

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

Programming Period: 2014-2020

Budget Available: €665 Million

Reporting Year: 2021

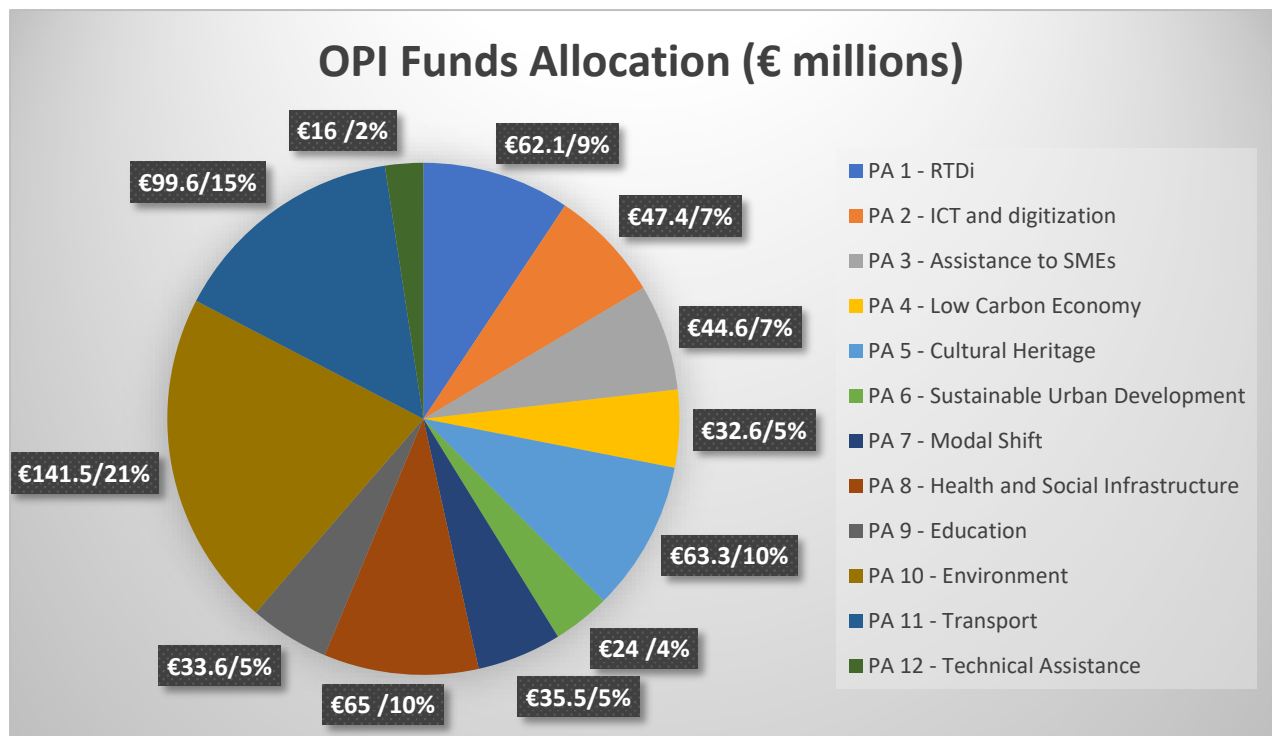


€665 Million in EU Funds

The European Regional Development Fund and Cohesion Fund 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 2021

During 2021, Malta was yet again successful in the implementation of the Programme, notwithstanding a spill-over of challenges from the previous year's delays and issues caused by the pandemic, which were unavoidable. Considerable progress has again been registered on the Programme, evidenced by the completion of some projects and the achievement of various indicator and financial targets.

As at end 2021, **seventy-two** operations, including **seven** Aid Schemes for the private sector and **one**

Financial Instrument (FI) had been selected for EU funding: sixty two of these operations (including Aid Schemes and FI) are being funded through ERDF and ten operations are being funded under CF.

**72 operations
(including 7 Aid
Schemes)**



Two calls for project proposals were issued in 2021: one targeting EE in public buildings and another targeting projects intended to finance actions related to COVID-19. Following an OP change with the inclusion of a new PA with an additional €11.1M financed by REACT-EU, a new call for projects aimed at fostering resilience in the healthcare system will be launched in 2022.

This will complement investments related to the pandemic, given that when faced with an unprecedented challenge prompted by the said pandemic, Malta acted promptly to put in place



€13.8M to cover of EU funding to cover expenditure for the procurement of vaccines

measures to minimise the health impact of the virus, ensuring that the economy returns as quickly as possible to the path of economic growth. As vaccines became available by the end of 2020, Malta

obtained the maximum vaccine doses that were eligible from manufacturers through the EC joint procurement processes led by the EU on behalf of Member States. By end of 2021, 1,093,795 doses of vaccines had been administered. Malta was able to benefit from around €13.8M of EU funding to cover expenditure for the procurement of vaccines.

Progress was also made on assistance to enterprises. In 2021, a total of 96 calls were issued under the schemes. Open rolling calls with different cut-off dates ensure that the private sector is able to submit

162 applications from the private sector for grants approved in 2021 only.



proposals regularly. In 2021 only, 281 applications were received (41 under PA2 and 240 under PA3), with a total of 162 proposals approved for funding, 68% of which were submitted by micro enterprises. The Consultancy Grant Scheme saw an increase in interest with 88 grants awarded in 2021 showing that enterprises are keen to explore new business options, identifying further ways to expand or diversify their products and services.

Operational Programme I (OPI) covers a variety of areas of investment, the details of which can be found below. A list of the beneficiaries under ERDF and CF can be found here:

<https://eufunds.gov.mt/en/Operational%0Programmes/Programming%20Period%202014%20-%202020/Operational%20Programme%201/Pages/Operational-Programme-I.aspx>

A list of beneficiaries benefitting from grants under the ERDF Aid Schemes can be found here:

<https://businessenhance.gov.mt/>

Research and Technology Development and Innovation

The Europe 2020 strategy places R&D&I at the forefront of Europe's efforts to become a smart, sustainable and inclusive economy which delivers high levels of employment, productivity and social cohesion. As at the end of 2021, 2 mainstream projects, TRAKE



There are currently 38 post-graduate students conducting research through the EU funded facilities

and SLC, and 1 Scheme were being implemented under PA1. The equipment procured through the TRAKE project has given the opportunity and the necessary boost to the University of Malta to embark on research projects in new areas, with more than 61 FTE researchers. The University of Malta and Mater Dei are also collaborating on research activities linked to the investment in the MRI located at Mater Dei. There are currently 38 post-graduate students conducting research through the EU funded facilities. In 2021, 3 calls for applications for post-doctoral researchers were launched in order to continue fostering the necessary interest and research opportunities: 10 researchers in M&E engineering and Science in Engineering were engaged and the engagement of another 10 was in progress in Dec 2021. So far, over 120 research studies have been undertaken in the areas of mechanical engineering, metallurgy and materials engineering, and industrial and manufacturing engineering.

Progress has also been registered on the Sustainable Living Complex, a model resource-efficient building providing research facilities for smart specialization areas. Construction work is ongoing with the tender for M&E and Finishes awarded in October 2020. Works shall be undertaken concurrently with the D&B, and although in delay are expected to be concluded by Q3 2023.

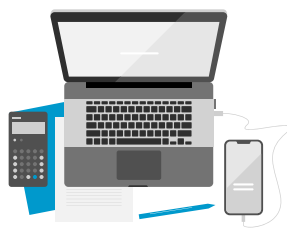
Investment in the ICT Sector

Through funds allocated for the ICT Sector, in 2021, the SIntegraM project, which is aimed at developing and implementing a national spacial data infrastructure and enhancing the capacity of GIS technology expertise for Malta, continued with investment targeting thematic areas previously not available which complement the existing GI

In 2021, an additional 11 new e-services applications were made available under CONVERGE



system and add value to inputs and output capture and analysis. The other mainstream project CONVERGE is aimed at strengthening the public service through development of ICT systems and consolidating digital capacity. In 2021, an additional 11 new e-services were made available, which increase citizens' use of online services, strengthening digital systems for a more efficient public service and put into practice the Once-Only Principle, whereby a citizen using a government service submits personal information only once. This enhances the investment of €55M under the RRP aimed at fast-tracking the digital transition, notably by strengthening the national policy framework, investing in the further digitalisation of the public service and of SMEs.



Around 32% of Malta's enterprises started/increased their efforts to sell their goods and services online

The e-Commerce Grant Scheme has helped in providing opportunities for enterprises to go digital. The year 2021 saw 24 cut-off dates for project proposals, in which 41 applications were submitted, of which 13 were approved with a total value of around €48k. By end 2021, the

benefitting companies amounted to 82. Such investments are contributing to the number of businesses increasing their effort to sell through online means, so much so that new data issued by the EU statistics office shows that around 32% of Malta's enterprises started/increased their efforts to sell their goods and services online with the emergence of the pandemic. This was the biggest share compared to all other EU members.

Investment in SMEs

Investment of €44.6M in SMEs has resulted in 3 mainstream projects and 5 Grant Schemes being implemented.

The ERDF-funded works at Ta' Qali Crafts Village, with the embellishment and upgrading of infrastructure of common areas, have incentivised 33 traditional

artisans to invest in new workshops, following a consistent pattern in the design and finishes to reflect a traditional Maltese townscape. This provides an element of authenticity to the experience of tourists and locals alike who

33 traditional artisans to invest in new workshop at the Ta' Qali Crafts Village



visit this village, which is spread over an area of around 100,000sqm, to view the production of local artefacts.

Following the completion of the Xewkija Enterprise Hub in Gozo, the lease agreements now in place have increased to 4 and tenants operating from the Industrial Workshop Complex have increased to 10.

The Internationalisation Knowledge Platform, which gives Maltese exporters access to various types of trade information services, such as market insights, international market intelligence databases, or e-learning training courses, has once again proved to be invaluable for Maltese companies, substituting traditional assistance such as exhibitions and trade missions, which were no longer possible due to COVID-19 restrictions.

As regards aid to enterprises in the form of a grant, in 2021 there were 24 cut off dates for the Consultancy Scheme and 12 cut off dates for the Internationalisation, Diversification, Growth and Startup Schemes. During the said year, 240 applications were received under these 5 different Schemes, out of which 149 were awarded grants with a total value of €8.2M. Till end 2021, a total of 459 grants with a value of €25.4M were awarded to the Maltese private sector under these schemes.

Shifting towards a Low-Carbon Economy

Moving towards resource-efficiency, low-carbon economy and sustainable growth is one of the central objectives of the Europe 2020 Strategy and remains one of Malta's top priorities for this Programming Period. Apart from a Financial Instrument (FI) covering Energy Efficiency (EE) and Renewable Energy



**3 new EE projects
with a total
commitment of
€1.7M**

Sources (RES), 5 projects covering RES and 3 covering EE measures are being funded. In 2021, 3 new projects focusing on EE measures with a total commitment of €1.7M were approved under a call launched during the same year.

In 2021, the selected banks under the FI (EERE Malta) with an ERDF contribution of €15M with the target of creating a portfolio of loans of €54M, launched the loan products targeting households and

enterprises. By December, 37 loans had been concluded with a committed amount of €1.02M. To encourage uptake, there are ongoing discussions to widen the eligibility criteria under this FI in line with the findings of the ex-ante and government policy intended to support the decarbonisation of the economy. These initiatives also dovetail investments of around €110M under the Recovery and Resilience Plan (RRP) to address the challenges of road traffic congestion, greenhouse gas emissions, and a more sustainable transport sector.

Works at St Vincent DePaul elderly people's home involving retrofitting actions progressed well with 20 out of 24 completed wards. Other ongoing projects focusing on EE and RES measures in public buildings, schools and other NGO led buildings, are expected to be completed by end 2022. These complement investments that were completed under the programme such as the RES scheme for private households. The latter project was successful in contributing 0.55% towards the achievements of Malta's national target of 10% gross final consumption of energy generated from RES which contributes to 15,276 T reduction in gas emissions. In relation to EE, the successfully implemented street lighting project resulted in a decrease of over 70% of annual primary energy consumption.

Investing in Natural and Cultural Heritage

The Natural and Cultural Heritage of Malta are given priority within this Programme with a large number of projects for the protection of natural and cultural assets all over Malta and Gozo being funded to the tune of €63.3M. Ever since the construction of the Grand Master's Palace in Valletta by the Order of St John and throughout its chequered history, this Palace was richly embellished with collections of works of art and heritage items, some of which were purposely produced to form part of the historic fabric of the building. In 2021, meticulous restoration on the walls and the lunettes, the soffit and the polychromed marble floors within the Piano Nobile corridors

Meticulous restoration works currently being carried out at the Grand Master's Palace in Valletta



was nearly completed. Another significant intervention in Valletta, offering visitors a new experience, is the creation of a 'Caravaggio Centre' at St. John's Co-Cathedral Museum, which following the completion of the construction works, is currently being fitted with museum showcasing. The setting up of intricate scaffolding around St Paul's Anglican Cathedral belfry has facilitated access for restoration works on the belfry exteriors. Following restoration, the oldest surviving windmill in Gozo, on the main

road mid-way between the port and the main town, was inaugurated in January 2021 and is now open to the public. The digitisation of the massive collection of historical volumes at the Notarial Archives is nearing completion and the preservation of these documents will be housed in a museum following the restoration of 2 buildings in central Valletta. Other restoration works of landmarks such as coastal watch towers and religious buildings and shrines around Malta and Gozo are being undertaken by different NGOs with the intention to diversify Malta's tourism product.

Sustainable Urban Development

A project addressing the specific needs of the Lower Valletta community for Sustainable Urban Development has an allocation of €24M. In 2021, the greatly anticipated Valletta Design Cluster was inaugurated - with the transformation of a 400-year-old abattoir into a new space for culture and creation. The site offers facilities to artists, creatives, entrepreneurs and organisations willing to generate positive social value for the community through innovation and creativity.

Infrastructural works undertaken in 2021 included improvements in 45 housing units for vulnerable persons and restoration of 25 apartment facades. To complement this public investment, household owners were also invited to contribute towards the improvement of the traditional streetscapes through incentives aimed to preserve the typical Maltese balconies characteristic of this area with the approval of 29 requests for funding.

Through the social component of this project, which is known as *Fiġliet il-Komunità*, the first action has focused on the community mapping, with the participation of 390 individuals, to assess readiness



Professional assistance and skills capacity building for social well-being and economic sustainability for the Lower Valletta area residents

to social mobility and provide skills auditing to act as a guide to service provision, whilst considering existing needs and resources. The second action will concentrate on professional assistance and skills capacity building for social well-being and economic sustainability. In practical terms, this project component aims to support the community by providing skills related to employment, parenting, housing stability as well as financial literacy, enabling residents to identify their resources, overcome their challenges and promote sustainability.

Shifting towards Low-Carbon Transport

With an allocation of €35.5M, the SMITHS project, which includes several components, aims to encourage a modal shift, sustainable and alternative low carbon transport modes, improve air quality and reduce GHG emissions from transport. By the end of 2021, 100 charging pillars for electric vehicles were installed and commissioned (77% of the total to be installed). In addition, the 6 electric buses

100 charging pillars for electric vehicles were installed and commissioned



funded under this project started operating as a shuttle bus service from the Gozo heliport parking to the Mgarr Port with the service being offered free to commuters from 05:00 to 21:00. These two actions are addressing the Government's priority to support less polluting, low-

carbon and non-carbon transport to sustain a shift towards environmentally-friendly transport modes.

As regards maritime interventions, works on the superstructures of the Bormla and Sliema ferry landing sites commenced in 2021. Such works include the installation of shelters and ramps for improved accessibility and more resistant facilities for use in inclement weather, making the services offered more attractive to users since there will be fewer interruptions. As an alternative mode of transport and a viable commuting option, this results in less congestion and a decrease in GHG emissions.

Socially Inclusive Society – Health and Social Infrastrucure

Following a decision taken by the Maltese authorities to use flexibilities introduced by the Commission to tackle the economic crisis as a result of the Covid19 pandemic, ERDF programme resources were mobilised to cover COVID-related measures including the procurement of vaccines, PPEs, testing kits, medical equipment and medication. In 2021, an expenditure of €13.8M for the procurement of vaccines was claimed from the Commission contributing to around 440,000 of the population in the Maltese islands (85%) being vaccinated by year end.

In 2021, the flagship health infrastructure project, Paola Primary Health Care Centre, saw construction reaching completion up to level 15. In the area of social housing, investment continued in 247 units in a total of 51 blocks, with around 987 residents benefitting from improved accessibility.



987 residents benefitting from improved accessibility.

An important milestone was reached by the project managed by the NGO Caritas Malta which aims at supporting the integration of vulnerable people in society, with over 800 clients welcomed at the new

Caritas Malta: over 800 clients welcomed at the new premises by end 2021



premises by end 2021. The other project managed by an NGO, Hospice Malta, to set up a new Palliative Care complex, is also progressing well with the completion of civil works for the Day Therapy, Out Patient and Loan Equipment areas. This project is expected to be completed by Q1 2023.

Education, Training and Life-Long Learning

Two mainstream projects are being implemented with investment dedicated to the education sector.

The new MCAST Resource Centre encompassing the Library and Learning Resource Centre, the Learning Support Unit, the Innovation and Entrepreneurship Department and the Apprenticeship and Work-



New MCAST Resource Centre welcomed its first students in January 2022

based Learning Department is complete and welcomed its first students in Jan 2022. Following the completion of the Institute of Engineering and Transport at the MCAST campus as part of Phase II of the MCAST Masterplan, construction and structural works focused on the Institute of Information and Communication Technology, which are progressing well. A data management framework for the

collection of students' records at MCAST, funded under this project, is also being put to good use by students and staff alike, with prospective students also using it to submit online applications. As at Dec 2021, the student population at the MCAST campus making use of the facilities financed by ERDF was around 7800 (FT and PT).

Following the completion of the 78 VET labs in 14 different schools, including 1 Learning Support Centre, financed under the INVEST project, more than 8000 students have made use of these labs up till Dec 2021. Areas covered range from hospitality, engineering, IT, health and social care, fashion and textiles, agribusiness, media, retail and hairdressing and beauty.

Environmentally Friendly Society

Seven projects targeting the betterment of the environment through rehabilitation, infrastructure investments and social awareness are being implemented, with an allocation of €141.5M.

Set up of Reuse Centres aimed to further promote the concepts of 'reuse' and



In 2021, the water campaign project focused on a virtual presence with limited participation in events due to COVID and the distribution of +20,000 water saving kits. The waste campaign project saw the initial actions to set up Reuse Centres aimed to further promote the concepts of 'reuse' and 'recycling'. The tender for an

Educational Centre offering an interactive experience for students and to increase awareness and recycling rates, was under evaluation.

Rehabilitation works at the Wied Fulija landfill were concluded, with the site now accessible to the public. Works on the Sant'Antnin Wastewater Treatment Plant were complete, with operation expected to start in early 2022. Works on the Multi-Material Recovery Facility was ongoing and the site is expected to be

operational by end 2022. Progress was also registered on the Rainwiin project focusing on valley management and rainwater storage infrastructure



Rehabilitation works at the Wied Fulija landfill were concluded

Under the Water Major Project, the tunnel from Pembroke to Ta' Qali reservoirs was completed. This will eventually result in improved drinking water quality for the Maltese population. The Gozo Reverse Osmosis (RO) plant, completed in 2021, will provide Gozo with a secure supply of improved quality water, whilst contributing to the sustainability of the water table due to less reliance on extracted ground water. Interventions were also carried out at the Lapsi RO to increase energy efficiency whilst increasing water production capacity by 3400m³ daily. Further investments in the water distribution and sewage network continued in 2021 with 195K households expected to benefit from such interventions.

Investing in TEN-T Infrastructure

In an effort to sustain the shift towards more sustainable transport systems on the Maltese Islands, €99.6M are being invested in 3 projects that target bottlenecks in road infrastructure as well as improve port infrastructure which plays a critical role in the economy and transport sector.

The TEN-T road network project, focusing on infrastructural interventions along key road sections of the TEN-T route in Malta to address various bottlenecks, has registered significant progress with works on Mrieħel-Ta' Srina Junction Bypass nearing completion, and expected to be concluded in Q1 2022. This component, which will contribute towards an additional 3.7km of reconstructed and upgraded roads, involved the construction of a new road as well as the upgrading and widening of the remaining part of the bypass with the aim to increase road safety and reducing journey time.

A total of 8.33km of upgraded roads have been registered



To date, a total of 8.33km of upgraded roads have been registered mainly from the Kappara Junction, completed in 2019 and the Santa Luċija Underpass and Luqa Road, all part of the Ten-T road network. These projects addressed bottlenecks in road infrastructure.

The maritime project being implemented under this PA is aimed to increase the operational capacity of the Grand Harbour port in Valletta, through the construction of a new general-purpose quay for the berthing of Ro-Ro, liquid bulk (tankers/bunker barges), conventional cargo and passenger vessels. The tendering process for the setting up of this new cargo facility was still ongoing at end 2021. Moreover, dredging works within the Grand Harbour, which will complement the operational capacity of the port, commenced in Q4 2021.



Dredging works within the Grand Harbour, which will complement the operational capacity of the port, commenced

Looking Forward

It is expected that 2022 will see a number of projects completed or closely nearing their completion. Work at the Managing Authority will continue to focus on ensuring the proper administration of the funds, and maximum absorption of the funds, through verifications of expenditure made and aid to Beneficiaries.

The MA's focus will also be on committing the additional REACT-EU allocation, in view of the fact that following the latest change to the Operational Programme, an additional €11.1M have been made available to Malta. In order to utilise these funds, a new call for projects aimed at fostering resilience in the healthcare system will be launched in 2022.