

GUIDELINES FOR TEMPORARY STATE AID - FERTILISER SCHEME TO LAND FARMERS





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Temporary State Aid - Fertiliser Scheme to Land Farmers

Introduction

The Russian invasion of Ukraine is directly and indirectly resulting in an emergency for citizens and societies around the world and a major shock to the global and European Union’s economies across a multitude of sectors. The Maltese Agriculture sector is no exception.

Agricultural production in Malta is characterised by an inherent difficulty to obtain the necessary inputs required. The very small size of Malta combined with the island’s insularity creates several geophysical and structural disadvantages. All the inputs used in local agriculture are heavily reliant on imports from other European and third countries; furthermore, due to the small size of Maltese holdings, producers fail to take advantage of bulk buying strategies and consequently they are very disadvantaged in terms of bargaining power when negotiating with their suppliers.

This situation increases both fixed and variable costs crunching on the profit margin of these producers, making them very sensitive to changes in such costs. Due to the invasion of Ukraine, the cost of chemical and synthetic fertilisers has increased when compared to 2021 and is expected to further increase in the coming months.

In a study carried out by the Agriculture Directorate, the following mean increase in prices of chemical and synthetic fertilisers have been noted until April 2022:

Mean Price Increase (€) Per Kg of N/P/K from December 2021 - April 2022								
N				P		K		
Urea	Ammonium Sulphate	Ammonium Nitrate	Sodium Nitrate	Superphosphate	Ammonium Phosphate	12-5-40	15-5-30	13-0-46
€				€		€		
1.60				3.06		1.15		

Additional increases in the prices of fertilisers have been experienced since then. This situation is making horticulture production financially unfeasible. In the short term it is expected that the market demonstrates inelastic behaviour whereby planned levels of production are only slightly affected, mostly because since most of the agriculture holdings are already in production, a portion of the

increase in costs is passed on to the customers and the rest of the increase in costs is to be borne by the producers themselves. In a few months' time however this shall no longer be the case as a significant number of producers could opt not to produce any longer due to financial unfeasibility and losses experienced. This will pose serious threats: it will force more producers to seek employment in other sectors, it will increase land abandonment, it will impact on other priorities such as generation renewal, and it shall put further strains on Malta's efforts to deal with food security.

In the light of this situation, the Government is issuing this direct aid to partially support the increase in the cost of all chemical and synthetic fertilisers of land farmers in the context of the sudden unforeseen increased costs in production, in line with the provisions of the Temporary Crisis Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia.

1. Legal Basis

- Chapter 146 of the Laws of Malta - Agriculture and Fishing Industries (Financial Assistance) Act.
- Temporary Crisis and Transition Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia (OJ C 101/3, 17.3.2023), as amended by the *Amendment to the Temporary Crisis and Transition Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia* (OJ C/2023/1188, 21.11.2023), and by the *Second amendment to the Temporary Crisis and Transition Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia* (OJ C/2024/3113, 2.5.2024), hereinafter referred to as the TCTF.

2. Duration of the Scheme

The scheme will be applicable until 31st December 2024.



3. Eligibility/Entry Conditions

The Scheme is intended for land farmers with agriculture holdings registered in Malta.

The scheme applies to micro and small enterprises active in the following sectors:

- 01.1 – Growing of non-perennial crops
- 01.2 – Growing of perennial crops
- 01.3 – Plant propagation
- 01.61 – Support activities for crop production

In order to be eligible, beneficiaries must:

- be active farmers (as provided for in Regulation (EU) No 1307/2013¹)
- be beneficiaries who were beneficiaries of Measure 13 - Payments to areas facing natural or other specific constraints in line with 1305/2013 during Claim Year 2023;
- either are registered in the Olives Register with the Agriculture Directorate or are registered in the Vineyards Register with the Agriculture Directorate for Phase 1;
- be active farmers falling under Category 3 – 5 in the categorisation of farmers as stipulated by the Agriculture Directorate applying through a Cooperative/Association/Organisation or any other recognised entity representing farmers for Phase 2.

Applications must be submitted by not later than 30th August 2024.

Applicants must have submitted a valid Bank Payment Form to ARPA.

3.1. Force Majeure

If a beneficiary has been unable to comply with the obligations as a result of *Force Majeure* or exceptional circumstances s/he shall retain her/his right to eligible aid up till when the case of *Force Majeure* or the exceptional circumstance occurred.

¹ Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009, as amended.

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Cases of *Force Majeure* and exceptional circumstances shall be notified in writing to the competent authority (ARPA), with relevant evidence to the satisfaction of the competent authority, within fifteen (15) working days from the date on which the beneficiary or the person entitled through him, is in a position to do so. After consultation with the *Force Majeure* Board, ARPA will decide whether there is a case of force majeure or otherwise according to the parameters of the applicable EU Regulations. Should ARPA deem a case to be affected by a *Force Majeure* event, the beneficiary may be justified or excused, totally or partially, with respect to some default that there may be. However, if the *Force Majeure* application is rejected, ARPA may seek to recover or withdraw all funds related to this scheme.

Potential cases of *Force Majeure* for the purposes of this scheme:

- Mandatory quarantine of the applicant which impedes the applicant from cultivating the land for prolonged periods of time;
- An illness or other intervening health condition of the applicant preventing him/her from continuing with the commitment;
- Death of the beneficiary;
- Other cases of force majeure according to Maltese law.

Official documentation needs to be submitted together with the *Force Majeure* application. In case of illness a medical certificate is required and in case of mandatory quarantine, the official notification issued by the Ministry for Health is required, in cases of plant diseases and/or death of trees in the case of vineyards a report must be presented by the Agriculture Directorate or the Plant Protection Directorate (depending on the case).

Further information on *Force Majeure requests* may be accessed from ARPA's website at: <https://arpa.gov.mt/en/guidance-documents/>

4. Applicable State aid Rules

- In line with Article 108(3) TFEU, no aid will be granted or paid out before notification and approval of this scheme by the European Commission.
- Credit and financial institutions are excluded from the scope of this aid measure and cannot benefit from the aid.



- This aid is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the EEA to the Maltese territory.
- Aid under the notified aid measure will not be granted to undertakings under sanctions adopted by the EU, including but not limited to: a) persons, entities or bodies specifically named in the legal acts imposing those sanctions; b) undertakings owned or controlled by persons, entities or bodies targeted by sanctions adopted by the EU; or c) undertakings active in industries targeted by sanctions adopted by the EU, insofar as the aid would undermine the objectives of the relevant sanctions.
- This aid may not in any way be used to undermine the intended effects of sanctions imposed by the EU or its international partners and it is in full compliance with the anti-circumvention rules of the applicable regulations. Natural persons or entities subject to the sanctions may not benefit directly or indirectly from this scheme.
- This aid may be cumulated with de minimis aid and/or with aid under the General Block Exemption Regulation², or with aid under the Agricultural Block Exemption Regulation³, provided that the provisions and cumulation rules of those Regulations are respected.
- This aid may be cumulated with aid under a measure approved by the Commission under the Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak, as amended, provided the respective cumulation rules are respected.
- This aid may be cumulated with aid granted under the different sections of the TCTF in line with the requirements in the specific sections of the TCTF.
- The definition of SMEs as provided for in Annex I of the Agricultural Block Exemption Regulation shall apply.
- Monitoring and reporting requirements as referred to in the TCTF shall apply.
- This aid shall be granted to undertakings affected by the crisis.
- This aid is intended for undertakings active in the primary production of agricultural products⁴ and it is not fixed on the basis of the price or quantity of products put on the market.

² Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, as amended.

³ Commission Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union, as amended.

⁴ As defined in Article 2(5) of Commission Regulation (EC) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (OJ L 193, 1.7.2014, p. 1).

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5. Budget

The available budget for a second call of applications is €3,800,000. ARPA reserves the right to amend the budget allocated and to set and amend support rates in accordance with the budget available.

6. How is the payment and eligible area of support calculated?

Phase 1

- For Category 1 the area to pay shall be calculated on the amount of eligible area declared under Measure 13 - Payments to areas facing natural or other specific constraints in line with 1305/2013 during Claim Year 2023.
 - o The aid rate for Category 1 is a direct grant based on €200.00 per hectare per year.
- For Category 2 the area to pay shall be calculated on the amount of eligible area declared for 2023 in the Olives Register with the Agriculture Directorate.
- For Category 3 the area to pay shall be calculated on the amount of eligible area declared for 2023 in the Vineyards Register with the Agriculture Directorate.
 - o The aid rate for Category 2-3 is a direct grant based on €450.00 per hectare per year.

Phase 2

- For Category 4, the area to pay shall be calculated on the amount of eligible area declared under Measure 13 - Payments to areas facing natural or other specific constraints in line with 1305/2013 during Claim Year 2023 for farmers falling under Category 3 – 5 in the categorisation of farmers as stipulated by the Agriculture Directorate applying through a Cooperative/Association/Organisation or any other recognised entity representing Farmers.
 - o The aid rate for Phase 2 is a direct grant based on €1,050.00 per hectare per year payable to the Cooperative/Association/Organisation or any other recognised entity representing farmers.
- No double funding shall be allowed i.e., a farmer may not benefit under more than one category for the same parcel of land for the same growing period, under this scheme.
- The overall maximum aid amount per undertaking shall not exceed €280,000 per undertaking (gross, i.e., before any deduction of tax or other charge).





- Payment shall take the form of a direct payment deposited directly into the bank accounts of eligible applicants for Category 1-3 under Phase 1.
- Payment for Phase 2 shall be paid directly into the bank account of the Cooperative/Association/Organisation or the recognised entity representing farmers submitting the application on behalf of the farmer.

7. Who are the farmers eligible for this scheme?

Phase 1

- Category 1- All farmers who were beneficiaries of Measure 13 – Payments to areas facing natural or other specific constraints in line with 1305/2013 during Claim Year 2023; and
- Category 2 - Farmers registered in the Olives Register held by the Agriculture Directorate; or
- Category 3 - Farmers registered in the Vineyard Register held by the Agriculture Directorate.

Phase 2

- All farmers who were beneficiaries of Measure 13 – Payments to areas facing natural or other specific constraints in line with 1305/2013 during Claim Year 2023; and
- Farmers falling under Category 3 – 5 in the categorisation of farmers as stipulated by the Agriculture Directorate applying through a Cooperative/Association/Organisation or any other recognised entity representing farmers.

8. Commitments

Farmers benefitting from this scheme must:

- Remain active under the categories referred to in section 7 of these guidelines throughout 2024.

9. Applications

A claimless system shall be adopted for Phase 1, whereby eligibility shall be determined from updated registers kept by MAFA in line with Categories 1-3 referred to in section 7 of the guidelines.



A claim system shall be adopted for Phase 2, whereby eligible farmers falling under Category 3 – 5 as stipulated by the Agriculture Directorate may submit their interest to receive aid through a farmer's Cooperative/Association/Organisation or any other recognised entity representing farmers. The Cooperative/Association/Organisation or a recognised entity representing farmers may then submit a claim with the Agriculture Directorate for the additional direct aid.

10. Suspending/Withdrawing the support

- The Paying Agency may suspend or withdraw in part or in full the support where a non-compliance is detected. The suspension or withdrawal shall be lifted by the paying agency as soon as the beneficiary proves to the satisfaction of the agency that the situation has been remedied.
- Suspension of the support will be applied in cases where commitments and/or other obligations are not fulfilled, and the beneficiary is expected to be able to correct the non-compliance. If the beneficiary cannot remedy the situation during a period provided for by ARPA, support shall be withdrawn.
- ARPA may partially or fully withdraw the support if the Agriculture Directorate notifies ARPA of inactivity or underactivity unless such inactivity or underactivity is a result of a Force Majeure recognised in line with section 3.1 of these guidelines. ARPA may in case of notification by the Agriculture Directorate request geo-tagged photos as additional evidence from the farmer through M-services APP BiedjaCam.
- The paying agency will suspend the award and/or payment of any aid under this scheme to any undertaking that has benefited from earlier unlawful aid declared incompatible by a Commission Decision, until that undertaking has reimbursed or paid into a blocked account the total amount of unlawful and incompatible aid and the corresponding recovery interest.

11. Administrative checks/ Controls

The checks shall include verification of:

- the eligibility of the beneficiary
- adherence to the commitments of the scheme

12. Debt Recovery

Should ARPA and/or the Agriculture Directorate identify any undue payments issued to a beneficiary or note that irregularities have been made by a beneficiary, ARPA will initiate debt recovery procedures. A beneficiary will be notified of a debt through a notification sent to the same beneficiary through registered mail. Such a letter will include the amount to be recovered and the reason for recovering these amounts. On receiving a debt notification, the Beneficiary is required to either accept the debt or object to it.

If the Beneficiary accepts the debt, he/she is to complete a Debt Acceptance Form, which would mean that the beneficiary would like to have the said amount deducted from any upcoming payments. If the Beneficiary does not have any upcoming payments, the debt is to be settled within thirty (30) calendar days from the date of the notification.

If on the other hand the Beneficiary does not agree with the debt, an Objection Form is to be completed and submitted to the Agency within fifteen (15) working days from the date of the debt notification. Objections submitted to the Agency will be reviewed by the Agency's Objection Board. The Beneficiary will be notified in writing of the Board's decision to accept or refuse such an Objection. Beneficiaries are encouraged to consult the Guidance for the Submission of Objections to Penalties/Reductions imposed by ARPA which may be accessed from ARPA's website at: <https://arpa.gov.mt/en/guidance-documents/>

The acceptance and objection forms may be downloaded from the Agency's website:

<https://arpa.gov.mt/en/guidance-documents/> and may be submitted at:

- Front Office, Pitkali Markets, Ta' Qali, L/O Attard or,
- Gozo Office, Experimental Farm, Mgarr Street, Xewkija, Gozo

If the Beneficiary has any pending debts after the elapse of sixty (60) calendar days from the date of debt notification and has neither submitted a Debt Acceptance Form nor an Objection Form, interest at a rate of 8% will be applied as per Commission Regulation (EC) No 1122/2009, Directive 2011/7/EU and Article 1852 of Chapter 16 of the Laws of Malta.

13. Data Protection

The Agriculture and Rural Payments Agency, Agriculture Directorate and Malta Food Agency carry out their functions in accordance with the applicable laws and in line with standing good practices.

In line with Article 13 of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (hereafter ‘GDPR’), the Agency is hereby providing you with the following information:

- The “Controllers” are the Agriculture and Rural Payments Agency, the Agriculture Directorate and Malta Food Agency. They can be contacted at the Government Farm, Għammieri, Marsa, Malta or on the email address arpa.mafa@gov.mt;
- The “Data Protection Officer” can be contacted at the Agriculture and Rural Payments Agency, Government Farm, Għammieri, Marsa, Malta or on the email address dpo.arpa@gov.mt;
- The general purpose of processing your personal data is to implement this scheme in accordance with Title III of the Treaty on the Functioning of the European Union and related EU and National Law, more specific policies are dependent on the measures concerned and may be found specified further down;
- The recipients of your personal data are the Agriculture and Rural Payments Agency, Malta Food Agency and Agriculture Directorate, all within the Ministry for Agriculture, Fisheries, Food and Animal Rights. The category of recipients of your personal data is public authorities including also Union institutions, bodies, offices and agencies;
- Your personal data shall be retained for as long as legally required or reasonably necessary to satisfy the declared purposes and any legal obligations and, or claims that might possibly arise from your relationship with the Agency, or otherwise according to the Agency's Data Retention Policy provided with this declaration or accessible online at www.arpa.gov.mt;
- You have the right to request from the Controllers access to and rectification or erasure of personal data or restriction of processing of personal data concerning yourself or to object to processing as well as the right to data portability, according to law;
- You have the right to lodge a complaint with the Office of the Information and Data Protection Commissioner, or any other supervisory authority, if applicable in accordance with the Regulation.

The personal data you are providing to us is a contractual and, or legal requirement relating to your rights and obligations with respect to the controllers and their responsibilities.

By signing the application you are declaring that you understand and accept that the controllers are to process personal data relating to you for the specific purpose of processing this aid, in accordance with law. In order for your application/request to be processed, you shall provide your personal data for the declared purposes and anything reasonably and, or legally necessary to satisfy said purposes. Failure to provide such data might result in the impossibility of processing your application/request, without prejudice to other consequences according to law.

The processing of personal data shall be conducted according to the GDPR and the Data Protection Act.

14. Disclaimer

The ARPA reserves the right to amend from time-to-time certain criteria established by this guidance document. Such amendments may become applicable and enforced retrospectively, as from the date of application.

Potential beneficiaries are requested to seek any clarifications deemed necessary prior to commitment.

NB: Where reference is made to size of parcels/ holdings, this is referring to eligible agricultural land.



15.Contact Details

For more information regarding the scheme, kindly contact:

Address: Agriculture and Rural Payments Agency Front Office

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