific number of output and result indicators as applicable, thereby contributing to the achievement of the Performance Framework within the respective Programme.

Beneficiaries play a central role in the Performance Framework. They are responsible for ensuring that these commitments are met, and gathering and reporting data on project progress, ensuring that the data being collected aligns with the methodology prescribed for each indicator. Beneficiaries must monitor progress on a continuous basis, identifying any potential risks that could impact the achievement of milestones or targets, implementing corrective actions where necessary. Additionally, beneficiaries are accountable for ensuring the accuracy and completeness of the indicator data submitted through the respective MCIS, within the timeframes and as per guidance established by the Managing Authority.

In addition to regular monitoring, beneficiaries must proactively manage any risks that could impede progress toward achieving the set milestones and targets. This includes identifying potential deviations early and implementing corrective actions as necessary. Effective issue management is crucial to ensure that operations remain aligned with the Programme's objectives and the Performance Framework.

The Managing Authority plays a critical role in overseeing the implementation of the Performance Framework, as established under Articles 16 and 40 of Regulation (EU) 2021/1060 (CPR). The Managing Authority is responsible for ensuring that monitoring and reporting processes are carried out effectively, guiding beneficiaries in the collection, verification, and submission of performance data. This includes providing clear methodologies for reporting indicators, ensuring that data collection is consistent, reliable, and timely, and facilitating the use of MCIS for tracking progress.

Moreover, the Managing Authority reviews and validate the data submitted by beneficiaries, conducting quality checks and verification to ensure compliance with performance indicators. Where issues or deviations are identified, the Managing Authority is tasked with taking corrective measures, including issuing guidance, requesting additional information, or implementing mitigation strategies. The Managing Authority is supported by the Evaluation and Monitoring Unit in executing such obligations, as sample quality reviews on data reliability and completeness are carried out; accordingly, as well as guidance on indicators is co-drafted to ensure streamlining across funds as needed, and alignment to the respective Commission guidance documents and programmes.

Additionally, the Managing Authority is responsible for coordinating the performance review process, as set out in Article 22 of Regulation (EU) 2021/1060, assessing whether milestones and targets are being met, and ensuring that the necessary adjustments are made to enhance programme efficiency.

Through ongoing dialogue with beneficiaries and other stakeholders, the Managing Authority ensures that projects remain aligned with the Operational Programme's objectives, contributing to the successful implementation of EU-funded initiatives under the Performance Framework.

Conversely, failure to meet the established milestones and targets may lead to financial corrections or reallocations. Beneficiaries are therefore required to maintain diligent monitoring and reporting mechanisms to avoid potential underperformance.

8.5. Annual Review Meeting and Performance Reporting

In accordance with Article 41 of Regulation (EU) 2021/1060 (Common Provisions Regulations), Annual Review Meetings are held between the European Commission and the Member State to assess programme performance and implementation. These include all shared management funds covered by the CPR. Similarly for the CAP SP, as outlined in Article 136 of Regulation (EU) 2021/2115, Member States organise Annual Review Meetings aimed at examining the performance of the Plan.

These meetings are supported by the submission of an Annual Performance Report (APR) by the Managing Authority, where applicable, or by the provision of updated information as set out under Article 40 of the same regulation. For the Home Funds, these reporting obligations are further detailed in Fund-specific regulations (e.g. Article 35 AMIF, Article 30 ISF, Article 29 BMVI).

For the CAP SP, these meetings are held at least two months after the submission of the Annual Performance Report.

To support this reporting process, beneficiaries are required to provide the latest available data on indicators and implementation progress related to their respective operations. The Managing Authority may request additional clarifications and/or supporting documentation to ensure the reliability and completeness of the reported progress.

Furthermore, in accordance with Article 42 of Regulation (EU) 2021/1060, the Managing Authority must transmit cumulative data electronically to the Commission five times per year — by 31 January, 30 April, 31 July, 30 September, and 30 November. This transmission includes financial implementation and categorisation of support as well as programme-level data on indicators. The latter will be submitted in the January and July submissions. This data serves as a key input for performance monitoring and programme steering across all EU funds governed by the CPR.

Therefore, Beneficiaries must ensure timely and accurate reporting on the progress of their operations to enable the Managing Authority to meet its obligations under both the Common Provisions Regulation and the relevant Fund-specific Regulations. This applies to all EU shared management funds, including the Home Funds, where additional reporting rules may apply. These obligations must be acknowledged and fulfilled in accordance with the established procedures and reporting timelines communicated by the Managing Authority.

8.6. Evaluation

In accordance with Articles 44 and 45 of Regulation (EU) 2021/1060, as well as the fund-specific provisions under Regulation (EU) 2021/1147 (Article 33 and 34) for AMIF, Regulation (EU) 2021/2115 (Articles 139-140) for CAP SP, Regulation (EU) 2021/1139 (Articles 38,46 and 57) for EMFAF, and Regulation (EU) 2021/1148 (Articles 27 and 28) for BMVI, Malta has developed and approved through the respective programme Monitoring Committee, the Evaluation strategies for the 2021-2027 programming period. These are led by the Evaluation and Monitoring Unit.

The evaluation plans for the different EU funds, including AMIF, ESF+, EMFAF, BMVI, EAFRD, ERDF/CF/JTF, and ISF, follow a similar strategic approach. Each plan is structured to ensure compliance with the CPR and relevant fund-specific regulations, focusing on principles such as effectiveness, efficiency, relevance, coherence, and EU added value.

The evaluation process in each plan involves defining strategic objectives, engaging stakeholders, establishing indicative methodologies, capacity building, implementing quality control mechanisms, and ensuring dissemination, use of findings and follow up (as applicable). A common feature across these plans is the emphasis on evidence-based decision-making, continuous learning, and capacity-building to improve programme implementation. Additionally, all plans anticipate a consolidation exercise to align evaluation activities across funds where appropriate.

Evaluations, including Mid-Term Evaluations, play a critical role within the Performance Framework and are essential tools for assessing the progress of EU-funded programmes in relation to the predefined milestones and final targets.

As per Article 44 of Regulation (EU) 2021/1060, Managing Authorities managing AMIF, ISF and BMVI already carried out Mid-Term Evaluations (MTE) on the Programmes. These evaluations, which took place till 31 March 2024, provided a structured opportunity to review the effectiveness, efficiency, coherence, relevance and EU added value of the Programmes.

In line with Article 45 of Regulation (EU) 2021/1060, the Commission has the obligation of conducting a mid-term evaluation to assess the effectiveness, efficiency, relevance, coherence, and EU added value of each Fund. This evaluation may draw on all relevant existing information, in line with Article 128 of the Financial Regulation.

In contrast, as outlined in Article 18 of Regulation (EU) 2021/1060, for the ERDF, CF, JTF, and ESF+, there is no formal obligation for a Mid-Term Evaluation, but rather a Mid-Term Review (MTR) is required. The aim of the MTR is to assess each programme's adaptability to new challenges, evolving socioeconomic conditions, key policy priorities (such as the European Pillar of Social Rights and climate goals), and progress towards milestones, and serves as a basis for potential reallocation of funding. Based on the outcome of the MTR, Member States are required to submit an assessment for each programme in line with the CPR, including a proposal for the definitive allocation of the flexibility amount defined in Article 86(1), allowing for reallocation of funds to better address new or shifting priorities, if deemed necessary.

Final performance report for programmes supported by ERDF, ESF+, CF, JTF and EMFAF, as required by Article 43(1) of Regulation (EU) 2021/1060, are conducted after the completion of the programming period. The Managing Authority must submit a final performance report to the European Commission by 15 February 2031, assessing the achievement of programme objectives based on the elements outlined in Article 40(1) of the same Regulation, excluding the information under point (d). These assessment reviews the long-term impacts and the extent to which the Programme and its operations achieved their intended results. They also evaluate whether the operations have contributed to broader EU objectives, such as regional cohesion, sustainable development, and social inclusion. The involvement of beneficiaries throughout the evaluation process is important, as their feedback will contribute directly to the development of the final performance report.

Evaluations are carried out in accordance with Articles 44 to 47 of Regulation (EU) 2021/1060 and further detailed in each fund's specific regulations. The purpose of these evaluations is to assess the efficiency, effectiveness, relevance, coherence and Union added value of operations and programmes funded by the EU as applicable. These evaluations may also assess the extent of contribution by the respective operations in addressing specific themes such as the European Green Deal, social cohesion, and economic growth amongst others.

The Monitoring and Evaluation Unit ensures implementation of the evaluation plan commitments, including both horizontal (i.e. covering multiple funds concurrently) as well as programme-specific evaluations. The Unit engages functionally independent experts from the Managing Authority in line with Article 44(3) of Regulation (EU) 2021/1060. The European Commission may also conduct EU-level evaluations to assess overall fund performance and ensure alignment with EU-wide goals.

Beneficiaries and other stakeholders play a key role in facilitating this process by providing the necessary data and cooperating with evaluators. Beneficiaries are responsible for ensuring that all relevant data is collected, validated, and submitted as part of the evaluation process. They must collaborate with the Managing Authorities, the Monitoring and Evaluation Unit and external evaluators, providing access to documentation and project data as needed. Failure to comply with evaluation requirements may result in corrective actions or penalties.

9. Audit and Control

9.1. System Audits and Audits on Operations

System audits and audits on operations are carried out by both local and foreign audit institutions. The IAID is designated as the Audit Authority in terms of Articles 71 and 77 of Regulation (EU) 2021/1060 for CPR Funds and is the main body responsible for conducting system audits and audits on operations. Similarly, for AGRI Funds the IAID is designated as the Certification Body in terms of Article 12 of EU Regulation 2021/2116. These audits are conducted on an ongoing basis throughout the programming period and during the closure of the Programme (up to three years following its closure).

For **CPR Funds**, **system audits** are conducted in accordance with Article 77 of Regulation (EU) 2021/1060 to verify the effective functioning of the management and control systems of the Programme. These audits assess the key bodies responsible for implementing the programme, as well as horizontal stakeholders, and address cross-cutting issues by including audits on operations where necessary.

Audits on operations are carried out based on an appropriate sample, as required by Article 79 of Regulation (EU) 2021/1060. These audits verify that expenditure declarations submitted to the European Commission comply with EU and national rules. The Audit Authority may choose to audit a complementary sample of operations to ensure coverage of the different types of operations, beneficiaries, and Union priorities. Audits on operations typically include:

- **Reconciliation** between the expenditure claimed and the supporting documentation; and
- **Verification** of the execution of the operation, eligibility of expenditure, provision of co-financing, and compliance with relevant EU and national legislation, including public procurement, state aid, equal opportunities, and environmental regulations.

In relation to **AGRI Funds**, in line with article 12 of the Regulation (EU) 2021/2116, the Certification Body shall issue an opinion which shall establish whether the accounts give a true and fair view, the governance systems put in place function properly, the performance reporting on output indicators and result indicators for the purpose of performance clearance is complied with and that the expenditure is legal and regular. In this regard, the Paying Agency must implement effective control systems, which Beneficiaries are required to adhere to, including maintaining accurate records and cooperating with verifications. Furthermore, Article 7 of Regulation (EU) 2022/128 outlines the audit work to be performed by the Certification Body that shall lead to its audit opinion, including systems audits and substantive testing as well as the verifications of reconciliations on financial and management declarations. Beneficiaries must ensure full cooperation during audits, facilitate access to relevant documentation, and implement corrective measures where deficiencies are identified.

For CPR Funds, the Audit Authority will notify the Beneficiary formally at least one day before the audit begins. For AGRI Funds, audits are conducted only at the Paying Agency level and not at the Beneficiary level.

The Beneficiary must ensure that all relevant documentation is available to the auditors. The Project Leader is responsible for ensuring that all necessary support is provided to the auditors during the audit process.

For **CPR Funds**, the Audit Authority will submit all audit reports to the Managing Authority which will forward them to the respective auditee as required and concurrently copy the Accounting Body. For **AGRI Funds** this report is submitted directly to the Paying Agency.

The Beneficiary is primarily responsible for following up on any recommendations in audit reports prepared by the Audit Authority. The Line Ministry must ensure that the Beneficiary implements the recommendations within the specified timeframes. The Managing Authority is responsible for coordinating responses and feedback to the Audit Authority, with replies submitted within the deadline specified in the draft audit report.

The Managing Authority/Paying Agency must ensure that remedial actions are implemented in response to the findings and recommendations outlined in the final audit report, within an appropriate timeframe. As part of this responsibility, the Managing Authority/Paying Agency must also communicate these remedial actions to the Audit Authority in a timely and transparent manner. The Audit Authority is required to follow up by conducting audits to verify that the corrective measures have been properly implemented.

Beneficiaries should be aware that other organisations, including the National Audit Office, the European Commission, and the European Court of Auditors, may also undertake audits on operations. Additionally, entities such as the State Aid Monitoring Board or the Malta Tax and Customs Administration may carry out checks to ensure compliance with state aid or VAT regulations applicable to the respective operations.

9.2. National Audit Office

As the external auditor of the Government, the **National Audit Office** may carry out audits on operations co-financed through the EU funds. These audits can be conducted on operations implemented by public entities, agencies, private sector organisations, and voluntary organisations.

Beneficiaries are required to notify the Managing Authority promptly upon receiving notice of an audit related to any operation co-financed through EU funds. The Managing Authority will support the Beneficiary throughout the audit process.

Beneficiaries and other stakeholders must grant the National Audit Office full access to all documentation related to their respective operations.

9.3. EU Audit Missions

Officials from the European Commission and the European Court of Auditors conduct audits on co-funded operations, covering both systems and operations.

Auditors typically notify the Maltese counterparts of the audit mission in advance. If Beneficiaries are directly informed by the European Commission, they must notify the Managing Authority or Paying Agency to ensure full coordination and support.

The Managing Authority and/or the Audit Authority/Competent Body (as applicable) generally coordinate a timetable for the audit mission and inform the relevant stakeholders accordingly.

Beneficiaries and other stakeholders, whether public or private, must provide the European Union auditors (and/or their delegated contractors) with full access to all documentation related to the operation.

9.4. Preparing for Audit Visits (applicable to all audits)

It is common practice for auditors to spend several days reviewing documentation held by the Beneficiary organisation, the Managing Authority, the Department of Contracts, the Paying Agency, and the Accounting Body Function / Competent Authority. In the case of Agri, the Competent Authority will be responsible for providing the necessary documentation. Auditors may also request on-site visits to assess the physical implementation of the operation.

In preparation of an audit mission, Beneficiaries should ensure the following:

- All individuals, including technical personnel (possibly contracted), involved in the implementation of the operation must be available during the audit mission. Priority should be given to the audit by all involved parties. The Project Leader must brief all relevant persons on the audit's scope, and the Managing Authority will provide support in this regard.
- All documentation related to the operation is readily available and organised according to the Retention of Documents requirements detailed in Chapter 13 of this Manual. This facilitates easy access to the necessary documentation during the audit.
- Provide a spacious meeting room for the audit mission, ensuring that it is adequately prepared to host the auditors and their need.
- Make scanning readily available, as auditors may request copies of specific documents. Beneficiaries must keep a record of any documents provided to the auditors and submit this list to the Managing Authority upon completion of the audit.
- Ensure that the actual site where the operation is being implemented complies with the conditions outlined in the Grant Agreement, particularly regarding European Union publicity requirements. The technical supervisor responsible for the operation should be available for site visits. It is important to note that auditors may not always provide prior notice for site visits and may request an ad-hoc visit at short notice.

Generally, auditors will examine the following types of documentation during an audit visit³⁰:

- Financial records and documentation related to the co-financed operation.
- Procurement procedures (including the needs assessment/market research) and contracts' requirements/deliverables.
- Evidence of compliance with EU and national regulations, including amongst other those related to State aid, public procurement, equal opportunities, and environmental legislation.
- Records demonstrating the implementation of European Union visibility and publicity requirements.
- Documentation demonstrating the achievement of the operation's objectives, outputs, and results as specified in the Grant Agreement.
- Correspondence with stakeholders: Records of communication (emails, meeting minutes, etc.) with contractors, beneficiaries, and oversight bodies.
- Internal control procedures: Documentation of internal checks and controls to ensure compliance with financial and operational requirements.

9.5. Follow-up to an Audit Mission

Once the audit mission is complete, the auditors will submit a report detailing their findings and recommendations, if applicable. Should further clarification be needed, the auditors may reach out to any of the relevant stakeholders for additional information. In the case of audits conducted by the European Commission, responses will be coordinated by the Managing Authority or Audit Authority, with a consolidated reply submitted on behalf of the Member State.

9.6. Audits after Closure of Programme

Beneficiaries should be aware that operations may still be subject to audits even after their official closure. Accordingly, all documentation related to the operation must be retained by the beneficiary, as specified in Chapter 13 of this Manual, to ensure compliance with post-closure audit and verification requirements. In line with national eligibility rules, documents must be retained for at least five years after 31st December of the year following the submission of the accounts in which the last expenditure of the project is included.

³⁰ This is an indicative list of documents that auditors may request for review. It is not exhaustive. Additional documents that form part of sound financial management – and are therefore integral to a Beneficiary's obligations – may also be required, even if not listed here.

9.7. Ex-Post Management Control and Repayment Obligations in relation to the Durability of Operations and Revenue Generation

For **CPR Funds**, Beneficiaries must comply with Article 65 of Regulation (EU) 2021/1060, which sets conditions for operations involving infrastructure or productive investment. Under this article, an operation must repay the EU contribution if, within five years of the final payment (or within the period specified by State aid rules, where applicable), any of the following occurs:

- a) A cessation or relocation of a productive activity outside the outside the NUTS level 2 region in which it received support;
- b) A change in ownership of an item of infrastructure which gives to a firm or a public body an undue advantage;
- c) A substantial change affecting the nature, objectives or implementation conditions which would result in undermining the original objectives of the operation.

Repayment by the Beneficiary due to non-compliance with the above is calculated proportionally to the period of non-compliance.

Operations supported by the ESF+, JTF, and other EU funds under CPR that do not involve infrastructure, or productive investments are only required to repay the contributions if they are subject to an obligation for maintaining the investment under State aid rules.

Beneficiaries must immediately inform the Managing Authority of any significant changes that could affect compliance with the Grant Agreement or State aid rules. Such changes may lead to partial or full financial corrections, including cancellation of part or all of the EU contribution.

Beneficiaries must also ensure that assets financed through EU funds are maintained in good condition throughout their lifespan, as required by the Grant Agreement and Article 65 of the Regulation (EU) No. 2021/1060. **Any faults or replacements must be documented, including serial numbers of old and new assets. Replacements must meet or exceed original specifications, even under warranty, and any relocation should be reflected in the Inventory List (Template available under Fondi.eu).**

For **AGRI investment-type** operations, durability obligations apply regardless of beneficiary size, starting from the final payment date. CAP SP beneficiaries should refer to the respective Call Guidance Notes and Grant Agreement outlining durability period requirements.

The Managing Authority and Paying Agency may conduct ex-post checks during the durability period, not necessarily immediately after project closure, to ensure durability compliance.

As outlined in Section 6.9, **Beneficiaries must monitor revenue generated by the operation to ensure it aligns with projections submitted at application stage. Therefore, Beneficiaries must maintain a non-profit-making nature throughout the project's implementation, in accordance with the principles of the Regulation (EU, Euratom) 2024/2509 (Financial Regulation) and any subsequent amendments.**

If significant deviations occur – as defined by CPR, Commission guidance, national eligibility rules for 2021–2027, or the Financial Regulation – **the Beneficiary must inform the Managing Authority without delay**. Such deviations may require financial adjustments to maintain compliance. Failure to report changes promptly may result in loss of funds for both the beneficiary and Malta.

10. Reporting on Irregularities

10.1. Irregularities and Financial Corrections

An irregularity is defined as: "**any breach of applicable law, resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the budget of the Union by charging unjustified expenditure to that budget**" (Article 2(31) of Regulation (EU) 2021/1060).

In the case of **AGRI Funds**, irregularities also encompass "**any infringement of the applicable Union law, or any breach of contractual obligations resulting from an act or omission of an economic operator, which has, or would have, the effect of prejudicing the budget of the Union**" (Article 2(a) of Regulation (EU) 2021/2116).

Irregularities can be classified as either individual or systemic:

- *Individual Irregularity*: A one-off error that is not related to other errors or system deficiencies.
- *Systemic Irregularity*: An error arising from significant deficiencies in the management and control systems. These deficiencies are governed by the management and control requirements set out in Title VIII of Regulation (EU) 2021/1060.

Failure to comply with the applicable rules and regulations can lead to irregularities, which may result in financial corrections. In cases of public procurement individual irregularities, recoveries may amount to a maximum of 100% of the contract value as detailed in Chapter 5 of this Manual. For systemic irregularities, financial corrections can be applied to other parts of the operation or even to other operations managed by the same Beneficiary.

The financial correction amount is assessed on a case-by-case basis, wherever possible, and corresponds to the exact amount of expenditure wrongly charged to the EU budget. In situations where the exact quantification is not feasible or cost-effective due to the need for extensive verification, flat-rate corrections may be applied.

The [Commission Decision of 14 May 2019 \(C\(2019\) 3452 final\)](#) outlines the guidelines for determining financial corrections related to public procurement irregularities. These guidelines specify the principles, criteria, and scales to be used by the Managing Authority / Paying Agency / Auditing Bodies / Certifying Body of AGRI Funds when applying a financial correction. In such cases, a flat-rate correction, proportionate to the seriousness of the irregularity or system deficiency, may be applied as follows:

- **Quantifiable Corrections**: When the financial impact of an irregularity can be precisely calculated (e.g., ineligible expenditure), the correction should reflect the exact amount.
- **Non-quantifiable Corrections**: If it is not possible to precisely quantify the financial impact (e.g., in the case of public procurement or publicity non-compliance), a flat-rate correction may be applied based on the severity of the irregularity or deficiency.

- **Extrapolated Corrections:** When irregularities are widespread across multiple activities within an operation and it is not feasible to verify all cases, the correction may be based on extrapolation from a representative sample, in line with accepted auditing standards.

Upon detection of systemic irregularities, the Managing Authority/Paying Agency will immediately inform the Beneficiary and relevant stakeholders (e.g., Audit Authority, EU Certifying Authority, EU Payments Unit). Immediate measures may include the recovery of irregular amounts, suspension of payments on the operation, interruption of payments on other operations managed by the Beneficiary, and corrective actions to restore proper management and control systems. Relevant deadlines for these actions will also be communicated.

Ensuring compliance with the management and control requirements under the 2021-2027 programming period is crucial to avoid penalties or financial corrections. Timely cooperation with managing authorities is essential to address any deficiencies and mitigate the risk of future irregularities.

Irregular amounts, whether arising from system or individual irregularities, shall be recovered within the established timeframes. These deadlines may be extended in cases involving legal proceedings or other duly justified circumstances. Interest may be charged on any outstanding amounts. If a Beneficiary fails to reimburse the funds within the stipulated period, reminder notices will be issued. Continued failure to repay may lead the Managing Authority or Paying Agency to initiate legal action – either through the Attorney General, State Advocate, or an independently appointed legal practitioner – to recover the amounts due. For AGRI funds, please also refer to Subsidiary Legislation 146.03.

10.2. Detecting and reporting irregularities

For CPR Funds, Article 69 of Regulation (EU) 2021/1060 governs the reporting of irregularities in the 2021-2027 programming period, while for AGRI Funds the reporting of irregularities is governed by Articles 56 and 57 of Regulation (EU) 2021/2116.

Irregularities can be detected through various methods, including:

- At management and control level through:
 - Checks undertaken by Beneficiaries and stakeholders during the implementation process
 - Checks carried out by the Managing Authority/Paying Agency during management verifications
 - Certification checks by the EU Certifying Authority (Accounting Body Function)³¹
 - Audits conducted under Article 79 of Regulation (EU) 2021/1060 for CPR Funds and Article 12 to 14 of Regulation (EU) 2021/2116 for AGRI Funds
 - Audits carried out by other audit bodies.

³¹ Not applicable for AGRI Funds

- Through other methods such as:
 - Evaluations
 - Initial / judicial enquiries
 - Ex-post checks and controls
 - Whistleblower reports or denunciation
 - Grievance or complaint (anonymous or not)
 - Information obtained from the press
 - Changes in the Beneficiary's situation

For **CPR Funds, Beneficiaries** who detect an irregularity within their operation have an obligation to **report it immediately to the Managing Authority**. In such cases, the Beneficiary must complete and sign the Irregularity Report available at www.fondi.eu and forward it without delay to the MA.

Any entity involved in the implementation of EU Funds – such as the Certifying Authority, Audit Authority, EU Payments Unit, Department of Contracts, Line Ministries or any other relevant stakeholder – that becomes aware of an irregularity (whether individual or systemic) during the implementation or control procedure, must also **immediately** report it to the Managing Authority.

For **AGRI Funds**, any **irregularity detected by an entity or the Beneficiary must be reported immediately to the Paying Agency**, that is responsible to notify the Managing Authority. The Paying Agency provides templates for reporting, ensuring that all required details on follow-up actions and responsible parties are included.

Once the Irregularity Report is received, it is distributed to the Beneficiary and relevant stakeholders, including AA, EU Certifying Authority and AFCOS, which is responsible for reporting irregularities to the European Anti-Fraud Office (OLAF) through the Irregularity Management System (IMS).

The Beneficiary is also reminded to refer to section 4.1.3 of this Manual, which outlines the reporting procedures in cases of suspected fraud.

10.3. Content of an Irregularity Report

For **CPR Funds**, pursuant to Article 69(2) of Regulation (EU) 2021/1060, Member States must report any irregularities related to EU-funded operations to the European Commission. The required content and format of these reports are specified in Annex XII of the CPR. Reports must include details on the nature and financial impact of the irregularity, the affected operation, recovery actions taken, and any legal proceedings initiated.

For **AGRI Funds**, reporting obligations are governed by Regulation (EU) 2021/2116. Reports must include information on the nature of the finding, the financial correction applied, any actions required from the beneficiary or Paying Agency, and the proposed follow-up steps.

11. Information and Publicity

This section provides information on publicity requirements to ensure that the results and achievements of the Programmes and operations co-funded by European Union funds are communicated as widely and effectively as possible. These measures are intended to ensure transparency and increase visibility, awareness of the benefits of the EU to people's lives and improve the public image of the Union.

11.1. Role of the Managing Authority (Programme-Level information and publicity)

In line with Articles 46, 47, 49, and 50 of Regulation (EU) 2021/1060 and Annex II of Commission Implementing Regulation (EU) 2022/129, the Managing Authority is responsible for ensuring compliance with information and publicity requirements at both the Programme and operation levels.

This involves:

- Ensuring beneficiaries comply with visibility and communication obligations, including the use of the EU emblem, the visibility of EU support, and proper communication about the financial contribution from the Union (Articles 46 and 47).
- Maintaining a public list of supported operations with details such as the operation's name, the beneficiary, the financial contribution and other relevant information (Article 49)³².
- Implementing a communication strategy that promotes transparency, informs potential beneficiaries, and highlights the impact of the specific Fund interventions.

11.2. Role of the Beneficiary (Operation Level information and publicity)

In accordance with Article 50(1) of Regulation (EU) 2021/1060, and Annex II, Article 2 of the Commission Implementing Regulation (EU) 2022/129 in the case of the CAP SP, beneficiaries must acknowledge the support from the Funds, through the following actions:

- (a) Providing a short description of the operation, proportionate to the level of support, on the beneficiary's official website (if applicable) and social media platforms. This description should highlight the operation's aims, results, and the financial support from the Union. The EU support can also be prominently displayed in the bio / profile description of the beneficiary's social media accounts, ensuring this information is always visible. Posts used to provide regular updates on the activities and results could feature personal stories of real end users of the project.
- (b) Including a statement acknowledging support from the Funds on documents and communication materials related to the operation, intended for the public or participants.

³² Not applicable to the CAP SP if the amount of aid received in one year by a beneficiary is equal to or less than EUR 1,250.

(c) Displaying durable plaques or billboards with the Union emblem, in accordance with the technical specifications in Annex IX, once physical implementation begins, or equipment is installed for operations that meet the following thresholds:

- i. Operations supported by the EAFRD, ERDF, JTF and the Cohesion Fund with a total cost exceeding EUR 500,000.
- ii. Operations supported by the ESF+, EMFAF, ISF, AMIF, and BMVI with a total cost exceeding EUR 100,000.

Where several operations are taking place at the same location one plaque or billboard shall be displayed.

(d) For operations below the threshold in point (c), displaying at least one poster of minimum size A3 (or equivalent electronic display) with information about the operation and the support from the Funds at a location visible to the public. This is also applicable in the case of operations supported by LEADER, as well as basic services and infrastructure under the EAFRD for which the total public support exceeds EUR 10,000 as well as support in the form of financial instruments, including working capital finance, for which the total cost exceeds EUR 100,000.

- If the beneficiary is a natural person, appropriate information must be made available where possible, highlighting the EU support either through public display or electronically.
- For ESF+ operations where the beneficiary is a natural person, the requirement to display a poster does not apply.

(e) For operations of strategic importance or those with a total cost exceeding EUR 10,000,000, organizing a communication event or activity and involving both the Commission and the responsible Managing Authority in a timely manner.

- For the Commission, it is suggested that the invitation includes details concerning basic project information, time, venue, nature of the event or activity, format, expected role of the Commission representative in the event/activity (an active role is desired, e.g. a speech) and expected inputs.
- Ideally, the invitation should be sent two or three months in advance. Beneficiaries should work closely with the MA, who would inform the Commission about upcoming communication events or activities of operations of strategic importance. Please note that the responsibility to involve the MA remains with the Beneficiary.

Additionally, derogations apply for AMIF, ISF, and BMVI operations where, for reasons of security or public order, specific public display requirements may be defined in the document setting out the conditions for support, as per Article 69(5).

If a beneficiary fails to comply with the obligations under Article 47 or Article 50(1) and (2), and corrective actions are not taken, the Managing Authority may apply measures in accordance

with Article 50(3) of Regulation (EU) 2021/1060, including a proportional financial correction by cancelling up to 3% of the support from the Funds for the operation concerned.

11.3. Participation in Publicity and Information Measures at EU or Programme Level

The Managing Authority must make publicly available, on the website, a list of operations selected for support by the Funds, updated at least every four months. This list must be published in at least one official language of the Union, and each operation should have a unique code. The list must include the following data:

- (a) For legal entities, the beneficiary's name and, in the case of public procurement, the contractor's name
- (b) Where the beneficiary is a natural person, the first name and surname
- (c) For EMFAF operations linked to a fishing vessel, the Union fishing fleet register identification number (as referred to in Commission Implementing Regulation (EU) 2017/218)*
- (d) Name of the operation
- (e) Purpose of the operation and its expected or actual achievements*
- (f) Start date of the operation*
- (g) Expected or actual date of completion*
- (h) Total cost of the operation
- (i) Fund concerned
- (j) Specific objective concerned*
- (k) Union co-financing rate
- (l) Location indicator or geolocation of the operation, including the country concerned
- (m) For mobile operations or operations covering several locations, the location of the beneficiary (if a legal entity) or the region at NUTS 2 level (if the beneficiary is a natural person)
- (n) Type of intervention for the operation, as per Article 73(2)(g).

In line with Article 98 of Regulation (EU) 2021/2166 fields marked with an asterisk (*) are not applicable to AGRI-related beneficiaries.

11.4. Beneficiary Involvement and Collaboration

Beneficiaries will be informed before their data is made public, and they must be aware that accepting funding implies acceptance of their inclusion in online or other published lists and databases compiled by the Managing Authority or an Intermediate Body on its behalf. This information may also be uploaded

to websites hosted by the European Commission or other EU institutions for use in showing activities across Member States.

The beneficiary is also expected to collaborate with the Managing Authority during the organisation of events or promotional activities, including participating in networks and exchanges of experience at both national and European levels.

11.5. Visual Identity Guidelines

This chapter complements the Guidelines on the Communication and Visibility Requirements for Projects cofinanced through European Union Funds for the 2021-2027 Programming Period³³. The Visual Identity Guidelines provide the technical specifications for the use of **FONDI.eu logo** and graphical guidelines for information and publicity measures. These guidelines outline the proper use of logos in relation to the EU Emblem and the National Flag of Malta across different media, and they specify the implementation requirements for publicity and information measures. These guidelines are an additional tool for the Beneficiaries to abide comprehensively by all the relevant European Union regulations and other national rules and policies.

The Visual Identity Guidelines based on Articles 47, 49, 50 and Annex IX of Regulation (EU) 2021/1060, as well as Commission Implementing Regulation 2022/129 in the case of the CAP SP, explain the instructions for creating the emblem and a definition of the standard colour, technical characteristics for displaying the Union emblem and the reference to the Fund or Funds supporting the operation. They also specify the technical characteristics of permanent plaques and temporary or permanent billboards respectively.

To assist beneficiaries in complying with these requirements, the Managing Authority has made available a toolkit, which includes publicity templates, logos, co-financing banners, etc for use by Beneficiaries. These publicity templates and logos can be downloaded from this link: <https://fondi.eu/visual-identity-guidelines-2021-2027/>

³³ These are available from the following link <https://fondi.eu/wp-content/uploads/2024/08/Communication-and-Visibility-Requirements-Malta-1-2.pdf>

12. Delegation of Authority or Change in Project Leader

12.1. Delegating Authority

The Beneficiary retains full responsibility for the overall implementation of the operation. Regardless of any delegation or outsourcing, accountability for all aspects of the project remains with the Beneficiary.

The Project Leader serves as the Beneficiary's official representative for all aspects of the operation. This individual must be directly employed by the Beneficiary organisation, and their salary should not be claimed directly from EU Funds. If the Beneficiary opts to use external project management services or a consultant, it remains crucial that the Beneficiary retains complete control and decision-making authority. External project management representatives may attend meetings related to the operation, but only if they have received prior approval from the Managing Authority/Beneficiary.

To ensure effective oversight and coordination, it is recommended that the Beneficiary appoint an additional contact person to support the Project Leader. This helps to maintain continuity and communication, particularly during critical phases of the project.

In exceptional circumstances, such as during the Statement of Expenditure period or the certification of works and payments, the Project Leader may delegate authority to the contact person or other officials.³⁴

Furthermore, the Project Leader may delegate authority to designated personnel within the organisation to act on their behalf. This delegation may cover responsibilities such as certifying payment claims as correct and confirmation of Statement of Expenditure within the MCIS, and signing project-related documents, either electronically or in person. It is the joint responsibility of the Project Leader and the Head of the Beneficiary organisation to ensure that any delegation is formally documented and clearly outlines the delegation period. Only one individual may hold this delegated authority at any given time.

In the case of the CPR funds, the delegation of authority process is initiated by the Managing Authority through the MCIS, upon receipt of a signed Delegation of Authority Form. The person receiving the delegation must already possess a valid user account, making the guidelines under "Granting of User Rights – Beneficiary" applicable. If the individual is involved in multiple operations, an additional user profile may be necessary. All requests are processed in accordance with [SOP/IS/U/01 – Information Systems User Rights](#).

In the case of AGRI Funds, should a Beneficiary opt for a project manager, consultant, or representative with whom the Managing Authority and/or the Paying Agency is to be in contact with during project implementation and to act on his/her behalf, the Beneficiary must indicate this in the project application form.

³⁴ This does not apply to AGRI Funds, as delegation in this area is typically granted to cover all tasks and is not reserved for exceptional circumstances.

Should this need arise during project implementation, the Project Leader must fill in the Delegation of Authority Form available from the Front Office in Ta' Qali or at the Gozo Experimental Farm in Xewkija Gozo. Once filled in, the same Form can be re-submitted at the same offices.

This Form is to be submitted only if it has not been submitted at application stage or has not indicated a project manager, consultant, or representative at application stage, or if the beneficiary would like to withdraw a delegation and submit another. Once the form is processed by the Paying Agency, the nominated person will be given access to the project on the IACS to act on behalf of the Project Leader.

If the beneficiary wishes to withdraw this delegation, s/he shall inform the Paying Agency through written communication. The Managing Authority and/or the Paying Agency shall not be held responsible for any damages sustained should the representative access any information after the Beneficiary has informed him/her that s/he shall no longer act as a representative, but before the Beneficiary has formally informed the Paying Agency about the withdrawal of this delegation.

12.2. Change in Project Leader

In the event of a change in the Project Leader, both the outgoing and newly appointed individuals are required to complete the **"Change in Project Leader Form,"** available on the **fondi.eu website**. This procedure must comply with Article 8 of the 'Change in Project Leader of [SOP/IS/U/01 – Information Systems User Rights](#) for all funds except for AGRI Funds. The formal letter should include the name and designation of the new Project Leader, along with the effective date of the handover.

Where both the outgoing and incoming Project Leaders are available, the letter must be signed by both parties and endorsed by the Permanent Secretary or legal representative of the organisation³⁵, using the specified form template. This process also applies when a Project Leader is retiring from their position within the Beneficiary organisation. In the case of public sector operations, the relevant Line Ministry must ensure that this procedure is completed in a timely manner and that an effective handover takes place to guarantee the smooth continuation of the operation.

Beneficiaries must ensure that the role of the Project Leader remains filled until the end of the document retention period, as detailed in Chapter 13 of this manual. Even after the operation has officially ended, Beneficiaries may still be required to report to the Managing Authority, EU Certifying Authority, Auditing bodies, and Paying Agency, especially in relation to the closure of the Programming Period or during ad hoc audits conducted by European institutions or Maltese authorities.

³⁵ In the case of Non-Governmental Organisations and Local Councils, the change should be endorsed by the Head of Organisation, the Mayor and Executive Secretary, as applicable.

13. Retention of Documents

All supporting documents related to expenditure funded under approved operations must be securely maintained at the appropriate level and in an acceptable, accessible format. These documents must be retained for a period as communicated by the Managing Authority at the closure of the operation and made available to the Managing Authority, the Audit Authority, the European Commission, the European Court of Auditors, and any other relevant stakeholders involved in the implementation of the Funds.

For CPR Funds, in accordance with Article 82 of Regulation (EU) 2021/1060, documents must be retained for at least five years, starting from 31 December of the year in which the Managing Authority certifies the final payment related to the operation in a payment request to the Commission. Alternatively, where relevant, the retention period should begin from 31 December of the year following the submission of accounts that include the project's final expenditure – whichever condition imposes the longer period. Longer retention periods may apply in cases where state aid is involved or in accordance with national rules.³⁶

For AGRI Funds, with respect to CAP SP Pillar II EAFRD Non-IACS Interventions, Beneficiaries must retain all documents proving eligibility, compliance, and proper use of funds for a minimum of five years from the date of the final payment. This obligation is set out in Article 12 and Article 59 of Regulation (EU) 2021/2116 and Article 9 of Regulation (EU) 2021/2115. The retention period may be extended if required by national legislation, State Aid rules, or as otherwise communicated by the Managing Authority.

The retention period may be interrupted in the event of legal proceedings or by a justified request from competent authorities.

13.1. Records to be retained

Contracting Authorities listed under Schedule 3 of the Public Procurement Regulations, who administer their own public procurement processes, are required to retain all procurement documentation. For procurement procedures conducted through the Sectoral Procurement Directorate (SPD) or the Operations Directorate within the Department of Contracts, soft copies of the documents are submitted for the Directorate's approval, while hard copies (as applicable) are retained by the Beneficiary. Thus, Beneficiaries are required to retain any documentation originating from their end, in line with the retention requirements outlined in the subsequent sections. Beneficiaries and stakeholders are required to maintain documents in their original format. Copies may be kept using commonly accepted data storage methods, including:

- Photocopies of original documents
- Electronic versions stored on hard disks, DVDs, or USB sticks

³⁶ The Beneficiary should note also that the retention period may be interrupted in the event of legal proceedings or by a justified request from competent authorities responsible for managing EU Funds in Malta.

- Documents in soft copy

The Beneficiary bears sole responsibility for ensuring that all documentation remains readily accessible, even after the operation has officially closed. This obligation is especially critical in cases where project management has been outsourced.

Beneficiaries are responsible for ensuring the accuracy, completeness, and accessibility of all audit trail records, and for making these available to the Managing Authority, the Paying Agency, the European Commission, the European Court of Auditors, and other relevant stakeholders upon request. Failure to comply may be considered as an administrative shortcoming.

13.2. Filing System for Related Documentation

For **CPR Funds**, the Beneficiary should note that:

- Documentation uploaded on the MCIS does not need to be printed and filed.
- Documentation received electronically should be kept in electronic format by the Beneficiary.³⁷
- Original documentation should be kept in a physical file by the Beneficiary.

Documentation received in printed or original format should be organised in a Project file, divided into sections using separators. Documents within each section must be filed in chronological order, with the most recent documents on top. While it is preferable for the Beneficiary to maintain a dedicated operation file, they may use existing internal filing procedures as long as all required documents can be retrieved easily, using methods such as indexing. Special attention should be given to ensuring that the documentation related to Simplified Cost Options (SCOs) is easily accessible. The same indexing is necessary for electronic documentation not uploaded on the MCIS which should be stored in a central repository.

Furthermore, Government Departments must adhere to internal filing procedures, with files conforming to the department's regular standards.

Beyond the documentation which is required to be uploaded on MCIS the Beneficiary should retain the following list of original non-exhaustive documentation:

- Original Signed Grant Agreement including all annexes, Managing Authority approval/s, and any addenda to the Grant Agreement.
- Procurement and recruitment procedures: Documentation related to drafting and administration of the procurement procedure; documentation relating to the contract implementation and documentation related to the recruitment process in line with National Rules.
- Training records: Records related to training sessions delivered as part of the operation, such as call for participants (advert, memo), Application Form, Eligibility and selection criteria,

³⁷ The Beneficiary needs to ensure that electronic data (including relevant trail of emails) is accessible in a central repository, and maintaining a backup is recommended.

Evaluation report on selection of participants, letter to selected and non-selected applicants/publication of results, attendance sheets for both teachers and trainees, course material, certificates (where applicable), photos of training.

- Inventory of assets procured from the operation.³⁸
- Any additional evidence of monitoring activities, including data and reports related to indicators and milestones.
- Publicity: Evidence of Communication Event or Activity as applicable, and any leaflets, Articles, social media, brochures, Promotional material, Audio and Audio Visuals including TV, Radio etc and Websites and social media sites, Press Releases and published articles.

For **Agri Funds**, documents may be retained in either hard copy or electronic format, provided they remain accessible and secure for audit, monitoring, and ex-post evaluation. Beneficiaries are encouraged to respect e-Cohesion policy by maintaining electronic records where possible, ensuring all documentation is stored in a secure and central repository with adequate backups to guarantee data integrity and continuity.

For LEADER interventions, Local Action Groups must retain all documents pertaining to the implementation of the LEADER Programme in line with the retention period outlined in the CAP SP and relevant Operating Guidelines. This includes, but is not limited to, complete project dossiers, financial reports, documentation related to project evaluation and selection, correspondence with the Managing Authority and Paying Agency, and any other relevant documentation. Records of amendments to the Local Development Strategy must be maintained using track changes, with all versions and their effective dates clearly indicated and accessible online in PDF format.

The Paying Agency is required to retain all administrative records, payment details, and control documentation for at least five years following the end of the financial year in which the payment was made. This is explicitly required by Article 12 and Article 59 of Regulation (EU) 2021/2116.

Records to be retained by the Paying Agency include, but are not limited to, payment authorizations, audit and control reports, correspondence with beneficiaries and the Managing Authority, and any documentation evidencing the management and control of funds.

The Paying Agency must ensure that all retained records are organized, secure, and readily accessible for review by national and EU authorities, including the European Commission and the European Court of Auditors. The Agency is responsible for implementing and maintaining robust management and control systems to safeguard the Union's financial interests, as required by Article 59 of Regulation (EU) 2021/2116.

³⁸ An inventory of assets procured through this operation is maintained in both physical and digital formats.

13.3. Records to be uploaded in the MCIS³⁹

The MCIS is the main repository for documents of all stakeholders involved in the implementation of CPR Funds in Malta.

Beneficiaries and stakeholders are reminded that all obligations regarding document retention, as stipulated in Article 82 of Regulation (EU) 2021/1060, the Eligibility Rules, the Grant Agreement, and the Manual of Procedures, remain applicable.

Documents must be uploaded only in Portable Document Format (PDF). Support on document upload procedures can be found in the MCIS 2021-2027 tutorials available in each module. In alignment with the increased focus on e-Cohesion, Beneficiaries are required to maintain and upload documents through the MCIS, ensuring consistency and digital accessibility. This is aimed at reducing administrative burdens while maintaining compliance.

The below sub-sections provide a list of the minimum documentation which need to be uploaded on the MCIS.

13.3.1. Grant Agreement and related documentation

Documentation	MCIS
Application Form submitted by the Beneficiary (during the call)	Submitted by the Applicant and accessible via MCIS
Feasibility Studies, CBA (where applicable) and Environmental Impact Assessment (where applicable)	Uploaded at the <i>Operation</i> level, under the 'Operation' submenu.
Grant Agreement between the Managing Authority and the Beneficiary	
Addenda to the Grant Agreement or in absence of addenda, official letters issued by the Managing Authority.	
Delegation of Authority	
Change in project leadership	

13.3.2. Procurement

Documentation	MCIS
The request for quotation together with the details to whom the request for quotations was sent to; Selected quotation, and non-compliant quotations in case these were cheaper than the selected quotation; Justification for the recommended quotation.	Uploaded at the <i>Operation</i> level, under the 'Operation' submenu, within the 'Procurement

³⁹ This Section is not applicable to AGRI Funds which operate under separate management and control systems. Users should refer to the specific procedures and systems applicable to AGRI Funds.

Published Procurement Document, Published Bills of Quotations, Technical Specifications or Terms of Reference.	Documentation' sub-submenu
For Direct Awards the documentation justifying the reasons why the Beneficiary opted for the procedure including the necessary request for approval, and approval as per National Procurement Regulations.	
For Negotiated Procedures without Publication the documentation justifying the reasons why the Beneficiary opted for the procedure including the necessary request for approval, and approval as per National Procurement Regulations; Tender Document submitted to the invited tenderers; Published Bills of Quotations, Technical Specifications or Terms of Reference.	
Ultimate Beneficial Owner Declaration Form	Uploaded at the <i>Operation</i> level, under the 'Operation' submenu, within the 'Contract' sub-submenu
Contract	
Performance Guarantee (together with a copy of the extended guarantee) if and where applicable.	
Insurance Policy	
Order to start works/Commencement letter (as applicable)	
Reports/studies delivered through the project	
Warranties	
Any addenda to the signed contract	

13.3.3. Simplified cost options

Documentation	MCIS
For Staff Costs, the documentation to be uploaded at Contract level is as detailed in Circular OPS/MFI/2 - Reimbursement of Staff Costs	Uploaded at the <i>Operation</i> level, under the 'Operation' submenu, within the 'Contract' sub-submenu
For other SCOs, Beneficiaries are to be guided by the Managing Authority, and, where applicable, the Programme on the documentary evidence to be retained on MCIS	As guided by the Managing Authority

13.3.4. Payment Process - Refer to [EU Payments Unit Circular OPS/MFI/4/2026](#)

13.3.5. Certification Process at Project Level

Documentation	MCIS
SoE at Project Level	Generated through the MCIS

13.3.6. Monitoring

Documentation	MCIS
Indicators: Data in relation to output and result indicators enabling reconciliation with corresponding targets and reported milestones	Operation level under Progress Indicators Achievement Tab / Data on Participants Menu (applicable only to ESF+ participant type indicators) ⁴⁰

13.3.7. Publicity Records⁴¹

Documentation	MCIS
Documentation relating to the publicity at Operation level including launch of projects, press events, social media posts, newspaper adverts, websites, printing of material, radio adverts and television adverts.	Uploaded at the <i>Operation</i> level, under the 'Operation' submenu, within the 'Publicity' sub-submenu

⁴⁰ As guided by the respective Managing Authority

⁴¹ Original is to be retained by the Beneficiary

14. Data Protection

Beneficiaries and partner organisations must comply with all relevant data protection regulations, including but not limited to the General Data Protection Regulation (GDPR) (EU) 2016/679 and national implementing laws, regulations and secondary legislation (collectively referred to as “Data Protection Laws”). This adherence encompasses the entire data processing cycle associated with the Grant Agreement.

For **CPR Funds**, beneficiaries and partner organisations must ensure compliance with Data Protection Laws, Regulation (EU) 2021/1060, and specific fund regulations. They must guarantee that the Managing Authority has access to all data strictly limited to what is necessary for management verifications, compliance with EU requirements, and effective monitoring, reporting, evaluation and audit, in line with the principles of purpose limitation and data minimisation under Article 5 of the GDPR.

It is the responsibility of the Beneficiary or stakeholder uploading documents or information to the MCIS to ensure compliance with Data Protection Laws and, where they act as data controllers, to provide data subjects with the information required under Articles 13 and 14 of the GDPR, including that data uploaded to the MCIS will be further processed by the Managing Authority, national authorities and EU institutions for payment, control, and audit purposes. Beneficiaries must also confirm that partners comply with these obligations and that appropriate technical and organisational measures are in place to safeguard personal data, prevent unauthorized access, and ensure data accuracy throughout the lifecycle of the operation.

For **AGRI Funds**, to ensure compliance with Data Protection Laws the Beneficiary must:

- Establish robust safeguards to secure personal data collected during the project, preventing unauthorized access or breaches.
- Process data collected during the project only for purposes tied to the Grant Agreement and in accordance with the Data Protection Laws.
- Promptly report any data breaches or incidents involving personal data, with comprehensive details and remedial actions outlined and in line with Articles 33 and 34 of the GDPR where applicable.
- Grant the Managing Authority/Paying Agency access to project-related data for monitoring, processing payments, and audits, in compliance with EU legislation.
- Raise awareness and ensure compliance with data protection provisions among project personnel and relevant stakeholders, including implementing partners, to maintain data handling integrity.
- Retain personal data only for the period necessary to fulfil legal obligations arising under EU and national law, including audit, verification and record-retention obligations under Regulation (EU) 2021/2116, and ensure secure deletion once the lawful retention period expires, rather than limiting retention solely to the duration of the Grant Agreement.