

Funds: European Regional Development Fund (ERDF) and Cohesion Fund (CF)

Programming Period: 2014-2020

Budget Available: €665.4 Million

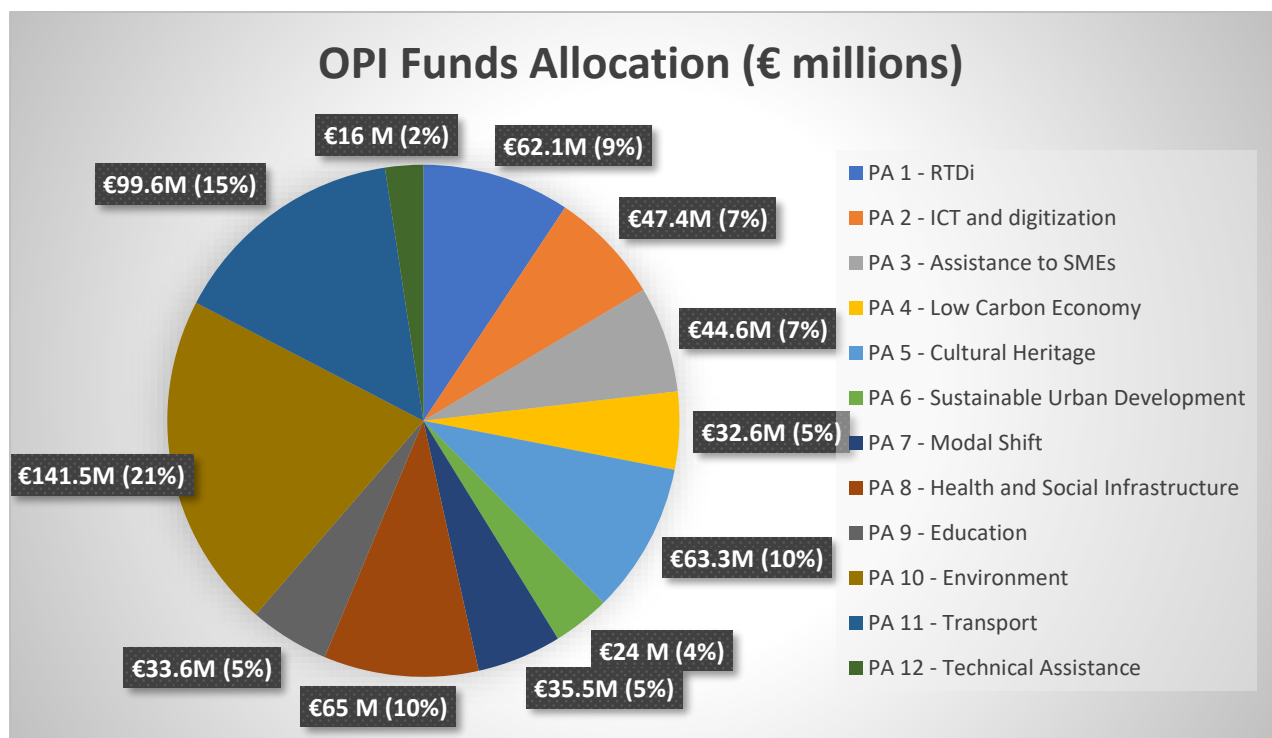
Reporting Year: 2020

What are ERDF and CF and what do they finance?

The ERDF and CF are two European Union Funding instruments intended to support infrastructural investments in less developed regions.

The aim of these two funds is to assist Malta in fulfilling a number of different objectives, known as Thematic Objectives, which reflect national priorities. The ERDF in Malta supports infrastructural investments in education, health, social infrastructure, cultural heritage research and innovation, renewable energy and competitiveness (Priority Axes (PAs) 1- 9). On the other hand, CF supports infrastructural investments in road and maritime infrastructure as well as investments in the water and waste sectors (PAs 10 and 11).

The allocation of ERDF and CF funds under the OP is as follows:



How can one access these funds?

In the case of Government Ministries and Entities, including public bodies and NGOs, not involved in an economic activity which is in competition with the private sector, applications can be submitted

directly with the Planning and Priorities Coordination Division (PPCD) acting as the Managing Authority when calls are published for projects in the priority areas identified above. Further details can be found on <https://eufunds.gov.mt/en/Operational%20Programmes/Open-Calls/Pages/Operational-Programme-I-.aspx>

In the case of the private sector, including bodies involved in an economic activity, applications can be submitted with the Measures and Support Division. Further details can be found on <https://businessenhance.gov.mt/>

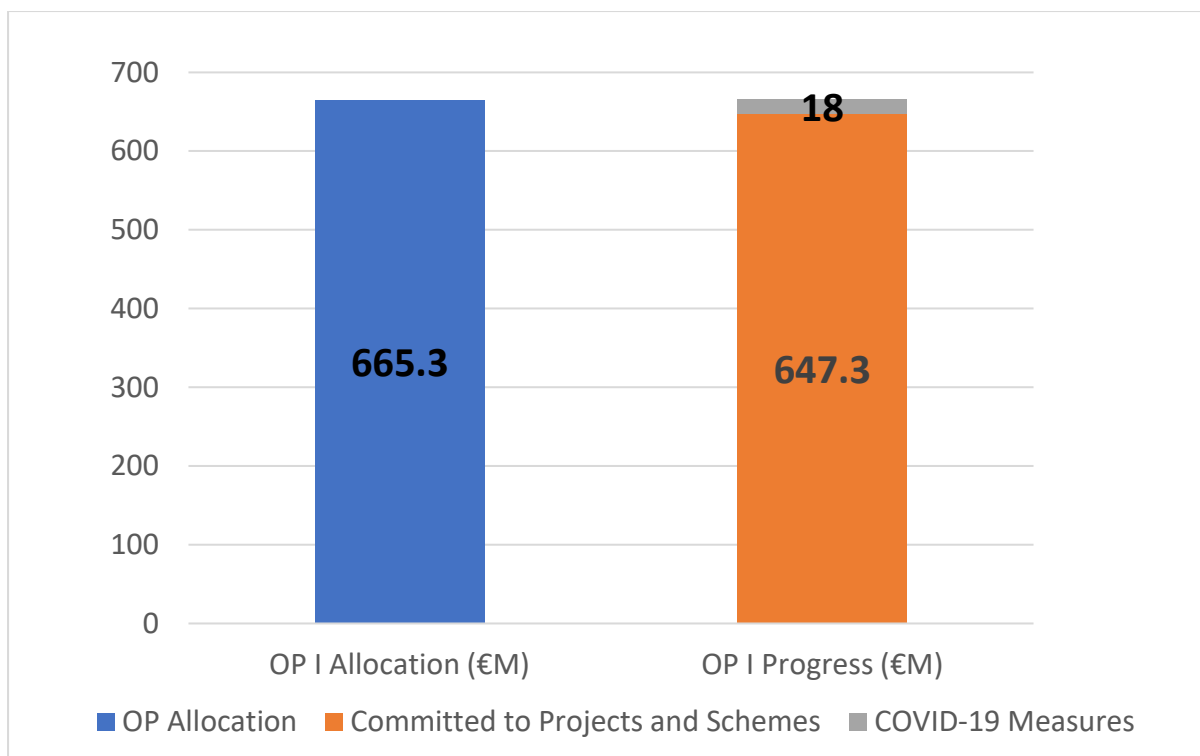
Contractors interested in submitting tender offers in relation to projects being implemented through the assistance of EU funds, should visit and register on <https://www.etenders.gov.mt/epps/home.do> in order to be able to participate in public calls for tenders issued by Project Beneficiary and Implementers.

Even though there are no calls under these funds that are earmarked for private citizens, they may still benefit from the different funded actions that aim to have significant positive impact on everyday life, such as through the introduction of new e-services, the construction of a new hospital, actions aimed towards a cleaner environment and better quality of water, and many others. Furthermore, citizens can directly benefit from the European Social Fund, which focuses on human capital, through schemes such as scholarships and actions aimed at improved labour market situations. Further details can be found on <https://education.gov.mt/en/Pages/educ.aspx>.

Progress by end of 2020

2020 proved to be another successful year for Malta in its implementation of the Programme, notwithstanding the many challenges brought about by Covid-19. In most cases, progress of projects across the entire Programme was registered and evidenced by achievements of output and financial targets.

In order to tackle the Covid-19 pandemic and to facilitate the implementation of the Programme, a number of changes to the Programme were necessary. A total of €35M were transferred from OPI to OPII (ESFD) to cover new COVID-related measures and €8.75M were transferred for a top-up to the SMEi for the benefit of private enterprises. Moreover, PA 8 now has a commitment of €18M towards COVID-19 related measures covering Personal Protective Equipment, medical equipment, vaccines and additional bed space. The following infographic shows the new OP allocation and resultant commitment of funds:



During 2020, the private sector could benefit from ERDF funds allocated under the Aid Schemes being implemented by the Intermediate Body in that 101 calls were issued under the 7 schemes being implemented under PAs 1, 2 and 3. Calls are being managed through open rolling calls with different cut-off dates to ensure that the private sector is able to submit proposals regularly. In 2020 only, 253 applications were received (2 under PA 1, 44 under PA 2 and 207 under PA 3), with a total of 104 proposals approved for funding. 84% of these approved proposals were submitted by micro enterprises. The Consultancy Grant Scheme under PA 3 saw an increase in interest with 64 grants awarded showing that during the pandemic, enterprise owners had time to analyse their businesses and explore further options by conducted research through a business plan and feasibility studies. Through these reports, they could determine further ways to expand or diversify their products/services.

In terms of progress in the implementation of the projects approved for funding by area of support, details can be found below. Furthermore a list of the beneficiaries under ERDF and CF can be found here:

<https://eufunds.gov.mt/en/Operational%20Programmes/Programming%20Period%202014%20-%202020/Operational%20Programme%201/Pages/Operational-Programme-I.aspx>

Priority Axis	Progress Achieved
PA 1 RTDi	Two projects, providing research infrastructure, with a total EU funding amount of €61M are being implemented by the University of Malta. These projects aim to enable and support technology transfer, entrepreneurship and knowledge exchange with industry (Transdisciplinary Research and Knowledge Exchange (TRAKE) project) and to achieve a model resource efficient building, namely a 'live' laboratory, to monitor a range of

	<p>resource efficient technologies in a real life-context (Sustainable Living Complex (SLC) project) Whilst the construction works of the different buildings under both the TRAKE and the SLC projects are ongoing, progress on the TRAKE project has been significant, with the services and finishes of the Materials Engineering Labs almost complete. Works on the Design and Build contract of the TRAKE main building were ongoing. The delivery of lab equipment made it possible for the University of Malta to embark on research projects with more than 50 FTE researchers using the new research facilities in the areas of bioengineering, robotics, manufacturing and transport. By end 2020, research studies by 17 postgrad students and 19 Research Support Officers were concluded.</p> <p>With procurement issues related to excavation works at SLC resolved in 2020, new challenges cropped up due to site difficulties and COVID-related restrictions, resulting in further delays. Nonetheless, excavation works were broadly completed in 2020 and with the finalisation of the structural engineering design, construction works could begin in Q4 2020. Mitigation measures to accelerate construction works, including works on the M&E in parallel with construction works, are expected to be put in place to mitigate against the delays so far.</p> <p>Challenges of uptake under the R&D&I Aid Scheme, despite the mitigating measures put in place, meant that up till December, only 1 application had been approved for funding. This led to a decision to reduce the commitment for the Aid Scheme, with a transfer of €10M towards COVID-related measures under ERDF and ESF and an increase in the commitment for projects being implemented under this PA aimed to facilitate the uptake of R&D&I in Malta.</p>
PA2 ICT	<p>The successful implementation of the 2 mainstream projects being implemented under this PA, for which funding was originally capped due to lack of availability of funds, enabled the absorption of an additional €9M which were transferred to this PA.</p> <p>The SIntegraM project has brought together inter-entity collaboration aimed at removing information redundancy locally, and preparing Malta for a common spatial dataset used by all, whether for sea-level rise analysis, water consumption, flora and fauna protection, quarry stock volumes, crime scene analysis, digitisation of heritage sites or traffic movements. Technologies powering this project include terrestrial scanners (laser scanners and land surveying equipment), mobile scanners (fully-equipped urban and rural scanning van), aerial drones (Unmanned Aerial Vehicles), marine scanners (Underwater Autonomous Vehicle), handheld scanners and a CAVE.</p> <p>The other larger mainstream project is aimed at strengthening the public service through development of ICT systems and consolidating digital capacity through enhanced efficiency. Based on 4 key principles, namely the Once-only principle; Digital by default; One-stop-shop and Data-at-</p>

	<p>source, this project has so far seen the successful conclusion of 14 new e-services in different areas, including health and finance.</p> <p>Under the e-Commerce Grant Scheme being implemented under this PA, by end of 2020 there were 21 cut-off dates for project proposals, in which 44 applications were submitted and 18 grants were approved with a total value of c. €80k. By end 2020, the benefitting companies amounted to 69.</p>
<p>PA 3 Enhancing Competitiveness through investment in SMEs</p>	<p>Three projects with a total EU Funding amount of €18.6M are currently being implemented.</p> <p>The ERDF-funded project at Ta' Qali is aimed at regenerating and transforming this crafts village into a modern site for artisan work and has encouraged tenants to continue investing in their workshops, with 17 tenants completing their works whilst another 10 workshops are being constructed. Challenges brought about by COVID-19 delayed progress of refurbishment by some tenants. Following the completion of the Xewkija Enterprise Hub in Gozo, 2 lease agreements are in place, with another expected to be signed in Q1 2021. 8 tenants are operating from the Industrial Workshop Complex, and 2 other lease agreements are expected to be signed in Q1 2021. Circa 40% of the rentable space in both locations was leased out by end 2020.</p> <p>At end 2020, 440 unique enterprises benefitted from the Internationalisation Knowledge Platform, including accessing research material found on the platform and the production of another 10 promotional videos showcasing export stories of local companies. This platform enabled TradeMalta to continue supporting local export companies virtually during the pandemic when other traditional support incentives and schemes became ineffective.</p> <p>As regards aid to enterprises in the form of a grant, in 2020 there were 21 cut off dates for the Consultancy Scheme and 12 cut off dates for the Internationalisation, Diversification, Growth and Startup Schemes. During the year, 207 applications were received under these 5 different Schemes, out of which 86 were awarded grants with a total value of €4.7M. By end 2020, 333 grants were awarded under these Schemes with a value of €18.3M.</p>
<p>PA 4 Low Carbon economy</p>	<p>Apart from a Financial Instrument (FI) covering EE and RES, this PA also includes 5 projects covering RES and 3 covering EE measures. More projects focusing on EE measures are expected to be approved under a call launched in 2021. Following a transfer of funds for COVID-related measures under ERDF and ESF, this PA saw a reduction in its allocation.</p> <p>In 2020, a Call for expression of interest was published by EIF, which resulted in 2 banks being approved to act as Financial Intermediaries for the EERE Malta FI, which has now been launched. €15M of ERDF is allocated towards a guarantee and an interest rate subsidy to provide attractive loans for individuals and enterprises wishing to invest in RES/EE actions.</p>

	<p>The project focusing on RES in households, with over 6000 families benefitting from grants, successfully reached its targets in 2020, aiding Malta to move closer to its EU 2020 energy targets, with additional capacity of RES of 21.7MW.</p> <p>Another success story was the street lighting project, under which more than 3000 LED luminaires with increased technological efficiency and dimming settings were installed in Malta's arterial and distributor roads, achieving reported energy savings of 1,764,346kwh.</p> <p>Two projects involving retrofitting actions in an Elderly People's Home and an Administration Centre in Gozo are still ongoing and suffered delays due to COVID restrictions involving importation of material and equipment and mandatory quarantine of key experts involved in the implementation of the project. Mitigation measures are expected to be put in place to recover, at least partially, the said delays in 2021.</p>
PA 5 Cultural heritage	<p>The projects being implemented under this PA are aimed at protecting and promoting Malta's cultural and natural heritage. Twenty-five such projects were being implemented in 2020, after 3 projects were withdrawn due to implementation challenges, which resulted in the PAs allocation being reduced to €63.3M.</p> <p>The following highlights a few of the success stories achieved in 2020. At the MCC, technology met heritage through the launch of a mobile app using augmented reality, enabling visitors to relive what happened in the Sacra Infermeria in bygone years. The Notarial Archives were busy with the disinfestation and eventual digitisation of historical manuscripts, creating an unprecedented link between this manuscript collection and the arts in their various forms. Restoration and conservation works of churches, chapels, belfries, paintings and other religious artefacts, aimed at preserving religious heritage for future generations, were completed across Malta and Gozo. The restoration of other historical landmarks, such as coastal watch towers and an 18th century windmill in Gozo, are expected to add value to Malta's tourism product. With over 450,000 people annually visiting and viewing the Caravaggio paintings at St John's Co-Cathedral in Valletta, works have focused on restoring neglected and underutilised historical spaces, as well as on the creation of a Caravaggio centre, promoting an educational experience reflecting his lifetime and works. Rehabilitation works at the Chadwick Lakes are offering a new life to this area of natural beauty, enabling the ecological restoration of the valley whilst making this unique site a recreational space for foreign and local visitors alike. The majority of PA5 projects saw significant progress despite the Covid-19 pandemic restrictions and archaeological findings which caused delays in project implementation.</p>
PA 6 SUD	<p>Progress was registered under the project addressing the specific needs of communities at Lower Valletta, which, with an allocation of €24M is addressing several actions to improve and preserve the urban and cultural heritage focused on historical buildings and forts, also addressing the specific needs of communities of lower Valletta and improve their quality of life.</p>

	<p>The Marsamxett Heritage Trail mobile app gave new life to the history of the area. Other actions focusing on social housing and vulnerable persons saw the renovation of buildings transformed into independent living accommodation for the elderly and housing units. The social component has also kick-started with recruitment of community workers and mentors who have embarked on initiatives to get closer to the community, understand what it cares about, and what are its assets and strengths. Preparations for a financial literacy programme to introduce personal financial planning to disadvantaged persons were underway. Activities such as ‘Geared for Work – Geared for Life Programme’ had to be postponed due to COVID but are expected to be carried out in 2021 to support participants through the job seeking journey and beyond. The Lower Valletta is also experiencing a breath of fresh air as an old building became the Valletta Design Cluster, a new creative and cultural space offering facilities to assist creatives and entities working in design to fulfil their aspirations and serving as a bridge between Valletta’s 450-year-old history and its future. Apart from Covid-19 restrictions, challenges arose due to health and safety concerns with some sites having been in disrepair for long and the historical sensitivity others requiring the use of traditional building methods. Constant liaison with stakeholders to remove bottlenecks was crucial to mitigate the delays.</p>
PA 7 Modal Shift	<p>With an allocation of €35.5M, the SMITHS project (Sustainable Multi Intermodal Transport HubS) is being implemented under this PA. It incorporates several components aimed at encouraging a modal shift, sustainable and alternative low carbon transport modes, improving air quality and reducing GHG emissions from transport. In 2020, 3 new pedestrian bridges offered safer commutes to pedestrians, bus passengers and cyclists, whilst encouraging use of alternative modes of transport. The 110m-long bridge in Blata l-Bajda links 5 bus stops on each side of the traffic dense roads. Another overpass abutting directly on the MCAST campus serves a population of c. 10,300 students, academics and admin staff whilst the bridge in Luqa, adjacent to the airport and the Institute for Tourism Studies, provides a safer crossing of this important road section and has also eased vehicular traffic flow in both directions. Ramps, stairs and passenger lifts ensure easy access for persons with reduced mobility. In late 2020, a small number of electrical charging pillars were installed, serving to identify challenges for the installation of more pillars in other locations; discussions with various stakeholders to determine such locations were ongoing. Works on the ferry landing sites at Bormla and Sliema and on cycling lanes on the Mrieħel – Ta’ Srina stretch of road, aimed at providing alternative modes of transport, were ongoing. As part of the investment in Gozo, 6 electric buses were delivered in August and will be operational to facilitate the use of alternative modes of transport as from 1st June 2021. Challenges related to implementation due to the Covid-19 pandemic are discussed further in section 6 of this report.</p>
PA 8 Social and Health Infrastructure	<p>Following the transfer of €6M to this PA and the withdrawal of 2 projects experiencing problems in implementation, 2020 saw the commitment of €18M to ensure an adequate response to the COVID-19 pandemic for the procurement of PPE for frontliners fighting the pandemic, crucial equipment such as medical ventilators, medical supplies including</p>

	<p>vaccines for the protection of the community as well as the provision of additional bed space. Apart from these measures, 8 projects are currently being implemented under this PA. The flagship health project – the construction of a Primary Health Care Centre in the Southern region - has overcome difficulties during excavations due to archeological findings, site restrictions and COVID-related delays in delivery of material from abroad, mandatory quarantine and limitation of available workforce. Despite these difficulties, progress was registered with approval of building designs for all levels and construction started with more than 50% progress on concrete casting of foundations by 2020. Two projects being implemented by NGOs are progressing well. The Palliative Care project led by Hospice Malta has completed 30% of the works, with procurement of equipment reaching 70% progress. Works at the Caritas Community Centre, expected to further support the integration of vulnerable people in society, have advanced steadily with all construction finalised, with electrical, mechanical and finished works being implemented in parallel. In the area of social housing, improved accessibility through the installation of energy efficient lifts were provided in 127 units up till end 2020, with c. 455 residents benefitting from such improvements.</p>
<p>PA 9 Education, Training and Lifelong Learning</p>	<p>With a PA allocation of €33.6M, 2 mainstream projects are being implemented under this PA which is dedicated to investments in the education sector. With courses being delivered by the ‘Institute of Engineering and Transport’ at the MCAST campus, ranging from level 1 to level 7 in several subject areas such as marine engineering construction, HVAC, electrical installation and welding, the campus can now also boast of a new Resource Centre which was completed in Q4 2020. Construction work at the ‘Institute of Information and Communication Technology’ was delayed due to COVID-related restrictions. Mechanical and electrical works, installation of luminaires, works on the facade and internal finishes are expected to commence once construction works are at a more advanced stage.</p> <p>In its final stages, the INVEST project has seen the completion of 7 new VET labs, which by mid 2020 totaled 78 fully constructed, finished, equipped and functional labs in the areas of hospitality, engineering, IT, health and social care, fashion and textiles, agribusiness, media, retail and hairdressing and beauty, in 14 different schools, including 1 Learning Support Centre. This project sees the educational sector moving towards a more inclusive learning system, supporting individual talents and different needs through academic, vocational and applied learning programmes. A tangible result of this project is the increase in Year 9 students in state schools who opt to study at least 1 vocational or applied subject.</p>
<p>PA 10 Environment</p>	<p>Following a transfer of funds to cover COVID-related measures, this PA saw a reduction in its allocation which now totals €141.5M which is funding the implementation of 4 water and 3 waste projects. Under the Waste Investment Priority, the funded interventions aim at: - Rehabilitating the former landfill at Wied Fulija. - Setting up of a Multi-Material Recovery Facility within the grounds of the Civic Amenity site in Hal Far. - Encouraging Sustainable Waste Practices in Households in order to increase the separation of Municipal Solid Waste at source.</p>

	<p>The interventions related to Water, have the objective of: - Upgrading of the water production/distribution as well as of the sewage network with the aim of addressing existing obstacles to the water production, wastewater collection and treatment and water reuse in the Maltese Island (Major Project). - Retrofitting of the Sant Antnin Wastewater Treatment Plant with innovative activated sludge-based technologies. - Increasing knowledge on the occurrence of natural water resources in the Maltese islands. (Water Campaign and Monitoring Project). - Setting up a Rainwater Integrated Infrastructure Network for rainwater management in five catchments in Malta. The following is a summary of the year's main achievements:</p> <p>The information campaigns on waste and water continued with a more virtual presence, given that most of the public activities had to be cancelled. A new measure for a new rudimentary line to increase Malta's capacity to treat all source-segregated dry recyclables was approved in 2020, targetting the indicator '<i>Additional waste recycling capacity</i>'. Works on the San Antnin wastewater treatment plant reached 75%, with completion expected in Q3 2021, whilst 90% of excavation works on the Multi Material Recovery Facility were completed. Rehabilitation works at Wied Fulija landfill progressed well with the aim of restoring the existing landfill into a green area with a pathway for the public giving access to cliff tops with panoramic views. In August 2020, another important milestone was reached under the Water Major project in a 2nd tunnel break-through connecting the Pembroke Reverse Osmosis (RO) plant to Ta' Qali reservoirs, resulting in 7.3 km of drilling. Interventions at the Lapsi RO were aimed to increase energy efficiency and production capacity. Significant progress was also registred at the Gozo RO plant, which is expected to produce c. 9,000 m³ of water per day, ensuring self-sufficiency in water production for the island. Works are expected to be concluded in 2021. As regards trenching and pipelaying, a total of 25.4 km (potable water supply network) and a total of 6.8km (sewer network) were completed by end 2020.</p>
PA 11 TEN-T	<p>Three projects were funded, or are currently being funded under this PA, with the aim of: - Upgrading of the existing roundabout junction at Node EA15 (Kappara) to a grade separated junction - completed in early 2018 and opened to the public; - Constructing and upgrading of road sections of what is known as the TEN-T Core and Comprehensive Transport Network for the removal of existing traffic bottlenecks. Following a shift of funds, an additional €10M were committed to the Ten-T Core port project, given that it had originally been capped due to budgetary limitations, bringing the new PA allocation to €99.6M. The port project is expected to increase the operational capacity of the Grand Harbour port in Valletta through dredging works and the setting up of a new cargo facility at Ras Hanzir. The evaluation of the dredging tender was ongoing in 2020, and following award, works are expected to begin in summer 2021. The tender for the setting up of the cargo facility was also published in 2020 and the evaluation process commenced in Q1 2021. The Ten-T road network project also registered significant progress with the completion of the works on the Santa Luċija project. This component, which contributed towards an additional 2.03 km of reconstructed and upgraded roads registered in 2020, involved the construction of an</p>

	<p>underpass as well as the upgrading of its surrounding roads. Moreover, the first part of the Mrieħel – Ta' Srina Junction Bypass was opened for public use in September 2020, with works which will increase road safety and reduce journey time envisaged to continue throughout 2021. Notwithstanding challenges brought about by the COVID pandemic, such as delays in supply of materials, rescheduling of works due to restricted travelling of overseas experts, and several instances of quarantine for the workforce assigned on the roads projects, implementation continued to progress as a result of effective project management which enabled certain targetted milestones to be met.</p>
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What's next? ... Notwithstanding the fact that 2020 was a big challenge for the implementation of the Programme due to the COVID-19 pandemic, looking forward, 2021 needs to be a year where some of the delays experienced in the last year are recovered. Now that results on the ground arising from the implementation of projects, in some cases, completed or nearing completion, can be seen, it is even more important that more focus is placed on communicating the impact that EU support is having on the day-to-day life of the citizens living in Malta and Gozo.