

# EU Funds for Malta

2021 - 2027

## PUBLIC CONSULTATION DOCUMENT

### COHESION FUND JUST TRANSITION FUND EUROPEAN REGIONAL DEVELOPMENT FUND

September 2021



GOVERNMENT OF MALTA  
PARLIAMENTARY SECRETARIAT  
FOR EUROPEAN FUNDS



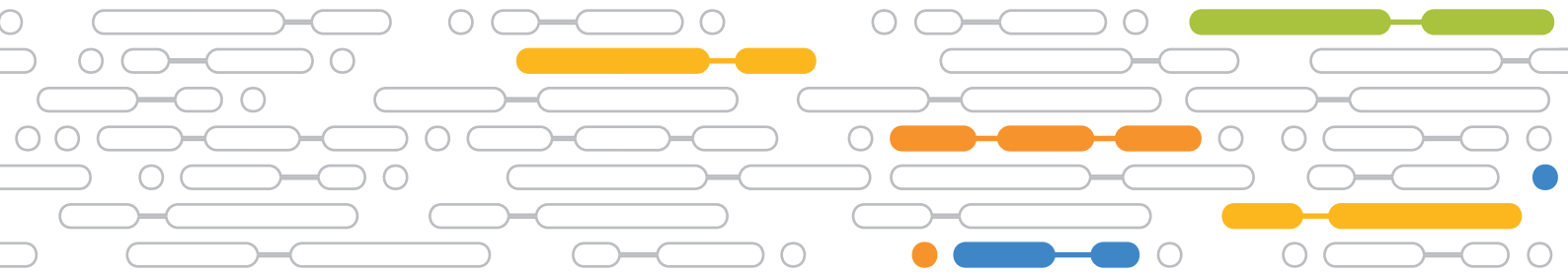
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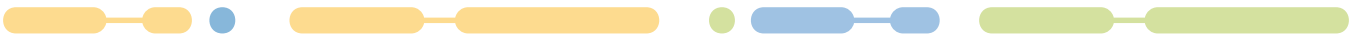
## List of Acronyms

Acronym	Full Name
AMIF	Asylum, Migration and Integration Fund
BMVI	Border Management and Visa Instrument
CAP SP	Common Agricultural Policy Strategic Plan
CF	Cohesion Fund
CPR	Common Provisions Regulation
CSR	Country-Specific Recommendation
EMFAF	European Maritime, Fisheries and Aquaculture Fund
ERA	Environment and Resources Authority
ERDF	European Regional Development Fund
ESL	Early School Leaving
ESF+	European Social Fund Plus
ESR	Effort Sharing Regulation
EU	European Union
GHG	Green-house Gas
GVA	Gross Value Added
ICT	Information and Communications Technology
ISF	Internal Security Fund
JTF	Just Transition Fund
NBSAP	National Biodiversity Strategy and Action Plan
NECP	National Energy and Climate Plan
NRP	National Reform Programme
PV	Photovoltaic
R&I	Research and Innovation
RE	Renewable Energy
RES	Renewable Energy Sources
RRP	Recovery and Resilience Plan
SFSB	Smart Finance for Smart Buildings
SME	Small and Medium-Sized Enterprise
SPED	Strategic Plan for the Environment and Development
SUMP	Sustainable Urban Mobility Plans
TEN-T	Trans-European Transport Network
VET	Vocational Education and Training





# Introduction





## 1. Introduction

The Multi-Annual Financial Framework (MFF) 2021-2027, through the ERDF, CF and JTF funds, provides an opportunity for Malta to invest in a number of areas, including research and innovation (R&I), competitiveness and digitalisation, natural resources and the environment, transport, education, employment, health, tourism and urban development, which are of significant importance in the socioeconomic development of the country.

Collectively, the ERDF/CF/ JTF Programme has a total budget (EU+MT share) of some Eur 1,018<sup>1, 2</sup> million. This financial envelope will support a new wave of initiatives with a view to bring about further development in terms of competitiveness, environmental preservation and social cohesion as well as to continue to address the recovery from the COVID-19 pandemic. The Programme will focus on the following seven (7) priorities to support investments in line with the priorities identified under different national policies:

- Priority 1: Fostering competitiveness and an innovative and smart economic transformation;
- Priority 2: Promoting clean and fair energy transition, green and blue investment, the circular economy, and sustainable urban mobility;
- Priority 3: Enhancing transport connectivity;
- Priority 4: A more social and inclusive society;
- Priority 5: Fostering sustainable urban development in Gozo;
- Priority 6: Facilitating a just transition; and
- Priority 7: Technical Assistance<sup>3</sup>.

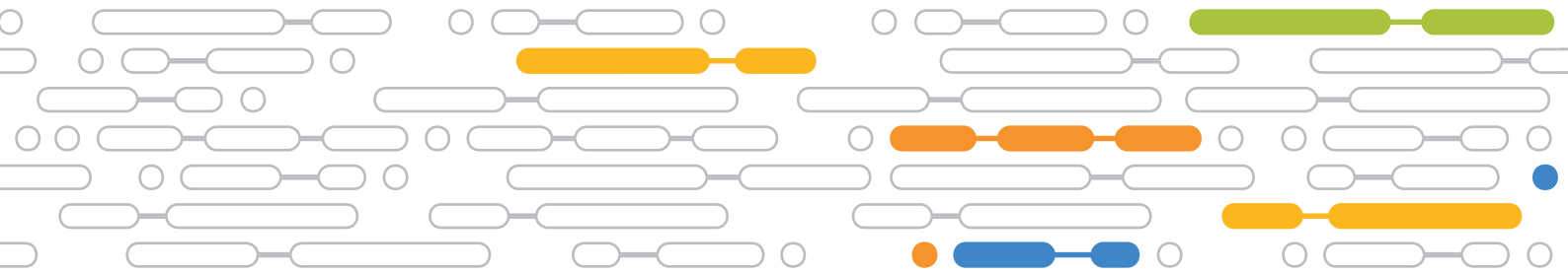
Through these priorities, which have been identified on the basis of a series of stakeholder consultations, the Programme will build on initiatives implemented under the previous programming periods and will serve as a renewed impetus for investments in line with the scope of the ERDF/CF/JTF Regulations and national ambitions. Resources will be mobilised to facilitate access to finance for enterprises including through grants and loans, in the areas of digitalisation, R&I, energy efficiency and the valorisation of cultural heritage and tourism, amongst others. Support will also focus on strengthening infrastructural development such as investments aimed to support business development, R&I, clean energy, waste and water management, health facilities, including in mental health and paediatrics, educational institutions and transport infrastructure.

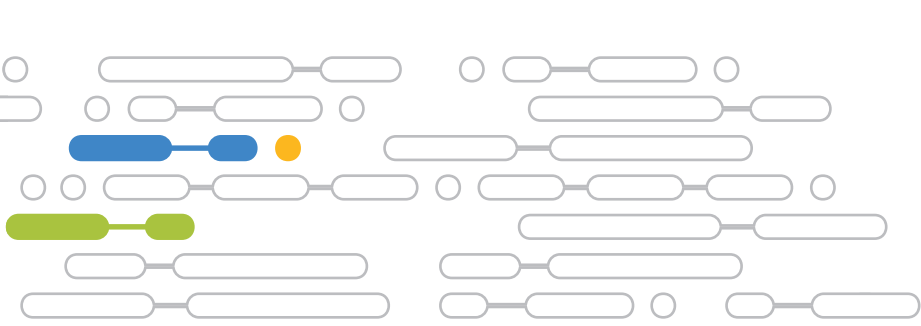
Initiatives supported through these Funds will also foster biodiversity protection and conservation, promote clean mobility and support green infrastructure, whilst the decarbonisation of ports and road transport will also play an important role in Malta's transition towards climate neutrality. In line with Government's commitment to earmark 10% of funds under Cohesion and Agricultural funds for Gozo, the Programme will address Gozo horizontally across the different priorities and will also support Gozo's needs and opportunities for sustainable urban development in a targeted manner.

1 Amounts in current prices, including technical assistance. Amounts cover Malta's allocation under these Funds, including possible transfers to other instruments such as Invest EU. This figure is comprised of the following: Eur 790.6 million for ERDF (excluding the allocation for European Territorial Cooperation of circa Eur 28.9 million), Eur 194.3 million for CF (excluding the allocation for Connecting Europe Facility of circa Eur 59.9 million) and Eur 33.2 million for JTF.

2 EC Letters ARES (2020) 6606776 and ARES (2021) 1225859, amounts in current prices and including technical assistance.

3 This Priority will finance the management and control of the Programme (circa Eur 28 million) including studies for assessing the feasibility of mass transportation and hence it is not included within this consultation document.





# 2

## Development Challenges and Opportunities





## 2. Development Challenges and Opportunities

### Geographical characteristics

Malta is the smallest island state in Europe but has the highest population density, reaching 1,595.1 persons per km<sup>2</sup> which is significantly higher than the EU-27 average of 109 persons per km<sup>2</sup><sup>4</sup>. Limitations due to Malta's size often leads to restrictions in a number of investments and sectors.

As a brief overview, with regards to the energy sector, Malta has the second lowest final energy consumption per capita of 201 kilogram of oil equivalent across all EU Member States, when compared to the EU-27 average value of 550 kilogram of oil equivalent<sup>5</sup>. Furthermore, with regards to the transport sector, Malta has a total of 112km of TEN-T road network with the total road network amounting to circa 2,410 km, representing the densest road system in Europe. In this regard, the investments and interventions being proposed hereunder take into account the above geographical and territorial characteristics, aiming towards improving the local scenario.

### Socioeconomic analysis

In recent years, Malta has advanced in its socioeconomic performance due to strong and consistent economic growth and despite the challenges posed by the COVID-19 pandemic.

Between 2014 and 2019, Malta's average equivalised net household income continued to rise albeit still lower than the EU-27 average.<sup>6</sup> Malta's small yet well-diversified economy is highly exposed to international market forces. The island's economic development model has relied extensively on an export-oriented strategy focusing on local investment resources and attracting foreign direct investment. In terms of economic structure, the main export-earning mainstays are manufacturing, tourism and key services sectors including financial services, information and communications technology (ICT) and gaming, amongst others.

In 2020, in response to the socioeconomic repercussions of the COVID-19 pandemic, Malta's growth rate stood at -7.8%, which indicates a more severe contraction in comparison to the EU-27's growth rate of 6.1%<sup>7</sup>. Indeed, the positive economic performance that Malta has been benefiting from in recent years was disrupted throughout the first half of 2020 with a decrease in contribution from the domestic side of the economy. Economic activity experienced a 7.8% decrease (in real terms) which was mostly attributed to a loss

4 Eurostat, 'Population density', <https://ec.europa.eu/eurostat/databrowser/view/tps00003/default/table?lang=en> (accessed 25.08.2021)

5 Eurostat, 'Final energy consumption in households per capita', [https://ec.europa.eu/eurostat/databrowser/view/sdg\\_07\\_20/default/table](https://ec.europa.eu/eurostat/databrowser/view/sdg_07_20/default/table) (accessed 25.08.2021).

6 Eurostat, 'Mean and median income by age and sex – EU-SILC and ECHP surveys', [https://ec.europa.eu/eurostat/databrowser/view/ilc\\_di03/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/ilc_di03/default/table?lang=en), (accessed on 10.03.2021).

7 Eurostat, 'Real GDP growth rate - volume', <https://ec.europa.eu/eurostat/databrowser/view/tec00115/default/table?lang=en><https://ec.europa.eu/eurostat/databrowser/view/tec00115/default/table?lang=en>, (accessed 10.03.2021).

in private consumption expenditure and gross fixed capital formation. Total Gross Value Added (GVA) also dropped, with the largest decline recorded in the services sector, with a decrease of 5.8% when compared to its corresponding period in 2019<sup>8</sup>. Notwithstanding the negative impact of the COVID-19 pandemic on the Maltese economic sector, concerted efforts and measures launched by Government in response to the pandemic safeguarded a stable labour market.

Tourism has been a strong and resilient economic sector over the past decade, however, it was severely impacted by the COVID-19 pandemic. Inbound tourism experienced a decrease of 90.8% in January 2021 upon comparison to the corresponding month in 2020.<sup>9</sup> Furthermore, with regards to the local labour market, 17% of persons were working less hours than usual in April 2020, which is higher than the 9% registered in March 2020<sup>10</sup>. Consequently, several government initiatives have been introduced to reduce the hit on the tourism industry; however, continued efforts will be required by Government to return to 'business as usual' and to ensure sustainable growth.

The tourism sector is a key sector in the socioeconomic performance of the country and continues to pose a number of challenges. Prior to the COVID-19 pandemic, the heavy inbound tourism usually experienced in Malta brings about further pressure on Malta's limited natural resources, environment and infrastructure, including increased pressures on water and energy resources, waste management, transport, road, health and social infrastructure and amenities. In addition, Malta's challenges are further exacerbated due to its characteristics of a small island state making it susceptible to issues of peripherality, due to its inherent size and relative distance from larger economic blocs such as Northern and Central Europe. Whereas the peripherality issue for Malta is not as severe as in the case of other islands located in remote areas; nonetheless its island status still makes it prone to the problem of insularity, implying higher per-unit transport costs<sup>11</sup>. These characteristics impact and continue to impinge not solely on the environmental context but also on the socioeconomic growth of the Maltese Islands.

Malta has a predominantly ageing population; by 2019, 18.7% of the population was aged 65+, an increase from 14.2% registered in 2009. This is in line with the EU-27 average trends registering an increase from 17.4% in 2009 to 20.3% in 2019.<sup>12</sup> The economic old age dependency ratio has also increased from 26.1 to 28.1 between 2014 and 2017 but has slightly dropped to 27.1 in 2020. Malta's ratio in this regard is below the EU average of 32.0 in 2020. Malta's old age dependency ratio has decreased over the past three years as a result of the improved employment rates, particularly for women and older workers, and the positive net migration of people of working age.<sup>13</sup>

8 Ministry for Finance and Financial Services, Economic Survey – October 2020, p.vii, [https://finance.gov.mt/en/epd/Documents/library/economic\\_survey/es\\_2020.pdf](https://finance.gov.mt/en/epd/Documents/library/economic_survey/es_2020.pdf), (accessed on 10.03.2021).

9 NSO, News Release 045/2021, p. 1, [https://nso.gov.mt/en/News\\_Releases/Documents/2021/03/News2021\\_045.pdf](https://nso.gov.mt/en/News_Releases/Documents/2021/03/News2021_045.pdf), (accessed 10.03.2021).

10 NSO, News Release 107/2020, p. 2, [https://nso.gov.mt/en/News\\_Releases/Documents/2020/06/News2020\\_107.pdf](https://nso.gov.mt/en/News_Releases/Documents/2020/06/News2020_107.pdf) (accessed 25.08.2021).

11 Camilleri, Silvio John and Falzon, Joseph (2013) University of Malta. The Challenges of Productivity Growth in the Small Island States of Europe: A Critical Look of Malta and Cyprus [https://mpr.aub.uni-muenchen.de/62489/1/Mpra\\_paper\\_62489.pdf](https://mpr.aub.uni-muenchen.de/62489/1/Mpra_paper_62489.pdf)

12 Eurostat, 'File: Population age structure by major age groups, 2009 and 2019 (% of the total population).png', [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Population\\_age\\_structure\\_by\\_major\\_age\\_groups,\\_2009\\_and\\_2019\\_\(%25\\_of\\_the\\_total\\_population\).png](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Population_age_structure_by_major_age_groups,_2009_and_2019_(%25_of_the_total_population).png), (accessed 10.03.2021).

13 Eurostat, 'Old-age dependency ratio', <https://ec.europa.eu/eurostat/web/products-datasets/-/tps00198>, (accessed 10.03.2021).

## Sectoral analysis

### *Research & Innovation*

Whilst in real terms the total expenditure on R&D has increased by 13.2% in 2018<sup>14</sup>, the share of expenditure as a percentage of GDP remains low when compared to the EU 2020 target of 2%. In fact, investment in R&I represented 0.61% of the gross domestic expenditure in R&D in 2019<sup>15</sup>. With regard to human resources in R&I, in 2018, the National Statistics Office (NSO) reported that 2,502 employees were engaged in this area, of which 1,513 were researchers (with the remaining amount comprising of technicians and support staff)<sup>16</sup>.

With approximately 35%<sup>17</sup> of researchers engaged within the higher education sector in 2018, this area is central to Malta's increase in scientific publications. The Centre for Science and Technology Studies (CWTS) (2018)<sup>18</sup> reported that in 2017, Malta exceeded the EU average in international scientific co-publications per million inhabitants. Malta also experienced a 20% increase in graduates in the fields of science, technology, engineering and mathematics (STEM) between 2012 and 2015 contributing to the expansion of the local R&I sector.

Notwithstanding employment in this sector has been increasing over the years, Malta's R&I performance is still low as multinational companies tend to conduct R&I abroad even though there are local manufacturing plants. This requires further incentives to attract investment and provide new R&I opportunities as elaborated in the Draft *Malta Smart Specialisation Strategy 2021-2027*<sup>19</sup>, as well as a realisation of Malta's inherent limitations in this area which may determine the level of growth in this sector.

### *Digitalisation*

Despite showing significant progress in a number of areas including a high-level of households accessing the internet<sup>20</sup>, high broadband penetration across the islands, and the increased level of digitalisation carried out in public administration and e-Government services; the need for improving online services remains important. Such areas have also been identified as part of the Draft *Malta Digital Strategy 2021-2027* which is currently being developed. The strategy aims to provide an overarching vision for transformative measures and investments in the local digital landscape.

In recent years, the proliferation of e-commerce activities among local businesses has remained low even though a number of businesses had to adapt to changes that were brought about due to the COVID-19 pandemic. In fact, 2020 saw an increase of 2.3 percentage points in enterprises making sales through e-commerce when compared to 2019 figures<sup>21</sup>. Nevertheless, in 2020, only 25% of Maltese SMEs participated in Business to Consumer (B2C) across their corporate website by providing online services; though this figure compares well with the EU average of 18%<sup>22</sup>.

14 NSO News Release 120/2020, p. 1.

15 Eurostat, 'Gross domestic expenditure on R&D by sector', [https://ec.europa.eu/eurostat/databrowser/view/sdg\\_09\\_10/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/sdg_09_10/default/table?lang=en) [accessed 09/03/2021].

16 Op. cit., NSO News Release 120/2020, Table 6, p. 5.

17 NSO News Release, 120/2020, Table 1, p. 2.

18 Centre for Science and Technology Studies (2018): CWTS Leiden Ranking 2018. DANS. <https://doi.org/10.17026/dans-xpt-2ues>.

19 Malta Council for Science & Technology, 'Malta's Smart Specialisation Strategy 2021-2027', Draft for Public Consultation, October 2020.

20 NSO News Release 026/2020, Chart 1, p. 2.

21 NSO News Release 012/2021, p. 1.

22 Eurostat, 'E-commerce sales', [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=isoc\\_ec\\_eseln2&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=isoc_ec_eseln2&lang=en) [accessed

The COVID-19 pandemic has especially accentuated the importance of digitalisation as a new way of operating with impacts not only on the economic sector but also for improved environment and work-life balance. In this regard, additional resources are required to sustain and continue enhancing Malta's digitalisation efforts across the public and private sectors.

### *Competitiveness of enterprises*

Malta's economic fabric is predominantly reliant on small and medium-sized enterprises (SMEs), with the total number of registered SME business units increasing by 13.7% between 2017 and 2019<sup>23</sup>. In Malta, 99% of enterprises are registered as SMEs<sup>24</sup>, of which 93% constitute micro enterprises.

In 2018, SMEs generated 81.1% of value added in the country<sup>25</sup>. Whilst 33% of SMEs undertook innovative activity between 2014 and 2016<sup>26</sup>, Malta registered below the EU average figures for SMEs innovating in-house and SMEs introducing product or process innovation<sup>27</sup>. Further investment is thus required to ensure resilience and enhance competitiveness of the sector, also in view of the challenges and opportunities posed by the COVID-19 pandemic.

The growth of the non-financial business economy is reflected in the increase of SME value added in 2013-2017. During that same period, the real estate activities sector, made up entirely of SMEs, was the fastest growing sector in Malta's non-financial business economy. This solid growth resulted from major surges in real estate sales and rental markets. In this context, Malta performed above the EU-28 average in terms of SME value added and employment<sup>28</sup>.

Malta also has a significant percentage of self-employed persons forming part of the registered business population. In 2019, 27.46% of the registered business population was related to individuals who are either self-employed or in a partnership. In addition, Malta registered an increase of 9.09% of new registrations in 2019<sup>29</sup>. This high share of self-employed persons, and the encouraging number of new registrations, necessitate increased support for entrepreneurship and start-ups alike in an effort to continue sustaining economic growth.

With particular reference to large enterprises, whilst solely 8 new large enterprises in 2019 were registered when compared to 2018<sup>30</sup>, gross value added increased by 43.2% in 2018<sup>31</sup>. Maltese large enterprises still have a significant role to play in the local scenario, employing approximately 34,000 individuals in 2018<sup>32</sup>. In this regard, investment is required in order to continue sustaining this important segment in Malta's diversified economy.

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17/08/2021.

23 NSO News Release 072/2020, Table 4, p. 6.

24 European Commission, 'Annual Report on European SMEs 2018/2019', Figure 2, p. 19.

25 European Commission, '2019 SBA Fact Sheet - Malta', p. 1.

26 European Commission, 'Annual Report on European SMEs 2018/2019', Figure 6, p. 24.

27 European Commission, '2018 SBA Fact Sheet Malta', p. 13.

28 European Commission, 'Annual Report on European SMEs 2018/2019', Figure 18, p. 43.

29 NSO News Release 081/2021, p. 8.

30 NSO News Release 120/2021, p. 1.

31 European Commission, '2019 SBA Fact Sheet: Malta', p. 1.

32 European Commission, '2019 SBA Fact Sheet: Malta', p. 2.





## Tourism

Tourism contributes significantly towards Malta's economic and employment sectors, affecting both full-time and part-time gainful employment. In view of the crucial role of this sector, continuous investments are required to sustain and enhance it. Upon the onset of the COVID-19 pandemic, inbound tourism has suffered significant setbacks, which, although mitigated by Government measures, was still dependent upon the reopening of the industry. In May 2021, inbound tourism experienced a decrease of 81.3% over the same period in 2020<sup>33</sup>. This steady decrease is a continuation from the percentage loss experienced between July 2019 and July 2020 of 72.3%<sup>34</sup>.

In view of the gradual lifting of containment measures and the steady reopening of the tourism sector, further investments are required to not only sustain this important economic and employment sector, but also to foster improved social resilience to ensure the continued development of this sector at the benefit of both the local and tourist populations.

### *Energy: efficiency, renewables, stability and resilience*

Malta's geophysical characteristics, limited economies of scale and land use conflicts resulting from limitations in space impinge on Malta's options for modal shifts to reduce carbon emissions. Despite the decreasing trend reflected in total national GHG emissions reported in Malta's State-of-the Environment Report (2018) and despite Malta having one of the lowest GHG emissions per capita in the EU [Malta: 5.3 (2019), EU average: 8.2 (2019)]<sup>35</sup>, the continued decrease in GHG emissions is a priority that is required to move towards carbon neutrality.

Nevertheless, Government is committed to support investment in energy efficiency, energy security and decarbonisation, in line with the priorities outlined in Malta's *National Energy and Climate Plan (NECP) 2030*<sup>36</sup> and the *National Strategy for Research and Innovation in Energy and Water (2021-2030)*. This is necessary considering the increasing trend in final energy consumption shown in recent years.

Furthermore, as outlined in the 2019 Malta Country Report<sup>37</sup>, further investment is required to reduce GHGs, promote energy efficiency and achieve energy savings in buildings, transport and industry sectors with the aim of contributing towards Malta's GHG emissions reduction targets and reaching energy savings obligations as outlined in the Energy Efficiency Directive.<sup>38</sup>

Over the years investment in Renewable Energy (RE) has increased and it is estimated that the share of RE in the electricity supply will increase to 9% by 2030, as noted in the Draft *Low Carbon Development Strategy*<sup>39</sup>. In

33 NSO News Release 180/2020, *Inbound Tourism (May 2021)*, p. 1, [https://nso.gov.mt/en/News\\_Releases/Documents/2021/07/News2021\\_125.pdf](https://nso.gov.mt/en/News_Releases/Documents/2021/07/News2021_125.pdf) [accessed 16.07.2021].

34 NSO News Release 180/2020, *Inbound Tourism (July 2020)*, p. 1, [https://nso.gov.mt/en/News\\_Releases/Documents/2020/09/News2020\\_146.pdf](https://nso.gov.mt/en/News_Releases/Documents/2020/09/News2020_146.pdf) [accessed 16.07.2021].

35 Eurostat Greenhouse Emissions per capita [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=t2020\\_rd300&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=t2020_rd300&lang=en) (accessed 09.04.2020).

36 Energy and Water Agency (2019) Malta's 2030 National Energy and Climate Plan. [https://ec.europa.eu/energy/sites/ener/files/documents/mt\\_final\\_necp\\_main\\_en.pdf](https://ec.europa.eu/energy/sites/ener/files/documents/mt_final_necp_main_en.pdf),

37 European Commission, 'Country Report Malta 2019' (SWD(2019) 1017 final).

38 Malta's 2030 National Energy and Climate Plan (2019).

39 Draft for Public Consultation – Malta Low Carbon Development Strategy (2021, Malta) [https://meae.gov.mt/en/Public\\_Consultations/MECP/PublishingImages/Pages/Consultations/MaltasLowCarbonDevelopmentStrategy/Malta%20Low%20Carbon%20](https://meae.gov.mt/en/Public_Consultations/MECP/PublishingImages/Pages/Consultations/MaltasLowCarbonDevelopmentStrategy/Malta%20Low%20Carbon%20)

this regard, investment is necessary for the development of smart energy systems, grids and storage at local level in order to cater for a new wave of RE generation.<sup>40</sup>

Apart from the increasing deployment of renewable energy sources, Malta has no indigenous energy sources that would provide a secure energy supply and is therefore dependent on imported fuels and electricity through the Malta-Italy subsea interconnector to meet its energy demand. As indicated in the NECP<sup>41</sup>, the projected growth in energy demand until 2040 will require more energy, which in turn will require higher deployment of RES, more reliance on electricity imports and a more flexible energy system which, amongst others, incorporates storage. Electricity demand in Malta is expected to increase not only with increasing economic activity, population and conventional user consumption but also with the gradual transition from thermal to electric mobility as well as increased digitalisation efforts. Within this context, efforts to increase Malta's electricity generation is crucial for the sustained socio-economic development of the country.

### *Climate Change adaptation and disaster risk prevention and resilience*

Malta is particularly vulnerable to climate change (drought, sea-level rise, extreme weather) and has suffered severe episodes of flooding and draught over the years. Climate change is expected to impact Malta's land use in various ways including flooding of coastal areas, drought stress on agriculture, extreme weather events (including flooding) and impacts on structures and infrastructure, as well as impacts on plants, vegetation and human health.

Crucial infrastructure may be critically impacted by sea level rise along the coastline particularly airport and seaport infrastructure apart from potential damage to transport and telecommunication infrastructure resulting from extreme weather conditions. Impacts would impact primarily rural areas and coastal communities which are highly susceptible due to the presence of socio-economic activities in coastal/low lying areas including fisheries, aquaculture and tourism.<sup>42</sup>

Considering Malta's increased vulnerability to the impacts of climate change,<sup>43</sup> added efforts are required besides strengthening the drive towards climate change mitigation. In this regard, climate change adaptation measures will be pursued in an effort to build resilience to climate change.

### *Water Management*

Due to the local high population density, the economic and social development of Malta is intrinsically linked and determined by its water and marine environmental resources. The 2019 Country Report identifies water scarcity as a pressing concern<sup>44</sup> which is likely to increase in view of climate change and demographic pressures further stressing the need for improving the efficiency of the water management system.<sup>45</sup> Malta's Water Exploitation Index (48.8 in 2018; third highest)<sup>46</sup> is well above the threshold for severe water scarcity and it is on the increase. While reducing further water consumption is a Government priority<sup>47</sup>, there is also a requirement to keep up with increasing water demands.

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Development%20Strategy.pdf

40 Malta's 2030 National Energy and climate Plan, December 2019

41 Ibid

42 Ibid

43 The Environmental Implementation Review 2019 Country Report Malta (EC, 2019) [https://ec.europa.eu/environment/eir/pdf/report\\_mt\\_en.pdf](https://ec.europa.eu/environment/eir/pdf/report_mt_en.pdf) and Country Report Malta (EC, 2019)

44 The Environmental Implementation Review 2019 Country Report Malta (EC, 2019).

45 State of the Environment Report (ERA, 2018) [https://era.org.mt/en/Documents/Chapter3\\_ClimateChange-26Nov2018.pdf](https://era.org.mt/en/Documents/Chapter3_ClimateChange-26Nov2018.pdf).

46 Eurostat Water exploitation index [https://ec.europa.eu/eurostat/databrowser/view/t2020\\_rd220/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/t2020_rd220/default/table?lang=en)

47 Action has already been initiated in this regard through the implementation of a national water campaign under the 2014-2020 Programme.



The supply of drinking water for the Maltese Islands comes from two different sources: 60% is desalinated water from reverse osmosis and 40% comes from groundwater sources. Although strong water management practices have yielded a reduction in water consumption patterns since 1990, the country's fast-growing economy is resulting in an increase in water demand<sup>48</sup>. In order to enable the achievement of the Water Framework Directive's good status objectives, further investment is required to enhance Malta's water resources following the principles of water hierarchy including increasing water supply security and resource efficiency measures.

Malta's increasing resident and visiting population, apart from generating an increasingly higher water demand, also generates higher volumes of wastewater as noted in the *Significant Water Management Issues in The Malta River Basin District* (Public Consultation Document, 2020)<sup>49</sup>. In this respect, wastewater collection networks and treatment facilities must cater for peak flows which have a highly variable temporal distribution. Changing spatial demographics are also expected to give rise to wastewater generation hotspots which will require interventions to increase the capacity of the collection network. Catering for increased wastewater will not only address waste disposal but will also aim to generate a new supply of water which can be used for multiple purposes, including those related to agriculture and ever green open spaces. Such interventions will also mitigate the challenges emanating from water scarcity.

#### *Waste management and the circular economy*

Sustainable waste management is a continuous challenging in view of the increasing population, limited land space, geophysical conditions and growth expansion, amongst others. Malta's annual municipal waste generated per capita in 2018 was higher than most EU countries, at an average of 640kg<sup>50</sup>. Despite efforts to recycle and divert waste away from landfills, Malta is heavily reliant on landfilling as its main waste treatment option. Waste separation and recycling is being applied through the separate collection of organic waste from households that was rolled out in October 2018<sup>51</sup>, however, further efforts are required to improve Malta's recycling rate which is currently the lowest amongst EU Member States.<sup>52</sup>

As outlined in Malta's draft *Waste Management Plan 2021-2030*,<sup>53</sup> waste prevention is key to implementing its waste policy to decouple economic growth and waste production, and move towards a circular economy placing waste disposal as the least desired action. Efforts undertaken in previous programming periods show that between 2012 and 2018, the percentage of black bags as a total of household waste decreased from 90% to 71%; this implies an increase in source separation of recyclables. Indeed, the collection of recyclables (including glass) increased from 7% to 14%, and bulky waste collection rose from 3% to 4%<sup>54</sup>. Sustainable waste management in Malta can be achieved by moving away from landfilling and achieving the EU waste separation and recycling rates.

Opportunities exist for turning waste into a resource or for turning low recycling rates into business opportunities. Within this context, interventions to foster a transition towards a circular economy, and

48 Water Services Corporation Annual Report 2018 (WSC, 2019) <http://www.wsc.com.mt/annual-report-2018/>.

49 Significant Water Management Issues in the Malta River Basin District -Public Consultation Document (2020; MECP. MEW) <https://mk0energywaterabbylt.kinstacdn.com/wp-content/uploads/2020/08/Significant-Water-Management-Issues-Documents-final-1.pdf>.

50 Eurostat News (2020)- 492 kg of municipal waste generated per person in the EU <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20200318-1>

51 Malta's 2030 National Energy and Climate Plan, December 2019.

52 Eurostat [https://ec.europa.eu/eurostat/databrowser/view/sdg\\_11\\_60/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/sdg_11_60/default/table?lang=en)

53 ERA, 2020. Malta's Waste Management Plan 2021-2030 (Consultation Document, December 2020) <https://environment.gov.mt/en/Documents/ministerialConsultations/longTermWasteManagementPlan2021-2030.pdf>.

54 Ibid

implement the waste hierarchy by promoting amongst others waste reduction, separate collection systems and re-use centres, and by developing waste recycling and material recovery facilities for separately collected waste are necessary.

### *Natural environment, green infrastructure & biodiversity*

The Maltese natural heritage is characterised by different types of habitats such as coastal and rocky habitats, sand dunes and woodlands consisting of a rich variety of flora and fauna with about 2,000 plant species and 3,000 animal species recorded to date, in addition to 85 endemic species. As stated in the State-of-the Environment Report (2018)<sup>55</sup>, Malta's biodiversity continues to experience various pressures and threats including human related interference and disturbances.

Biodiversity is vital for maintaining life-supporting ecosystems including the provision of food, raw materials, freshwater and clean air, as well as the control of natural processes, such as climate and disease regulation. According to Malta's *National Biodiversity Strategy and Action Plan (2012)*<sup>56</sup> and *Malta's National Biodiversity Strategy and Action Plan to 2030*<sup>57</sup> protecting Malta's biodiversity presents a number of challenges due to the country's very small land mass and the highest population density in Europe. As a small island state, Malta faces the challenge of meeting the future demands of a growing population for land, water, food and energy, while at the same time halting the loss of biodiversity and the degradation of ecosystem services.

The preservation of biodiversity is one of the key elements leading to sustainable development and to the achievement of environmental goals. In this regard, mitigating measures are crucial to address biodiversity loss and nature protection as reflected in the EU's *Biodiversity Strategy for 2030*<sup>58</sup>, Malta's *National Biodiversity Strategy and Action Plan to 2030*<sup>59</sup> (NBSAP) and Malta's *Sustainable Development Vision for 2050*<sup>60</sup>. Moreover, given the spatial competition in Malta, the inclusion of green infrastructure (GI) in urban environments as promoted in the *National Biodiversity Strategy and Action Plan to 2030*, the *Strategic Plan for the Environment and Development (SPED)*<sup>61</sup> and other national documents<sup>62</sup>, can provide an opportunity for economic growth whilst considering social goals and promoting biodiversity conservation.

55 Environment & Resources Authority (ERA). (2018). *State of the Environment Report 2018: Summary Report*. Malta, <https://era.org.mt/topic/soer/> (accessed on 09.03.2021)

56 Malta's National Biodiversity Strategy and Action Plan (NBSAP) 2012-2020 (2012, ERA) <https://era.org.mt/en/Documents/NBSAP%202012-2020.pdf>.

57 ERA,2020, National Biodiversity Strategy and Action Plan (Public Consultation Document), [https://meae.gov.mt/en/Public\\_Consultations/MECP/Pages/Consultations/IntentandObjectivesNationalBiodiversityStrategyandActionPlanto2030.aspx](https://meae.gov.mt/en/Public_Consultations/MECP/Pages/Consultations/IntentandObjectivesNationalBiodiversityStrategyandActionPlanto2030.aspx).

58 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: EU Biodiversity Strategy for 2030 Bringing nature back into our lives. COM/2020/380 final <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1590574123338&uri=CELEX:52020DC0380>.

59 ERA,2020, National Biodiversity Strategy and Action Plan (Public Consultation Document), [https://meae.gov.mt/en/Public\\_Consultations/MECP/Pages/Consultations/IntentandObjectivesNationalBiodiversityStrategyandActionPlanto2030.aspx](https://meae.gov.mt/en/Public_Consultations/MECP/Pages/Consultations/IntentandObjectivesNationalBiodiversityStrategyandActionPlanto2030.aspx).

60 Malta's Sustainable Development Vision for 2050 [https://meae.gov.mt/en/Public\\_Consultations/MSDEC/Documents/Malta%27s%20Sustainable%20Development%20Vision%20for%202050.pdf](https://meae.gov.mt/en/Public_Consultations/MSDEC/Documents/Malta%27s%20Sustainable%20Development%20Vision%20for%202050.pdf).

61 PA, July 2015, Strategic Plan for Environment and Development [https://issuu.com/planningauthority/docs/sped\\_approved\\_doc\\_\\_1\\_](https://issuu.com/planningauthority/docs/sped_approved_doc__1_).

62 ERA, 2019. Investing in the Multi-functionality of Green Infrastructure (GI) – An Information Document to support GI Thinking in Malta <https://era.org.mt/wp-content/uploads/2019/05/GI-InformationDocument-ERA-2019.pdf>



### *Transport connectivity and urban mobility*

Due to Malta's small size and insularity, its transport system relies on three modes of transport that are air, maritime and roads. Malta has an international airport in Luqa including a heliport; two international gateway seaports (Valletta, Marsaxlokk) and two ports that serve intra-islands crossings which are located at Cirkewwa and Mgarr in Gozo. The road system in Malta presents a number of challenges mainly resulting from its geographical and demographical characteristics. Malta's high population density, growing economy, inbound tourism (over 2.8M tourists in 2019<sup>63</sup>) and urban agglomeration patterns result in a scarce availability of land for road network improvements, as well as conflicting needs between the road network and its surroundings.<sup>64</sup> Over 98% of the internal movement of goods and passengers is dependent on road transport;<sup>65</sup> the remaining mobility requirements are catered for by inter-island and intra-harbour ferry services. In this context, TEN-T networks are crucial in securing the movement of passengers and goods; this becomes even more vital in island states like Malta where land transport is identified as the single transport enabler followed by the maritime sector.

In line with Malta's *Transport Master Plan and Transport Strategy* (2016), further investment is required to address the projected increased congestion and traffic growth of approximately 12% along the central section of the TEN-T core and comprehensive network. Furthermore, as indicated in Annex D of Malta's 2019 and 2020 Country Report<sup>66</sup>, specific needs are also identified in the maritime transport sector. Maritime transportation, as an economic activity, feeds into the blue economy sector which is one of the most important pillars of the economy contributing towards 6% of total employment (surpassing the EU average of 1.8%) and about 3.4% of GVA in Malta<sup>67</sup>. In this regard, having a robust and comprehensive transport infrastructure, including clean mobility options, is an essential requirement to safeguard the country's competitiveness.

As outlined in Malta's 2019 Country Report, transport modal shifts are essential as almost 50% of the increase in emissions come from the transport sector<sup>68</sup>. In the immediate future, additional scope for multimodal transport is limited in Malta due to its small size, limited space<sup>69</sup>, relatively high urban density, absence of a rail network and inland waterways.<sup>70</sup> Nevertheless, continued efforts should be deployed to address Malta's high motorisation rate, an ageing car fleet and the established preference for private transport, with a view to fostering improved urban mobility and a shift towards clean mobility.

In the longer term, considering that a significant part of the Maltese shoreline is not accessible by sea transport and Malta's limitation in terms of road network expansion and public transport provision; there is scope for further studies in order to explore the possibility of mass transportation in Malta with the aim of developing long term solutions to the high urbanisation and mobility issues as well as achieve carbon neutrality.

63 NSO News Release, Motor Vehicles, 5<sup>th</sup> February 2020, [https://nso.gov.mt/en/News\\_Releases/Documents/2020/02/News2020\\_017.pdf](https://nso.gov.mt/en/News_Releases/Documents/2020/02/News2020_017.pdf).

64 National Transport Master Plan 2025 (TM,2016).

65 Ibid.

66 EC, 2019, Country Report Malta 2019, 2019 European Semester: Assessment of progress on structural reforms, prevention and correction of macroeconomic imbalances, and results of in-depth reviews under Regulation (EU) No 1176/2011. [https://ec.europa.eu/info/sites/default/files/file\\_import/2019-european-semester-country-report-malta\\_en.pdf](https://ec.europa.eu/info/sites/default/files/file_import/2019-european-semester-country-report-malta_en.pdf) and EC, 2020, Country Report Malta 2020, 2020 European Semester: Assessment of progress on structural reforms, prevention and correction of macroeconomic imbalances, and results of in-depth reviews under Regulation (EU) No 1176/2011. [https://ec.europa.eu/info/sites/default/files/2020-european-semester-country-report-malta\\_en.pdf](https://ec.europa.eu/info/sites/default/files/2020-european-semester-country-report-malta_en.pdf)

67 EU Commission, The EU blue economy report 2019 - Publications Office of the EU (europa.eu).

68 Country Report Malta 2019 (EC, 2019).

69 Transport Infrastructure Needs Assessment for Malta (Tina Vienna – Transport Strategies, Austria, 2002) <https://www.transport.gov.mt/TINA-Final-Report-Malta-Apr-2002.pdf-f1697>

70 Transport in the European Union – current trends and issues' (DG MOVE; 2019) <https://ec.europa.eu/transport/sites/transport/files/2019-transport-in-the-eu-current-trends-and-issues.pdf> accessed 15.04.2020.



## *Employment and Gender Equality*

The employment rate in Malta increased steadily over the years from 2014 to 2020, from 63.9% to 73.8% respectively. In 2020 the employment rate exceeded the 67.6% employment rate registered in the EU-27 countries<sup>71</sup>. In December 2020, almost a year into the first registered local case of the COVID-19 pandemic, registered full-time employment increased by 1.6% when compared to December 2019. On the other hand, part-time employment decreased by 4.0% when compared to December 2019<sup>72</sup>. Despite the pandemic, in June 2021, the unemployment stood at 3.6% which is lower than the 4.2% registered in the same month of 2020<sup>73</sup>.

Malta continues to face challenges regarding equal opportunities in some sectors. This is reflected in the gender employment gap which outlines the difference between the employment rates of men and women aged 20-64. In 2019, Malta's gender employment gap was the highest in the EU at 24.1%, when compared with the EU-27 average of 11.5%<sup>74</sup>.

## *Education*

Malta has registered considerable improvements in the reduction of early school leavers (ESLs) and the increase in lifelong learning and tertiary education attainment. Notwithstanding these achievements additional efforts are required to ensure that persons at different ages, and with different education attainment levels, are equipped with the necessary tools to enter and increase their mobility within the labour market.

Although the ESL rate has declined considerably from 20.9 % in 2014 to 16.7% in 2020, it continues to be high in comparison to the EU-27 rate of 9.9% in 2020<sup>75</sup>. Educational outcomes are heavily influenced by socioeconomic background, the type of school attended and disability status. In this regard, further progress in addressing ESLs is a priority.

Investments in quality Vocational Education and Training (VET) as well as in further and higher education have resulted in Malta reaching its Europe 2020 target of 34.7% in 2018 in tertiary education attainment. Despite the progress achieved, further efforts are required to improve the access to and quality of further and higher education institutions and mobility opportunities.<sup>76</sup> This is particularly important for persons with a disability, who have limited educational support and opportunities beyond compulsory schooling.

71 Eurostat, 'Employment rates by age, sex and citizenship - %', [https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsa\\_ergan&lang=en](https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsa_ergan&lang=en). (accessed 17.08.2021).

72 NSO, Registered Employment: November-December 2020, p.1, [https://nso.gov.mt/en/News\\_Releases/Documents/2021/07/News2021\\_126.pdf](https://nso.gov.mt/en/News_Releases/Documents/2021/07/News2021_126.pdf), (accessed on 17.08.2021).

73 NSO, Unemployment Rate: January 2021, pp.1-2, [https://nso.gov.mt/en/News\\_Releases/Documents/2021/07/News2021\\_135.pdf](https://nso.gov.mt/en/News_Releases/Documents/2021/07/News2021_135.pdf), (accessed on 17.08.2021).

74 Eurostat, 'Gender employment gap in the EU', <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/EDN-20190307-1>, (accessed on 10.03.2021).

75 Eurostat, 'Early leavers from education and training by sex and labour status', [https://ec.europa.eu/eurostat/databrowser/view/edat\\_lfse\\_14/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/edat_lfse_14/default/table?lang=en), (accessed 17.08.2021).

76 Eurostat: Educational Attainment Statistics, [https://ec.europa.eu/eurostat/statistics-explained/index.php/Educational\\_attainment\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php/Educational_attainment_statistics) (accessed 20.05.2020)



Adult learning and participation rates in Malta have also shown progress with an increase from 16.5% in 2014 to 18.4% in 2020<sup>77</sup>. On the other hand, Malta had the 2<sup>nd</sup> highest percentage of adults with lower secondary education at 42.4%<sup>78</sup> in 2020 highlighting the need for further investment in this sector to continue to improve adult education.

In recent years, the labour force has increased and diversified in line with the demand of emerging markets. This has reinforced the importance of reskilling and upskilling of workers in order to meet industry demands also in view of the European Green Deal and its accompanying impact on green jobs and new skills acquisitions which will further facilitate the transition to a low-carbon economy.<sup>79</sup>

### *Health and social cohesion*

The Maltese healthcare system offers free universal health coverage to all those entitled to statutory provision, irrespective of an individual's socioeconomic background or status. Apart from the general acute hospitals in Malta and Gozo, there are also specialised hospitals for oncology, rehabilitation, mental health and the elderly, as well as private inpatient and outpatient services. Socio-demographic variables have also been correlated to mental health. In 2014, 4.2% of deaths in Malta were attributed to mental and behavioural disorders with dementia being the most common cause. The death rate by suicide was 8.3 per 100,000, with men being almost seven times more likely to die by suicide than women, particularly in the 65+ cohort.<sup>80</sup>

Government's continuous commitment and pledge towards the provision of the best possible level of health services is manifested in the proportion of Government expenditure on health, in relation to other social expenditure. Health expenditure, amounting to 14.7% in 2019, consisted of one of the highest investments<sup>81</sup>. Furthermore, the budgetary allocation for health expenditure has increased over the years<sup>82</sup>, including the most recent plans by Government as expressed in the Budget for 2021, to introduce new services and treatment centres, with an emphasis on mental health and investment in digital technology<sup>83</sup>.

Malta is one of the countries with the largest projected net migration inflows (in terms of the resident population) and with a significant increase in the age dependency ratio expected over time<sup>84</sup>. The latter also resulting from increasing life expectancy, which has generally trended positively for the EU-27, including Malta. Within this context, further investment in healthcare is required to address Malta's growing needs and the increased pressure and challenges that health infrastructure will have to sustain in the future.

77 Eurostat, 'Participation rate in education and training (last 4 weeks) by sex, age and occupation', [https://ec.europa.eu/eurostat/web/products-datasets/product?code=trng\\_lfs\\_10](https://ec.europa.eu/eurostat/web/products-datasets/product?code=trng_lfs_10) (accessed 02.12.2020)

78 Eurostat: At lower secondary educational attainment by age <https://ec.europa.eu/eurostat/databrowser/view/tps00197/default/table?lang=en> (accessed 02.12.2020)

79 European Centre for the Development of Vocational Training (CEDEFOP), Skills for the Green Jobs, 2010, <https://www.cedefop.europa.eu/en/publications-and-resources/publications/3057>, (accessed 12.01.2021)

80 Office of the Deputy Prime Minister / Ministry for Health. (2019). A Mental Health Strategy for Malta 2020-2030. Malta: Office of the Deputy Prime Minister / Ministry for Health, [https://deputyprimeminister.gov.mt/en/Documents/National-Health-Strategies/Mental\\_Health\\_Strategy\\_EN.pdf](https://deputyprimeminister.gov.mt/en/Documents/National-Health-Strategies/Mental_Health_Strategy_EN.pdf) (accessed on 18.08.2021)

81 National Statistics Office (NSO), News Release (2021), Expenditure of General Government Sector by Function: 2015-2019, Table 2, p. 2, [https://nso.gov.mt/en/News\\_Releases/Documents/2021/01/News2021\\_014.pdf](https://nso.gov.mt/en/News_Releases/Documents/2021/01/News2021_014.pdf), (accessed 09.03.2021).

82 Ibid.

83 Ministry for Finance and Financial Services (2020), Budget Speech 2021, [https://finance.gov.mt/en/The-Budget/Documents/The\\_Budget\\_2021/Budget-Speech\\_2021\\_EN\\_v2.0.pdf](https://finance.gov.mt/en/The-Budget/Documents/The_Budget_2021/Budget-Speech_2021_EN_v2.0.pdf), (accessed on 09.03.2021), p. 78.

84 European Commission, Ageing Report for 2021, Table I.1.9., p.24, [https://ec.europa.eu/info/sites/info/files/economy-finance/ip142\\_en.pdf](https://ec.europa.eu/info/sites/info/files/economy-finance/ip142_en.pdf), (accessed on 09.03.2021).

An analysis of the correlation between education attainment levels and at-risk-of-poverty or social exclusion (AROPE) indicates that adults with lower education attainment levels have an AROPE rate of 28.1% when compared to adults holding any other education attainment level in 2019. Higher risks of AROPE are also experienced by women, who register a rate of 31.9% when compared to 24.5% of their male counterparts in 2019<sup>85</sup>. Children are also at a higher risk of AROPE, at 23.6% compared to 20.1% of the general population in 2019.<sup>86</sup> Further actions are required to break the cycle of poverty, including generational and situational poverty and equipping children and youths with better opportunities.

Compared to the EU-27 average, Malta registered lower material deprivation and severe material deprivation rates in 2019.<sup>87,88</sup> Material deprivation is mainly prevalent within those vulnerable cohorts in society, including, but not limited to children, the elderly, persons with a disability and third country nationals.

### *Gozo's territorial characteristics*

Whilst Malta is an insular state which is heavily dependent on air and maritime connectivity with mainland Europe, Gozo is characterised by an additional level of insularity since it is only connected to Malta via sea transport through a ferry service that is operational throughout the year but which is often disrupted due to weather conditions in particular over the winter months. In 2020, approximately 1.5 million vehicles crossed the channel, whilst the number of passengers crossing over stood at 3.7 million; in both instances these figures represent a decrease in numbers over 2019<sup>89</sup>. With a view to reducing travel time between the two islands, Government has implemented a number of measures in order to address this to include further investments in TEN-T road infrastructure, increasing the existing fleet capacity as well as the introduction of a fast ferry service.

Peripherality and lack of accessibility are key challenges that impinge on the island's socioeconomic development. These disadvantages have resulted in limited employment opportunities in Gozo, with a significant proportion of workers crossing over to Malta for employment purposes. Both of these factors have also curtailed business activity which tends to be limited due to shortages of human capital. The strong element of outward migration of young skilled individuals compounds the effects of insularity in terms of the region's potential to attract business and investment.

The inherent challenges faced by Gozo are manifested in its economic development. Whilst Gozo's population accounted for around 6.7% of the national population in 2019<sup>90</sup>, the output produced in Gozo amounted to 4.4% of national GDP in 2019<sup>91</sup>. The discrepancy in economic development is also evident from the value of the productivity generated per worker<sup>92</sup> which in Gozo stood at circa €34,443 in 2017, whilst the value in Malta stood at around €43,590<sup>93</sup>. This indicates that productivity in Gozo accounts for around 79% of that in Malta, highlighting the limited job opportunities in Gozo particularly in sectors with higher value added. In

85 Eurostat: People at-risk-of-poverty or social exclusion by educational attainment level (population aged 18 and over) [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc\\_peps04&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_peps04&lang=en) (accessed 17.08.2021)

86 Ibid., p.10.

87 Eurostat: Material Deprivation rate by sex - EU-SILC survey, <https://ec.europa.eu/eurostat/databrowser/view/tessi080/default/table?lang=en> (accessed 02.12.2020)

88 Eurostat: Severe material deprivation rate by age and sex, [https://ec.europa.eu/eurostat/databrowser/view/yth\\_incl\\_090/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/yth_incl_090/default/table?lang=en) (accessed 02.12.2020)

89 NSO, 'Regional Statistics Malta - 2021 Edition', Table 5.2.3, p. 162.

90 Ibid., p. 15.

91 NSO, 'Regional Statistics Malta - 2020 Edition', p. 122.

92 Defined as the Gross Value Added divided by Full-Time Equivalent by place of work.

93 REPORT FROM THE COMMISSION TO THE COUNCIL 2019 report on the economic and social situation of Gozo (Malta).





fact, the economy in Gozo remains dependent on public administration, retail and wholesale and tourism, which together account for almost half of the gross value added generated by the island. Conversely, higher productive sectors such as financial services and entertainment account for a larger proportion of economic value in Malta<sup>94</sup>.

In 2018, the total number of Gozitans in employment and holding a primary job in Malta, amounted to 3,578, of which 51.0% were public sector employees<sup>95</sup>. The proportion of self-employed individuals in Gozo stands at 12.2% of the total number of employed individuals in primary employment, which is higher than the 8.3%<sup>96</sup> registered in Malta, indicating that Gozitans tend to be exposed to greater risks that are associated with self-employment, including fluctuations in income. Moreover, fewer resources tend to be devoted to R&I-related activity, amongst others, with negative consequences for business performance.

In terms of education, the proportion of graduates in Gozo compares well with the national average. This positive trend indicates that Gozitans invest in education as a means of accessing work opportunities which are not necessarily available in Gozo and despite the challenges faced by Gozitan students in terms of availability of courses in Gozo or the fact that students have to cross over to Malta to attend university or other educational institutions.

One of the main positive features of Gozo from an environmental perspective is its low population density in comparison to the mainland, even though population levels in Gozo are still higher when compared to some islands within Europe.<sup>97</sup> Over the years, efforts have been undertaken to enhance Gozo's environmental footprint, for instance by increasing the stock of photovoltaic (PV) panels or the investments in Gozo's biodiversity heritage, amongst others. Similar to other regional trends, Gozo registered an increase in the estimated output (GWh) generated by grid-connected PVs, from 24.5 in 2017 to 31.7 in 2019<sup>98</sup>. In this respect, considering future challenges in relation to increasing population density, climate change impacts, increased ageing population and socioeconomic impacts, increased waste production and demand on water resources and service infrastructure, it is vital that enhanced and effective mitigating measures based on the principles of sustainable development continue to be undertaken throughout the 2021-2027 period.

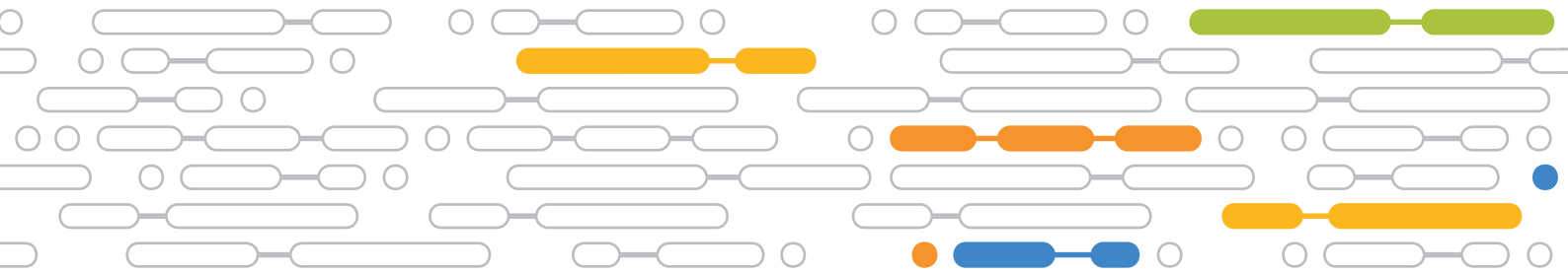
94 Op. cit. NSO, 'Regional Statistics Malta – 2020 Edition', p. 125.

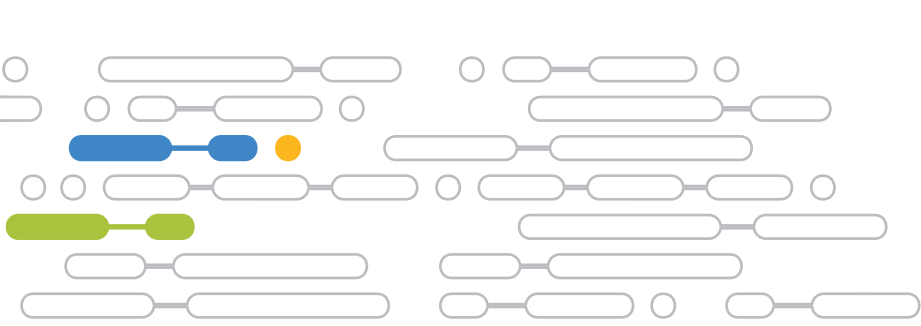
95 Ibid., p. 101.

96 Ibid., p. 103.

97 Eurostat, Population density 2018 (persons per km<sup>2</sup>, by NUTS 3 regions).

98 Op. cit. NSO, 'Regional Statistics Malta – 2020 Edition' p. 299





# 3

## Strategy and Complementarity



### 3. Strategy and Complementarity

The Programme will directly contribute towards the achievement of the smart, environmental, social and territorial dimensions which strategically target priority areas aimed to meet both EU and national objectives.

Within the Programme six (6) thematic priorities have been identified, upon which resources shall be focused, to address Malta's challenges and support its opportunities<sup>99</sup>. These priorities have a total budget (EU + MT share) of some Eur 971 million and are:

- Priority 1: Fostering competitiveness and an innovative and smart economic transformation;
- Priority 2: Promoting clean and fair energy transition, green and blue investment, the circular economy, and sustainable urban mobility;
- Priority 3: Enhancing transport connectivity;
- Priority 4: A more social and inclusive society;
- Priority 5: Fostering sustainable urban development in Gozo; and
- Priority 6: Facilitating a just transition.

Investments supported under the Programme shall particularly aim to foster an innovative and smart economy, whilst promoting environmentally sustainable practices; to enhance connectivity and foster a healthy environment; to strengthen sustainable development in Gozo and to facilitate a just transition.

#### Development needs of Gozo

The Programme will also aim to address territorial disparities between Malta and Gozo. Building on previous programming periods, Government is committed to earmarking at least 10% of Cohesion Policy and Agricultural funds for Gozo. Under the Programme, apart from targeting Gozo horizontally across the different priorities it is envisaged that all the investments under Priority 5 will be devoted towards Gozo's sustainable urban development.

These initiatives will also complement investments in Gozo supported under other EU Funds, including the European Social Fund Plus (ESF+), the European Maritime, Fisheries and Aquaculture Fund (EMFAF) and funds under the Common Agricultural Policy.

<sup>99</sup> These thematic priorities exclude Technical Assistance.

## Complementarity with Funds and Instruments

Interventions to be undertaken as part of the Programme will be complemented through measures to be implemented under a number of different EU funded Plans and Programmes.

Under Priority 1, ERDF investments will be complemented by initiatives supported by the ESF+ Programme where the provision of employment measures and training, support for post-docs and measures aimed to reduce the gender employment gap will be provided. On the latter, challenges regarding equal opportunities and the need to address the gender employment gap will be targeted specifically under the ESF+. Moreover, the ESF+ Programme will also support investments under the ERDF and the JTF in the drive towards a green and digital transition through the development of educational pathways, training and apprenticeships. Support for enterprises envisaged under this Priority may also be complemented through financial instruments for SMEs under the Invest EU, measures fostering R&I under Horizon Europe as well as competitiveness and digitalisation efforts under Malta's Recovery and Resilience Plan (RRP) and the Internal Security Fund (ISF), amongst others. Furthermore, ERDF resources will also complement support aimed towards farming and fisheries-related enterprises under the Common Agricultural Policy Strategic Plan (CAP SP) and the European Maritime Fisheries and Aquaculture Fund (EMFAF) Programme, respectively.

In relation to Priority 2, a holistic approach shall be adopted to ensure that environmental and climate matters are addressed in a complementary manner under the ERDF, CF, EMFAF and JTF. Furthermore, such interventions will also be in synergy with investments in green transition under the RRP. The protection of the marine environment shall also be complemented by interventions under the EMFAF and the Border Management and Visa Instrument (BMVI), whilst the CAP SP shall also support interventions related to low carbon as well as waste and water management, amongst others. In terms of Climate Change adaptation and disaster risk prevention and resilience, interventions under priority 2 of this Programme will also aim to contribute towards climate change adaptation and mitigation by strengthening efforts to reduce GHG emissions and fostering improved biodiversity. Such efforts will be complemented by actions aimed at minimising Malta's vulnerability to natural and human disasters, against actual or expected climate change effects, including measures aimed at preserving coastal areas, and developing risk assessments, amongst others, through the European Territorial Programmes, more particularly the Italia-Malta Programme.

Interventions to be carried out under Priority 3 will be complemented by initiatives undertaken through the Connecting Europe Facility (CEF) in supporting more sustainable transport modes. Under this Priority complementarity shall also be ensured with Priority 2 and Priority 6 of the Programme as well as with the relevant components under the RRP in relation to sustainable and climate resilient transport methods including the intensification in the use of electric vehicles and new ferry landing places to address multimodality, amongst others. The overarching objective will be to ensure that the different investments implemented under different funding streams will be steered towards enhancing further connectivity.

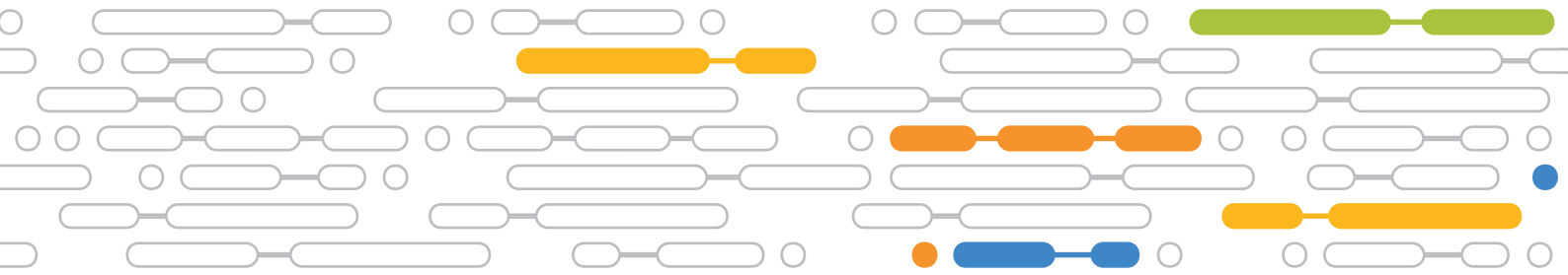
With reference to Priority 4, the Programme will be in direct synergy with the ESF+ Programme whereby the infrastructural investments to improve education, social and health services, will be complemented by the ESF+ through the provision of education and training and the development of skills. ESF+ support will also aim to foster inclusion and integration in education by developing tailored educational pathways, including for persons with a disability, amongst others. Investment in education under this priority will be complemented by investment in VET under Malta's RRP which will build on the significant investment in VET institutions undertaken in previous Cohesion Policy Programmes in an effort to continue fostering a reduction in Malta's ESL rate and develop a new generation of skills in the Tourism industry. In addition, RRP resources will also foster reforms aimed at reducing the share of low skilled adults to enable better socio-economic prospects for this cohort. Moreover, investment in health and social services under the ERDF will be complemented by ESF+ resources targeting child poverty, youths, capacity building of professionals in these sectors as well as



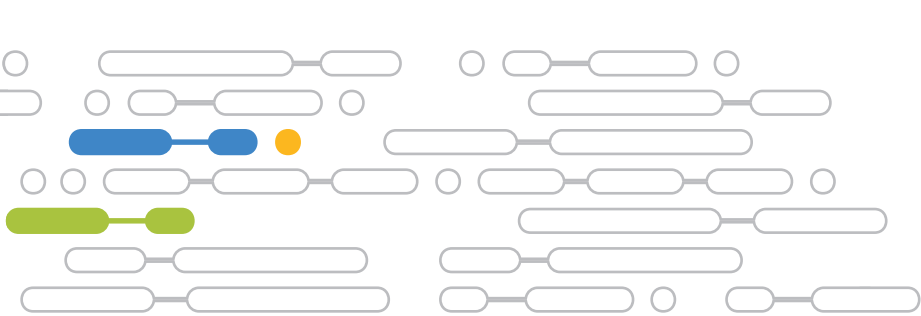
measures addressing material deprivation, amongst others. With regards to mobility, complementarity shall be sought under the ERASMUS+ primarily, also in connection with interventions under the ESF+, CAP SP, AMIF and EMFAF. In addition, complementary actions shall also be undertaken through the RRP in areas such as educational and health services, amongst others.

Interventions under Priority 5 shall be complemented by interventions across the various priorities of the Programme. Furthermore, the ESF+ Programme will also contribute towards enhancing skills and knowledge through investment in employment and training, amongst others.

JTF interventions under Priority 6 will be complemented by RRP measures aimed at decarbonising the transport sector and transitioning to near carbon neutral buildings. This holistic investment to be supported by both the JTF and the RRP will also aim to maximise the impact of EU funding and enable Malta to continue to shift towards a low carbon economy and an improved environment, whilst aiming to address Malta's socioeconomic and environmental recovery and resilience including that of its green and blue economy.







# 4

## Priority Areas



## 4. Priority Areas

### 4.1 Priority 1: Fostering competitiveness and an innovative and smart economic transformation

#### 4.1.1 Developing and enhancing research and innovation capacities and the uptake of advanced technologies

With the aim to further increase gross R&D expenditure as a percentage of GDP and stimulate R&I capacities during the 2021-2027 programming period, investment in R&I has been identified as a means to promote growth in various sectors of the economy. In this context, investment will be steered towards contributing to Malta's R&I landscape by fostering a culture for innovation, creativity and entrepreneurship in smart specialisation areas as identified in *Malta's Draft Smart Specialisation Strategy 2021-2027*.

Furthermore, creating an enabling framework for collaboration to stimulate research and innovation (including within the private sector) is essential. In this regard, Government shall also support the development of R&I facilities and strengthen skills and capacities for research and innovation to further encourage the take-up of local research and promote innovation.

*List of possible interventions:*

#### Supporting investment in Research Infrastructures

Investment in R&I will be supported through the development of adequate facilities that aim to promote R&I and bridge the gap between academia and higher education institutions. Building on investments undertaken thus far (including through EU funding), such facilities will aim to foster knowledge transfer, build R&I capacity and address shortcomings in the current R&I ecosystem in Malta in the areas identified for smart specialisation.

#### Supporting private sector investment in R&I and fostering international partnerships

Support will take the form of grant schemes aimed at leveraging and assisting the industry to generate R&I and increase capacities in the areas of smart specialisation. Such schemes will aim to increase access to finance for research and innovation. This is critical in the development of a knowledge-based society. Support will focus on financial incentives for the provision of necessary equipment, technology, infrastructure and expertise with the aim of not only developing innovative solutions but also of commercialising research. This approach will contribute towards closing the gap between research and innovation undertaken and its impact on the economy. Such investments are expected to finance products, processes and services in areas prioritized by the *Draft Smart Specialisation Strategy 2021-2027* and will aim to further promote innovation within local and global communities.

Furthermore, Malta's small size, lack of economies of scale and insularity necessitate collaborations beyond Malta's shores in order to further develop R&I in Malta. In this regard, fostering internationalisation is an important element for the research community and innovative businesses. Within this context, ERDF resources

will be mobilised to complement initiatives undertaken under Horizon Europe with a view to fostering Malta's participation in several European-level partnerships.

In addition, the opportunity to support the participation of enterprises in innovative digital European initiatives is also being considered under this priority. In this regard, Government will also explore the possibility to support investments under the Important Projects of Common European Interest (IPCEI).

#### *The main target groups*

The target groups are:

- researchers;
- industry and the business community;
- students, educators and scientists; and
- enterprises (including large and SMEs) and entrepreneurs.

Investments shall be directed towards promoting growth in the R&I sector through the provision of grant schemes and facilities. Such funding will also contribute towards further enhancing the local research community. Capacity building measures of beneficiaries and relevant partners will be supported through Technical Assistance under this Programme.

#### *4.1.2 Reaping the benefits of digitisation for citizens, companies, research organisations and public authorities*

At a time of rapid advancements in technology, it is imperative that Malta is at the forefront of ICT development and usage within a European continent that is making great strides in this digital revolution. In view of the rapid technological progress and continuous emerging technologies, digitalisation is at the forefront of Malta's strategic vision. Pursuing 'a Digital Malta'<sup>100</sup> is even more relevant within the context of the COVID-19 pandemic, which has revolutionised the way industries operate, soliciting the redesign of internal processes as well as of the products and services on offer.

This drive will not only aim to transform Malta into a regional centre for excellence in technology, but also transform Maltese society, business organisations and the traditional channels of the public administration for the general benefit of all. Such investments will complement initiatives undertaken in Malta's RRP and will aim to further support Malta's drive towards a comprehensive digital transition.

#### *List of possible interventions:*

##### **Supporting digitalisation within industry, including the tourism sector**

Due to the new realities brought about by the COVID-19 pandemic, the need for digitalisation across sectors, including the tourism sector, is crucial to sustain the economy and businesses alike. In this regard, initiatives aimed at assisting operators to invest in digitalisation and develop plans towards the digitalisation of their

<sup>100</sup> MITA Strategy 2021-2023 <https://mita.gov.mt/wp-content/uploads/2021/02/MITA-Strategy.pdf>.



products, are envisaged. Improving access to digital information and data leading to the enhanced knowledge about local products and services is also foreseen, complementing initiatives outlined under the *Malta Tourism Strategy 2021-2030*.<sup>101</sup> These initiatives will complement support under Malta's RRP whereby grants fostering the shift towards the digitisation of operations are foreseen.

### Digitalisation of public administration and entities

With the aim of strengthening the economy to sustain the rapid developments in the ICT sector, further investment in digitalisation is foreseen. This investment will reflect the ambitions of the *National Digital Strategy* that is being developed.

In today's digital world, public administration is one area in which document-keeping is still almost exclusively paper based, whilst several government services are now increasingly being offered online. In this respect, the *Moving towards a paperless Government* initiative aims to digitalise public administration through a paperless system will offer a number of benefits, including additional layers of security as well as improving *Government to Business* and *Government to Citizen* interactions. These initiatives will also work favourably towards the implementation of remote working in the public service, as well as climate change due to the reduction in carbon footprint.

### Digitalisation of the Health Sector

As indicated in Malta's *Smart Specialisation Strategy 2021-2027*, there is the need for digital tools to support healthcare, focusing on e-Health and Bioinformatics<sup>102</sup>. A renewed focus on the digitalisation of health services as well as the use of artificial intelligence in healthcare is also a priority. Building on the results of the e-Health infrastructure implemented through the CONvErGE project under the 2014-2020 programme and in line with the *National Health Systems Strategy 2021-2030* which is being developed, additional investment in this area will aim to further improve the digitalisation of Malta's health sector in order to achieve increased efficiency, resilience and sustainability of the healthcare system. This investment will aim to further strengthen synergies between different services with the aim of improving care, the customer experience and facilitating processes, amongst others.

#### *The main target groups*

The target groups are:

- public administration;
- tourists;
- consumers and businesses; and
- the general public.

<sup>101</sup> Malta Tourism Strategy 2021-2030, 'Recover, Rethink, Revitalise', [https://issuu.com/visitmalta/docs/maltatourismstrategy\\_2030\\_v7](https://issuu.com/visitmalta/docs/maltatourismstrategy_2030_v7).

<sup>102</sup> Malta Council for Science & Technology (2020). Draft for public consultation - Malta's Smart Specialisation Strategy 2021-2027 [http://mcst.gov.mt/wp-content/uploads/2020/10/Malta-RIS3-2021-2027\\_DRAFT-PUBLIC-CONSULTATION-Oct2020.pdf](http://mcst.gov.mt/wp-content/uploads/2020/10/Malta-RIS3-2021-2027_DRAFT-PUBLIC-CONSULTATION-Oct2020.pdf).

Investments in the area of digitalisation shall allow for the improvement in a number of sectors, such as the tourism and health sectors, amongst others. This will allow for increased efficiency across the respective systems whereby the private and public sectors as well as the general public will benefit from such investments. Capacity building measures of beneficiaries and relevant partners will be supported through Technical Assistance under this Programme.

#### *4.1.3 Enhancing sustainable growth and competitiveness of SMEs and job creation in SMEs, including by productive investments*

With micro enterprises and SMEs constituting the backbone of the Maltese economy, creating an environment that is conducive to private sector investment, attracting new industries, promoting and supporting start-ups, whilst enabling SMEs to develop and grow, is a key priority to sustain the growth of SMEs. This is even more relevant in the context of the operational capacity challenges that local players are facing as well as the limited resources of the country, which may limit their potential.

Throughout the years, Government has supported SMEs through various incentives including locally funded tax incentive schemes, EU funded grants and financial instruments. During the 2014-2020 programming period, Malta launched 5 different ERDF grant schemes totaling €26 million, focusing on start-up investment and SME growth, amongst other areas. A financial instrument stimulating economic growth was also launched through the SME Initiative (SMEi) Operational Programme with a total investment of €29 million. Building on the success of such instruments, support for SMEs will continue under this priority in order to foster entrepreneurship, create new firms and sustain growth.

#### *List of possible interventions:*

##### **Developing a Business Incubation Centre**

Supporting the creation of new firms and the growth of start-ups/scale-ups are key priority areas under this priority. The development of a business incubator centre will aim to promote entrepreneurship and enable start ups to engage in digitalisation processes and related sectors, including in areas such as the *Internet of Things* and *Artificial Intelligence*. The incubator shall also aim to further facilitate and enhance cooperation between established industrial players, innovative start-ups and academia. The support to the private sector that will be provided by the business incubation centre will also be complemented by grants and loans that are being supported through this programme. This comprehensive approach will aim to foster a new wave of private sector investment in an effort to support the local economy and facilitate growth and competitiveness.

##### **Grants for the private sector to stimulate start-ups and enhance business growth**

Continuous support to enterprises to remain competitive is necessary, especially in the context of a small island state like Malta where SMEs are the pillar of the economy. In this regard, measures enabling the further development of already established enterprises as well as the creation of new business ventures through the provision of grants will be supported. The aim is to provide support schemes that are conducive to business development and economic growth. In this regard, private sector investment will continue to be leveraged through aid schemes in an effort to increase economic growth and job creation. It is envisaged that schemes promoting the creation of new business activities, growth, diversification and internationalisation will be supported through the Programme, also taking into account the lessons learnt from the 2014-2020 Programmes.



In addition, the provision of advisory services is relevant in order to assist entrepreneurs and enterprises in developing a successful business model. In this regard, and following on the interventions supported under the 2014-2020 programme, advisory services will continue to be provided in order to support business growth and development. This will not only aim to create jobs in the immediate term but will also aim to strengthen the business community's capacities in the long term.

### **Increasing access to finance through Financial Instruments (loans)**

Building on the success of financial instruments rolled out under the previous programmes, these instruments will continue to be provided to further facilitate access to finance and generate additional lending to enterprises. Loan guarantee instruments and interest rate subsidies will enable easier access to finance and pave the way for sustainable growth. The aim is to support enterprises in increasing both entrepreneurial and investment activities, increase and maintain employment, as well as improve and enhance business infrastructure. Such financial instruments may also be complemented through Invest EU.

#### *The main target groups*

The target groups are:

- start-ups
- small self-employed and micro enterprises
- SMEs

The provision of grants and financial instruments, as well as the investment in physical infrastructure, shall provide entrepreneurs and businesses with the opportunity to grow on a local and/or international scale and to improve their position in the local economy. Capacity building measures of beneficiaries and relevant partners will be supported through Technical Assistance under this programme.

### **4.1.a Indicative Financial Allocation**

The indicative total funding for this Priority amounts to € 207 million.

## 4.2 Priority 2: Promoting clean and fair energy transition, green and blue investment, the circular economy, and sustainable urban mobility

### 4.2.1 Promoting energy efficiency and reducing greenhouse gas emissions

Notwithstanding the investment carried out through national and EU funds in all sectors including the private, public and residential sectors during previous programming periods, further efforts are needed to mitigate the impacts of the energy sector on the environment, to reduce GHG emissions and to reach energy savings obligations as outlined in the Energy Efficiency Directive. Within this context, under this priority Malta shall contribute towards initiatives that will aim to address climate and environmental challenges by promoting energy efficiency measures, tackle energy poverty by enhancing energy efficiency in enterprises and promote improved energy practices amongst the general public.

Investment shall contribute towards the shift to a more sustainable and resource-efficient economy, including through the adoption of energy efficient solutions in line with Malta's *2030 National Energy and Climate Plan*, Malta's *draft National Long-term Renovation Strategy 2050*<sup>103</sup> and Malta's *National Strategy for Research and Innovation in Energy and Water*<sup>104</sup>.

*List of possible interventions:*

#### Financial instruments to support industry and households to invest in energy efficiency

Malta's *National Energy Efficiency Action Plan*<sup>105</sup> and Malta's *2030 National Energy and Climate Plan* acknowledge that the industrial and services sectors are the prime movers of energy efficiency, with some of these sectors having annual self-imposed obligatory reductions in energy consumption. In order to sustain the competitiveness of the private sector, efforts are also required to increase energy efficiency in operations and in buildings. In this respect, with the aim also to support the business community and households to achieve cost effectiveness, investment in energy efficiency resulting in increased energy savings and reduced energy costs is vital.

Within this context, support through financial instruments (including a grant component) and building upon the instruments provided under the 2014-2020 programme to stimulate investments in energy efficiency within the private sector, will be provided under this priority.

<sup>103</sup> Long Term Renovation Strategy 2050, Consultation Document (2021, Ministry for the Environment, Climate Change and Planning) <https://environmentcms.gov.mt/en/Documents/ministerialConsultations/longTermRenovationStrategy2050.pdf>.

<sup>104</sup> National Strategy for Research and Innovation in Energy and Water (2020, Malta) <https://mk0energywaterabbylt.kinstacdn.com/wp-content/uploads/2020/06/National-Strategy-for-RI-in-Energy-and-Water-FINAL.pdf> Accessed 22.05.2020.

<sup>105</sup> Malta's National Energy Efficiency Action Plan (2017, Malta) [https://ec.europa.eu/energy/sites/ener/files/documents/mt\\_neeap\\_2017.pdf](https://ec.europa.eu/energy/sites/ener/files/documents/mt_neeap_2017.pdf) Accessed 30.03.2020.





### *The main target groups*

The target groups are:

- SMEs and large enterprises
- the general public.

Financial instruments shall be directed towards households and undertakings exercising commercial activities including large enterprises and SMEs in the industrial and commercial sector. Awareness raising initiatives to promote energy efficiency is expected to target both enterprises and the general population. This focus is crucial since these target groups play an important role in enhancing Malta's transition towards carbon-neutrality in the private sector. Capacity building measures of beneficiaries and relevant partners will be supported through Technical Assistance under this programme.

#### *4.2.2 Developing energy grids and storage*

Investments for better energy storage and enhanced security of supply are needed to ensure seamless operations and to decrease Malta's dependence on non-renewables.

As indicated in Malta's *Smart Specialisation Strategy* and Malta's *National Strategy for Research and Innovation in Energy and Water*<sup>106</sup> the increase in capacity of renewable energy sources at national level and the challenges relating to the intermittency of electricity generation, particularly to maintain the stability of electricity grids, have to be addressed. In this respect, investment in the integration of renewables, storage and e-mobility in the electricity grid and grid balancing will be supported to ensure a stable electricity supply.

Through the combination of these initiatives, Government will increase its energy capacity to meet increasing demands with a view to eventually importing green energy whilst, at the same time, strengthening the capacity to continue generating renewable energy locally without destabilising the electricity grid.

#### *List of possible interventions:*

##### **Development of a Second Electricity Interconnector**

Apart from renewable energy sources, which are limited in the immediate future, Malta's indigenous energy sources and its reliance on the existing electricity interconnector do not provide a secure energy supply. Within this context, and taking into account the increasing energy demands, securing the supply of electricity imports, including green energy, is crucial to enable the grid to meet energy demands as well as to cater for contingency/emergency situations such as temporary damage to the existing interconnector. Ensuring the integration of Malta's energy supply network to the European grid is necessary to prevent and manage a crisis situation and to secure supply over the medium to long term.

<sup>106</sup> National Strategy for Research and Innovation in Energy and Water (2020, Malta) <https://mk0energywaterabbylt.kinstacdn.com/wp-content/uploads/2020/06/National-Strategy-for-RI-in-Energy-and-Water-FINAL.pdf> Accessed 22.05.2020.

At present, apart from supplying electricity, the existing interconnector also serves to stabilise the grid due to the intermittent nature of RE generation. A long-term failure of the existing interconnector (due to repair or maintenance for example) would mean that a degree of grid stability is lost and, as a result, renewable generation may need to be curtailed. Within this context, the investment aims to address Malta's overall needs identified in relation to improving its energy grid resilience, security of supply and grid stability, while also considering projections for energy demand. In this regard, the development of a second interconnector to increase electricity supply to meet increasing demands, enhance grid stability and enable Malta to shift towards cleaner energy will be supported under this priority. Apart from increasing security of supply, the installation of a second interconnector is also expected to lead towards a lower long-term cost of electricity and lower carbon emissions.

### Investment in energy storage and promotional campaigns

Energy storage solutions are considered essential for the further deployment of large scale renewable energy including photovoltaic capacity, as well as for the optimization of the power system by providing for demand management and peak demand shaving<sup>107</sup>. In this regard, to reduce carbon dependency, leading to energy and power autonomy that sustains a resilient economy and society, initiatives to support the enhancement of energy storage will be supported. These interventions will aim to further stabilise fluctuations in energy demand and supply by allowing excess electricity to be saved over different time periods, whilst improving energy efficiency and integrating more RES into electricity systems.

This investment is key to Malta's capacity to meet renewable energy and decarbonization targets in line with the EU's targets for 2050 under the Green Deal. Initiatives supported under this priority will be complemented by an awareness raising campaign targeting energy savings and efficiency, and the promotion of energy storage solutions and their related benefits as key enablers for the transition towards climate neutrality.

#### *The main target groups*

The target groups are:

- public entities; and
- the general public.

The general public including public, private and commercial sectors will be targeted through these interventions through increased energy security, supply and resilience. Interventions undertaken in relation to the energy grid and energy battery storage are foreseen to be complemented by awareness-raising campaigns amongst the general public on energy use and efficiency.

<sup>107</sup> Energy and Water Agency (2019). Malta's National Energy and climate Plan 2030.



#### 4.2.3 Promoting access to water and sustainable water management

The sustainable management of water resources is considered a priority for Malta in line with the needs also identified in the Malta Country Report (2019)<sup>108</sup> and Malta's *National Strategy for Research and Innovation in Energy and Water*<sup>109</sup>. Investment is required to address the challenges in the water sector emanating from high water scarcity and the need to ensure improved water quality (including tap water), distribution and supply. Central to climate change mitigation is the management of water demand through investments in water efficiency practices and the development of water production and distribution capacity to enable water demand to be met efficiently.

Considering Malta's lack of fresh water supply, investment in sustainable water management is critical in relation to both potable water and wastewater. These actions, together with additional water management measures including those to address rainwater runoff and actions targeting the effective protection of groundwater resources, aim to holistically uphold sustainable water management whilst addressing Malta's challenges identified in the draft *3<sup>rd</sup> River Basin Management Plan's Programme of Measures*. Such actions also aim to contribute to the progressive achievement of the Water Framework Directive's Environmental Objectives.

*List of possible interventions:*

##### **Modernise potable water supply networks and plants, improve leakage control and promote water savings actions**

Meeting increased water demand whilst ensuring the sustainable use of limited natural freshwater resources will require an increased dependence on non-conventional water resources such as desalinated seawater and reclaimed water. However, producing water has an energy footprint and it is therefore necessary to ensure that the energy requirements for water production are maintained at high efficiency levels, also considering Malta's reliance on such systems to meet water demands.

In order to address water scarcity and the effects of climate change on water resources including higher water demands, less available water for aquifer recharge and increased threats from flood events; the conjunctive use of water demand and supply augmentation measures will be supported. Investments will target the improvement of public infrastructure for sustainable water management in order to build on the work already started in the 2014-2020 programming period such as further investment in the upgrading of water distribution networks. These actions will aim to reduce frictional losses while maintaining efforts to reduce leakages and enhance water security. Investment under this priority may also target the rehabilitation of reservoirs and reverse osmosis upgrades.

##### **Invest in the wastewater collection network and wastewater treatment plants**

During the previous programming periods, investments in the area of wastewater were undertaken including the retrofitting of the Sant'Antnin Wastewater Treatment Plant as well as studies to identify potential sites that could be rehabilitated in order to prevent water from naturally seeping into the aquifer and the refurbishment

<sup>108</sup> EC, 2019, Country Report Malta 2019. 2019 European Semester: Assessment of progress on structural reforms, prevention and correction of macroeconomic imbalances, and results of in-depth reviews under Regulation (EU) No 1176/2011.

<sup>109</sup> National Strategy for Research and Innovation in Energy and Water (2020, Malta).

of underground water tanks.

Building on these investments, investments in the upgrade of wastewater treatment plants and water polishing plants to cater for an increased capacity to address projected wastewater production volumes and increasingly align these installations to the principles of circular economy will be supported. The extension of the sewer network, including its rehabilitation to reduce sea-water infiltration, discharge of contaminants and outflowing leakages, will also be considered for support under this priority. The optimisation of the current wastewater infrastructure to the projected volumes may enable the increase and cost-effective reuse of this resource. Moreover, the continued strengthening of wastewater discharge control capacity is also required to ensure a high level of protection to the resource value of wastewater in view of the national water reclamation programme (New Water Programme).

#### *The main target groups*

The target groups are:

- public entities;
- the general public; and
- industry and commercial sector.

These investments are expected to target the whole population through enhanced potable water distribution, an improved wastewater network and treatment including increased energy and resource efficiency as explained above. Such interventions aim to ensure increased sustainable management of the sector taking into consideration Malta's needs including those of future generations. Capacity building measures of beneficiaries and relevant partners will be supported through Technical Assistance under this Programme.

#### *4.2.4 Promoting the transition to a circular and resource efficient economy*

Under this priority actions will build upon efforts already undertaken in previous programming periods, in particular projects aimed at extending Waste Separation and Collection Services. Although existing collection systems for household waste have yielded positive results as shown in the amounts of separate collection of organic waste, dry recyclables and bulky waste collected and recycled; further efforts are needed in this area taking into account the expected increase in Municipal Solid Waste (MSW) by 2040<sup>110</sup> and the waste separation targets to be achieved by Malta in line with the Waste Framework Directive 2018/851.<sup>111</sup>

Waste management practices will also be enhanced based on the principles of the Circular Economy<sup>112</sup> by targeting the treatment of organic waste separately collected from household and commercial entities across the country. This will ensure adequate capacity including the provision of additional facilities for recycling and converting waste into a resource.

110 ERA, 2020. Malta's Long-Term Waste Management Plan 2021-2030 (Consultation Document, December 2020) <https://environment.gov.mt/en/Documents/ministerialConsultations/longTermWasteManagementPlan2021-2030.pdf> Accessed 15.04.2020.

111 Directive (EU) 2018/851 of the European Parliament and of the Council of 30 May 2018 amending Directive 2008/98/EC on waste, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018L0851&from=EN>. Accessed 15.04.2020.

112 Communication from the European Commission, A new Circular Economy Action Plan For a cleaner and more competitive Europe (COM/2020/98 final) <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1583933814386&uri=COM:2020:98:FIN> Accessed 15.04.2020.



*List of possible interventions:***Improving treatment of separately collected organic waste through investment in an Organic Processing Plant**

Following the separate collection of organic waste from households, rolled out on a national scale in October 2018, interventions will be undertaken to target the separate collection of organic waste from commercial establishments thus capturing larger amounts of this biodegradable fraction. This investment will build on interventions supported under the 2014-2020 programmes including the nationwide educational campaign entitled 'Sort it Out' launched to increase the public's awareness on the benefits of separating Municipal Solid Waste at source and creating awareness on the smarter consumption of goods and services thus encouraging better waste management.

Investment in an Organic Processing Plant will allow for the recovery of energy through the ECOHIVE Energy plant infrastructure by capturing by-products of the organic waste treatment as well as eliminating, as far as possible, landfilling of organic waste. Organic Waste will be transformed into a resource by improving the anaerobic treatment of organic waste, thus producing digestate, a nitrogen rich fertilizer usable on agricultural fields, and biogas which can be transformed into electrical energy. Additional benefits of this investment relate to the reduction in harmful emissions of danger to human health and prevent degradation of natural ecosystems including the reduction of landfill leachate quantities.

This investment will be complemented by the waste collection reform as outlined in Malta's *draft Waste Management Plan 2021-2030*, through which waste collection systems will be enhanced by aggregating localities into geographical regions so that waste collection is implemented on a regional level as opposed to local council level, resulting in increased economies of scale and more efficient collection systems.

*The main target groups*

The target groups are:

- public entities;
- the general public.

This investment shall target residential household waste whilst overall benefitting public administration in the area of waste management and the general population of Malta. Capacity building measures of beneficiaries and relevant partners will be supported through Technical Assistance under this Programme.

#### 4.2.5 Enhancing protection and preservation of nature, biodiversity and green infrastructure, including in urban areas

National policies including Malta's *Sustainable Development Vision for 2050*<sup>113</sup>, the *National Environment Policy (NEP)*<sup>114</sup>, the *National Biodiversity Strategy and Action Plan to 2030*<sup>115</sup>, and the *Strategic Plan for the Environment and Development (SPED)*<sup>116</sup>, provide strategic direction to reverse trends in the loss of biodiversity and associated degradation of ecosystem services. Given the spatial competition in Malta, the inclusion of green infrastructure (GI) in urban environments can provide a catalyst to economic growth whilst considering social goals and promoting biodiversity conservation. There is also scope for more integration of GI in the urban environment (namely green urban space and public gardens) and in the wider countryside (namely the protection and restoration of ecosystems with a focus on valleys, afforestation and protected areas management).

Considering Malta's vision that by 2050 biodiversity and ecosystems are protected, valued and where possible restored for their intrinsic value<sup>117</sup> further protection and restoration measures in relation to Natura 2000 sites are required during the 2021-2027 period, including for sites outside Natura 2000 designation. Planned interventions include actions to enhance, protect and preserve biodiversity such as the enhancement of biological habitat areas, ecosystem conservation and restoration projects to address biodiversity and ecosystem resilience.

*List of possible interventions:*

#### Investments in green ecological corridors and Natura 2000 sites

As outlined in the *National Strategy for Preventing and Mitigating the Impact of Invasive Alien Species in the Maltese Islands* (2018), the *National Biodiversity Strategy and Action Plan to 2030*, and the *Management Plans for Natura 2000 Sites*, incentives to reduce pressures and threats on habitats and species in the natural and marine environment are a priority. Over the last few years, positive steps have been made towards the support of biodiversity including the setting up of a coherent national legal framework, as well as a national ecological network of protected areas.

The preservation and enhancement of Malta's natural capital will continue to be supported under this priority. In this regard, measures aimed to protect endemic species and areas of conservation value, that are at risk by invasive species; and the adoption of remedial action, with the goal of reinstating self-sustaining native communities and healthy ecosystems, will be supported.

In this respect, the Programme shall target the identification of ecological corridors for the enhancement of habitat connectivity between Natura 2000 sites. This may include the identification of valley systems and related areas that link different Natura 2000 sites to enhance their value as ecological corridors to sustain and enhance biodiversity and increase habitat resilience to a changing climate.

113 Malta's Sustainable Development Vision for 2050 (2018, MESDC). [https://meae.gov.mt/en/Public\\_Consultations/MSDEC/Documents/Malta%27s%20Sustainable%20Development%20Vision%20for%202050.pdf](https://meae.gov.mt/en/Public_Consultations/MSDEC/Documents/Malta%27s%20Sustainable%20Development%20Vision%20for%202050.pdf) Accessed 15.04.2020.

114 ERA (2012). *National Environment Policy* <https://era.org.mt/wp-content/uploads/2020/07/National-Environment-Policy-NEP.pdf>

115 ERA, 2020, *National Biodiversity Strategy and Action Plan* (Public Consultation Document). Accessed 15.04.2020.

116 *Strategic Plan for Environment and Development* (2015, Planning Authority) [https://issuu.com/planningauthority/docs/sped\\_approved\\_doc\\_1\\_](https://issuu.com/planningauthority/docs/sped_approved_doc_1_).

117 Ibid.



## Restoration of biodiversity through green infrastructures and gardens

Taking into account Malta's urbanised landscape, efforts to increase green infrastructure, open spaces and recreational natural environments are important towards creating a living environment that will contribute towards the health and wellbeing of society at large. Within this context, resources will be mobilised to modernise and expand green open spaces, reduce carbon and water footprint and enhance areas of high nature value outside of protected areas. Such initiatives will include urban elements to cover parks, gardens, vegetated institutional grounds, amenity green spaces, amongst others.

Under this priority, efforts to set-up integrated facilities for the conservation of indigenous species are also foreseen. This will aim to promote ex-situ conservation of rare and threatened species for their eventual reintroduction in the *Important Plant Areas within Natura 2000* sites and beyond. This process will also follow conservation requirements set out within the Natura 2000 Terrestrial Management Plans for the identified protected sites, with the aim to further enhance local biodiversity and improve ecological connectivity. Appropriate communication campaigns are also foreseen in an effort to encourage citizen engagement and raise public awareness on local species and their multiple uses.

### *The main target groups*

The target groups are:

- public administration;
- Residents and communities living in these areas including civil society organisations, business and tourism operators; and
- the general public.

While the results of this investment shall benefit the general public, government entities responsible for the protection, restoration and conservation of nature and biodiversity shall be targeted in view of their functions and responsibilities in the management of Natura 2000 sites and related areas. Capacity building measures of beneficiaries and relevant partners will be supported through Technical Assistance under this Programme.

### *4.2.6 Promoting sustainable multimodal urban mobility, as part of the transition to a net zero carbon economy*

In view of Malta's heavy reliance on private transport where the stock of licensed vehicles stood at 408,205 at the end June 2021<sup>118</sup> and the traffic congestion brought about by high population density, amongst other factors; further steps to implement a sustainable modal shift and to promote forms of mobility that are sustainable, energy efficient and respectful to the environment are crucial as part of the transition to carbon neutrality.

<sup>118</sup> NSO, News Release 130/2021, p. 1, 1 [https://nso.gov.mt/en/News\\_Releases/Documents/2021/07/News2021\\_130.pdf](https://nso.gov.mt/en/News_Releases/Documents/2021/07/News2021_130.pdf)



Within this context, this priority will aim to support actions that will contribute towards clean mobility to include safe and convenient passageways that will encourage green modes of transport such as walking, cycling and other shared and active modes that improve connectivity in order to make the use of alternative modes of transport easier and more accessible. Such interventions will contribute towards improving air quality and reducing congestion as users will shift to cleaner modes of transport. These initiatives will also create a living environment that will contribute towards the health and wellbeing of society at large, in particular active ageing.

*List of possible interventions:*

### Investing in sustainable multimodal urban mobility

Reducing travel time by lowering traffic congestion can be facilitated through infrastructure that allows a smooth connection between internal modes of transport in urban settings. The first Sustainable Urban Mobility Plan (SUMP) covering the Valletta Region (Northern and Southern Harbour Districts)<sup>119</sup> is being developed and measures earmarked to be included in the SUMP are in line with both the *National Transport Master Plan 2025*<sup>120</sup>, the *National Cycling Strategy and Action Plan*<sup>121</sup> and *Micro-mobility in the Maltese Transport System*<sup>122</sup>. In this regard, the finalisation and implementation of the Sustainable Urban Mobility Plan for the Valletta Region shall be ensured through the RRP bearing in mind challenges related to high urban density, concentration of commercial activity, limitations for transport connectivity, concentration of cultural and topographical landscape and the urban sprawl which impinge on the sustainable development of transport solutions in the Valletta region.

Building on the Sustainable Multi-Intermodal Transport Hubs funded under the ERDF (2014-2020)<sup>123</sup> which aim to promote modal choices for transport users according to their transport needs and the existing intermodal transport at main port terminals; investment under this priority will focus on enhancing sustainable urban multimodal travel options and connectivity for passengers whilst aiming at decarbonising the economy. This will be achieved by developing clean urban infrastructure such as pedestrian bridges within urban localities to ensure the safe passage of pedestrians and cyclists with the aim to further promote the shift towards sustainable transportation modes including collective public transport, walking, cycling and other shared and active modes.

119 SUMP for Valletta, Implementing Sustainable Mobility, <https://civitas.eu/projects/destinations/measures/sump-valletta>

120 Transport Master Plan 2025 (2016, TM), <https://www.transport.gov.mt/strategies/strategies-policies-actions/national-transport-strategy-and-transport-master-plan-1343> Accessed 30.03.2020.

121 National Cycling Strategy and Action Plan (2018, TM) <https://news.transport.gov.mt/national-cycling-strategy-and-action-plan/> Accessed 30.03.2020.

122 Micro mobility in the Maltese Transport System (2019, TM). [https://www.transport.gov.mt/MicromobilityinMalta\\_web.pdf-f4128](https://www.transport.gov.mt/MicromobilityinMalta_web.pdf-f4128) Accessed on 22.05.2020.

123 SMITHS (Sustainable Multi Intermodal Transport Hubs) <https://electromobility.gov.mt/en/Pages/SMITHS.aspx>





### *The main target groups*

The target groups are:

- transport sector;
- commuters and tourists; and
- the general public.

Although the results of this investment shall benefit the general public including the business and tourism sectors, government entities responsible for the transport sector shall also be targeted to implement this investment. This focus is necessary to ensure an increase in modal shift and an enhanced sustainable management of urban mobility in Malta taking into account the needs identified. Capacity building measures of beneficiaries and relevant partners will be supported through Technical Assistance under this Programme.

#### **4.2.a Indicative Financial Allocation**

The indicative total funding for this Priority amounts to € 469 million.

## 4.3 Priority 3: Enhancing transport connectivity

### 4.3.1 Developing a climate resilient, secure, sustainable and intermodal TEN-T

Interventions under this priority shall build upon previous actions relating to TEN-T infrastructure with the aim of increasing sustainability and climate-resilience through reduced traffic bottlenecks and CO<sub>2</sub> emissions whilst also enhancing intermodal TEN-T infrastructure. This investment shall also aim to improve the operational capacity of the TEN-T seaports to address sustainability development needs bearing in mind the aims of this initiative.

Funding will support investment in the TEN-T Core and Comprehensive Network covering measures supporting the integration of Malta in the TEN-T corridors and contributing towards enhanced connectivity, interoperability and competitiveness of Malta. This investment will be in line with the *National Transport Master Plan*<sup>124</sup> and will aim to enhance the interconnectivity and interoperability of the transport network. The objective is to support measures that strengthen road and port infrastructure to ensure that Malta, as an island state, offers a smooth and timely connection for the free movement of goods and passengers.

Investment enhancing the network infrastructure within the context of a multimodal transport system with the aim to contribute towards having a more sustainable transport sector which seeks to reduce transport emissions will also be supported.

*List of possible interventions:*

#### Investment in the TEN-T road network

Investment shall target the upgrading of the TEN-T road infrastructure with the aim to achieve a network which meets both current and forecasted future demographic trends as well as economic activities, all of which pose pressure on the road network. Such investment will support road infrastructure projects which will also incorporate elements of sustainable transport with a view to further promote the use of modal shift, a greener transport sector with the scope of reducing GHG emissions that will also decarbonise the transport sector. Interventions within the road network will aim to provide for the appropriate infrastructure that will result in an enhanced integration of different transport modes.

#### Enhancing international maritime gateways

Given Malta's high dependency on the infrastructure of its international maritime gateways and the key role that such infrastructure plays in assuring the country's competitiveness, investment towards enhancing the capacity and quality of port infrastructure and port safety will continue to be a priority.

Interventions shall target improving marine accessibility as well as measures ensuring sustainable connectivity able to meet future demands in terms of movement of goods and services. Resources will therefore be directed to improve the operations of TEN-T port facilities to address the resilience and sustainability of the sector.

<sup>124</sup> National Transport Master Plan 2025 (2016, TM). <https://www.transport.gov.mt/strategies/strategies-policies-actions/national-transport-strategy-and-transport-master-plan-1343> Accessed 13.03.20.



As also indicated in previous sections of this document, investments under this Programme will be complemented by additional actions supported through EU and national funds targeting the resilience, sustainability and decarbonisation of road and maritime transport including the investment in alternative fuel infrastructure, investment in clean transport vehicles (collective and non-collective) as well as investment in new ferry landing places to enhance multimodal shift.

Through this investment, interventions providing the necessary infrastructure that enhances the road network<sup>125</sup> as well as its supporting infrastructure to promote modal shift and sustainable transport, including through the carrying out of studies and possible infrastructure for alternative mass transport systems, may also be supported. Such studies will aim to address Malta's specific needs in this area thus further facilitating the move towards zero-carbon emissions.

#### *The main target groups*

The target groups are:

- public entities;
- transport sector (including maritime);
- business community;
- tourism sector; and
- the general public.

Whereas the results of this investment shall benefit the general public at large including the business and tourism sectors, government entities responsible for the transport sector shall be targeted to implement this investment. Such investment is critical to address the needs of the transport sector while ensuring enhanced climate resilience and sustainable management of the TEN-T network. Capacity building measures of beneficiaries and relevant partners will be supported through Technical Assistance under this Programme.

### **4.3.a Indicative Financial Allocation**

The indicative total funding for this Priority amounts to € 52 million.

<sup>125</sup> National Transport Master Plan 2025 (2016, TM), <https://www.transport.gov.mt/strategies/strategies-policies-actions/national-transport-strategy-and-transport-master-plan-1343> Accessed 13.03.20.

## 4.4 Priority 4: A more social and inclusive society

### 4.4.1 Improving equal access to inclusive and quality services in education, training and lifelong learning through developing accessible infrastructure, including by fostering resilience for distance and online education and training

In spite of the progress achieved in relation to the ESL rate, tertiary education attainment levels and lifelong learning (LLL), further investment towards comprehensive improvements in education and training infrastructure as guided by the *Framework for the Education Strategy for Malta 2014-2024*<sup>126</sup> will be supported under this Priority.

Government is committed to further reducing the ESL rate, improving tertiary education attainment levels and increasing lifelong learning in order to improve the overall labour force skills capacity. Similarly, the promotion of vocational education and training (VET) as a mainstream option to widen the skills base of the future labour force in line with industry changes, modernizing and digitizing the teaching and learning process and further building the capacity of education professionals will be pursued. In parallel, additional investment in line with the *National Inclusive Education Framework*<sup>127</sup> will focus on high quality inclusion as a means of ensuring that all learners have the opportunity to obtain the necessary skills and abilities to be active citizens and succeed at work and in society.

*List of possible interventions:*

#### Investment in education facilities

Providing a high-quality education and training experience at all levels is a priority, as clearly outlined in the *Education Strategy for Malta 2014-2024*. Investments in an education and training infrastructure which supports the diverse learning needs of students at different levels, including compulsory schooling, will be supported.

In this regard, actions may include the construction, modernisation, upgrading and equipping of education and training facilities to cover compulsory, tertiary and vocational education, in order to improve the learning journey of students as well as to foster increased accessibility.

*The main target groups*

The main target groups to be supported through this initiative are:

- pupils and students;
- special needs students;
- educators and other support staff; and
- labour market actors.

<sup>126</sup> Ministry for Education and Employment, Framework for the Education Strategy of Malta 2014-2024, <https://education.gov.mt/en/resources/Documents/Policy%20Documents%202014/BOOKLET%20ESM%202014-2024%20ENG%2019-02.pdf>, (accessed 09.03.2021).

<sup>127</sup> Ministry for Education and Employment, A National Inclusive Education Framework, [https://meae.gov.mt/en/Public\\_Consultations/MEDE/Documents/MEDE\\_Inclusion\\_Framework\\_A4\\_v2.pdf](https://meae.gov.mt/en/Public_Consultations/MEDE/Documents/MEDE_Inclusion_Framework_A4_v2.pdf), (accessed 09.03.2021).



Investment shall target construction, modernising, equipping and upgrading education and training facilities, as well as upgrading learning pathways leading towards a quality and inclusive education system. This focus is crucial to improve the learning journey of students, including vulnerable groups. Capacity building measures of beneficiaries and relevant partners will be supported through Technical Assistance under this Programme. Capacity building measures directed towards social partners and civil society organisations may also be supported under the ESF+.

#### 4.4.2 Promoting the socioeconomic inclusion of disadvantaged groups

As outlined in the *National Strategic Policy for Poverty Reduction and Social Inclusion*<sup>128</sup>, efforts are required to stop intergenerational and situational poverty and social exclusion. In this regard, the strategy recommends a safety-net approach that will act to prevent and intervene with the aim of safeguarding not only social groups that are experiencing poverty and social exclusion, but also those at-risk and vulnerable groups. This is particularly important for young people with challenging behaviours, who need to be equipped with the necessary rehabilitative tools for reintegration within the community.

*List of possible interventions:*

#### Investing in youth rehabilitation

Youths are an important bridge between today and tomorrow's society. Within this context resources will be mobilised to ensure that youths are not left behind and that the situational cycle of social exclusion is broken. Building on the *National Youth Policy Towards 2030*<sup>129</sup>, initiatives in this area will ensure that youths are enabled and supported towards full integration and participation in society, facilitating their transition into adulthood and fostering accountability.

Measures to be supported will address direct or indirect socioeconomic barriers experienced by this cohort which in turn inhibits their active participation in society, including within the labour market. Such investments will aim to target vulnerable groups seeking specialised housing infrastructure and inclusive facilities, eventually leading to integration within the community. This measure will be complemented through ESF+ support to provide a holistic rehabilitative approach.

128 Ministry for the Family and Social Solidarity (2015), *National Strategic Policy for Poverty Reduction & for Social Inclusion: Malta 2014-2024*, p. 43.

129 Parliamentary Secretary for Youth, Sport and Voluntary Organisations (2021), *National Youth Policy Towards 2030*, p.20, 22-23, <https://online.fliphtml5.com/rqmms/hhjn/#p=20>, (accessed on 18.08.2021)

*The main target groups*

The main target groups to be supported through this initiative are:

- vulnerable groups; and
- youths.

Investment shall target equipping individuals with the necessary socioeconomic skills towards integration within the community. Such actions will enhance social inclusion and help combat discrimination and poverty of at-risk and vulnerable groups. Capacity building measures of beneficiaries and relevant partners will be supported through Technical Assistance under this Programme.

*4.4.3 Ensuring equal access to health care and fostering resilience of health systems*

Continued investment in the health system is required in order to alleviate the overall burden of growing demands, both in quantitative terms resulting from a growing and ageing population as well as in qualitative terms as the needs of the population and its expectations rise. Moreover, health services should be upgraded in line with the constantly evolving technological advancements which could impact the success rates of health interventions.

Whilst recognising the significant progress made in favour of various health-related activities, it is critical to understand the current challenges faced by the healthcare system and to provide an adequate response either by optimizing the various services offered within the health system or by providing new services to address emerging needs. Government is committed to deliver the best possible healthcare service to Malta's citizens whilst keeping in mind that new healthcare-associated realities require an updated and improved healthcare system which caters for specificities identified for Maltese society at large as well as individual needs as far as possible.

Proposed actions under this priority are expected to target particular needs identified for the healthcare system, contributing towards the target of delivering the best possible healthcare service to citizens. In addition, interventions to strengthen the provision of current health services and to prepare for future needs will also be supported. These investments will be further complemented through initiatives supported under Malta's Recovery and Resilience Plan (RRP), aiming towards a more holistic approach.

*List of possible interventions:***Investment in acute mental health infrastructure**

Under this priority investments are envisaged in the development of acute mental health facilities and services within the ancillary structure of the national public health General Hospital. This will avoid the duplication of a number of services as well as reduce the stigma surrounding mental health. This investment is line with Malta's *Mental Health Strategy for Malta 2020-2030*<sup>130</sup>, which outlines the need for investment in acute mental health facilities.

<sup>130</sup> Ministry for Health, *Mental Health Strategy for Malta (2020-2030)*, [https://deputyprimeminister.gov.mt/en/Documents/National-Health-Strategies/Mental\\_Health\\_Strategy\\_EN.pdf](https://deputyprimeminister.gov.mt/en/Documents/National-Health-Strategies/Mental_Health_Strategy_EN.pdf), (accessed on 09.03.2021).



The demand for mental health services has been further exacerbated by the COVID-19 pandemic which has resulted in increased pressures on people's mental health both indirectly, through the challenges that restriction measures and the lack of socialisation have brought with them but also directly, through the neurological and psychological after-effects experienced by COVID-19 sufferers. This is outlined in a published study confirming a high incidence of psychological and neurological diagnosis 6 months from the onset of the disease<sup>131</sup>.

In this respect, initiatives to be supported will include the provision of quality, evidence-based, patient-centered care in a therapeutic environment including amongst others intervention rooms and suites dedicated to various treatment modalities. This investment provides adequate health services for persons suffering from acute mental health episodes but also to ensure their swift recovery and integration within the community and subsequently the labour market. Such investment will also aim to promote preventive measures related to mental well-being and will complement community services in mental health which are already in place.

### Investment in paediatric services

In order to provide and improve paediatric services, further investment focusing on the integration of paediatric rehabilitation services is foreseen. The integration of ancillary paediatric services will benefit patients at both the assessment stage and the intervention stage, and would ensure better continuity of care. The assimilation and streamlining of services including paediatrics and psychiatry, physiotherapy, speech language therapy, occupational therapy and psychology, will improve and increase the provision of services in the areas related to autism, attention deficit hyperactivity disorder (ADHD), cerebral palsy and other neurodevelopmental and/or congenital anomalies, amongst others.

The development of infrastructural facilities, equipment and services goes hand in hand with investment in the human resources needed to run such services. Complementary to such investment, initiatives targeting the upgrading and retention of human resources through the ESF+ to ensure the availability of this essential resource for the well-functioning of the system will also be supported.

### Investment in preventive health measures

With the objective of strengthening the resilience of the healthcare system, increased screening and other preventive healthcare measures with the aim of shifting towards prevention and healthy ageing is necessary. These preventive measures are critical in delivering results and returns on investment for congenital diseases, as well as communicable and non-communicable diseases.

The application and implementation of the latest technologies within the health sector such as DNA profiling would help to strengthen the various facets of the national health system, enhance the overall hospital experience for the patients, influence the success rates of interventions, and foster increased resilience of the national healthcare system, also in view of the COVID-19 pandemic. Technology aids professionals in devising more specific and targeted treatments for their patients, thus responding to individual patient needs whilst ensuring efficient monitoring of patients through the care pathway.

<sup>131</sup> M. Tacquet ,et al., '6-month neurological and psychiatric outcomes in 236 379 survivors of COVID-19: a retrospective cohort study using electronic health records'; *The Lancet Psychiatry*, Published 6 April 2021, [https://doi.org/10.1016/S2215-0366\(21\)00084-5](https://doi.org/10.1016/S2215-0366(21)00084-5), (accessed 08.04.2021).

The interventions mentioned above may also be complemented by awareness raising campaigns on health in line with the relevant National Health Strategies with the aim of fostering resilience of the sector through prevention and health awareness.

#### *The main target groups*

The main target groups to be supported through this initiative are:

- children and their families;
- mental health patients and their families;
- vulnerable and disadvantaged groups including children, the elderly, and persons with disability;
- Non-Governmental organisations in the health sector; and
- the general public.

Investments shall target investment in health infrastructure and upgrading health and care service provision, also taking into account digital advancements and innovations. Such actions will emphasise the diversification and quality of services offered to the community. Capacity building measures of beneficiaries and relevant partners will be supported through Technical Assistance under this Programme.

#### *4.4.4 Enhancing the role of culture and sustainable tourism in economic development*

As indicated in *Malta's Tourism Strategy for 2021-2030*<sup>132</sup> which outlines the need to 'Recover, Rethink and Revitalise' Malta's touristic sector, further investment aimed at enhancing Malta's touristic product, whilst seeking higher quality and a more diverse touristic offer, is fundamental for a sustainable development and growth of the sector.

This is even more relevant in view of the challenges brought about by the COVID-19 pandemic which has had severe repercussions on the sector and which has changed the way in which the touristic product is being delivered. This changing scenario calls for further investment in Malta's touristic product, complementing national measures that are supporting the industry, in order to ensure recovery of the sector and that Malta's touristic product is sustainable.

Initiatives shall focus on the renovation of cultural assets as well as the valorisation of Malta's cultural heritage, with the ultimate aim of strengthening Malta's overall touristic product and uplifting areas for improved social cohesion and an improved environment.

<sup>132</sup> 'Ministry for Tourism and Consumer Protection, *Recover, Rethink, Revitalise*', Malta Tourism Strategy 2021-2030: [https://issuu.com/visitmalta/docs/maltatourismstrategy\\_2030\\_v7?fr=sMzlkODUxMjAxOQ](https://issuu.com/visitmalta/docs/maltatourismstrategy_2030_v7?fr=sMzlkODUxMjAxOQ), (accessed on 08.03.2021).





*List of possible interventions:*

### **Enhancing and valorising Malta's touristic product**

In order to offer a holistic product, the renovation of cultural assets is of crucial importance in order to safeguard Malta's heritage and be able to pass on this patrimony to future generations. The prevalence of cultural and tourism assets creates a niche market which, not only provides opportunities towards the economic development of Malta's tourism product, but also contributes towards the amelioration of the social environment, addressing inequalities and promoting integration. In this regard, investments in upgrading and developing Malta's cultural, historical and tourism product are foreseen, including private historical buildings which are in the public domain.

Such efforts will complement Government's drive to improve quality along the value chain, but also to foster social cohesion and an improved environment. The revitalisation efforts foreseen under this priority will aim to attract investment and business development in areas which are currently not sufficiently conducive to such growth and to strengthen business and community areas where these are already established. This coordinated approach will also aim to further valorise Malta's cultural heritage. This will further complement previous investments, implemented through both national and EU funding, and which aim to strengthen further Malta's cultural identity, as well as improve accessibility and promote cultural integration.

*The main target groups*

The main target groups to be supported through this initiative are:

- Tourism, the cultural industry, Tourists, Artists;
- the general public;
- non-governmental organisations;
- local communities (including Local Councils);
- private sector; and
- inbound tourists.

Investments shall target safeguarding Malta's cultural heritage and enhancing its tourism product. Such actions will encourage further socioeconomic and cultural integration. Capacity building measures of beneficiaries and relevant partners will be supported through Technical Assistance under this Programme.

#### **4.4.a Indicative Financial Allocation**

The indicative total funding for this Priority amounts to € 150 million.



## 4.5 Priority 5: Fostering sustainable urban development in Gozo

### 4.5.1 Fostering the integrated and inclusive social, economic and environmental development, culture, natural heritage, sustainable tourism

At this stage of development, an integrated targeted approach is appropriate to comprehensively address the needs and challenges of the island of Gozo. In this regard, Government shall aim to improve the island's social, economic and environmental development, whilst fostering integration and inclusion.

This is also in line with the 2019 Malta Country Report<sup>133</sup>, which highlights the more substantive impacts suffered by Gozo as a result of its double insularity vis-à-vis the mainland, as well as the territorial imbalances and regional differentiation between the two islands.<sup>134</sup> Investments related to Gozo's cultural and natural heritage are also envisaged, keeping in mind sustainable tourism (also in view of the COVID-19 pandemic which has had a severe impact on the sector), the safety and security of the targeted urban areas, amongst others.

#### *List of possible interventions:*

The Programme will support an integrated approach in dealing with Gozo's development needs by addressing the economic, environmental, climatic, demographic as well as social challenges which affect the island. The measures will not only result in interventions such as the upgrading and restoring of physical buildings but will provide the opportunity to spur commercial activity on the island, also taking into consideration the specificities and seasonality of economic activity in Gozo.

### **Protecting and promoting Gozo's characteristics to foster sustainable growth**

Under this priority, resources will be mobilised to promote better accessibility, aiming to contribute towards economic activity and the creation of jobs and enhancing the potential of sustainable tourism in Gozo. In addition, initiatives aimed at developing sustainable and innovative environmental measures are also foreseen, coupled with efforts to preserve and promote Gozo's cultural and natural heritage. Actions may include natural and green open public spaces, improvement of dilapidated areas and increased safety and accessibility in urban areas. Such efforts will aim to reduce social disparities not only between Gozo's and Malta's populations, but also between different emerging communities that are increasingly residing in Gozo. These initiatives in an integrated way will aim to make Gozo more environmentally friendly, more accessible and more responsive to people's needs.

Through this integrated approach, actions will be implemented to bring about the required and necessary social, cultural, economic and environmental changes on the island. Attention may also be given to Gozo's cultural and natural resources, which are numerous considering the small size of the island, with a view to preserve for current and future generations.

Measures foreseen under this axis will be determined through Gozo's Development Strategy that is being developed and which will be complementary to measures envisaged under other priorities within this

<sup>133</sup> European Commission, 'Country Report Malta 2019' (SWD(2019) 1017 final).

<sup>134</sup> European Commission, 'Country Report Malta 2019'(SWD(2019) 1017 final), p. 56.



Programme in a horizontal manner. The objective is to avoid duplication of efforts and to optimise the development opportunities for Gozo under the Programme.

#### *The main target groups*

The main target groups to be supported through this initiative are:

- Gozo residents and communities;
- Gozo business community, including self-employed, small-self employed, SMEs
- Private entities, including civil society;
- Tourists;
- Non-Governmental organisations; and
- the general public.

Investment in sustainable urban development will allow for a number of interventions to be carried out to improve dilapidated areas whilst also improving the economic development of Gozo. Having such an integrated approach will be beneficial in bringing about the respective changes across a number of sectors. Capacity building measures of beneficiaries and relevant partners will be supported through Technical Assistance under this Programme.

#### **4.5.a Indicative Financial Allocation**

The indicative total funding for this Priority amounts to € 60 million.

## 4.6 Priority 6: Facilitating a Just Transition

### 4.6.1 Enabling regions and people to address the social, employment, economic and environmental impacts of the transition towards the Union's 2030 target for climate and a climate neutral economy by 2050, based on the Paris Agreement

In line with the ambitions laid out in the European Green Deal for climate action towards achieving climate-neutrality by 2050 and with the objectives of the Paris Agreement, interventions under this priority shall serve to enable Malta to continue in its ambitions for decarbonisation and the reduction of GHG emissions.

As outlined in Malta's Country Report (2020)<sup>1</sup>, efforts to foster a just transition under the Programme will target Malta's two main ports, which are not only an important part of the economy but also important nodes that account for a concentration of GHG emissions primarily due to their role as hubs for cruising vessels and transshipment activities. In addition, efforts to continue the roll out of alternative fuel infrastructure for land transport will also be supported with a view to addressing decarbonisation by land and sea collectively. This will aim to put Malta at the forefront of decarbonisation efforts, particularly in the maritime sector.

*List of possible interventions:*

#### Provision of onshore power supply

Under this priority, investments will go towards the installation of onshore power supply at the Port of Valletta and the Marsaxlokk Harbour. This investment will entail the connection of vessels to onshore electricity power supply whilst berthing rather than retaining their auxiliary engines switched on. Although, the utilisation of onshore power supply is subject to the vessels being equipped with the necessary fitting, the maritime industry is adapting fast to this new electrification provision. The need for this transition in the ports is even more accentuated by the reality that the Grand Harbour is located in close proximity to high-densely populated residential and business areas, whilst Malta Freeport is located very closely to the fishing village of Marsaxlokk and the seaside location of Birżebbuġa. These initiatives go beyond minimum environmental requirements and will create a living environment that will contribute towards the health and wellbeing of the communities living in the surrounding areas.

This investment will provide an environmentally friendly alternative to reduce GHG emissions by ships, whilst maintaining the competitiveness of Maltese ports. Such investments will also put Malta at the forefront in the application of such technologies, particularly in view of any possible future regulatory constraints on CO2 emissions in harbours.

The investment foreseen in the Valletta Grand Harbour will complement similar investment currently being undertaken through the Connecting Europe Facility (CEF). The investments in the Grand Harbour and at Malta

<sup>1</sup> European Commission (2020). Commission Staff Working Document Country Report Malta 2020 Accompanying the document Communication from the Commission to the European Parliament, the European Council, the Council, the European Central Bank and the Eurogroup. 2020 European Semester: Assessment of progress on structural reforms, prevention and correction of macroeconomic imbalances, and results of in-depth reviews under Regulation (EU) No 1176/2011 <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1584545686025&uri=CELEX%3A52020SC0517>



Freeport will result in substantial reduction in GHG emissions in the maritime sector in the two harbours, decrease in pollution of the marine environment, air emissions as well as noise.

### Shift towards the use of alternative fuels in road transport

With the aim of supporting the further uptake of Electric Vehicles (EVs) and building on investments already undertaken under the 2014-2020 period, the Programme will support a more extensive network of charging points for EVs and related infrastructure investments across Malta and Gozo. This will support the shift towards alternative fuels, cleaner air, mitigating pollutants and GHG emissions. This investment will be in line with a comprehensive plan relating to the transition towards the decarbonisation of road transport in order to have the desired impact in terms of use of electricity to power land transportation. The plan is to use multiple resources to address this pressing need, seeking complementarity with the RRP to support the rollout of electric vehicles, whilst further investment in the TEN-T network to address bottleneck challenges.

Such investment reflects the ambitions outlined in Malta's Transport Masterplan for a shift towards sustainable transportation through the electrification of vehicle fleets, in conjunction with other measures to incentivise a modal shift to reduce GHG emissions and congestion from roads in Malta and Gozo. This is also in line with the Green Cars Initiative, as part of the European Economic Recovery Plan which seeks to enhance the development of new and sustainable forms of road transport with the introduction of alternative fuels amongst which also the use of clean vehicles.

#### *The main target groups*

The target groups are:

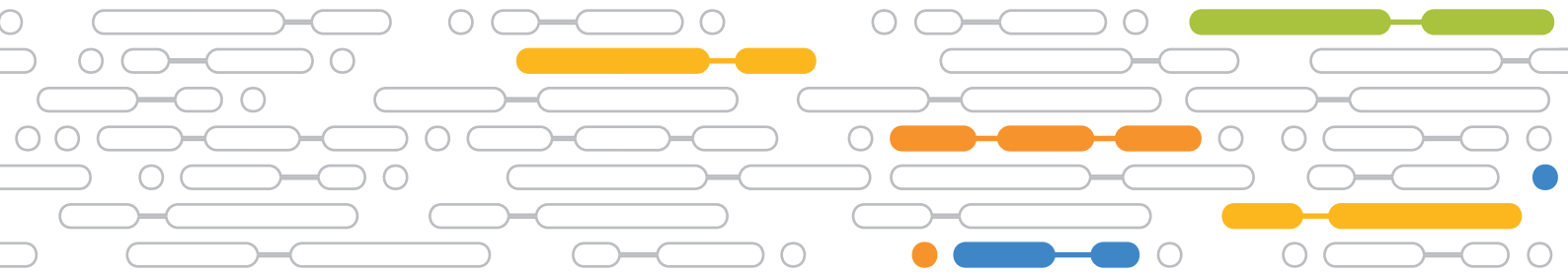
- the transport and maritime sectors;
- residents of harbour areas;
- industrial sector and the business community; and
- the general public.

This investment shall benefit the general public including the business and the tourism sectors and the Maltese community at large. Capacity building measures of beneficiaries and relevant partners will be supported through Technical Assistance under this Programme.

## 4.6.a Indicative Financial Allocation

The indicative total funding for this Priority amounts to € 33 million<sup>1</sup>.

<sup>1</sup> Transfers from ERDF and ESF+ resources to JTF are not envisaged. This amount covers Pillar I of the Just Transition Mechanism.





# 5

## Partnership

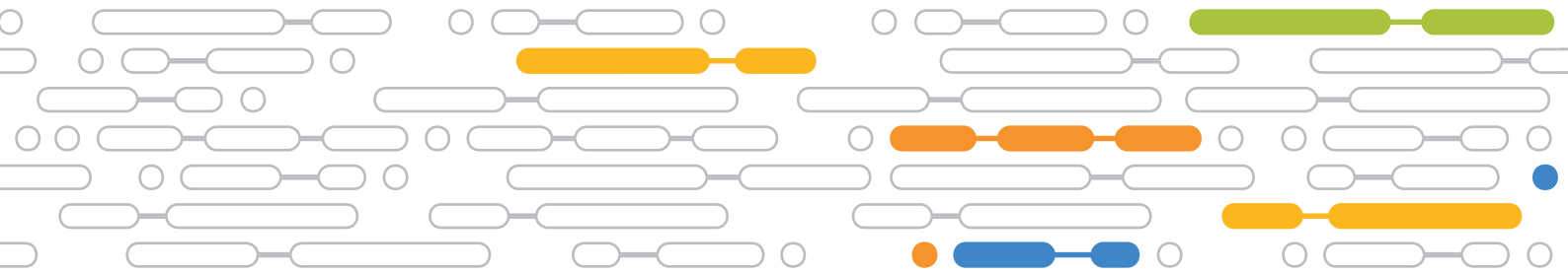


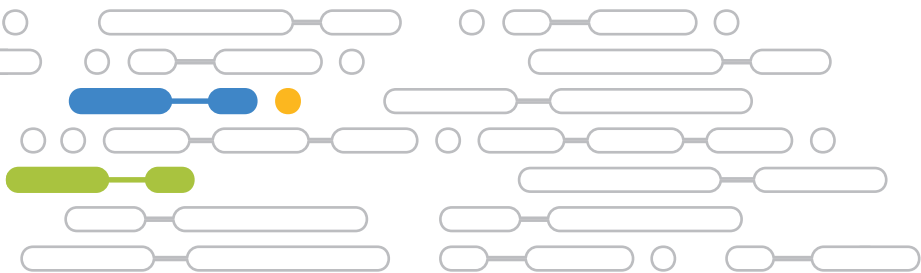


## 5. Partnership

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 in order to ensure the participation of social partners and civil society organisations in the delivery of a number of policies to be supported by the three EU funding Programmes - ERDF, CF and JTF. These included issues relating to R&I, natural resources and the environment, education, employment, health, tourism and urban development, amongst others.

In this regard, a series of consultative committee meetings were held primarily in 2020 which included key stakeholders, such as Government entities, public authorities representing local government and urban policies, economic and social partners, relevant bodies representing civil society, environmental partners, as well as bodies responsible for promoting social inclusion, fundamental rights, youths, rights of persons with disabilities, youths, gender equality and non-discrimination. Experts presented participants with 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 discussion and other follow-up engagements as necessary with a view to 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.





# 6

## Next Steps



## 6. Next Steps

This document presents the basis on which the ERDF/CF/JTF Programme 2021-2027 will be drafted and forms part of the programming process of the European Union funding that Malta will be investing in the coming years.

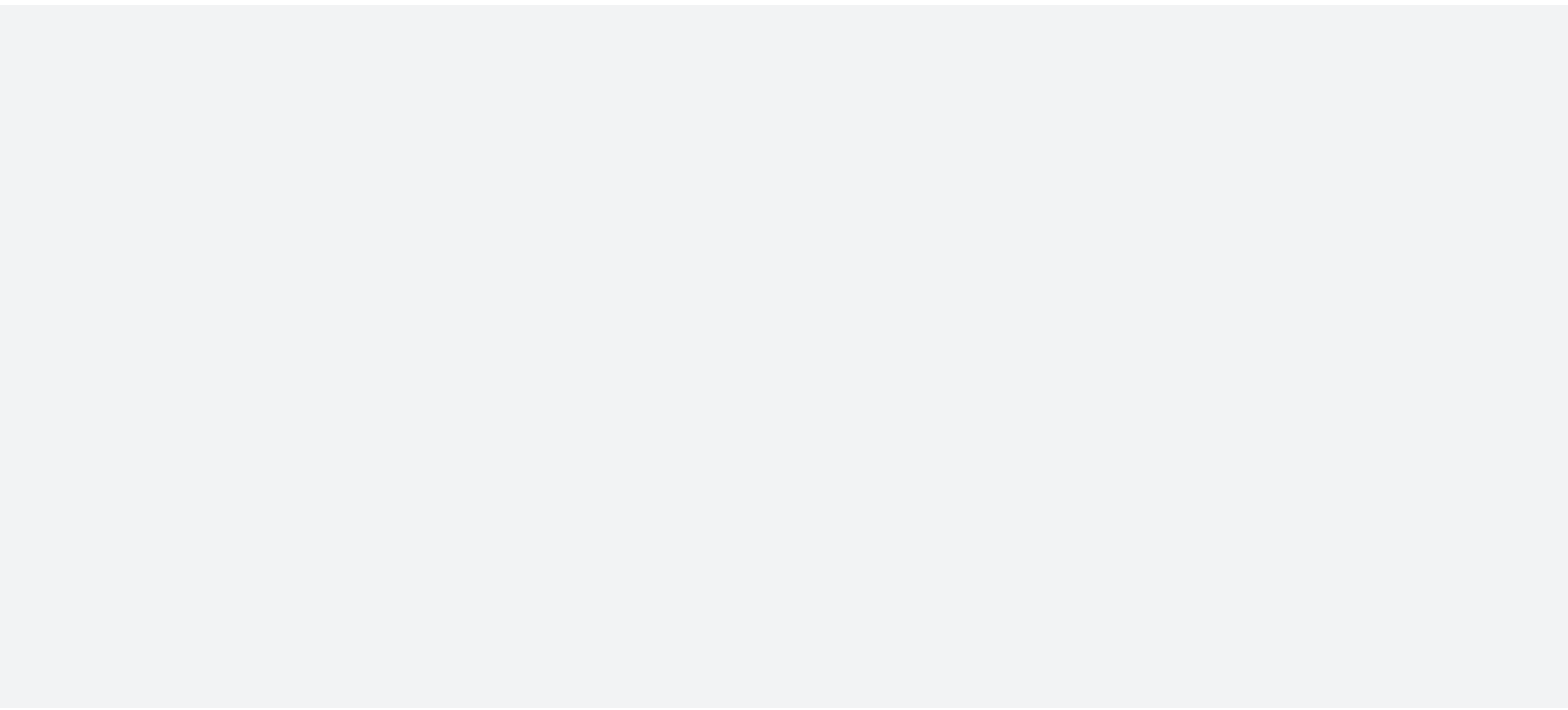
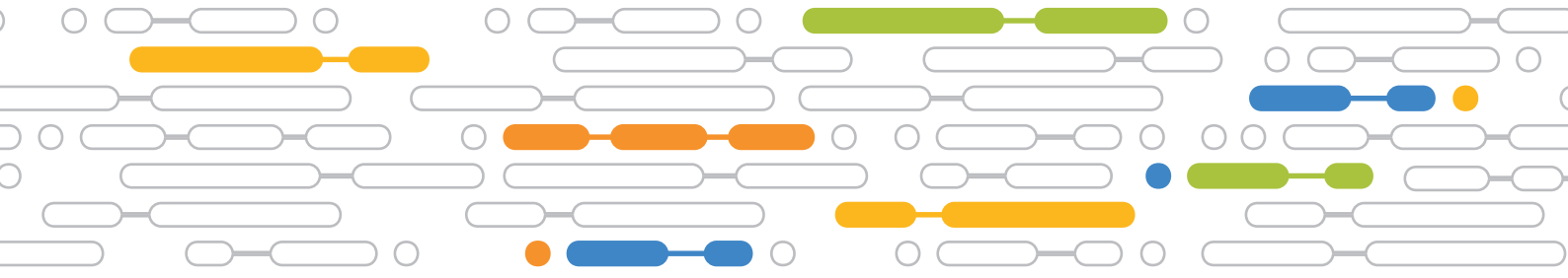
The identified investments will be directed towards priority measures with the objective to address the country's development needs and challenges within the context of the ERDF/CF and JTF Regulations. The investments also take into consideration the Country Specific Recommendations as well as the various initiatives foreseen under different EU funding instruments. Interventions are aimed to enhance support in the development of R&I facilities and encourage the uptake of local research, implement energy efficiency measures and multimodal urban mobility, ensure a sustainable transport system, foster social wellbeing and strengthen the quality of the education system, encourage economic activity and sustainable urban development, as well as contribute towards a reduction in emissions, amongst others.

As part of the partnership principle and multi-level governance, all stakeholders and the general public are encouraged to participate in this consultation process.

Interested parties are invited to put forward their views, suggestions and comments in reaction to this document by **8 October 2021**.

Additional information may be viewed on [www.eufunds.gov.mt](http://www.eufunds.gov.mt).

Written feedback may be submitted on email: [consultationcohesionfunds@gov.mt](mailto:consultationcohesionfunds@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.



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