

EU Funds for Malta

2021 - 2027

PUBLIC CONSULTATION DOCUMENT

CAP STRATEGIC PLAN 2023-2027

November 2021



GOVERNMENT OF MALTA
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FOR EUROPEAN FUNDS

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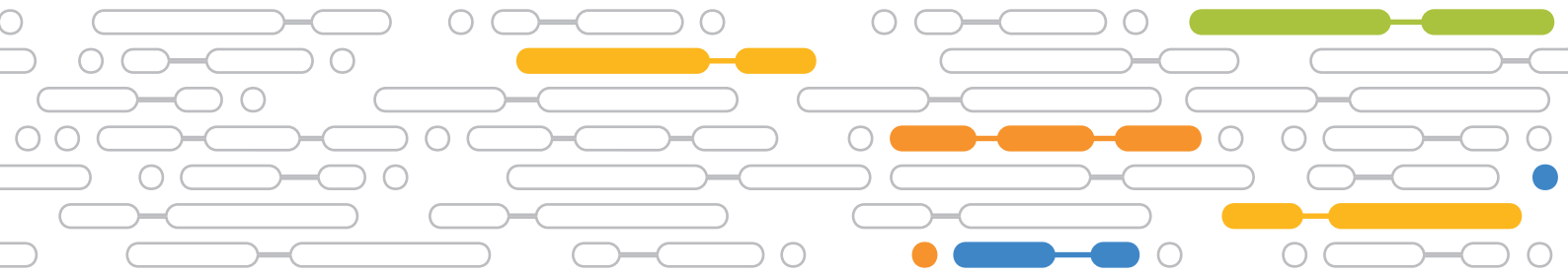
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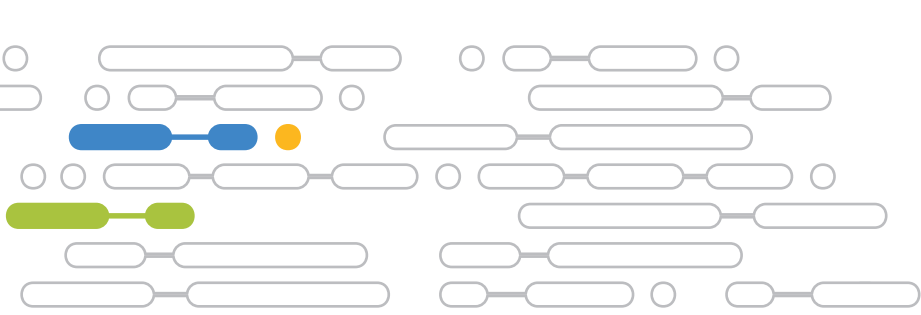
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List of Acronyms

Acronym	Full name
AECM	Agri-Environment Climate Measures
AKIS	Agricultural Knowledge and Information Systems
ANC	Areas Under Natural Constraints
CAP SP	Common Agricultural Policy Strategic Plan
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
EU	European Union
EURI	European Union Recovery Instrument
FBI	Farmland Bird Index
GDP	Gross Domestic Product
GHG	Greenhouse Gases
ICM	Integrated Crop Management
LAG	Local Action Group
LEADER	Liaison Entre Actions de Développement de l'Économie Rurale
LULUCF	Land Use, Land-Use Change and Forestry
NGO	Non-Governmental Organisation
NIR	National Inventory Report
NSO	National Statistics Office
PQWS	Product Quality National Scheme
PV	Photovoltaic
R&D	Research and Development
SAC	Special Areas of Conservation
SID	Strategy and Implementation Division
SO	Specific Objective
SoER	State of the Environment Report
SWOT	Strengths, Weaknesses, Opportunities, Threats
UAA	Utilised Agricultural Area





Introduction



1. Introduction

The Multi-Annual Financial Framework 2021-2027 provides an important opportunity for Malta to support investment in the agricultural sector, through the Common Agricultural Policy Strategic Plan. This continues to represent the main EU funding instrument for supporting agriculture in Malta in complementarity with other EU funded interventions and investments.

The CAP SP, with a total budget (EU + MT) of approximately EUR 177 million¹, will continue to build on the types and patterns of support that were offered under previous CAP measures, direct payments and schemes. This plan will cover the entire territory of the Maltese Islands and will provide funding and support from 2023 to the end of 2027. It aims to maintain overall consistency with Malta's National Agricultural Policy for the Maltese Islands 2018 - 2028², following evidence-gathering, meetings and discussions with a range of relevant stakeholders and Government entities which have been held since 2019.

In line with the new European Policies and Regulations for this period, the Common Agricultural Policy Strategic Plan for Malta will support all three general objectives outlined in the regulatory framework which aim to:

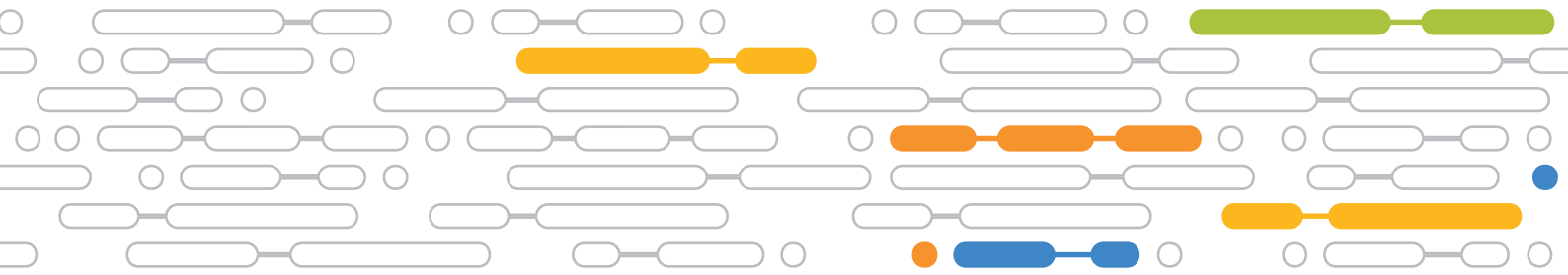
1. foster a smart, competitive, resilient and diversified agricultural sector ensuring long-term food security;
2. support and strengthen environmental protection, including biodiversity, and climate action and contribute to achieving the environmental and climate-related objectives of the Union, including its commitments under the Paris Agreement; and
3. strengthen the socio-economic fabric of rural areas.

This consultation document outlines the main priorities and scale of funding proposed under the strategy. CAP SP resources will be primarily mobilised through the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and will target the needs of the agricultural sector with the specific aim of providing adequate resources to meet future demands including environmental and climate objectives, new technologies and digitisation, fair income for farmers and workers, improving rural conditions, and improving farm resilience. Other commitments will target organic farming systems, animal welfare, the apiculture sector, eco-schemes and more sustainable agricultural practices as well as support for young farmers.

Initiatives supported through these funds will also foster biodiversity protection and conservation as well as support green and rural infrastructure. In line with Government's commitment to earmark 10% of funds under Cohesion and Agricultural funds for Gozo, the plan will address the needs of the Agricultural sector in Gozo through several measures.

¹ Amounts in current prices including Technical Assistance. Amounts cover Malta's allocation under these Funds, including possible transfers from EAFRD funds under Pillar 2 to Direct Payments under Pillar 1.

² Parliamentary Secretary For Agriculture, Fisheries and Animal Rights, National Agricultural Policy for the Maltese Islands 2018 – 2028. Accessed from: [napFinal.pdf \(gov.mt\)](https://www.nap.gov.mt/napFinal.pdf)





Strategy and Complementarity



2. Strategy and Complementarity

The new CAP Strategic Plan outlines the main needs that will be addressed through the EAGF and EAFRD funds for the period 2023-2027. The CAP SP, with a total budget (EU + MT) of approximately EUR 167 million³ (excluding Technical Assistance) will aim to support measures under the following three (3) general objectives and subsequent nine (9) specific objectives (SOs) as follows:

1. Foster a smart, competitive, resilient and diversified agricultural sector ensuring long-term food security
 - SO 1 Support viable farm income and resilience of the agricultural sector across the Union in order to enhance long-term food security and agricultural diversity as well as to ensure the economic sustainability of agricultural production in the Union
 - SO 2 Enhance market orientation and increase farm competitiveness both in the short and long term, including greater focus on research, technology and digitalisation
 - SO 3 Improve the farmers' position in the value chain
2. Support and strengthen environmental protection, including biodiversity, and climate action and to contribute to achieving the environmental and climate-related objectives of the Union, including its commitments under the Paris Agreement
 - SO 4 Contribute to climate change mitigation and adaptation, including by reducing greenhouse gas emissions and enhancing carbon sequestration, as well as to promote sustainable energy
 - SO 5 Foster sustainable development and efficient management of natural resources such as water, soil and air, including by reducing chemical dependency
 - SO6 Contribute to halting and reversing biodiversity loss, enhance ecosystem services and preserve habitats and landscapes
3. Strengthen the socio-economic fabric of rural areas
 - SO 7 Attract and sustain young farmers and new farmers and facilitate sustainable business development in rural areas
 - SO 8 Promote employment, growth, gender equality, including the participation of women in farming, social inclusion and local development in rural areas, including the circular bio-economy and sustainable forestry
 - SO 9 to improve the response of Union agriculture to societal demands on food and health, including high-quality, safe and nutritious food produced in a sustainable way, to reduce food waste, as well as to improve animal welfare and to combat antimicrobial resistance

In addition to the above, the cross-cutting objective aimed at modernising the sector through fostering knowledge sharing, innovation and digitalisation in agricultural practices and rural areas will also aim at strengthening the resilience and sustainability of the sector. The plan will also aim to address the draft regulatory requirements as may be established, where the current proposals primarily require that:

- A minimum of 3% of the Pillar I budget is allocated to Young Farmers;
- A minimum of 25% of the Pillar I budget is allocated to eco-schemes;
- A minimum of 35% of the Pillar II budget is allocated to environmental and climate interventions; and
- A minimum of 5% of the Pillar II budget is allocated to LEADER.

³ These amounts exclude the allocation of 6% to Technical Assistance. This indicative amount is based on different EU co-financing permutations and takes into account the Regulatory Framework which is yet to be adopted. In this regard, figures may be subject to change.

The CAP SP will present a green architecture whereby interventions under both Pillar I and II will contribute towards the overall achievement of green ambitions, in line with the European Green Deal, Farm to Fork Strategy and Biodiversity strategy, amongst others. This green architecture is primarily built upon:

- Conditionality – baseline requirements for farmers who receive CAP payments.
- Social conditionality – requirements related with applicable working and employment conditions.
- Eco-schemes under Pillar I – such schemes will aim to foster increased environmental focus by enabling farmers to maintain and sustain environmental measures and carry out measures which go beyond the minimum baseline established by conditionality obligations.
- Climate and environmental measures and measures related to animal welfare under Pillar II - such interventions will build upon the minimum requirements and Pillar I initiatives with a view to continue fostering environmental schemes, including in areas such as organic farming and on-farm investment initiatives, amongst others.

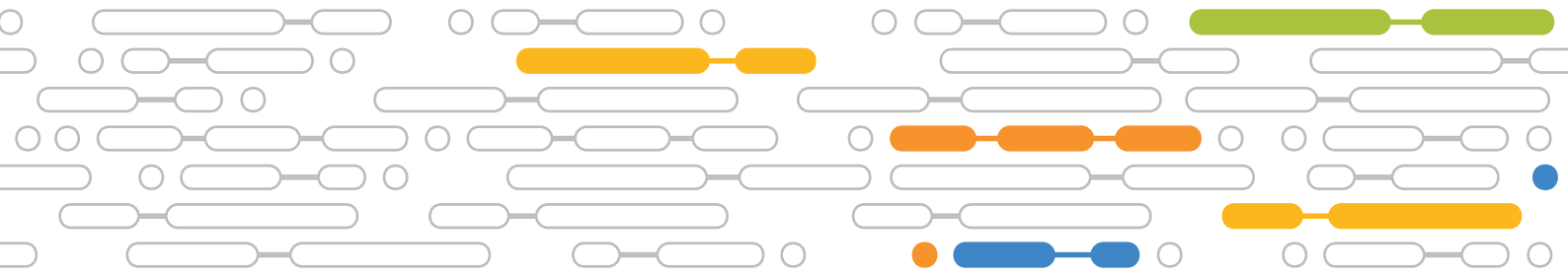
The CAP SP will build on the ambitions outlined in Malta's National Agricultural Policy for the Maltese Islands 2018-2028 and related national policies including the Nitrates Action Programme (NAP), the Draft 3rd River Basin Management Plan (RBMP), and the National Biodiversity Strategy Action Plan, amongst others.

The Plan will build upon interventions supported under the 2014-2022 Rural Development Programme as well as the EURI initiative⁴. Interventions, whilst focusing on the agricultural and rural sectors, will aim to complement interventions supported through other EU Funds, more particularly climate and environment related measures.

4 The EURI is part of the Next Generation EU that aims to mitigate the effects of the pandemic and strengthen the EU's economy.









3

Development Challenges and Opportunities



3. Development Challenges and Opportunities

General Objective 1 - The CAP Strategic Plan will offer support to maintain and strengthen the agricultural sector in Malta, including supporting farm families and farm businesses, farm co-operatives and people who want to enter farming (new entrants and successors).

SO 1: Funding for farm viability and land management

As a consequence of Malta's land scarcity, topography, high population density and urban sprawl, its agricultural sector is characterised by small, fragmented farm holdings, leading to key weaknesses due to the additional costs and complexity of managing such holdings. 90% of agricultural holdings are less than 2ha in size, with this area often spread across different locations (NSO, 2011). In relation to this SO, this structure presents numerous challenges to those (c. 1,300 full-time) seeking to make a living only from farming, and also to the many part-time farmers (c. 17,700 people) for whom agriculture provides an important supplementary income and who contribute to the maintenance of farming and domestic food production in Malta.

Table 1.1 SWOT analysis for SO1:

Strengths	Weaknesses
<ul style="list-style-type: none"> • Large proximal market offers significant opportunities for local farmers • Diverse range of products and production systems • Low transportation costs and short supply chains for domestic produce • Pluri-activity (diversity of income) can reduce the risks to household incomes of those who farm • Well-organised collaborative full-time production in dairy cow and pig sectors, and some market success in fresh milk 	<ul style="list-style-type: none"> • Small and fragmented farm structures: barriers to young farmers, new entrants and investment • High percentage (25%) of semi-subsistence farms, many old, barely active farm holders • Low level of skills, investment, knowledge exchange, R&D in the sector • Small-scale production and comparatively high costs of production (for all outputs) due to island status and fragmented farm structure • Pluri-activity means lack of time and resource to focus on farm management • Poor quality products due to dated production methods, in some sectors. Poor animal welfare standards in some farms

Opportunities	Threats
<ul style="list-style-type: none"> • Investment in adding value to Maltese traditional products such as Ġbejna and Kunserva, also new products and varieties • Growing appreciation in wider society of the need to keep the landscape well-managed and to produce local, healthy food more sustainably • Training and support to young farmers, new entrants and innovators to develop new business ideas and ventures, and grow their market share through more professional operations 	<ul style="list-style-type: none"> • Low-cost competition from producers in other countries erodes the competitiveness of Maltese farmers in domestic markets • Declining farm incomes and ageing farm population create a negative image of farming among young people, discouraging generational renewal • Limited labelling and traceability- it is hard to distinguish Maltese produce from cheap imports • High agricultural land prices, strong land inheritance culture, and pressure for continued built development on land for tourism and service sectors

The sector suffers from a lower level of investments, skills and qualifications, knowledge exchange and research and development, than would be the case if most farming were full-time and most holdings were larger and more consolidated. Malta’s farm sector is showing many signs of continued decline due to stiff price competition from imported products, combined with the challenges of small-island business operations and supply chain development. Structural barriers from rigid inheritance and land tenure laws create obstacles to sector consolidation and further limit profit margins, but also help to preserve the diversity and character of the Maltese farmed landscape. The sector is not attracting enough young farmers willing to work on farms, due to limited incomes, poor market returns and lack of access to capital for investment to improve business performance. There is also a relatively low level of knowledge and understanding among Maltese consumers and businesses to motivate them to identify and support Malta’s distinctive foods, with their unique culture and heritage. To help counter these pressures and resist this decline, funding will be used to help support farm viability and encourage continued management of the farmed landscape.

The aim for Malta’s full-time farmers is to ensure a viable farm income that can support its workforce and make a significant contribution to household income. For part-time farmers, viable farm income should mean a financial return that is comparable to working in other similar-skilled primary or secondary sector occupations, for the same amount of time. Without such a return, people are likely to leave the sector in favour of better remunerated occupations, resulting in land abandonment. Action to enhance farm incomes and improve the viability of the sector is therefore important.

Continued significant pressure to release land for business and tourism development in the face of comparatively low incomes from farming threatens the protection and enhancement of Malta’s biodiversity and rural landscapes. Thus, basic support to retain active and productive land management across the islands is seen as essential.

The below sectoral needs have been identified and the necessary support will be undertaken to:



<ul style="list-style-type: none"> • Help sustain more viable farm incomes for farmers in Malta, across all key sectors
<ul style="list-style-type: none"> • Assess the options for improved risk management in Maltese agriculture and develop mechanisms to make farmers more financially resilient
<ul style="list-style-type: none"> • Add value to Maltese agricultural produce, building enhanced quality, profitability and environment and welfare standards that meet consumer demand and expectations
<ul style="list-style-type: none"> • Ensure efficient and effective marketing and promotion of local produce
<ul style="list-style-type: none"> • Reform land tenure laws; develop institutions and incentives to help mobilise agricultural land markets and ease access to new entrants

Related types of actions

Interventions will be focused at supporting farm income and viability, especially in agricultural sectors that are important for economic, social and/or environmental reasons. These include dairy cattle, pigs, sheep and goats, and land-based fruit and vegetable farms including both permanent and annual crops. Farmers will receive payments through Basic Income Support for their agricultural landholdings to ensure farm sustainability and viability but also continued food supply security. Likewise, annual payments for small farmers will continue to be provided in line with the previous criteria applied for such support. In addition to SO7, direct payments will also be given to Young Farmers through complementary income support which can complement support under EAFRD for start-ups by Young Farmers. With a view to delivering on the environmental objectives, a certain share of agri-environmental-climate commitments and direct payments will be reserved for eco-schemes. Given that the schemes for the climate and the environment are being introduced for the first time under direct payments, certain flexibilities in terms of planning and implementation should be granted.

The Plan will include sectoral interventions to support the apiculture sector. The Plan will build on the current National Apiculture Programme and efforts will aim to foster research in the apiculture sector with the aim of disseminating findings and involving local beekeepers as necessary. The Apiculture sector will be supported through training on beekeeping, as well as interventions that combat beehive diseases, in particular varroosis as well as restocking of beehives.

Furthermore, the plan will also support Coupled Income Support (CIS) to counter the scale and severity of the challenges in different sectors. In this regard, support will be focused on the dairy, beef, sheep and tomato processing sectors. CIS will be supporting the dairy sector to mitigate the high costs faced by producers due to the double insularity of the island status, and the high feed costs. Such measure is aimed to provide support to this sector given that these producers are often landless. CIS will also be given to the beef sector to assist in the challenges that are faced by the sector, as it is a marginal activity with minimal profit, also in view of the reliance on imported animal feed which increases production costs. The sheep sector will receive CIS since the sector is relatively small, but is nonetheless a very important sector for the production of the traditional Ġbejna (cheeselet). The tomato sector will also receive support since tomatoes are one of the most important crops in Malta in view of the agro-processing industry that produces a range of tomato products, and employs a significant number of persons. The sector faces challenges related to lack of economies of scale in tomato production. Instruments supporting redistributive income support may also be considered as a means of support to farmers.

The main target groups are:

- Farmers;
- Young farmers;
- Dairy producers;
- Processors;
- Beekeepers; and
- The general public.

SO2: Enhance market orientation and increase farm competitiveness both in the short and long term, including greater focus on research, technology and digitalisation

Malta's agriculture is comparatively market-focused, producing a wide range of food products to meet both domestic and/or export demand, in different sectors. Nevertheless, it faces challenges:

- in respect of competitiveness and the need continuously to adapt to changing market expectations and consumer demand; and
- in respect of better recognising the need to produce sustainably, in the face of significant resource constraints and the emerging impacts of climate change.

Maltese producers are unlikely to be able to compete with those from other countries on the basis of costs and imports can easily compete with local products in commodity markets. Maltese products should be able to compete effectively against imports in those market segments where provenance, cultural heritage and tradition are valued by today's consumers (such as Maltese sausage, olives, wine, preserved cheeselets, honey); they may also have potential to compete effectively in markets where product perishability or a clear consumer preference for 'freshness' is strong (such as fresh milk, eggs, cheeselets, high quality chicken, rabbit, speciality vegetables or soft fruits and cream, amongst others).



Table 1.2 SWOT analysis for SO2:

Strengths	Weaknesses
<ul style="list-style-type: none"> • Large resident population and visitor population offer a significant opportunity for local producers to sell to local consumers • An island nation and economy, farmers benefit from focusing upon producing for the domestic market • Proximity to markets enable freshness, authenticity and reduced food miles • Short food supply chains – better communication • Established fresh food markets • Good conditions for particular ‘unique’ local products -tomatoes for Kunserva, and endemic varieties of olives and grape vines • Promotional links between specific Maltese types or brands of food and popular Maltese chefs and restaurants 	<ul style="list-style-type: none"> • Lack of product traceability • Low level of supply chain integrity • Lack of consumer confidence in buying local • Limited farm accessibility • Some sectors (particularly fruit and vegetables) lack significant and co-ordinated representation and thus have little bargaining power in food chains • Lack of good quality market research and analysis to help farmers to be more customer-focused • Part-time and small-scale nature of farming- low incomes from agriculture • Unwillingness to invest in improved productivity and technologies- small, part time farmers result in high production costs

Opportunities	Threats
<ul style="list-style-type: none"> • Scope to develop human and social capital in the sector by enhanced advice, learning and communications • Coordinated and strategic market and supply chain development, including research, to improve competitiveness • Increased focus on product quality, market orientation, and adding value: by upskilling farmers in sustainable production methods, R&D • Utilising market research and intelligence to help producers better understand and meet consumer needs • Use of ‘new water’ to combat water scarcity, and advanced technology to improve efficient water use • Increased collaboration to create initiatives or bodies to act on behalf of small and independent producers • Increase processing of primary produce to create higher value outputs • Use of land to sustainably grow more high-quality livestock fodder 	<ul style="list-style-type: none"> • Climate change - soil and coastal erosion, desertification, floods, drought and water scarcity • Agriculture is a relatively small sector for Malta in respect of its contribution to national GDP, and receives a relatively minor share of attention in national R&D policy • Continuing pressure on rural land- growing population, a buoyant economy and significant tourism sector • Reduced confidence among Maltese businesses to invest in primary production as land has much higher monetary value when used for other purposes • Low incomes not providing suitable returns on investment, sector not attracting young people

As outlined in the SWOT analysis, the key weaknesses relate to lack of product traceability that leads to a low level of supply chain integrity and weakens consumer confidence in buying local. It has also provided a disincentive for producers to take quality seriously, in their approach. Some sectors, particularly fruit and vegetables, lack fully coordinated representation and have little bargaining power in food chains, leaving producers vulnerable to unfair practices among wholesalers, food processors and retailers. Low incomes leave farmers unwilling to invest in improved productivity and technologies that could make them more competitive, as the perceived risk is greater than the anticipated returns.

Upgrading of rural roads is necessary to improve accessibility to holdings with the aim of increasing farm use, improving farm management and increasing farm efficiency. As outlined in the Malta’s National Transport Master Plan⁵, the impact of climate change on the rural road network is identified as a threat therefore, road infrastructure remains necessary to increase competitiveness and accessibility, as well as mitigate risks brought by adverse weather conditions.

5 Transport Malta, 2016, Transport Master Plan, 2025, Accessed from: <https://www.transport.gov.mt/strategies/strategies-policies-actions/national-transport-strategy-and-transport-master-plan-1343>



Opportunities exist to strengthen human and social capital and the capacity to organise and develop, in the sector, especially supporting smart agriculture practices and precision farming. Further areas of greatest potential include better independent advice, learning and communications, training in business management skills, coordinated product and supply chain development, including research.

The below sectoral needs have been identified and the necessary support will be undertaken to:

<ul style="list-style-type: none"> • Build human, social and institutional capital through investment in knowledge, training, advice to support development of partnerships, initiatives and institutions that will improve the capacity of farmers and other stakeholders to improve their sustainability and competitiveness, to gain consumer confidence
<ul style="list-style-type: none"> • Strengthen co-ordinated and strategic market approaches in the sectors which currently lack this, and improvement in strategic market development in all sectors
<ul style="list-style-type: none"> • Increase direct selling, adding value and improving supply chain co-ordination among all Maltese agricultural sectors
<ul style="list-style-type: none"> • Increase effective understanding of Maltese consumer demand and better tapping of the tourism market
<ul style="list-style-type: none"> • Identify and support the investment needs of the sector to increase its competitiveness, including new technologies and production systems; farm accessibility, more efficient use of resources; management skills; and research and development to support innovative approaches

Related types of actions

Support will be offered to strengthen and enhance advisory and training support to all farm businesses and families in Malta. Interventions will focus on enabling farmers, land-holders and farm family members to undertake training and to receive advice, to set up and run discussion groups, all focused on enhancing the economic, social and/or environmental sustainability and resilience of farms and rural areas in Malta. Further investment in agricultural holdings is also envisaged to support farm modernisation and restructuring, develop innovative technological processes, improve hygiene and soil management, invest in renewable energy resources, as well as better waste management interventions, amongst others.

The main target groups are:

- Farmers;
- Young farmers; and
- Enterprises and Entrepreneurs.

SO3. Improve the farmers’ position in the value chain

The largest number of Maltese farms grow fruit and vegetables on small and often fragmented plots of land. A relatively small number of producers (233) are selling produce worth more than 15,000 Euros per year, while the largest number (1,167) are selling very small volumes worth less than 5,000 Euros per year. In addition to sales through Pitkalija, farmers can sell directly at the farmers’ markets in Malta – two markets are used by a total of 42 farmers (Agricultural Policy, 2018). The volume or value of produce sold direct to caterers and retail outlets is thought to be small.

The total production value at basic price for fruit and vegetable products in Malta was 33.7 million Euros in 2020, at current prices (EUROSTAT data⁶). The share of value added that goes to agriculture is lower in Malta (14.1% in 2016) than the EU-average (23.2% in 2016). With 21 hectares of converted land and only 14 farmers registered, the Maltese Islands have the lowest level of organic farms in the EU (Directorate of Agriculture, 2017).

The scale of operation of livestock holdings for beef, sheep and goats and dairy cow production, as well as poultry and rabbits, is generally larger than for crops. In 2015, 52.7% of farms were registered as sheep farms, followed by goat, cattle and pig farms. Swine, poultry and rabbit are reared mainly for their meat; cattle, sheep and goats are kept mainly for milk. Pig and dairy cow producers are organised into co-operatives with a relatively strong market position and organisation. Sheep and goat producers are less coordinated and operating at smaller scale. Poultry producers – both eggs and broilers – are concentrated mostly into a relatively small number of commercial businesses who do not cooperate formally, and the same is also the case for rabbit producers.

Table 1.3 – SWOT Analysis for SO 3

Strengths	Weaknesses
<ul style="list-style-type: none"> • Increasing awareness to organise themselves in order to seek enhanced returns, particularly among young farmers • Large resident consumer markets in close proximity to rural areas • Production of some quality fresh produce • A very diverse product offer matching most food consumption demands 	<ul style="list-style-type: none"> • A tendency to copy neighbour’s behaviour or long-established and inefficient practices, leading to low quality in some sectors which undermines farmers’ ability to get a good price for products • Weak branding and presentation of Maltese produce • Lack of cooperation among producers in production and marketing reduces access to high-volume tourist/hospitality markets

⁶ https://ec.europa.eu/eurostat/databrowser/view/AACT_EAA01__custom_944287/default/table?lang=en



Opportunities	Threats
<ul style="list-style-type: none"> • Large tourism market in close proximity • Potential for higher quality fresh produce to attract better prices and customer loyalty • Impact of COVID-19 and desire for shorter and more secure supply chains creates opportunities for improved position in the supply chain 	<ul style="list-style-type: none"> • Strength of wholesaler middlemen in insufficiently transparent trading market conditions • Limited skills and time are barriers to engaging in direct sales and there is potential discrimination against those who engage in alternative marketing by larger players • Imported goods sold as local produce • Increasing costs of imported feed for livestock and imported inputs (fertiliser and pesticides)

Despite a relatively high proportion of farmers engaging with cooperatives and forming family-level Producer Organisations, the fruit and vegetable sector is fragmented and has limited representation. Most cooperatives provide basic services to farmers, including the supply of products such as seeds, vaccines and other consumables, representation with authorities, and training courses. A key weakness is the limited transparency and traceability in the sale and marketing of fresh produce, particularly fruit and vegetables sold through the main wholesale market at Pitkalija.

Opportunities exist in the form of the ongoing reform of Pitkalija market, also more strategic cooperation between farmer groups (e.g. existing small Producer Organisations and cooperatives coming together to plan and coordinate production and marketing decisions and actions), and selling via the farmers' markets in a coordinated way. As has been emphasised during the COVID-19 pandemic, good quality broadband coverage and infrastructure in Malta mean that rural communities across the islands have recognised increasing possibilities for direct selling to consumers online and home deliveries. Expanding the range of quality schemes or creating recognised quality brands and promoting to consumers the benefits of choosing seasonal produce, linked to promotional campaigns on buying local, would also enhance the potential for producers to improve their returns.

Bargaining power asymmetries are prevalent in the food chain, where farmers have limited power and primary producers participate to a limited extent, for example in processing and direct sales. Price transmission along the chain is asymmetric, due to imbalances of power and other issues.

The below sectoral needs have been identified and the necessary support will be undertaken to:

<ul style="list-style-type: none"> • Build human and social capital and support facilitation and innovation to improve the capacity of the sector to improve the supply chain, especially in fruit and vegetable, sheep and goat cheese, and olive and wine sectors
<ul style="list-style-type: none"> • Improve the organisation of producers in the supply chain in pig, rabbit, poultry and beekeeping sectors, and provide additional support for activities that add value and involve direct sales
<ul style="list-style-type: none"> • Increase strategic understanding among all Maltese producers and processors of emerging market opportunities for a Product Quality National Scheme (PQNS), or sector-led quality brands
<ul style="list-style-type: none"> • Promote PQNS and branding to educate the general public and visitors, and instil a sense of 'food pride' and 'food culture' in local businesses and the resident population, to influence consumer choice
<ul style="list-style-type: none"> • Further develop established niche markets for authentic Maltese products (such as olive oil, ġbejna and honey), and promote new and innovative products of quality and authenticity that meet emerging consumer tastes e.g. organic produce
<ul style="list-style-type: none"> • Provide support for investment in supply chain organisation and establishment of demonstration farm to fork systems
<ul style="list-style-type: none"> • Strengthen capacity for collaboration among producers and along supply chains to enable development of alternative forms of marketing and access to tourism markets

Related types of actions

Co-financed grants will enable farmers and other agri-businesses to carry out investments, aimed at making Maltese farms, agri-food and diversified farm businesses more efficient, innovative and environmentally sustainable. The Plan will also include support for Producer Organisations (POs) in the Fruit and vegetables sector to improve primary producers' position in the value chain. Interventions will include:

- a. Modernising and/or restructuring farm businesses and their holdings, including a simplified investment grant scheme for low budget grants, as well as the farm business development funding that was previously offered and is conditional on preparing a farm business plan;
- b. Improving processing and marketing facilities and initiatives, the upgrading of processing facilities for meat and other livestock products, and pursuing stronger marketing of all Maltese fresh produce to Maltese retail and catering outlets, amongst others. The Malta Food Agency will play an important role in this priority;
- c. Fostering cooperation within the sector, specific additional support will be offered to cooperatives and other groups of farmers and rural actors who act together to achieve coherent aims in line with these goals. Support will also target climate adaptation, mitigation, sustainable use of energy and resources as well as the protection of biodiversity; and



- d. Grants and associated training will be offered to encourage and support more diversified farm-based businesses. This will especially encourage new business ideas initiated and run by women and young people, and businesses focused on celebrating and adding value to Maltese heritage, Maltese food and craft products and activities celebrating Maltese culture.

The main target groups are:

- Farmers;
- Young farmers;
- Businesses;
- Agencies and other organisations;
- Educational institutions;
- Industry and business community;
- Students and educators; and
- Producer Organisations.

Indicative Financial Allocation

The indicative budget allocated to this general objective is EUR 74 million.

General Objective 2 - The CAP Strategic Plan will offer funding to help protect and enhance Malta's natural environment and address the need to achieve significant climate mitigation and adaptation**SO 4. Contribute to climate change mitigation and adaptation, including by reducing greenhouse gas emissions and enhancing carbon sequestration, as well as to promote sustainable energy.**

Agriculture is more vulnerable to climate change than most other sectors since it affects both the natural cycles of crop growth and the physical infrastructure required to support agriculture. Agriculture, like other economic sectors, also contributes to climate change through the emissions of greenhouse gases, including methane, carbon dioxide and nitrous oxide. Malta has the third highest level of GHG emissions per hectare of farmland, of all the Member States, and the second highest livestock density – reflecting the consequences of very high population density and related intensity of land use. Nevertheless, agriculture is a relatively minor contributor to Malta's total GHG emissions and its contribution has declined in the past 30 years. Furthermore, there is no net LULUCF contribution for Malta, and this has been so for the past 30 years (Malta NIR, 2019⁷).

Agriculture has potential to remove greenhouse gases from the atmosphere through plant growth and good soil management and generate renewable energy. Improving the resilience of agricultural systems, to better withstand climate change can be done by enhanced soil management, appropriate land use choices, reducing use of manufactured chemical N-fertilizers, reducing methane emissions from livestock and livestock wastes through more efficient management and changing land use practices and farming systems. Increased planting or regeneration of indigenous species of trees and shrubs as well as other trees/fruit trees, increasing carbon in Maltese soils and investment in renewable energy, are also valuable.

⁷ Malta's National Inventory Report, 2019 accessed at: <https://unfccc.int/documents/194992>, May 2021



Table 1.4 SWOT analysis for SO4:

Strengths	Weaknesses
<ul style="list-style-type: none"> • Long periods of sunshine provide a resource for solar power generation • Effective generation of solar power and renewable clean energy to support productivity • Indigenous and potentially high-value or distinctive agricultural products are already well-adapted to Malta's dry climate and extreme weather conditions- opportunities to expand production sustainably 	<ul style="list-style-type: none"> • Energy use in agriculture is inefficient. Comparatively high levels of GHG emissions from over-use of fertilisers and generation and management of livestock manures • Many farm sectors depend on fossil fuels – e.g. for imported feedstuffs, chemical fertilisers, plant protection and veterinary medicines, the extraction of water from underground sources and heating or cooling livestock facilities • Safe and effective management of manures from small livestock (rabbits and poultry) is not guaranteed • Lack of accessible research and knowledge exchange readaptation and mitigation of climate change in agriculture • Methane and ammonia emissions from housed cattle and associated slurry stores
Opportunities	Threats
<ul style="list-style-type: none"> • Renewable energy generation and energy efficiency on farms by investing in new technologies (AD, solar, green insulation) and collaboration to share facilities • Encourage soil management to increase carbon via better advice • Encourage permanent crops in place of annual cereals, promote tree planting on field boundaries • Encourage livestock sectors to invest in sustainable and low-carbon, Maltese animal feeds • Invest in market research, product development and promotion for lower carbon inputs (poultry, rabbit manure to replace imported Nitrate Fertilisers) • Support more effective risk management strategies among land-based producers 	<ul style="list-style-type: none"> • Climate change (including flooding, desertification, coastal erosion leading to soil erosion, water scarcity, drought, the impacts of more intense storms, rise in sea levels, increased heat stress for livestock) • Limited risk prevention measures, and the absence of suitable insurance schemes for farmers • Reliance on fossil fuels for desalination of water

Key weaknesses, as outlined in table 1.4 on the SWOT analysis, relate to chemical fertiliser use and manure management, water scarcity and contamination and fossil fuel consumption. Current infrastructure needs to be updated, to encourage water efficiency especially in light of the fact that water scarcity is set to increase due to climate change. The planned expansion of provision of treated wastewater across more Maltese farmed areas can help to counter this trend. Some sectors are heavily dependent upon fossil fuels for a wide range of activities, including imported N-fertilisers; also, extraction of irrigation water from underground using motorised pumps; and use of imported livestock feed, and fuel to cool indoor housing. Poor knowledge and understanding among Maltese farmers and supply chains about climate-mitigating measures threatens the feasibility of ‘climate proofing’ the sector.

Opportunities exist for renewable energy generation (especially solar PV) and enhanced energy efficiency on farms across Malta via investment in appropriate technologies. Adaptation to climate change implies a shift of cropping and husbandry systems towards more drought-tolerant and less fragile options, including permanent crops (such as citrus fruit, vines and other drought-tolerant fruit trees/bushes, olives, nuts, carob and niche options such as herbs and spices). Malta’s agriculture can lock up more carbon through enhanced soil management and appropriate land uses. A shift from annual cropping to more permanent crops (e.g. olives, nuts), and planting amenity or productive trees, especially indigenous species adapted to the local climate, could be beneficial.

The below sectoral needs have been identified and the necessary support will be undertaken towards:

<ul style="list-style-type: none"> • Improved distribution and utilisation of treated wastewater to ensure sustainable irrigation
<ul style="list-style-type: none"> • The identification and promotion of commercially viable crops and farming systems that are more adapted to the future local climate, as well as management practices that assist climate adaptation and mitigation (e.g. no fertiliser use, cover cropping etc.)
<ul style="list-style-type: none"> • The use of animal and agricultural waste and residues for energy production or to be used for fertilizer and soil conditioning
<ul style="list-style-type: none"> • Reduced use of chemical N-fertilizers and other inputs with similarly high carbon footprint (e.g. fossil fuels)
<ul style="list-style-type: none"> • Further investment in renewable energy sources, aimed at decarbonisation of the farm sector
<ul style="list-style-type: none"> • Instilling a culture of reducing, reusing and recycling resources on farms and among rural households; through knowledge exchange and targeted training in new technologies and production systems
<ul style="list-style-type: none"> • Supporting, including advisory, to mitigate risk related to investments that can be availed of by farmers
<ul style="list-style-type: none"> • Research, innovation and demonstration aimed at moving towards low carbon agriculture
<ul style="list-style-type: none"> • Widespread improvement of farmer knowledge about climate change impacts and need for adaptation and mitigation via training and advice



Related types of actions

Support will be available to mitigate the impact of agriculture on the environment and to improve the resilience of agriculture to climate change. Some of the proposed interventions include 'eco-schemes' which aim to incentivise more sustainable farm and land management using direct payments and agri- environment-climate and landscape management measures such as better crop management, creation/maintenance of high ecological focus areas, measures enhancing biodiversity and water irrigation methods as well as capital investments in environment and animal welfare improvements both on-farm and off-farm. The Plan will also aim to support training and advice designed to improve the environmental management of farmland and farm businesses and aim to incentivise more sustainable farm and land management using direct payments.

The main target groups are:

- Farmers;
- Young farmers;
- Agencies and other organisations;
- Industry and business community; and
- Educators.

SO 5: Foster sustainable development and efficient management of natural resources such as water, soil and air, including by reducing chemical dependency

In Malta the pattern of soil types is very intricate (SOER, 2018). The main threats to soil are erosion, decline in organic matter, soil contamination, and salinization. Maltese soils are susceptible to desertification as a direct effect of climate change. Soil is valuable to support ecosystems as well as sustain agricultural activity⁸, and in the main farmed areas, soils are partially protected from severe erosion through the network of rubble walls and landscape features, including carob trees, which divide numerous small fields. Soil erosion by water and wind, is exacerbated by various factors, including land fragmentation and abandonment, unsustainable agricultural practices and rapid urbanisation all triggered by both natural and anthropogenic factors, including limited but intense precipitation, low vegetation cover and inappropriate land use. Loss of topsoil must be prevented, retaining rubble walls, contour ploughing and conservation tillage⁹.

8 National Agricultural Policy for the Maltese Islands 2018-2028

9 State of the Environment Report 2018, Chapter 4: Land and Coast https://era.org.mt/en/Documents/Chapter4_LandCoast_26Nov2018.pdf

Table 1.5 – SWOT Analysis for SO5

Strengths	Weaknesses
<ul style="list-style-type: none"> • Many fruit and vegetables producers have efficient drip-irrigation equipment installed on their holdings, and more efficient technologies (e.g. IT soil moisture monitoring and management systems) are available to encourage continuous improvement • European and Maltese legislation has helped to establish a baseline of enhanced standards of water management among the farm sectors 	<ul style="list-style-type: none"> • Very poor water status and severe water challenges including groundwater aquifer exhaustion and salination, coupled with rapid run-off into the sea of too much of Malta’s natural rainfall, due to increased soil-sealing development and declines in active harvesting infrastructure, across the islands • Increasing ammonia emissions from agricultural practices • Low levels of technical awareness and capacity or motivation to act among part-time land-based farmers - a key obstacle to more efficient use of basic resources of water and soils • Insufficient attention by farmers to building the quality and ecological status of their soils (including Carbon content), which threatens future farming in Malta • Lack of confidence in the acceptability of treated wastewater by ‘a conservative farming community’, along with unwillingness to invest in new technologies hinder the achievement of more efficiency in agricultural water use • Land ownership and use pattern creates agricultural holdings made up of small isolated parcels of land – increase costs and lowers efficiency of resource use • Traditional field level water collection and distribution systems not maintained or used



Opportunities	Threats
<ul style="list-style-type: none"> • Development of action plans to assist in more efficient use of water and farm inputs and enhanced soil management (collective or industry-wide level in collaboration with government) • Investments in enhanced treatment and re-use of urban wastewater that can be used in agriculture¹⁰ • Applying new techniques and better management practices to reduce input use (including water use) without compromising output value or quality (training, KE) • Shift towards innovative and more environmentally friendly technologies (establish demonstration sites and farms, to help improve practices, demonstrate innovative technologies and disseminate best practices) • Collaborative action could improve efficiency of resource use and lower production costs 	<ul style="list-style-type: none"> • The effects of climate change may lead to increased constraints on the natural environment e.g. desertification, storm water runoff, and soil erosion leading to threats to water resources and soils • More stringent future regulations on nitrates and contaminants in water could result in certain agricultural systems becoming unsustainable • Over-use of pesticides and fertilisers contaminates groundwater

As outlined in Table 1.5 of the SWOT analysis, key weaknesses relate to low levels of technical awareness and capacity to act, which is a key obstacle to more efficient use of water, soils and air. Limited interest to invest in more efficient water, farm input and wastes infrastructure, among processors and distributors, may also hinder farmers acting alone. Opportunities exist for collective sector or industry-wide level action, and for government to work actively with the main sectors of greatest threat to water, soil and air – livestock manures, and chemical fertilisers in vegetable farming.

Nitrates in groundwater originate from the over-use of fertilizers in arable agriculture, compounded by the over-exploitation of the aquifer, and this contamination is expected to persist due to a long response time of the aquifer systems. Salination of the aquifer is also a problem, from seawater incursion. In view of high surpluses of both Nitrogen and Phosphorous in Maltese agriculture, there is a continuing need to educate land-based farm sectors to reduce fertiliser and pesticide use and invest in research as well as schemes, to encourage more agro-ecological practices.

More efficient surface water and wastewater resource management is necessary in order to significantly reduce agricultural use of groundwater.

¹⁰ This is sometimes referred to as 'new water' which is a term used in Malta that makes reference to treated sewage effluent that can be used for agricultural purposes.

The below sectoral needs have been identified and the necessary support will be undertaken to:

<ul style="list-style-type: none"> • Provide training and advice to increase awareness of the importance and the business benefits of efficient management of natural resources, especially soils and water and air
<ul style="list-style-type: none"> • Ensure adequate treatment of farm waste to reduce groundwater pollution
<ul style="list-style-type: none"> • Introduce mechanisms and processes that can convert agricultural waste to useful products, such as fertiliser and/or energy
<ul style="list-style-type: none"> • Increase efficient harnessing and use of water resources, as well as protection of soil, by better management and restoration of key geographical and landscape features such as valleys, rubble walls, channels and reservoirs
<ul style="list-style-type: none"> • Encourage farmers to invest in new techniques and farming systems to make more efficient use of water, protect and conserve soils and improve their quality, organic matter content, structure, biodiversity and nutrient status
<ul style="list-style-type: none"> • Demonstrate the value to farm profitability and marketing success, of crops and livestock produced to higher standards of water and soil protection, working with key supply chain actors wherever possible
<ul style="list-style-type: none"> • Support farmers and researchers to identify and apply better ways to grow crops and rear livestock with reduced use of water and reduced nutrient loading to air, soils and water

Related types of actions

Support will be provided for rural infrastructure and management of habitats and Natura 2000, valley restoration. Eco-schemes and Agri-Environment and Climate Schemes (AECMs) contributing to climate and environmental measures are also foreseen under this specific objective. Furthermore, afforestation, water management, reduction of flood risks and improvement of soil conservation, reclamation and restoration of marginal or derelict land, are some the envisaged actions. Support towards reinstating existing rubble walls and other ecological and biodiversity related measures on land holdings are foreseen.

The main target groups are:

- Farmers;
- Young farmers;
- Businesses;
- Agencies and other organisations;
- Educational institutions;
- Land managers; and
- Students and educators.



SO 6. Contribute to halting and reversing biodiversity loss, enhance ecosystem services and preserve habitats and landscapes

Malta's biodiversity is threatened by a variety of pressures including high population density, tourism and service sector development, pollution and poor waste management (including construction and demolition waste), over-exploitation of natural resources of water and soils, water scarcity and climate change. 81% of Malta's protected sites for biodiversity are under 1km² in size. Malta hosts 183 protected species, of which 3 are found only in Malta¹¹. The rural land cover is a mix of cropped fields divided by rubble walls, areas of garrigue and scrub (dotted with Carob trees and other low-growing shrubs), some areas of permanent crops including olives, citrus and vines but with limited grassland, woodland and no large forests. An increasing area of former cropped land is no longer actively managed. Agro-ecosystems cover 58% of Malta¹².

Government has established the agency Ambjent Malta (AM) to direct and oversee terrestrial Natura 2000 sites and their management. In addition, for each of Malta's 27 Special Areas of Conservation (SACs), a specific body – usually an environmental NGO, local government authority, or agency, including Ambjent Malta – has specific responsibility as the 'implementing body' for that site.

Malta's National Biodiversity Action Plan (NBSAP) (2012 – 2020) defined nineteen national targets to be achieved by 2020. Malta's biodiversity faces numerous threats and pressures from natural biotic and abiotic processes, invasive and other problematic species, human interference, geological events, and natural catastrophes. On the conservation status of habitats and species of Community importance, Malta has reported that 40% of the species and 43% of habitats have good conservation status, showing an improvement over previous years that can be attributed to new knowledge and improved interpretation. However, 44% of species and 64% of habitats do not have a favourable conservation status and require enhanced conservation. The share of agricultural area protected under Natura 2000 is 8% which is below the EU average; however, some of Malta's most significant areas of biodiversity importance are the garrigue, the maquis and many coastal sites, most of which would have been in extensive agricultural management in the past, but which have been removed from the agricultural area since EU accession. Malta's bird populations continue to decline, according to Farmland Bird Index (FBI data), and bird hunting remains a controversial element, while the most common category of protected species in Malta is birds.¹³

11 European Agency, European Environment Agency (EEA), Biodiversity Information System for Europe; <https://biodiversity.europa.eu/countries/malta>

12 Ibid.

13 ibid

Table 1.6 – SWOT Analysis for SO6

Strengths	Weaknesses
<ul style="list-style-type: none"> • Variety of indigenous and endemic species, and a range of priority habitats • High diversity of terrestrial plants and animals present on the territory • Historic landscape considered an important cultural asset (important archaeological sites, intricate terraced small field patterns) • Garrigue and maquis represent terrestrial habitats of national and international importance for biodiversity • Comprehensive management planning for the highest value protected sites (Natura 2000) 	<ul style="list-style-type: none"> • Low levels of awareness of the existing and potential value of farmed landscape for biodiversity and the designated terrestrial Natura 2000 sites, among the farming and non-farming population. This is linked also to insufficient data on the state of biodiversity. • Biodiversity status of farmland is vulnerable and in decline (fragmented landholdings and a lack of upkeep of landscape features and management infrastructure for natural resources in some areas, also over-exploitation of resources leading to soil loss, water scarcity, nutrient pollution) • Lack of knowledge, training and insufficient incentives for farmers to engage in biodiversity management or organic farming • Small size of farm holdings, also of Malta’s protected Natura 2000 sites on farmland, combined with strong winds and storms means pesticide drift from farms onto neighbouring areas is a risk • Biodiversity management not considered an integral part of farm management



Opportunities	Threats
<ul style="list-style-type: none"> • Raise awareness of Malta's distinctive biodiversity and encourage activities to protect and valorise its semi-natural habitats and landscape features associated with field boundaries and channels; and to enhance appreciation of its Natura 2000 sites • Encourage expansion of permanent crops and trees(e.g. tree crops like olives and almonds, or other drought-tolerant fruits) • Adopt more biodiversity-friendly production methods via conversion to organic farming and promoting more sustainable agricultural practices including maintenance of organic farming 	<ul style="list-style-type: none"> • Limited willingness to engage with CAP support and low levels of awareness of farming's impact upon biodiversity (especially among small, part-time farmers) • Spreading of invasive alien species through agricultural practices • Increasing population density, urbanisation and the need for additional infrastructure • Decline of local indigenous populations and varieties for both livestock and endemic crops • Degradation of rural areas including habitats and cultural landscapes (via abandonment, over-exploitation and pollution) • Changing climate patterns- potential increase in the number and variety of pests, water stress and biodiversity loss

Key weaknesses, as outlined in Table 1.6 of the SWOT analysis, relate to low levels of awareness of the existing and potential value of Malta's farmed landscape for biodiversity and the designated terrestrial Natura 2000 sites. Fragmented landholdings and a lack of upkeep of landscape features and management infrastructure for natural resources mean that the biodiversity status of farmland is vulnerable. Biodiversity management is not considered as an integral part of farm management in Malta, and relatively small actions that could enhance biodiversity in the rural landscape are not recognised by many farmers. The organic farming area in Malta grew substantially between 2010 and 2018 however, Malta still has the lowest share of total organic area in total Utilised Agricultural Area (UAA) across the EU, at only 0.4%.

Low levels of awareness of farming impacts upon biodiversity, particularly among Malta's very small and many part-time farmers, have a negative impact on biodiversity, threatening the achievement of Malta's goals for protection and enhancement of biodiversity particularly in the farmed landscape.

Major opportunities, for example in the form of the growing interest of consumers in organic products with a higher market price compared to conventional agricultural products, could help to increase farmers' interest in Malta to adopt more biodiversity-friendly production methods via conversion to organic farming; so long as cultural barriers to this shift can be overcome.

The below sectoral needs have been identified and the necessary support will be undertaken to:

<ul style="list-style-type: none"> • Enhance biodiversity on agricultural holdings and wider rural areas through the adoption of low-input and less chemically dependent modes of production, including organic farming as well as planting of species of plants/flowers for increased pollination
<ul style="list-style-type: none"> • Disseminate knowledge amongst farmers to safeguard, promote and restore biodiversity on agricultural holdings and in the wider rural areas, particularly on land adjacent to Natura 2000 sites
<ul style="list-style-type: none"> • Widely promote CAP Strategic Plan measures that aim to protect biodiversity, enhance ecosystems and preserve habitats and landscapes
<ul style="list-style-type: none"> • Promote the removal of invasive alien species and the planting of trees
<ul style="list-style-type: none"> • Restore of habitats and rural landscape features
<ul style="list-style-type: none"> • Promote greater understanding of Malta's biodiversity and designated terrestrial Natura 2000 sites, also Malta's rural landscape heritage, among the farming population
<ul style="list-style-type: none"> • Conserve endemic species with the aim of preserving local agricultural genetic resources

Related types of actions

Some of the envisaged actions under this specific objective include the restoration of existing rubble walls and other heritage features, including giren, that apart from forming an integral part of the rural landscape, also host a variety of species. Other areas include the promotion of organic farming, afforestation, habitats and ecosystem management, as well as Natura 2000 sites, which host a multitude of plant and animal species. Additional actions aim to support restoration, management and conservation to enhance the quality of existing woodland, with the possibility of expanding such areas and features as well as areas under natural or other specific constraints within the context of land abandonment, uptake of eco-schemes and agri-environment commitments.

The main target groups are:

- Farmers;
- Land managers;
- Agencies and other organisations; and
- Educational institutions.

Indicative Financial Allocation

The indicative budget allocated to this general objective is EUR 67 million.



General Objective 3 - Support will also be available for businesses and social and community groups in rural areas, to enhance the quality of life and sustainability of rural communities and to promote the rural economy and the circular economy (re-use, restore, re-cycle) in Malta.

SO 7. Attract and sustain young farmers and new farmers and facilitate sustainable business development in rural areas

Malta's rural territory is in relatively close proximity to urban settlements, which means that there is generally good access to urban business services and infrastructure, for most rural businesses in smaller towns and villages, or along the principal roads. For this reason, business development in rural areas is quite extensive and diverse in such locations and there are national policies for business development which cover both urban and more rural situations, including specific additional support for Gozo which faces some relative economic disadvantages. Farms may be slightly more isolated: the minor road infrastructure is generally in poorer condition and less easily accessible to vehicles than main roads.

Table 1.7 – SWOT Analysis for SO7

Strengths	Weaknesses
<ul style="list-style-type: none"> • Increasing awareness to innovate and learn about the latest techniques and farming methods, among young farmers • Business diversity in rural areas is already quite high with many non-farming market opportunities and low unemployment rates¹⁴ • High IT literacy and use of digital skills among young farmers 	<ul style="list-style-type: none"> • Small percentage of young farmers (below 40y) mostly older farmers • Very limited land availability for purchase or lease, and high cost • Training provision not best suited to support the needs of a young generation • Lack of access to new knowledge and training/ workshops/ networks • Lack of access to subsidies and credit • Mis-match issues, agriculture graduates not working in the sector • Farming perceived as low return, low value and little opportunity for growth and development

¹⁴ See SO 8 for more details on the rural economy

Opportunities	Threats
<ul style="list-style-type: none"> • Opportunities for more innovative and creative enterprise in rural areas, especially for young farmers • Potential to stimulate new business activities in rural areas (e.g. farm diversification, food tourism, local food labelling, cultural heritage) • Opportunities for developing niche markets and diversification of some sectors such as tourism into rural-oriented and environmental business • Tailor-made training and upskilling for Young Farmers alongside improved access to education and research, and markets • Provide certification for training courses, consolidate farmer/ livestock breeder classification systems through recognition of education and skills • Malta's strategy for land consolidation – potential for re-parcelling land 	<ul style="list-style-type: none"> • Farming not offering adequate income- lower quality of life for farming communities • Cultural and practical knowledge gained through experience of longstanding generations of farmers may be lost if not transferred to an emerging generation of farmers • Higher incomes and greater financial security from other forms of employment attract young people away from the land • Poor perception of agriculture as a career option among young people • Land succession practices and old farmers not retiring

In 2016, there were a total of 9,310 farms of which around 660 farms were managed by young farmers (up to the age of 39) accounting for 7% of the total farms in Malta. The total number of farms in Malta has been declining since 2010, falling from 12,530 to 9,310 in 2016. A breakdown of the age structure of farm managers by age shows that the number of farms has declined across most categories from 2010 to 2016, though most strongly in absolute terms, for the age category between 45 to 54 years¹⁵, whereas the numbers aged 65 or over have increased.

Training facilities and opportunities in Malta will need improvement to support the needs of a young generation of farmers. Based on the CAP Context indicator (C24) approximately 43% of young farmers in Malta have some form of basic training and only 1.5% have full agricultural training¹⁶. Young farmers claim that the most significant push factors for them to leave farming are the irregularity of income and lack of capital to invest in modern machinery and equipment. Young farmers face several barriers before they can start agricultural activity, such as difficulties in accessing land due to the high costs of purchasing or renting, unless they inherit it; fragmentation of land meaning that it is difficult to acquire a sufficient area for a viable business; difficulties in obtaining loans for business investment due to lack of collateral; resistance from older farmers, often those from whom they will eventually inherit but first they must work with, who are not open to new ideas; and limited opportunities for continuous professional development.

15 E-Cubed Consultants, EMCS, Adi Associates 2021: THEMATIC EVALUATION YOUNG FARMERS RDP 2014-2020 (February 2021)

16 CAP Context Indicator 24



The below sectoral needs have been identified and the necessary support will be undertaken to:

<ul style="list-style-type: none"> • Provide start-up financial aid for young farmers in the form of grants, for both full-time and part-time farmers and new entrants, that are tailored to the farm structures in the Maltese Islands, linked also to training support and business planning advice, thereby reducing the barriers faced by young farmers that wish to enter the sector
<ul style="list-style-type: none"> • Enhance continuous professional development for young farmers and rural entrepreneurs through training, advice, mentoring and assistance for them, whether new entrants or established ones, both from a technical and from a business management point of view
<ul style="list-style-type: none"> • Promote cooperation among young farmers to better enable them to install and to trade at a scale which is likely to be resilient and viable
<ul style="list-style-type: none"> • Give an ongoing income boost to young farmers to incentivise earlier generational renewal within farming households
<ul style="list-style-type: none"> • Explore enhanced opportunities for access to credit among young farmers
<ul style="list-style-type: none"> • Provide opportunities to support new rural business ventures that can complement and add value to rural incomes and help to promote rural quality of life among part-time farmers and other rural households
<ul style="list-style-type: none"> • Facilitate land consolidation and easier farm transfer between generations through ongoing legislative changes and monitor their impacts

Related types of actions

Some of the envisaged actions include assistance in business start-ups for young farmers in Malta including the setting up of a business plan, management, marketing and financial skills development and other training and technical advisory support as required.

The main target groups are:

- Groups of Young Farmers; and
- Young farmers.

SO 8: Promote employment, growth, gender equality, including the participation of women in farming, social inclusion and local development in rural areas, including the circular bio-economy and sustainable forestry

Malta’s small size and close proximity between rural and urban areas provides an opportunity to reduce disparities between different territorial areas. Key weaknesses in relation to the SO relate to the lack of vitality and enhancement of rural quality of life, particularly for farming families and in respect of small business and the social and cultural economy of rural areas. This is partly due to the limited dissemination of information, low promotion of new business skills and confidence among often low-skilled rural inhabitants, and lack of financial support to invest in innovative activities.

In addition, there is a lack of awareness of how to generate income streams through utilisation of local assets such as small scale cultural and natural heritage, which has also resulted in poor conservation. Major opportunities, as outlined in Table 1.8, exist in the form of a large visitor population to the island and short travel distances between rural and urban centres.

Table 1.8 – SWOT Analysis for SO8

Strengths	Weaknesses
<ul style="list-style-type: none"> • Favourable economic conditions and low unemployment rates pre COVID-19 • Decrease in the number of people that are at risk of poverty or social exclusion • Enthusiasm to maintain local culture and traditional events • Local Action Groups - reference points within their respective territories 	<ul style="list-style-type: none"> • The scale of impact of CAP income support, even when boosted by support for Areas facing Natural or other specific Constraints (ANCs), remains insufficient to raise living standards for those for whom farming is a principal activity • Lack of diversification • Emigration of young, highly skilled people from Gozo • Lack of innovation and entrepreneurial confidence (shift in LEADER support) • Limited role of women in rural development activities • Underutilisation of historical and natural heritage and failure to conserve and invest in natural and historical assets



Opportunities	Threats
<ul style="list-style-type: none"> • Encourage more innovative and creative enterprise in rural areas- young entrepreneurs • Greater investment in learning from best practice (from other Member States) - knowledge exchange, mentoring and advice and support to farm households and socially disadvantaged groups • Digital reskilling and training • Stimulate new business activities in rural areas (e.g. farm diversification, gastro tourism, local food labelling, investment in cultural and natural heritage, etc.) • Create an (informal) educational system to pass on the knowledge in respect of traditional trades, customs and culture • Create accreditation system to recognise and promote Maltese produce • High level of visitors/tourism creates a large potential market for local products and activities • Support feasibility studies on renewable energy using waste and development of bio-economy sectors on the islands 	<ul style="list-style-type: none"> • Growing population with some areas experiencing a high percentage of older people and high dependency ratios resulting in higher pressure on resources such as water, air and land as well as on local infrastructure • Older people (aged 65 and over) more at risk of social exclusion or poverty • Lack of focus and investment in the most rural parts of the islands • Agriculture not viewed as a viable option by young people; small scale production and lack of collaborative actions raise costs and minimise income • Lack of skills and awareness of potential for small scale entrepreneurial activity • High level of imports

Linking local natural and cultural heritage features across a LAG area offers scope for promoting small-scale growth and enhanced employment opportunities along with social inclusion, targeting income from the tourism sector. Training and skills development for more people within the rural population will be important but must be made attractive and easy to access, in order to build trust and the confidence to engage.

The below sectoral needs have been identified and the necessary support will be undertaken to:

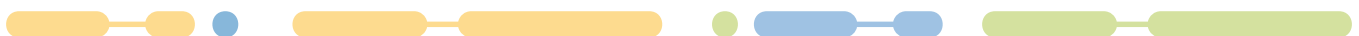
<ul style="list-style-type: none"> • Provide new funding for small projects, through the LEADER programme, aimed at supporting voluntary, non- governmental organisations and businesses in rural areas, especially where these are synergistic with the aims of the Local Development Strategies (LDSs) and enhance local Quality of Life
<ul style="list-style-type: none"> • Improve the implementation of the LEADER programme and expand its focus into other policy areas
<ul style="list-style-type: none"> • Improve and enhance the attractiveness of rural areas through the restoration of existing heritage structures and the creation of open spaces, or enhancement of existing ones, for the enjoyment of locals and visitors
<ul style="list-style-type: none"> • Maximise synergy between CAP resources and other policies and EU funds, especially those related to tourism and social inclusion
<ul style="list-style-type: none"> • Support for LAGs and local communities to explore, identify and celebrate their unique cultural, historic and knowledge assets
<ul style="list-style-type: none"> • Provide skills and business management training, in particular for young people and women, to encourage utilisation of the local resource base in multiple ways

Related types of actions

Some of the actions envisaged under this specific objective include training measures for potential LAG staff and other local stakeholders, measures for designing the Local Development Strategy and other administrative costs. Focused support will especially target young people and women, to enable them to gain the necessary skills in business management, leadership, and entrepreneurship, combining training with start-up/seed funding. Further initiatives include the restoration of heritage structures, including vernacular architecture, in rural areas and overall regeneration of rural areas, which aim towards strengthening the socio-economic and cultural fabric of rural areas.

The main target groups are:

- LEADER Local Action Groups (LAGs);
- Rural communities;
- Young people;
- Women, families; and
- NGOs



SO 9. Improve the response of EU agriculture to societal demands on food and health, including safe and nutritious food produced in a sustainable way, food waste, as well as animal welfare

Animal welfare, health and well-being practices remain important pillars. The key weaknesses in relation to this SO relate to low consumer awareness of how food is produced and the importance and potential value of local and high-quality provenance, particularly in Malta's large hospitality sector. This weakens the prospects for developing and maintaining market advantage for local foods through explicit links to quality and higher standards.

Major opportunities, as defined in Table 1.9 on the SWOT Analysis, exist in the context of ongoing development of the Malta Food and Nutrition Policy and Action Plan¹⁷ for Malta (2015-2020) to assist in raising consumer, citizen and government awareness of the nutritious value and dietary considerations for Maltese adults. The Maltese Islands are marketed as a quality destination rich in culture and heritage with a range of distinctive and particular products and venues for hospitality and leisure. A lack of branding and traceability of food products erodes consumer confidence, which is also threatened by imported goods sold as local produce. Branding of quality Maltese products by producer and processor organisations can provide a cost-effective way to link quality, local provenance and health and animal welfare benefits.

Table 1.9 – SWOT Analysis for SO9:

Strengths	Weaknesses
<ul style="list-style-type: none"> • Enhanced consumer awareness of Maltese products • Campaigns raising awareness about the benefits of supporting the local agricultural sector through seasonal consumption of fresh Maltese produce • National register of traditional Maltese Agro-Food products established 	<ul style="list-style-type: none"> • Low consumer awareness of source of food and how it is produced, particularly in Malta's large hospitality sector • High level of food waste in the hospitality sector • Locally produced food waste from poor marketing and operation of supply chains (e.g. wholesale market) • High level of imported food and low quality of some local produce • Overuse of agricultural chemicals and water in the fresh produce sector

¹⁷ Food and Nutrition Policy and Action Plan for Malta 2015-2020 accessed from https://deputyprimeminister.gov.mt/en/Documents/National-Health-Strategies/FNAP_EN.pdf

Opportunities	Threats
<ul style="list-style-type: none"> • Food and Nutrition Policy and Action Plan for Malta beyond 2020 – raising awareness and strengthening links between agriculture and dietary health • Increased awareness and demand for organic farming • Promote healthy eating and balanced diets through stronger links between food supply chain and public/private sectors, in specific schemes • Enhance existing schemes, focus on sustainability, short supply chain and low carbon footprint • Encourage branding of key Maltese products by producer organisations • Develop new welfare standards and certification in livestock sector • Promote social farming for health benefits 	<ul style="list-style-type: none"> • Lack of transparency and trust in Maltese food supply chains • Poor traceability, inconsistent quality and supply and profiteering (fresh produce sectors) • Lack of consumer awareness • Lack of recognition towards the value of Maltese products • Reluctance of farmers to change practices and adopt new technologies • Poor confidence in the profitability of the farming sector

The branding of key products is already proving important in the dairy sector and shows potential for adoption in the pig meat sector, for both fresh and processed products. Fruit and vegetables sold direct through co-operatives or the farmers' markets could offer similar potential for local branding, but development of this sector will be more difficult due to the small-scale nature of most current co-operatives and producer organisations. Interaction between educational establishments and Maltese health policies need to be strengthened and more links between schools and actors in the Maltese food supply chain, to enhance product knowledge and educate a new generation of consumers on health, welfare and sustainability benefits of local products is required. This is also relevant in view of the foreseen continuation of school fruit schemes that, whilst funded through other funding sources, will also complement interventions under the CAP SP.

Limited transparency in Maltese food supply chains threatens achievement of this Specific Objective and the viability of initiatives focused upon quality and high production standards, as it fundamentally undermines consumer confidence. Cooperation among producers and across the supply chain will be required, but there is also reluctance of farmers to change practices and adopt new technologies. Another threat relates to low environmental awareness among the Maltese population in respect of how agricultural wastes are treated. In livestock sectors there is an opportunity to enhance welfare freedoms, develop new welfare standards and certification. Incorporating organic waste reduction programmes focused on waste generated from the agricultural sector into the national organic waste system would be a logical step and could make a profound difference in respect of the amount of waste collected and used for production of bio-energy.



The below sectoral needs have been identified and the necessary support will be undertaken to:

<ul style="list-style-type: none"> • Enhance quality and explicit, transparent nutritional, environmental and animal welfare standards for locally produced food to increase traceability and trust throughout supply chains; and raise awareness among consumers of benefits of local produce meeting these standards
<ul style="list-style-type: none"> • Foster higher animal welfare standards in partnership with key supply chain actors, to ensure enhanced well-being among farmed livestock in Malta
<ul style="list-style-type: none"> • Recognise and reward farmers that adopt higher production standards than those stipulated in the respective regulations
<ul style="list-style-type: none"> • Introduce new measures aimed at reducing, re-using and recycling food waste along the supply chain, such as incentives for composting that include fruit and vegetable residues from farms and farmers' markets
<ul style="list-style-type: none"> • Promote products that are produced to higher standards, raising awareness on the importance of choosing this produce for dietary health, environmental benefits, and animal welfare
<ul style="list-style-type: none"> • Provide support for farmers wishing to carry out investments aimed at achieving the targets under this Objective

Related types of actions

Support under this specific objective will include actions aimed towards investing in agricultural holdings by improving animal welfare as well as combatting antimicrobial resistance, supporting better dietary and health requirements such as school schemes and public awareness campaigns, amongst others. Support for organic farming practices and methods will also be considered. Training and advice are also foreseen towards improving animal welfare in line with the cross-cutting measures related to AKIS.

The main target groups are:

- Farmers;
- Young farmers;
- Businesses;
- Agencies and other organisations; and
- Educational institutions.

Indicative Financial Allocation

The indicative budget allocated to this general objective is EUR 26 million.



Horizontal Objectives: Cross-cutting objective related to fostering and sharing of knowledge, innovation and digitalisation, including the functioning of the AKIS and related structures.

Agricultural Knowledge and Information Systems (AKIS) aims to create a thriving network through which knowledge can be disseminated between the different actors, while also enhancing the links between researchers and practitioners. Training and advice needs among Malta's farm and rural population are significant, since many farms are managed on a part-time basis and management practices are learned informally from parents or other relatives.

Around 90.15% of the 11,713 sole holder managers identified in the 2010 Farm Census, only received agricultural training in the form of practical experience. Additionally, 8.6% of these sole holder managers, equivalent to 1,004, had received basic training and only 1.3% or 149 had full training in agriculture. Sole holder holdings made up 90.7% of the total annual work units in agriculture.

Throughout the years, Rural Development Programmes have provided training courses and advice for farmers, especially in relation to cross compliance and other environmental obligations, farm management, on-farm hygiene and health and safety. Training and advice focusing on the implementation of specific agri-environment-climate measures have also been provided including training on the use of pesticides and fertilizers.

Opportunities under AKIS can include digital reskilling and training, widening participation, engaging groups of people in rural areas who are still educationally excluded and socially disadvantaged through training, lifelong learning activities, and creating local knowledge hubs. Complementarities with other funding streams are foreseen, such as the European Social Fund plus (ESF+) in terms of enhancing skills, including in green and digital sectors as well as the European Regional Development Fund (ERDF) in terms of supporting biodiversity in Natura 2000 sites, amongst others.

Training and information needs are relevant to all the Specific Objectives of the CAP Strategic Plan, as covered in the respective SWOTs. AKIS is therefore a cross cutting issue that needs to target the economic and environmental sustainability of the farming sector. Training, advice, research, innovation and cooperation need to be enhanced in order to ensure viability of the farming sector, enhanced cooperation, improved quality standards, adaptation and mitigation to a changing climate, more sustainable use of natural resources, protection of biodiversity and enhanced farm hygiene and animal welfare.

The SWOT analysis identifies significant cross-cutting issues that need to be targeted for the agricultural sector to be able to renew itself and further develop the production of high quality, sustainably produced food. The lack of relevant expertise among farmers and others in the food sector, leads to limited traceability and lengthy food supply chains that do not benefit the primary producer. Given that knowledge regarding marketing, quality assurance and branding are very limited, capacity building needs to take place to improve knowledge concerning better food quality, safety and traceability that is in line with consumer demand and produced sustainably, while also ensuring the viability of the holding.

On the other hand, limited environmental knowledge and recognition of its importance for sustaining agriculture in the longer term is a key challenge for Malta's farming population. Better farmer knowledge concerning climate change adaptation and mitigation; sustainable energy production; effective management of water, soil and air; and the protection of biodiversity, ecosystems and habitats are important to ensure environmental sustainability and reduce the impact of farming on the environment.



Improved technical agronomic and agri-business skills among Maltese farmers could enable the sector to be more productive and more profitable. There is also a need to update farmers on hygiene, health and welfare issues for all types of livestock; improved nutrition for rabbit, poultry, pig, bovine, ovine and caprine sectors; business development for producers, with the aim of improving market orientation of the sector; principles of quality schemes that add value to agricultural produce, their operation and advantages; production planning, better marketing and promotion of a wide range of products; realistic options and techniques for adding value to primary produce; strategies for enhanced marketing and promotion taking into account where appropriate environmental and climate credentials of the produce to valorise and capitalise further as a means of improved sales; assuring quality through traceability and record keeping.

Young farmers, the future of the agricultural sector, need to be equipped with the necessary knowledge that ensures profitable and environmentally sustainable farming.

On the basis of the lessons learnt from previous programming periods, a sufficient training and advisory structure must be in place with the aim of ensuring adaptation to rural development requirements and regulations whilst enhancing the quality of projects supported by the CAP Strategic Plan.

Table 1.10 SWOT analysis for the horizontal objective:

Strengths	Weaknesses
<ul style="list-style-type: none"> • Logistical small size of the Maltese islands and the proximity of urban and rural areas allows for farmers to attend training sessions • The small size of the agricultural community is advantageous to disseminate information among farmers • Some standards of knowledge are already in place, such as distributors and professional users of pesticides are required to undertake training, and on the use of organic and inorganic fertilizer • The share of farm managers below 35 years of age with at least a basic level of agricultural training in Malta (at 54% in 2016) is above the EU average for this age bracket, which shows how the younger generation of Maltese farmers have a higher level of knowledge than their older compatriots • Encourage collaborative working and social learning among farmers 	<ul style="list-style-type: none"> • Limited time devoted to knowledge exchange and research and development, as well as lack of training and financial incentive • Lack of collective or strategic institutions or organisations that could take such initiatives forward • Insufficient knowledge of the potential benefits of co-operation, with farmers perceiving other farmers and farmer groups as competitors • Lack of accessible research and knowledge exchange on climate-friendly production methods, including reduced reliance on chemical fertilisers and pesticides, water-saving practices, and alternatives to the use of fossil fuels • Lack of widespread use of tools to analyse soil data • Elderly or less educated farmers lack sufficient digital knowledge and access to data to develop adapted solutions for small farms • Limited opportunities for young farmers continuous professional development related to both technical matters and business development skills and knowledge • Training, advice and outreach to members of farm family households is limited



Opportunities

- Strengthen the AKIS in Malta, to ensure that all farmers can access appropriate training and advice
- Investing in young farmers with the potential to grow market share in the longer-term
- Increase the knowledge base of local food producers in nutrition through collaboration between the agriculture and health sectors
- Improve the design of relevant measures and capacity-building processes to increase the accessibility and attraction of CAP rural development funding
- Potential for research and innovation, in rural tourism and the rural environment; identification of new plant varieties and livestock; and novel or niche sectors for exports and/or processing including snail farming, insect farming, aquaponics; and the production of bio-control agents for use in Integrated Pest Management
- Increased awareness of the operation of supply chains increasing farmers' bargaining power in value chains
- Appropriate investment and market development to improve farm resilience, and avoid farms being too climate costly.
- Raising awareness about climate change through developing climate-proof strategies among existing co-operatives
- Raise farmers' awareness and capacity to act effectively to reduce water use and minimise water pollution by nutrients, wastes and pesticides
- Development of a pool of experts better trained to transfer knowledge to the farming population
- Encourage collaborative working and social learning among farmers
- Creating an informal educational system to pass on the knowledge in respect of traditional trades, customs and culture

Threats

- Poor knowledge and understanding of the scope and significance of climate-mitigating measures and strategies
- Limited knowledge among farmers concerning the scope and importance of terrestrial Natura 2000 sites
- Risk of knowledge transfer loss between generations of farmers

The needs identified for this horizontal objective include:

- Developing a holistic and strategic approach to grow and enhance the AKIS in Malta, involving all relevant actors and public, commercial and third sectors to plan and invest in knowledge exchange, advice and innovation in a co-ordinated way
- Ensuring that the pursuit of other Specific Objectives integrates knowledge exchange, advice, training and information provision alongside other CAP funding measures to increase the resilience and added value of sector investments and multi-annual support payments including AECMs

Related types of actions

Support under this specific objective will include actions aimed towards improving knowledge exchange advice training and enhancing the development of AKIS in Malta.

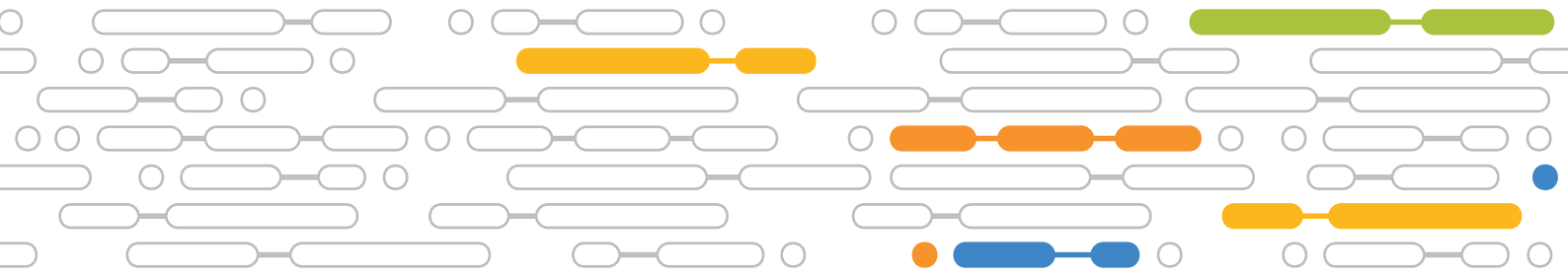
The main target groups are:

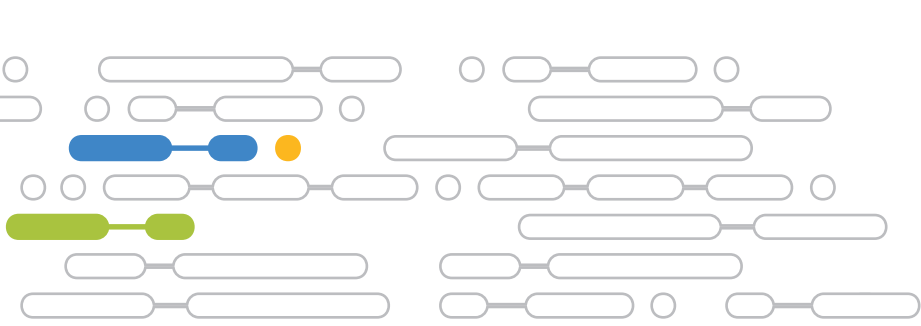
- Farmers;
- Young farmers;
- Farmers' organisations;
- Research entities;
- Advisory bodies;
- Public entities; and
- Processors and retailers.

Measures supported under this cross-cutting objective will be financed across the different objectives.









3

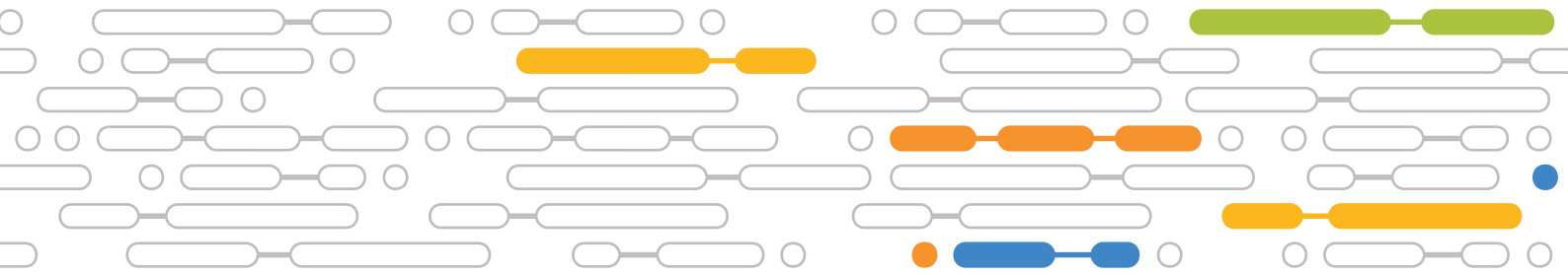
Simplification Goals

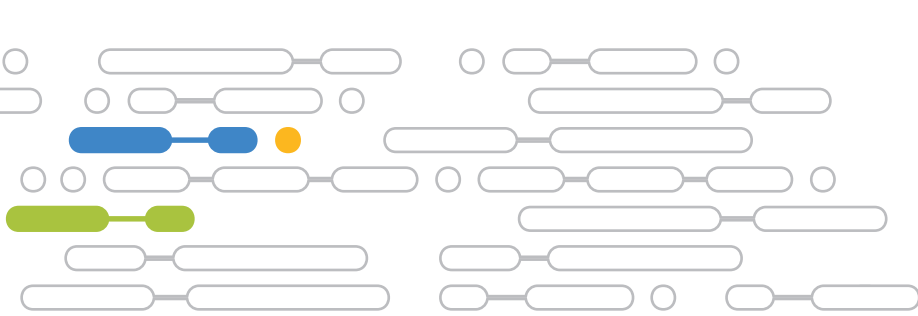


3. Simplification Goals

Government will take steps to simplify the implementation of the CAP Strategic Plan and reduce its administrative burden, making it easier for farmers and other stakeholders to apply for and participate in the grants and schemes on offer.

- A range of simplified cost options will be used in order to streamline application and procurement processes, and for beneficiaries who have been awarded grants, to reduce the time between payment claim submission and actual payment;
- A simpler application process is planned with applications submitted online aiming to attract more beneficiaries;
- A special fast-track process will be introduced for small investments under €15,000, requiring a simpler justification and promising a quicker turnaround of funding decisions;
- The Malta AGRICONNECT service will provide promotion and facilitation to assist applicants to access CAP interventions under both Pillars where the farmer is the primary intended recipient; and
- Use of digital tools for monitoring and control purposes.





4

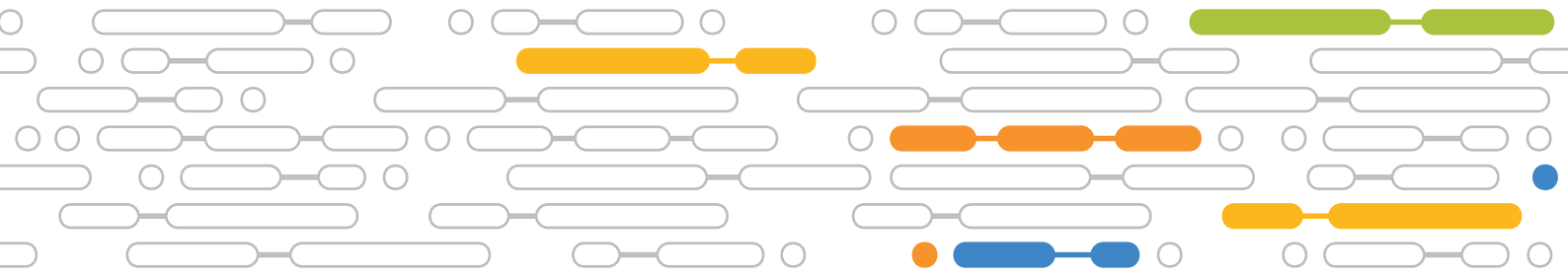
Stakeholder Consultations

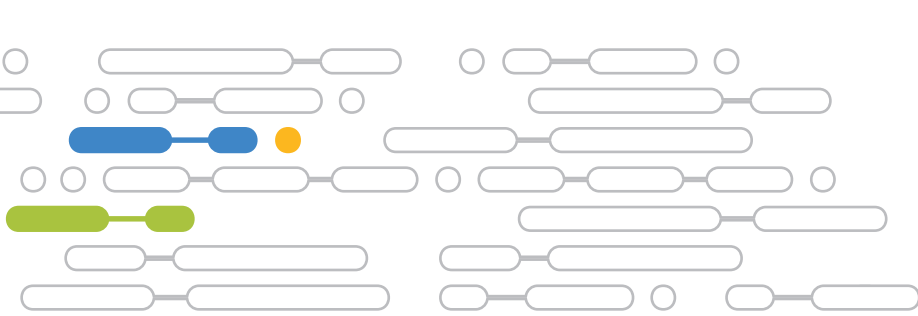


4. Stakeholder Consultations

Malta is committed to ensuring that the principles of partnership and multi-level governance are adhered to. In this regard, various key stakeholders within Government and non-governmental organisations were involved in the consultation process leading to the formulation of this document to ensure the participation of social partners and civil society organisations in the identification of needs and priorities as well as the delivery of measures to be supported by this programme.

A series of consultative meetings were held since 2019 with various stakeholders including farmers' cooperatives and NGOs active within different sub-sectors, Local Action Groups, environmental entities and agricultural regulatory authorities, amongst others. Experts discussed their research findings on the development challenges and investment needs in the different thematic areas, and a technical overview on EU funding and the regulatory framework. This was followed by discussions and other follow-up engagements as necessary with a view of solicit feedback, insights and opinions of participants on the different themes. The outcome of these meetings was taken into consideration in the drafting of this public consultation document.





5

Next Steps



5. Next Steps

This document presents the basis on which the CAP SP 2023-2027 will be drafted and forms part of the programming process of the European Union funding that Malta will be investing within the coming years for this sector.

The identified investments will be directed towards addressing the country's needs and challenges within the context of the CAP SP through general and specific objectives. The investments take into consideration the parameters of the European Pillar of Social Rights, EU and National targets including the European Commission's Green Deal, the Farm to Fork Strategy, the EU's Biodiversity Strategy for 2030, the National Agricultural Policy 2018- 2028, the National Biodiversity Strategy and Action Plan, Malta's Nitrates Action Programme, the European Commission's Recommendations for Malta's CAP SP and relevant Sustainable Development Goals.

Stakeholders and the general public are encouraged to participate in this stage of the consultation process. Interested parties are invited to put forward their views, suggestions and comments in reaction to this document by 10 December 2021.

Additional information may be viewed on www.eufunds.gov.mt.

Written feedback may be submitted on Email: consultationcapsp@gov.mt or by post addressed to the Director General, Strategy and Implementation Division, EU Funds Section, 32, House of Catalunya, Marsamxett Road, Valletta, VLT 1850.

