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European Agriculture Funds for Rural Development (EAFRD)

Rural Development Programme for Malta 2007 – 2013 LEADER

Guidance Notes for submission of:

Applications for funding Measure 313

Encouragement of tourism activities



This measure falls under the **PROJECT** category under Priority Axis 3 of Malta's Rural Development Programme (RDP) 2007 – 2013, and is part financed by the European Agricultural Fund for Rural Development and falls under the responsibility of the Ministry for Sustainable Development, Environment and Climate Change (MSDEC).

Rationale for intervention

Measure 313

Rural areas contribute to the cultural and natural diversity of the Maltese Islands, and offer a unique recreational facility that is much sought after by both locals and foreign tourists. This is even more so in a country where as a result of the high population density and limited land space, rural areas offer a means of escape and tranquility compared to the stresses and chaotic environment associated with urban centres. Rural villages possess a wealth of cultural and archaeological heritage that gives them a distinct character to the urban and more modern environment.

Rural areas are in fact becoming increasingly popular as a residential destination, however, the employment base of the vast majority of residents of rural localities is still within the urban areas. Therefore, economic activities that maximise the potential of the rural heritage and that capitalise on this heritage for economic purposes are few, if any. The major issue is therefore not one of a risk of depopulation of the rural areas, but rather of the absence or limited economic activities in these areas, both in terms of number and variety.

The encouragement of rural tourism, in a broad sense including cultural tourism, ecotourism and agri-tourism, would offer support for individual initiatives that build on the traditional, cultural and natural heritage of rural areas. As a result of the flourishing of such initiatives, the tourism product offered would become more varied and activities in rural areas would diversify into high value added economically sustainable activities. Encouragement of tourism in rural areas would rekindle entrepreneurial activities, lead to diversification, growth and employment in rural areas, and contribute to a better territorial balance.

This measure will address the need for recreation and tourism through the creation of recreational infrastructure, information and interpretation facilities which provide rewarding experience and memento to visiting tourists. The overall effect of the initiatives undertaken through this measure shall create an increased awareness of local rural resources and the need for their conservation, for future generations and for an improvement in the quality of life for all.

Scope and Objectives of this Measure

The scope of Measure 313 is to promote economic growth and rural heritage as a tourist product in rural areas. Support shall be applicable to actions that encourage tourist activities in rural areas in Malta and Gozo directed to making the region more attractive. The scope of this Measure shall cover actions that exploit the context provided by the rural environment itself, and that make use of this environment as a backdrop for the promotion of the rural service or product.

Eligibility Actions/Investment

Operations supported through the EAFRD albeit consistent with the strategic objectives of the National Tourism Strategy, shall exclude initiatives in urban localities coherent with the definition of urban and rural areas used in the Rural Development Programme, and shall be limited to 6 different types of operations listed under *Eligible Investments*.

Eligibility Criteria

- the proposed project is located in a rural area;
- the proposed project builds upon the rural dimension and physical setting of the area and;
- the proposed project fits within the scope of the actions listed under the Measure.
- The proposed project does not require a MEPA permit or at the date of application already has a valid MEPA permit.

It is to be noted that any beneficiaries who have running projects under other calls of Measure 313 can still apply under this call.

Description of the requirements and targets

The applicant is required to demonstrate that the proposed investment shall result in the achievement of certain targets depending on the action/s under which the applicant intends to submit the proposal.

In order to be eligible for support under Measure 313, applicants must demonstrate how the proposed project will build upon the rural dimension and physical setting in which the project will be located.

Eligible investments

Eligible investments under Measure 313 shall be limited to the following:

Operations supported through the EAFRD under this Measure shall be limited to 6 different types of operations. Eligible investments supported under Measure 313 are as follows:

- 1. The provision of small-scale infrastructure for tourism and countryside recreation such as, signposting of sites or route-trails. The provision of other small scale amenities sensitive to their surroundings, which are needed for the practicing of a particular recreational activity, such as bird watching or sight-seeing.*
- 2. The creation and facilitation of access to areas of high nature, cultural, archaeological, geological/geomorphological and landscape value, such as natural habitats, monuments, temples, chapels, coastal cliffs etc.*
- 3. The setting up of trails that interlink various sites of tourist value.*
- 4. The provision and one-time restoration of small-scale recreational amenities, such as leisure parks, which are tourist attractions.*
- 5. The development of tourism products based on the rural tourism concept and that promote the traditional character of rural communities, such as the development of arts and crafts centres exhibiting indigenous talents, etc.*
- 6. The development of regional marketing services relating to rural tourism including the creation of ICT platforms.*

Non Eligible Investments under Measure 313

The following is an indicative list of non-eligible investment under Measure 313:

- Initiatives in urban localities coherent with the definition of urban and rural areas used in the Rural Development Programme 2007-2013. The 21 urban localities are:

Urban Localities		
Pembroke	Valletta	Marsa
Swieqi	Floriana	Paola
St.Julians	Pieta	Fgura
Sliema,	Sta. Venera	Tarxien
Gzira	Hamrun	Birgu
Msida	B’Kara	Bormla
Ta’Xbiex	Balzan	Isla

- Purchase of land and buildings;
- Currency exchange losses;
- Purchase of means of transportation;
- Provisional installations that are not directly related to the investment (e.g. warehouses for keeping materials for the construction);
- Expenditures made before the launch of the call for the application i.e. expenditure incurred before 22nd of August 2013.
- Taxes or other operational costs of the entity applying for the project, including provisions for possible future losses or debts and any interest owed;
- Inputs which are the subject of a contribution in kind (e.g. land, immovable property whether in its entirety or in part, durable capital goods and raw materials);
- Training of the staff;
- Operational Costs (salaries, insurance obligations unless these are part of the project implementation, and running costs);
- The expenses incurred to obtain the necessary planning permit from the Malta Environment and Planning Authority;
- Simple replacement operations; and
- The purchase costs of second-hand equipment.
- Initiatives that require a MEPA permit which is not yet in hand.

Type of beneficiaries

The beneficiaries eligible for funding under Measure 313 are public entities and private legal entities. In the case of private entities, only small enterprises within the meaning of Commission Recommendation 2003/361/EC and only private enterprises operating within the sectors identified under NACE 55 (hotels and restaurants) and NACE 92 (recreational, cultural and sporting activities) of Regulation 1628/2006 are eligible for funding.

The aid intensity granted will vary according to the type of beneficiary applying for the grant.

Aid intensities

A beneficiary will be granted the following financial assistance should the proposed investment be selected:

- Public entity: up to 100% of the total eligible expenditure; and
- Private entity: up to 50% of the total eligible expenditure and in accordance with block exemption as per Commission Regulation (EC) No 1628/2006. Only small enterprises within the meaning of Commission Recommendation 2003/361/EC are eligible for

Financing- Budget

The sum of €632,816.41 is allocated to Measure 313 under the Rural Development Programme for Malta 2007-2013. 75% of this sum will be financed through the EARFD whilst the remaining 25% will be financed by the Maltese Government. The total budget allocation under this call is capped at €632,816.41 excluding VAT. The VAT component must be borne by the applicant.

In the case of oversubscription to the call, the Managing Authority reserves the right to transfer additional funds to this Measure.

Obligations

- The applicant is bound to maintain the project as a going concern for a minimum of five (5) years from the date of completion of the project. Failure to do so will result in penalties being applied.

- Ownership or the location of the project (or part of the project) cannot be changed within five (5) years from the date of completion of the project without the prior written approval of the Foundation Majjstral Action Group.

Completion will be calculated from when the beneficiary will have submitted the final payment claim.

The eligibility start date of Measure 313 is the date of launch i.e. 22nd August 2013. **Majjstral Action Group Foundation** will accept applications under this Measure as from **22nd August 2013** and the deadline for submission of applications is **noon, on 23rd September 2013**.

Selection Criteria

An evaluation of the quality of proposals, including the financials, will be carried out in accordance with the selection criteria set out in the Selection Criteria Grid below.

Selection Grid – Measure 313 Encouragement of tourism activities

	CRITERIA	POINTS
1	The promotion of the re-use of existing structures or development of neglected areas with the aim of rehabilitating them	15 points
2	Innovation and uniqueness of the project within the region	10 points
3	Sustainability of the investment following completion of the project	10 points
4	Proposed investment is in line with national policy/ies and the LAG's Local Development Strategy	5 points
5	Capacity of entity involved to implement the project	5 points
6	Overall quality of the project proposal	5 points
7	Investment that increases the potential for recreation in rural areas by offering more varied, authentic and exciting experience which assists in the development of rural tourist destinations and/or that involve added value of the natural and man-made heritage	15 points
8	Investment that assists in the development of tourism services and products linked to the uniqueness of rural environs which result in the promotion of economic growth in rural areas and /or promotes the rural heritage tourism product	15 points
9	Readiness of project proposal	10 points
10	Creation of direct employment	2 points for every full time job created and 1 point for every part time job created. Max 10 points.

To be considered for funding or to be placed on the reserve list, a project must pass all the Eligibility Criteria and must also obtain a minimum of 50 marks out of the total marks allocated to the Selection Criteria.