



OFFICE OF THE DEPUTY PRIME MINISTER
MINISTRY FOR EUROPEAN AFFAIRS

PARLIAMENTARY SECRETARIAT
FOR THE EU PRESIDENCY 2017 AND EU FUNDS

Partnership Agreement of Malta

2014-2020

November 2014

Operational Programmes I & II - Cohesion Policy 2007-2013

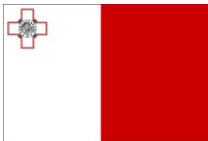
Part-financed by the European Union

*Investing in Competitiveness for a Better Quality of Life
Empowering People for More Jobs for a Better Quality of Life*

European Regional Development Fund (ERDF),
and European Social Fund (ESF)

Co-financing rate: 85% EU Funds (70% ERDF, 30% ESF) and 15% National Funds

Investing in your Future



Fisheries Operational Programme 2007 – 2013

Part-financed by the European Union

European Fisheries Fund

Co-financing rate: 75% EU Funds; 25% National Funds

Investing in sustainable fisheries



Rural Development Programme for Malta 2007-2013

Part-financed by the European Union

The European Agricultural Fund for Rural Development

Co-financing rate: 75% EU Funds; 25% National Funds

Europe Investing in Rural Areas

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Glossary

AAGR	Average Annual Growth Rate
ARPA	Agricultural and Rural Payments Agency
B2B	Business to Business
B2C	Business to Consumer
BFT	Bluefin Tuna
CAP	Common Agricultural Policy
CDRT	Centre for Development, Research and Training
CO2	Carbon Dioxide
CSR	Country Specific Recommendations
EAFRD	European Agricultural Fund for Rural Development
EC	European Commission
EMFF	European Maritime and Fisheries Fund
ESI Funds	European Structural and Investment Funds
ESL	Early School Leaving
ETS	Emissions Trading Scheme
ETC	Employment and Training Corporation
ERDF	European Regional Development Fund
EU	European Union
FTE	Full Time Equivalent
GBAORD	Government Budget Appropriations or Outlays on Research and Development
GDP	Gross Domestic Product
GHG	Greenhouse Gas
G2B	Government to-Business
G2C	Government to-Consumer
GVA	Gross Value Added
IACS	Integrated Administration and Control System
ICT	Information and Communications Technology
ISCED	International Standard Classification of Education
JEREMIE	Joint European Resources for Micro to Medium Enterprises
LAG	Local Action Group
MCAST	Malta College for Arts, Science and Technology
MCESD	Malta Council for Economic and Social Development

MEPA	Malta Environment and Planning Authority
MEUSAC	Malta-EU Steering Action Committee
MQF	Malta Qualifications Framework
MW	Mega Watts
NACE	Nomenclature statistique des activités économiques dans la Communauté européenne
NCFHE	National Commission for Further and Higher Education
NEEAP	National Energy Efficiency Action Plan
NGO	Non-profit Government Organisation
NREAP	National Renewable Energy Action Plan
NRP	National Reform Programme
NSO	National Statistics Office
OP	Operational Programme
PA	Partnership Agreement
RES	Renewable Energy Sources
R&D	Research and Development
R&I	Research and Innovation
RO	Reverse Osmosis
RTDI	Research, Technological Development and Innovation
SACs	Special Areas of Conservation
SMEs	Small and Medium Sized Enterprises
SPAs	Special Protection Areas
TEN-T	Trans-European Transport Network
VET	Vocational Education and Training

Notes

1. Sections 1.7, 1.8, 1.9 and 2.2 of the Partnership Agreement Template as provided by the European Commission are not applicable to Malta.
2. The Tables pertaining to Section 2.3 in relation to the Ex-Ante Conditionalities are provided as a separate attachment for ease of reference.

Section 1

01. Introduction

Fostering the right environment for economic growth and the creation of more and better jobs will remain a key development objective for the 2014-2020 programming period. Such investment will translate into a higher standard of living for citizens and a more inclusive society where innovation, productivity, technology, services, accessibility and excellence will prevail.

Within this context, Government's strategy is that of creating an environment which encourages both private and public sector investment in all key areas of the economy, thus creating opportunities for business and commerce to flourish and provide better and more job opportunities, while at the same time respecting social and corporate responsibilities.

In this regard the European Union's Cohesion, Rural Development and Fisheries Policies have been crucial in permitting the country to undertake important investments in key strategic areas such as competitiveness, environment, education, health, social welfare, agriculture and fisheries. This effort commenced with the 2004-2006 programming period, which was aimed at addressing the urgent need of enhancing the country's socio-economic infrastructure whilst at the same time supporting the productive sector in its efforts to restructure and be in a position to successfully compete within the EU Single Market¹.

During the 2007–2013 programming period, Government continued to build upon the strategic thrust of the 2004-2006 programming period, whilst taking into account the Lisbon objectives. In fact, investments were aimed towards reaching the targets set at a European level by the Lisbon Agenda as well as the objectives outlined in the National Reform Programme, the National Strategy for Rural Development and the National Fisheries Strategic Plan. This investment has enabled Malta to maintain its economic competitiveness in the face of a very difficult economic environment without compromising on the quality of life of its citizens.

Preparing for the next programming period

Under the new regulatory framework for 2014-2020, Member States – in dialogue with the European Commission – are required to prepare a Partnership Agreement that will set out their development objectives and how these will be addressed during the 2014-2020 programming period through investments from the European Structural and Investment (ESI) Funds². The Partnership Agreement is the strategic document which will contribute towards the EU 2020 targets and will pave the way for the preparation of the Operational Programmes related to the European Regional Development Fund (ERDF), the Cohesion Fund (CF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF). Within this context, the Partnership Agreement will be crucial in ensuring a smooth transition between the outgoing and incoming programming periods.

Through this document Government is presenting its vision to enhance Malta's competitiveness and to improve the quality of life of its citizens over the 2014-2020 cycle. Investment will be directed towards a number of key areas in line with the Europe 2020 targets, as well as the Fund-specific missions, which will continue to enhance environmental sustainability, social well-being and a healthy society, whilst fostering competitiveness through economic development and job creation.

¹ National Strategic Reference Framework 2007 – 2013.

² The ESI Funds cover the Cohesion Fund (CF), the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF).

In order to identify Malta's priorities, Government has undertaken an extensive internal consultation exercise amongst Line Ministries and concerned entities over the past months, with the aim of identifying Malta's challenges which need to be addressed over the 2014-2020 period. Furthermore, in line with the partnership principle and multi-level governance, Government has set up a consultation structure for the 2014-2020 programming period which included several sectoral sub-committees in order to enable key stakeholders across constituted bodies and civil society to actively participate in the consultative process. This process was concluded by means of a nationwide public consultation exercise involving the Malta Council for Economic and Social Development, NGOs, civil society and members of the general public.

As part of the informal dialogue process, discussions with the European Commission have been ongoing in 2013 and 2014 during which four (4) bilateral meetings were held with the aim of discussing the funding priorities for Malta.

Malta's Partnership Agreement

Malta's Partnership Agreement sets out an assessment of the national development needs and defines the priorities for the use of the European Structural and Investment (ESI) Funds³, that will help Malta achieve its socio-economic goals as well as contribute towards the agreed Europe 2020 targets over the programme cycle.

Taking into consideration the internal and external consultations undertaken, whilst the main focus will continue to be that of consolidating and building on the gains achieved to date, the 2014-2020 programming period also presents an opportunity for the Maltese economy to continue fostering the right environment for economic growth and job creation, whilst ensuring an all inclusive society. Within this context, three funding priorities have been identified, namely:

1. Fostering competitiveness through innovation and the creation of a business-friendly environment;
2. Sustaining an environmentally-friendly and resource-efficient economy; and
3. Creating opportunities through investment in human capital and improving health and well-being.

The strategic guiding principles set out in the Common Strategic Framework as per Annex I of the Common Provisions Regulation⁴ were taken into account in the preparation of the Partnership Agreement.

³ Structural and Cohesion Funds; Rural Development and Maritime and Fisheries Funds.

⁴ EU Regulation No. 1303/2013 of the European Parliament and of the Council of 17 December 2013.

1.1 Alignment with the Union Strategy

Territorial Assessment

The Maltese Islands have a total area of 316 km² and are located in the centre of the Mediterranean Sea, approximately 100 km south of Sicily and 300 km east of Tunisia. The archipelago consists of three main islands: Malta, with an area of about 245 km² and 385,545 inhabitants; Gozo, with an area of 67 km² and a population of 31,296 and Comino, which is inhabited by a very small farming community. The entire coastline measures 173 km.

Malta is one of the most densely populated Member States within the European Union. The population density is further accentuated by two factors. The first is the large annual influx of tourists which exceeds 1.4 million annually. This renders the number of incoming tourists per year about 3.5 times as much as the population size, thus exerting significant pressures on the island's environment, infrastructure and socio-economic set-ups. The second is that Malta has experienced a growing influx of migrants. The impact of migrants in proportional terms, given the country's small size and very high population density, is very high.

In addition to the above challenges, Malta, similar to other EU Member States, is facing an aging population. In 2012, the 0-14 and 65-plus age groups reached 14.5% and 17.2% respectively. The older population segment is expected to increase in the future. In fact, in the next 25 years, the 65-plus population will increase from 16.2% to 24.8% of the total population, from 68,400 to 102,800 persons. On the other hand, the number and percentage of children between 0-14 years is projected to decrease from 15.0% to 12.9% of the total population, from 63,000 to 53,600 children. These projections clearly indicate increased pressures on the working population between 15-64 years which is also expected to decrease, from 68.7% (288,500) to 62.4% (259,400).⁵

Socio-Economic Dimension

Malta is not only a micro state but it is a micro island state. This is a factor that distinguishes Malta from most EU Member States and adds insularity and peripherality to the disadvantage of small size. As a micro island state, Malta faces unique challenges. These include the small size of the domestic market, a high dependence on exports, limited natural resource bases, land area constraints and high transportation costs, amongst others.

Given that the domestic market in Malta is very small, a relatively high proportion of the country's output of goods and services are sold on the export market. However, Malta's insularity, leads to high transport costs in its economic transactions with mainland Europe and elsewhere. This raises the cost of imports and, as a result, the cost of production. The end result is that Malta's competitiveness when compared to other Member States is negatively impacted.

In this regard, these permanent territorial characteristics impact the socio-economic development of the island. The combination of small size and extreme openness renders Malta as a micro island state open to severe challenges as a result of its vulnerability to external forces. Malta's constraints and vulnerabilities are well documented and stem from several inherent characteristics. These include:

⁵Pg 15, National Strategic Policy for Active Ageing: Malta 2014-2020, National Commission for Active Ageing, Ministry for the Family and Social Solidarity, 2013.

- a small territory size which limits its ability to reap the benefits of economies of scale and restricts its production possibilities;
- a small domestic market, and hence enterprise, that negates any possibility for firms to build economies of scale and capacity which are important for local firms to be in a position to venture overseas;
- a high degree of economic openness, rendering it very susceptible to global economic conditions;
- a dependency on imports exacerbated by limited import substitution possibilities since, given the size of the domestic goods market, locally manufactured products and goods are more expensive than imports;
- a dependency on imports exacerbated by limited import substitution possibilities as given the size of the domestic goods locally manufactured products and goods are more expensive than imports;
- lack of resources which means that all raw material must be imported and that the finished product must be exported, primarily, by sea;
- increased vulnerability in terms of accessibility whereby accessibility to mainland Europe and elsewhere is completely dependent on air and sea; and
- a difficulty in achieving critical mass especially in the development of infrastructure.

The permanent handicaps and challenges that Malta faces as a micro island state are considerable however this is even more so in the case of Gozo. The concept of insularity becomes even more acute with regard to Gozo, given that it is a small island situated on the periphery of another small island, i.e. double insularity. Gozo's absolute dependence upon the larger island of Malta for all logistics and access through the port of Mġarr has important economic and social impacts. Among the economic effects are additional costs for the carriage of raw materials and for transport of finished goods, including those destined for export which adversely affects the competitiveness of Gozitan manufacturing. The combined effects of Gozo's double insularity, environmental fragility and ageing small population size as well as its inherent limited resources adds to the small island micro-state handicaps that Gozo is faced with – even when compared to Malta.

Urban-rural profile

The smallness of the Maltese islands, the high population density and the transition experienced in the last decades, from a predominantly agrarian society to industrialised and urban communities have led to significant change in land use patterns. Expanding urban settlements and new built-up areas led to the coalescence of expanding towns and villages. This had many affects, from the creation of the island's major conurbation around the harbour area in the northeast of Malta, to the loss of the distinct identity of individual towns and villages, a reduction in open countryside, damage to natural habitats and water catchments and changes to the traditional landscape.

In this context, the transition from rural areas to urban areas is blurred. Although areas for development were earmarked in the Structure Plan of 1990⁶, some land within the limit of development is still used for agricultural purposes whilst new built up zones are scattered outside

⁶ The Structure Plan 1990 is in the process of being replaced by the Strategy Plan for Environment and Development (SPED).

designated development zones and in the countryside. Urbanisation has also meant that a number of farms have been encroached by built up areas. The islands' physical reality is that all areas constitute a continuum from urban to rural and the activities associated with each context occur side by side.

1.1.1 Analysis of disparities, development needs and growth potential

Malta has a small, open, yet well-diversified economy that is highly exposed to international market forces. Given the small size of the country's domestic market, the island's economic development model has relied extensively on an export-oriented strategy that focuses on local investment resources and the attraction of foreign direct investment. In terms of economic structure, the main export-earning mainstays are manufacturing, tourism and key services sectors including financial services and ICT amongst others.

Economic Performance

Malta's economic performance during the 2007-2013 programming period has to be seen within the context of the global and European economies' performance over the same period. Indeed, following the financial crisis which started in the latter months of 2007 in the U.S., the world economy went into a recessionary period from which it has not yet fully recovered. Throughout this period, the Maltese economy has been relatively resilient to the global economic crisis and the sovereign debt crisis in the euro area. Indeed, during the period between 2010 and 2013, Malta's real Gross Domestic Product (GDP) grew by an annual average of 2.3%. This reflects a strong rebound in growth of 4.2% in 2010 following the economic downturn of 2009, and a moderation thereafter with 2011 and 2012 growing by 1.5% and 0.8%, respectively. In 2013, the Maltese economy expanded by 2.6%, outperforming growth in the European Union.

Table 1.01 reveals that over the past years, economic growth was supported by positive developments in both the domestic and the external sector of the economy. Domestic demand contributed positively towards economic growth in 2010 but acted as a drag in 2011 as it contributed negatively by 1.9 percentage points, only to recover again in 2012 and 2013. Over the 2010-2012 period, there was also a significant positive contribution thriving from the external side of the economy. This trend was reversed in 2013 when external demand contributed negatively by 0.4 percentage points. On the other hand, stock building⁷ acted as a drag on growth in 2010 and 2012, but was instrumental in 2011 and 2013.

Table 1.01 – Contributions to Real GDP Growth

	2010	2011	2012	2013
Overall GDP Growth	4.2	1.5	0.8	2.6
Domestic Sector	3.2	-1.9	0.8	1.4
External Sector	1.4	2.6	2.3	-0.4
Stock Building	-0.3	0.8	-2.3	1.6

⁷ Gross Domestic Product at current market prices is estimated by the National Statistics Office from the production side, involving the aggregation of the output of various productive sectors net of the cost of intermediate inputs. A reconciliation of the production side with estimates of expenditure on output produced is then carried out and the residual between the two approaches is included in the changes in inventories component.

As per the latest data published by the National Statistics Office (NSO), the Maltese economy registered a robust growth rate of 3.5% in the first quarter of 2014. The domestic sector contributed positively towards economic growth by 4.5 percentage points, whilst the external side of the economy contributed marginally by 0.2 percentage points. Simultaneously, stock building (which includes a statistical residual) contributed negatively by 1.2 percentage points.

In 2013, real gross fixed capital formation decreased by 0.6 % when compared to the same period in 2012. However, it is expected to increase by a significant 15.6 % and 3.4 % in 2014 and 2015, respectively, largely attributed to the sizeable investment in the energy sector. This annual percentage change is significantly higher than the achieved growth rate in 2011 (-25.0%) and above the 2007-2013 average (-4.4%).

The poor performance of the global economy post-2008 and the decline in international trade had taken its toll on the external side of the Maltese economy, such that net trade acted as a drag on economic growth in 2009. However, as global economic growth strengthened, global trade volumes picked-up and the external sector of the Maltese economy became a major source of economic growth. This trend was reversed in 2013 when external demand contributed negatively by 0.4 percentage points. Nevertheless, during the same period, nominal exports remained higher than nominal imports thereby contributing to a positive balance on the external side equivalent to 4.9 % of GDP.

The developments in the external sector indicate that over the past decade structural and cyclical factors have generally strengthened and sustained Malta's external competitiveness, as reflected in both the improvement in the current account and export market shares particularly in services.

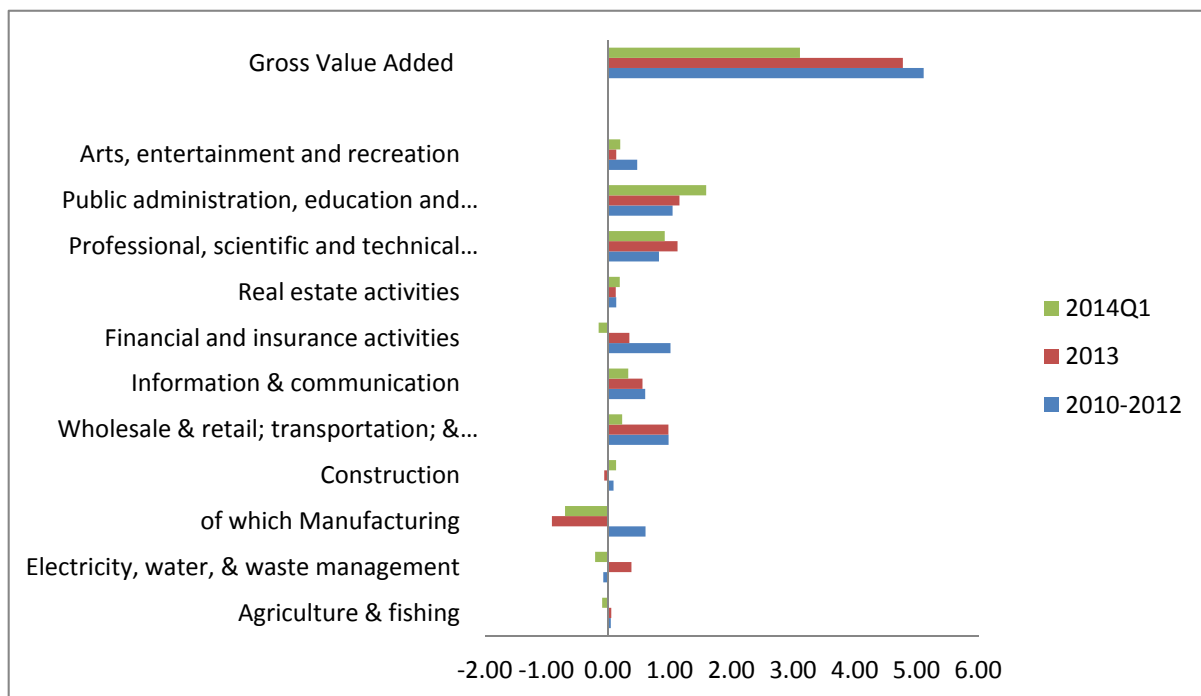
The correction in the current account which has been evident since 2006 was underpinned by strong import and export drivers, specifically the slow-down of the import-intensive construction sector coupled with the complete gains in services activities particularly tourism, financial services, recreational activities and IT. Subsequently, these structural and cyclical factors together with the support of moderate growth in consumption and investment expenditure led to a current account surplus in 2012 of 2.0 % of GDP and 1.4 % of GDP during 2013.

Moreover, the stabilisation of the goods exports markets share and the improvement in competitive gains in export market share of services particularly as of 2005, is indicative of competitive gains during the period under analysis. Nonetheless since 2009, progress has been subdued especially in the goods account which deteriorated further in 2013 due to the developments within the electronics sub-sector. Meanwhile, the positive net international investment position (NIIP) strengthens the sustainability of Malta's external balance, primarily due to the substantial investments by banks in foreign debt instruments.

Sectoral Performance

Figure 01 shows that growth in 2013 was attributed to a positive performance in all sectors of the economy, with the exception of the manufacturing and construction activities sectors. These two sectors, together with the financial and insurance activities and the arts, entertainment and recreation sectors, contributed to the slowdown in the growth rate of Gross Value Added (GVA), when 2013 is compared to the period between 2010 and 2012.

Figure 1.01 – Sectoral Contribution to Gross Value Added



A closer look at the sectoral breakdown for 2013 shows that the greatest contributions to economic growth were recorded by the services sector particularly in the professional, scientific and technical activities sector, the information and communication activities and administration and support services activities. At the same time, it is pertinent to point out that the decline in manufacturing gross value added was attributable primarily to the negative performance in the export-oriented electronics sub-sector. On the other hand, a number of manufacturing sub-sectors which account for around 50.5% of manufacturing gross value added, registered positive growth rates ranging between 1.9% and 35.0%. Specifically, double digit growth rates were registered in the manufacture of chemicals and chemical products as well as that of motor vehicles, electrical equipment and wearing apparel.

Similar developments were observed in the first quarter of 2014. During these months, growth was again underpinned by an affirmative performance in nearly all sectors of the economy, particularly in the professional, scientific and technical activities sector, administration and support services and the information and communication activities, which grew by 9.0%, 7.9% and 5.0%, respectively. Interestingly, the construction sector registered a healthy 3.0% growth over that recorded a year earlier amid signs of a recovery in this sector. These positive developments helped in mitigating the decline in the agriculture, forestry and fishing sector, the manufacturing and the financial and insurance activities, which fell by 6.7%, 5.8% and 1.7%, respectively. Nevertheless, it is again pertinent to point out that the decline in the gross value added of agriculture, forestry and fishing sector was attributed solely to the negative performance in the agricultural sub-sector which more than offset the positive performance registered by the fishing sub-sector. Similarly, the decline in the manufacturing gross value added was mainly attributed to the decline registered in the electronics sub-sector.

Labour Market Developments

The performance of the Maltese labour market between 2009 and 2013 has been generally positive as strong increases in the activity rate were translated into increases in employment whilst the unemployment rate remained broadly stable.

Employment performance over the period under review was marked by expansion mainly pertaining to human health and social work activities; professional, scientific and technical activities; arts, entertainment and recreation; education; and financial and insurance activities which ensured that aggregate employment growth remained significantly positive. These improvements have been generally concentrated in the services sectors as employment in direct production continued to decline in line with long-term trends in the Maltese labour market.

According to the Employment and Training Corporation, the gainfully occupied population increased by 10,613 or an annual growth rate of 1.8% to reach 156,137 at the end of 2013 (see **Table 1.02**) when compared to 2009 figures. These positive trends mainly reflect changes in the number of females in the labour supply and in the gainfully occupied population. Consequently the gender employment gap declined (in line with Country Specific Recommendation).

Meanwhile, statistics by Eurostat indicate that in 2010 the unemployment rate remained unchanged at 6.9%, when compared to a year earlier. In the light of the economic recovery sustained since 2010, the unemployment rate decreased reaching 6.4% in 2011 and 6.3% in 2012. The unemployment rate for Malta remained broadly stable during the past 2 years with upward movements being revised in subsequent months.

Table 1.02 – Labour Market

	2009	2010	2011	2012	2013
Gainfully Occupied Population	145,524	146,917	149,799	152,306	156,137
Registered Unemployed	7,389	6,898	6,570	6,839	7,382
Labour Supply	152,913	153,815	156,369	159,145	163,519
Unemployment Rate (%)	6.9	6.9	6.4	6.3	6.4

Competitiveness, Innovation and Technological Development

Fostering competitiveness amongst economic players and building an environment which is consumer and services oriented requires a multifaceted approach. Within this context, growth in the competitiveness of SMEs, the provision of support for start-ups, research and development facilities, the enhancement of innovation activity, the provision of adequate access to finance as well as adequate infrastructural measures including ICT-related facilities are key in ensuring that Malta will remain competitive.

(a) R&D and Innovation Activity

During the 2007-2013 programming period, Malta's research and innovation priorities were directed primarily towards ICT; value-added manufacturing and services; energy and environment; and health and biotechnology⁸. This approach reflected a strong business orientation towards applied research and experimental development, with a higher potential for future industrial application. As outlined in the NRP, between 2010 and 2012 targeted interventions particularly in the areas of health and manufacturing, such as the setting up of a life sciences park, were implemented with the aim of

⁸ National Strategic Plan for Research and Innovation 2007 - 2010, Malta Council for Science and Technology, 2006.

boosting R&I development in Malta⁹. The underpinning strategic goal was that of using R&I investments as a vehicle directed to increase the competitiveness of local enterprise, whilst at the same time allowing for fundamental research to be carried out.

R&D Intensity

Since the launch of the first national R&I strategy, in 2007, Malta has achieved significant progress in innovation activity with R&D as a percentage of GDP increasing from 0.55% in 2008 to 0.66% by 2010¹⁰. Based on these figures, projections for R&D figures show that Malta's National EU 2020 target was likely to be reached before 2020.

Eurostat figures for 2011 indicate that R&D expenditure reached 0.72% of GDP, thus clearly exceeding the target of 0.67% by 2020¹¹. The improvements registered in R&D intensity have also resulted in a positive impact in Malta's ranking amongst the EU-27 Member States which also improved when compared to 2008 data. According to Eurostat figures, in 2011, Malta ranked 21st with regard to R&D expenditure as a percentage of GDP when compared to the 23rd position held in 2008, preceding Bulgaria, Cyprus, Latvia, Slovakia and Romania. Notwithstanding these improvements, the share of Government budget appropriations or outlays on research and development (GBAORD) as a percentage of the total government expenditure allocated to R&D (0.53% in 2011) remains one of the lowest in the EU-27 where the average stands at an estimated 1.47%.¹²

In 2013, in line with the priorities identified in the NRP, Government committed itself to attain better results in R&D by increasing Malta's R&D 2020 target from 0.67% of GDP to 2% of GDP. The target has been revised to take into account Malta's continuous development in the R&D sector, which is moving closer to the estimated EU-27 average of 2.3% (2011) and to the 3% Gross Domestic expenditure on research and development target, by 2020 as identified within the Europe 2020 Strategy. The net increase of 1.33 percentage points in Malta's national target marks a leap forward in Malta's strategic direction to attain substantial results in Malta's innovation activity and emphasises Government's commitment towards research and development. **Table 1.03** provides a snapshot of Malta's targets related to R&D.

Table 1.03 – Malta's R&D target

Europe 2020 headline target	Current situation (2011)	National 2020 target	New National 2020 target
3% of EU's GDP to be invested in research and development	0.72%	0.67%	2%

R&D expenditure

In 2011, the total expenditure on R&D activities in Malta reached €47.4 million representing an increase of €15.7 million and €5.4 million over 2009 and 2010 figures respectively. The Business Enterprise sector was the main contributor to R&D expenditure representing 66.4% of total R&D expenditure. This was followed by the Higher Education and Government sectors which contributed 30% and 3.6% to R&D expenditure respectively. The higher outlay was driven by an increase in recurrent expenditure of €7.5 million, which is mainly due to higher labour costs and other recurrent expenditure in the Business Enterprise sector. On the other hand, the Higher Education sector

⁹ Malta's National Reform Programme under the Europe 2020 Strategy (NRP).

¹⁰ Eurostat data on R&D expenditure: Accessed on 5 September 2013.

¹¹ Ibid.

¹² Eurostat data: Accessed on 12 September 2013.

recorded slightly lower outlays (by €2.1 million) when compared to 2010 figures since significant expenditure in R&D was carried out by the University of Malta in 2010. In fact in 2010, the University of Malta invested in infrastructure, particularly in buildings, instruments and equipment, which resulted in outlays on capital expenditure of €2.9 million in 2010 when compared to 2009 figures, thus boosting investment in the Higher Education sector. The decrease registered in 2011 calls for further investment in the higher education field as it is a vital contributor to the continuous development of the R&D sector in Malta. **Table 1.04** below provides an overview of R&D expenditure by sector.

Table 1.04 – R&D Expenditure as a % of GDP¹³

	2009	2010	2011
R&D Expenditure as a % of GDP (%)	0.53	0.66	0.72
Government Sector (€ m)	1,503	1,549	1,685
Business Enterprise Sector (€ m)	20,124	26,157	31,521
Higher Education State Sector (€ m)	10,134	14,292	14,236
Total R&D Expenditure (€ m)	31,761	41,997	47,443

Government, Business Enterprise and Higher Education sectors mostly fund their own research through local funds which reached €39 million of total funds in 2011. Investments are also supplemented by foreign funds reaching 16.8% (€8 million) of total funds in the same year. Foreign funds for the Business Enterprise sector are mainly provided for by foreign business enterprise whilst foreign funds for the Higher Education and Government sectors are mainly provided for by EU funds.¹⁴

Innovation Performance

With an Average Annual Growth Rate (AAGR) of 3.3% in innovation performance between 2008 and 2012, Malta is one of the Member States with moderate innovation performance within the EU context. Although this is significantly lower than the 7.7% registered during the 2006-2010 period, Malta still places amongst the first six Member States with the highest AAGR in innovation performance.¹⁵ Between 2008 and 2010¹⁶, 36% of Malta's enterprises employing 10 persons or more (517 enterprises) were engaged in innovation activity. Out of these, 66.9% of enterprises employed less than 50 persons, 26.7% employed between 50 to 249 persons and large companies, employing 250+ persons, made up 6.3% of all innovative enterprises. By type of innovation activity, out of the 517 enterprises, 17.2% were solely engaged in technological innovation, 37.1% in non-technological innovation whereas 45.6% were involved in both technological and non-technological innovation.

When compared to the EU average for 2008, 36% of enterprises engaged in innovation activity (product, process, ongoing or abandoned, organisational and marketing innovation). Malta's performance remained below the EU-27 average which stood at approximately 53%¹⁷. Although there have been promising developments in recent years due to various start-up incentives (including support from the JEREMIE instrument), the currently low level of innovation activity calls for more targeted R&I incentives for enterprises. During the 2014-2020 programming period, this targeted approach will be in line with the smart and flexible specialisation principles that have been identified in Malta's National R&I 2020 strategy.

¹³ National Statistics Office News Release 149/2012.

¹⁴ Ibid.

¹⁵ Innovation Union Scoreboard 2013 – Enterprise and Industry, European Commission, 2013.

¹⁶ Figures covering the 2010-2012 period are not available as of October 2013.

¹⁷ Pg 72, Science, Technology and Innovation in Europe, Eurostat Pocketbooks, ISSN 1830-754x, 2012 edition.

Patent Registrations

Whilst patent applications submitted in Malta (per million of inhabitants) remain low when compared to the EU-27, the number of patents increased steadily between 2008 and 2010. In fact, in comparison with other Member States (according to the Innovation Union Scoreboard), in 2010 Malta ranked before Hungary, Czech Republic, Portugal, and Slovakia, as can be highlighted in **Table 1.05** hereunder.

Table 1.05 – Patent Applications Submitted¹⁸

	Per Million of Inhabitants		
	2008	2009	2010
Malta	13.41	18.86	19.6
Czech Republic	20.03	16.79	17.44
Spain	31.27	33.01	34.09
Italy	78.65	72.43	68.24
Hungary	17.84	17.9	18.42
Portugal	10.73	8.69	8.22
Slovakia	6.64	5.33	4.98
EU-27 Average	112.56	111.42	109.6

Human Resource Capacity in R&D

The Innovation Union 2013 Scoreboard indicates that Malta's weakest area in innovation performance remains investment in human capacity (including doctorate graduates). According to the latest data issued by National Commission for Further and Higher Education (NCFHE), in 2012 there were 94 students enrolled in a tertiary education institution in Malta following doctorates at MQF level 8, which is higher than the 73 enrolments in 2011. Within this context, efforts to continue increasing the number of new doctorate graduates and to increase attainment levels in tertiary education will remain Government's priority over the next programming period.

Notwithstanding the limited human resource capacity in R&D, employment rates within the sector continued to increase over recent years. With 2,161 persons employed in the R&D sector Malta registered an overall increase of 15% in 2011 over 2010 figures. The highest R&D employment rate was registered in the Business Enterprise sector with 1,126 employees, an increase of 26.7% over 2010 figures, followed by the Higher Education sector with 957 employees (2.5% increase over 2010 figures). Researchers recorded the highest number of persons employed in R&D reaching 1,273 persons in 2011 (59% of total R&D employment) followed by technicians and support staff. Researchers, technicians and support staff registered an increase of 15.4%, 15.3% and 13.5% respectively in 2011 over 2010 figures¹⁹ as indicated in **Table 1.06** below.

¹⁸ Eurostat data on patent applications to the European Patent Office by priority year at the national level: Accessed on 10 October 2013.

¹⁹ National Statistics Office News Release 149/2012.

Table 1.06 – Employment in R&D in 2011 per sector and type of employment

	Researchers	Technicians	Support Staff	Total
Government Sector	50	9	19	78
Business Enterprise Sector	558	417	151	1,126
Higher Education Sector	665	84	208	957
Total	1,273	510	378	2,161

With regard to Full Time Equivalent (FTE) as a percentage of total employment, provisional Eurostat figures for 2012 indicate that Malta stands at 0.86 FTE which is relatively higher than the 0.57 FTE registered in 2009. The growth in FTE capacity is the result of a sustained approach which Malta has embarked upon in order to build the necessary human capital that it requires to build a research and innovation culture. Nevertheless, although Malta ranks higher than Bulgaria, Cyprus, Latvia, Poland, Romania and Slovakia, it is still performing lower than the EU-27 average which stands at approximately 1.22 FTE, thus highlighting Malta's need to further expand its R&D employment opportunities during the 2014-2020 programming period. **Table 1.07** below provides a snapshot of the share of R&D personnel in total employment in a number of EU Member States.

Table 1.07 – Total R&D personnel as percentage of total employment²⁰

	2009	2010	2011	2012
Malta	0.57	0.68	0.82	0.86 (p)
Cyprus	0.33	0.33	0.33	0.33 (p)
Latvia	0.56	0.59	0.63	0.64 (p)
Poland	0.46	0.53	0.55	0.58
Slovakia	0.67	0.78	0.78	0.78
EU-27 Average	1.14 (e)	1.17 (e)	1.2 (e)	1.22 (e)

Although significant progress has been made in increasing R&D expenditure and innovation activity in recent years, Malta's relatively low performance when compared to the EU average highlights the need to further stimulate indigenous R&I in Malta.

R&I Strategy and Smart Specialisation

With the period covered by the National R&I Strategic plan 2007-2010 coming to an end, Government embarked upon the development of a new strategic framework for R&I growth in Malta covering the 2011-2020 period. As highlighted in Malta's NRP, a draft R&I Strategic Plan was issued for public consultation in December 2011 and has since then been updated to take into account the feedback received from relevant stakeholders and new policies at European level.

A Peer Review was undertaken between 2012 (when RIS3 related activities started to unfold) and mid 2013. Malta was assisted in this Review by the S3 Platform²¹. The Review reported that Malta was registering significant progress in a number of very high level RIS3 activities. Positive results reflected the existence of a comprehensive analysis of the national assets in the local and transnational context; governance structures, management and communication activities; development of a shared vision for the country's future; a balanced policy mix and framework conditions. The Review, also reported that less progress was registered with respect to the outward

²⁰ Eurostat data on R&D personnel accessed on 05 March 2014.

²¹ The S3 platform forms part of the European Commission's Joint Research Centre.

dimension and entrepreneurial dynamics; the identification of RIS3 priorities; and the monitoring and evaluation process. The Peer Review report outlined three main recommendations relating to the further clarification of the vision and goals of the strategy, the need to include elements of an iterative, open and ongoing discussion in the development of the strategy and the need to identify actions intended to provide an overall supporting framework to be further developed in an action plan. These recommendations were taken on board during the development of the Strategy.

In September 2013, a draft National Research and Innovation Strategy 2020, which also incorporates the strategy for smart specialisation, was launched for public consultation. Malta's thematic areas for smart specialisation were identified through a rigorous process involving a variety of inputs. These included: a desk based analysis of macro-level statistics, statistics on doctoral graduates, scholarships awarded, R&D expenditure, innovation expenditure, publications and participation in international programmes undertaken. Furthermore, 20 focus group meetings²² with top government officials, academia, public entities and social actors as well as meetings with a number of private sector stakeholders were held. Subsequently, in March 2014, Malta's Research and Innovation Strategy 2020 was published. The strategy, whilst building upon the progress made and lessons learnt from the 2007-2010 R&I Plan as well as the RIS3 peer-review results/recommendations, aims to instil research and innovation at the core of the Maltese economy by building a comprehensive R&I support ecosystem and enhancing knowledge-driven and value added growth through smart and flexible specialisation.

Malta's R&I system is still in its infancy stage. The investment undertaken in recent years, particularly through EU funds, is a step in the right direction. However, there is still a lack of home-grown research and innovation in the private sector whilst further investment with a view to stimulate research by the public sector is required. In addition, efforts aimed at increasing human resource capacity in R&D need to be stepped up to attract local and foreign researchers. In this regard, Malta needs to build the necessary capacity both in terms of infrastructure as well as human capital with a view to be in a position to continue growing and developing within this sector.

The National Research and Innovation Strategy 2020 will form the backbone for specialisation in areas where Malta has a competitive advantage whilst at the same time retaining the flexibility necessary to respond to Malta's inherent economic and social constraints, which are brought about by its small size, open economy and susceptibility to external shocks. The strategy identifies the following seven sectors which will provide the basis for R&I interventions and on which efforts will be targeted: tourism product development, maritime services, aviation and aerospace, health with a focus on healthy living, active ageing and e-health, resource efficient buildings, high value-added manufacturing with a focus on processes and design and aquaculture. The Strategy emphasises the need to build an enabling ecosystem for R&I and also outlines the importance for investment in research infrastructure, rural development, capacity building in climate change adaptation and investment in human capital. Furthermore, the Strategy identifies ICT as an enabling technology for development and innovation. The priorities set out in the National Research and Innovation Strategy 2020 will allow for the creation of synergies with Horizon 2020 also within the context of the European Innovation Partnerships, where relevant.

²² Between April and May 2013, 20 focus group meetings with private stakeholders centred around tourism, energy, ICT, creative industries, health, high value-added manufacturing, financial services, transport and other possible priorities.

(b) Information and Communications Technology (ICT)

During the 2007-2013 programming period, Malta focused its ICT investment on five strategic and mutually supportive paths, namely: the knowledge economy; e-Inclusion and ICT education; ICT and the quality of life; ICT in Government; and enabling infrastructure. During the past ten years, the ICT industry in Malta has rapidly grown. In fact, as at 2013, the ICT sector contributed to circa 5.7% value-added to national GDP²³ and employed 3.3% of the gainfully occupied population.²⁴ Notwithstanding these developments, Eurostat figures contained within the Digital Agenda for Europe Scoreboard 2013 report²⁵ show that Malta ranked in 23rd position out of the EU27+ in terms of computer skills posing a serious concern to the development of the sector. This concern is further amplified when one notes the decline in computing University graduates amounting to 4.2% during the scholastic year 2011-2012 when compared to 6.8% of graduates during the 2010-2011 scholastic year. Moreover, whilst in 2012 the demand for ICT professionals was on the increase, half of the enterprises that recruited or tried to recruit ICT professionals had difficulties in filling these vacancies, thus necessitating immediate attention to identify the causes of such challenges and undertake effective measures aimed at contributing towards the growth potential of this sector.

Research and Development in ICT

Given Malta's particular geographical characteristics, the country's socio-economic growth remains significantly reliant on ICT development which has been identified as an enabling technology for R&I development because of its potential to innovate industries.²⁶ In 2010, Business Expenditure in R&D (BERD) by the ICT sector represented 35% of the total BERD, which is well above the 17% at EU average. Nonetheless, the total BERD as a percentage of GDP stood at 0.4% whilst public funding in R&D (GBAORD²⁷) in the ICT sector only represented 0.2% of total GBAORD which is relatively lower than the 1.2% and 6.5% registered at EU level.²⁸ Although spending in research and innovation has increased in recent years, it lags far behind the rest of the European Union and further investment in this sector is undoubtedly needed to close the gap.

Broadband coverage

Malta remains at the forefront in implementing the Digital Agenda for Europe for broadband accessibility whereby as at the end of 2013, fixed broadband infrastructures covered 100% of homes in Malta including homes in rural areas. This figure is higher than the EU28 average which stood at 97% of fixed broadband coverage and 90% of rural fixed broadband coverage respectively. At the same time, Next Generation Access capable of providing at least 30 Mbps download also covered 100% of homes which is significantly higher than the 62% reached at EU level.²⁹ Whilst Malta's performance on the 'supply' side is encouraging, with the share of high speed broadband subscriptions standing at 49%³⁰ (which is higher than the EU average of 27%), efforts need to be directed towards increasing the subscription rates to ultra-fast broadband, in order to come closer to the Digital Agenda for Europe (DAE) target of having 50% of households taking up broadband subscriptions having 100 MBPS or higher³¹.

²³ National Statistics Office: News release 047/2014.

²⁴ Digital Malta: National Digital Strategy 2014-2020, page 13.

²⁵ Digital Agenda Scoreboard 2014 – Malta (<http://ec.europa.eu/digital-agenda/en/scoreboard/malta#broadband-markets>) accessed on 13 August 2014.

²⁶ National Research and Innovation Strategy 2020, page 20.

²⁷ GBAORD stands for Government budget appropriations or outlays for research and development.

²⁸ Digital Agenda Scoreboard 2014 – Malta (<http://ec.europa.eu/digital-agenda/en/scoreboard/malta#broadband-markets>) accessed on 13 August 2014.

²⁹ Digital Agenda for Europe: Malta (<http://ec.europa.eu/digital-agenda/en/scoreboard/malta>), accessed on 9 June 2014.

³⁰ Figure refers to Next Generation Access (NGA) lines as a percentage of total broadband lines.

³¹ Digital Agenda for Europe: Malta (Country Presentation), <http://ec.europa.eu/digital-agenda/en/scoreboard/malta>, accessed on 9 June 2014.

International connectivity in Malta is currently entirely reliant on submarine cables linking Malta to Sicily. International connectivity might be enhanced by an additional submarine cable connecting Malta to mainland Italy or to another EU Member State. INTERREG programmes or the Connecting Europe Facility may provide financial support in this regard.

Internet usage and digital skills

Cognisant of the recent developments within the ICT sector in terms of the supply-side, as well as developments in terms of regular internet usage and regular use of internet by disadvantaged people, improving ICT accessibility remains a challenge. According to NSO figures, in 2013, 78.8% of households in Malta and Gozo had access to the internet at home where the proportion of computer and internet users on an almost daily basis stood at 84.2%.³² Whilst these figures are encouraging, as indicated in the 2014 Digital Agenda Scoreboard, in 2012, 48% of the Maltese population had low or no digital skills. Moreover, almost one in every three individuals (28% of the population) has never used the internet and thus is limited in the use of ICTs at the workplace. Furthermore, such individuals are also limited in terms of communication (including through social networks) and the use of e-services such as internet banking, e-Government or e-Health services, online courses, online employment opportunities, news updates and online shopping, amongst others. In addition, 34% of the workforce in Malta has low or no digital skills, which is lower than the EU average of 39%. Within this context, investments in digital literacy and skills, including within the agricultural and agro-food processing industry, remains necessary to ensure that the development of human resources grows hand in hand with new technologies and online services.

In recent years, Government has also deployed digital technologies within the education system in an effort to increase digital literacy amongst the younger generation and to diversify education methods in an effort to attract and retain students within the education system. To this end, Government has invested in interactive white boards that have been supplied to all state school classrooms at all levels. Overall, Malta still lags behind the EU average in terms of computers for education purposes. Within this context, in the Strategic Plan for the prevention of early school leaving, e-learning has been identified as a potential major contributor to a varied and relevant pedagogy that responds to student diversity. Government understands that efforts made so far within the sector necessitate further investment in e-Learning infrastructure, mobile technology and the development of e-content in order to promote digital literacy and to combat early school leaving.³³ This ambition is also supported by the Digital Malta strategy³⁴ whereby the use of portable devices and relevant e-content for children form part of the government's vision of transforming formal education through the use of digital technologies.³⁵ To this end, continuous efforts to bring together developments in the education system with digital technologies remain vital to ensure that Malta moves towards a digitally enabled and knowledge based economy.³⁶

SMEs and start-up companies also require further expertise and knowledge to use ICT as a tool contributing towards cost reduction, innovation and improved accessibility to foreign markets. The need to remain abreast of development and investing in adequate teaching methods in this area

³² National Statistics Office, News Release 042/2014.

³³ A Strategic Plan for the Prevention of early school leaving. Available online: (<http://education.gov.mt/esl/Documents/School%20Leaving%20in%20Malta.pdf>), accessed on 13 August 2014, page 24.

³⁴ Digital Malta: National Digital Strategy 2014-2020.

³⁵ Digital Malta: National Digital Strategy 2014-2020, page 45.

³⁶ Digital Agenda Scoreboard 2014 – Malta (<http://ec.europa.eu/digital-agenda/en/scoreboard/malta#broadband-markets>) accessed on 13 August 2014.

including e-skills³⁷ is also required in order to maximise the benefits of ICT. **Table 1.08** below provides the distance from Digital Agenda for Europe (DAE) targets to increase regular internet use.

Table 1.08 – Distance from DAE Targets in relation to internet usage and digital skills, 2013³⁸

	Target: increase regular internet use	Target: increase regular internet use for disadvantaged people	Target: proportion of population that has never used the internet
Malta	66%	46%	28%
EU-28	72%	57%	20%
DAE Target (by 2015)	75%	60%	15%

With the ever-changing digital world, the need to remain abreast with market developments in particular with respect to the use of different technological devices is ever more important. In 2013, the use of mobile devices for internet access by individuals reached 62.4% of the total internet users.³⁹ Moreover, in 2013, 69.3% of enterprises provided mobile devices to some of their employees for business purposes representing a significant increase of 27.5% over 2012⁴⁰. In light of these developments, the promotion of mobile devices to increase internet accessibility and improve service provision remains a key tool towards improved service provision.

E-Government

The public sector has also played a key role in the development of the ICT sector. Significant investment was undertaken with a view to develop a robust and resilient ICT infrastructure which forms the back-bone of an interconnected Government. This has led to positive results in delivering eGovernment. In fact, in the e-Government Benchmark 2012 report⁴¹, Malta ranked first in four benchmarks (user-centric government, transparent government, citizen mobility and business mobility) as well as second in the enablers benchmark. On the supply-side, in 2013 the user-centric e-Government indicator stood at 94 and the transparent e-Government indicator stood at 96⁴² thus well above the EU average of 70 and 46 respectively. Whilst these results are commendable, the take-up of public online services by citizens remains below the EU average. In this respect, efforts to sustain and improve the provision of e-Government services are required⁴³. With respect to interventions in e-health, Malta already scores relatively high vis à vis ICT infrastructure and services within hospitals. Notwithstanding these developments, Malta is still lagging behind the EU average in the use of computer during consultation with patients (91% of General Practitioners (GPs) compared to 97% at EU level), exchange of medical patient data with other health care providers/professionals (18% of GPs compared to 28% at EU level) and electronic storage of individual medical patient data (64% of GPs compared to 83% at EU level). In this regard, there is a need for further investment in the sector.⁴⁴

³⁷ Including for the farming community.

³⁸ Digital Agenda for Europe: Malta (<http://ec.europa.eu/digital-agenda/en/scoreboard/malta>), accessed on 9 June 2014.

³⁹ National Statistics Office, News Release, 042/2014.

⁴⁰ National Statistics Office, News Release, 033/2014.

⁴¹ Available online at https://ec.europa.eu/digital-agenda/sites/digital-agenda/files/eGov_Benchmark_2012%20background%20report%20published%20version%200.1%20.pdf.

⁴² Both indicators out of a 0-100 range.

⁴³ Government will seek to maximise investment in the ICT sector through various funding initiatives, including the Connecting Europe Facility.

⁴⁴ Digital Agenda Scoreboard 2014 – Malta; available from (<http://ec.europa.eu/digital-agenda/en/scoreboard/malta#broadband-markets>) accessed on 13 August 2014.

Within this context, whilst the transformation that Malta achieved over the past years has been positive, over the 2014-2020 period, Malta will seek to sustain and consolidate its achievements with a view to securing the highest possible return on investment. In its commitment to further develop the ICT sector, in 2012 Government published its e-Business Strategy (2012-2015) and the Digital Inclusion Strategy (2012-2015). Furthermore, in 2014, Government launched the draft e-commerce national strategy which aims to help Maltese businesses face the challenge of internet shopping as well as the new national ICT strategy titled: Digital Malta: National Digital Strategy 2014-2020. The strategy provides the necessary integrated approach for Malta to move towards a digitally enabled society and focuses on specific themes covering the shift towards digital literacy, access and equality, stimulating entrepreneurship, sustaining R&I and globalising e-commerce, as well as moving towards an open and efficient Government which is citizen and business centric.⁴⁵ In this regard, the strategy will also contribute towards fostering an entrepreneurial environment including in those sectors which have been identified as key areas for Malta's socio-economic development under Malta's smart specialisation. Such environment will also leverage investment in technologies and human resources resulting in value-added economic opportunities and improvements to the social well-being of citizens.

ICT usage in enterprises

The growth of the information economy in Malta has had an undeniable positive influence on the economy and confirms that Internet is a fundamental technology which is driving the development of the Maltese economy. In 2013, 81.5% of all enterprises recorded that they had a website or home page. Out of these enterprises, large companies recorded the highest percentage of enterprises with a website (95.7%) whilst enterprises within the 10-49 size class recorded the lowest percentage (78.7%).⁴⁶ In 2013, whilst the use of e-Government services by enterprises having internet access remained relatively high at 92.6%, showing that most enterprises are utilising e-Government services to interact with Government, the usage shows a decline from the 93.3% registered in 2012. The decline is also reflected in the e-Government usage by type of service shown in **Table 1.09** thus prompting the need for interventions to revert this trend.

⁴⁵ *Digital Malta: National Digital Strategy 2014-2020* focuses on ICT policy development for citizens and civil society (enhancing digital literacy, open access, social innovation and inclusion, building capacity and developing e-skills through education and training), the business community (stimulating entrepreneurship, e-Commerce, sustaining R&I, supporting internationalisation and attracting new businesses), and Government (moving towards a customer-centric, efficient and open Government services including the further development of e-learning and e-health services), amongst others.

⁴⁶ National Statistics Office, News Release 033/2014.

Table 1.09 – Enterprise e-Government usage by type of service⁴⁷

	Absolute	% using e-Government		Change in percentage points
	2013	2012	2013	
Obtaining information	1,081	96.1	87.8	-8.3
Obtaining forms	1,013	89.7	82.3	-7.4
Returning filled in forms	745	63.5	60.5	-3.0
Treating an administrative procedure completely electronically	404	37.9	32.8	-5.1
e-Procurement ⁴⁸	460	39.7	37.4	-2.3

E-Commerce

Although the use of internet by enterprises has been on the increase and most enterprises are IT enabled, this is mostly limited to a digital marketing presence and back office applications whilst the use of electronic systems and the number of sales and purchases carried out via e-commerce remains relatively low. In 2013, 19.3% of enterprises using internet carried out sales through e-commerce whilst purchases through e-commerce were carried out by 22.2% of enterprises using internet.⁴⁹ Moreover, whilst local firms introduced Business to Consumer (B2C) services for the local market activity, the exploitation of internet to sell goods on an international market is still low.

On the other hand, with respect to the use of e-commerce by individuals, 2013 data shows that Malta achieved good results in terms of cross-border e-commerce, with 39% of the population having bought online from other EU countries (in the previous 12 months) when compared to the EU average of 12%. However, the take up of e-commerce (purchase of goods and services online within the previous 12 months) by Maltese people (46%) remains slightly below the EU average (47%).

Table 1.10 – Enterprises Conducting Sales and purchases via e-Commerce⁵⁰

	Sales % total ⁵¹		Purchases % Total	
	2012	2013	2012	2013
Size class:				
10 - 49	15.5	15.3	22.4	19.3
50 - 249	27.3	30.0	30.6	28.8
250+	32.6	31.9	34.9	40.4
Total	18.7	19.3	24.6	22.2

In addition, although most Maltese enterprises use the internet, the percentage of enterprises using electronic systems that allow users to transmit information such as orders, invoices and payment transactions remains low. This weakness has to be addressed particularly in those sectors where the 'e' channel is becoming the primary service channel of choice such as the tourism sector. Given this

⁴⁷ National Statistics Office, News Release 033/2014.

⁴⁸ Information on the e-procurement system can be found under the section covering Institutional Capacity Building under this chapter as well as under chapter 2.6.

⁴⁹ National Statistics Office, News Release 033/2014.

⁵⁰ National Statistics Office, News Release 035/2013.

⁵¹ Ibid.

scenario, SMEs must be encouraged and supported to embrace the smart application of web technologies to internationalise, innovate and transform themselves into digital enterprises.

(c) Competitiveness of SMEs

Small and Medium Sized Enterprises (SMEs) including small self-employed, form an integral part of the Maltese economic fabric and are a source of incubation for innovation. Many sectors of economic activity in Malta are characterised by small enterprises, with micro enterprises prevailing on the total number of registered firms. In recent years, Government supported enterprises through the provision of specific services aimed to assist enterprises in exploiting their full potential including venturing into new markets through internationalisation. In January 2012, following the entry into force of the Small Business Act, the Business First Unit was set up as a one-stop-shop in order to promote business start-ups, development and growth. Furthermore, as indicated in Malta's NRP, the Small Business Act Implementation Unit was set up in 2012 with a view to improving the operating environment of SMEs, including the reduction of administrative burden. These initiatives were complemented by infrastructural investments and also by various schemes including ERDF-funded schemes aiming to stimulate the start-up and development of enterprises, the diversification of activities, internationalisation, innovation, e-business development, R&D and the shift towards energy friendly measures, amongst others.

Table 1.11 below shows the total number of registered business units in the Maltese islands, between 2008 and 2012 whereby an increasing trend was registered from 61,467 in 2008 to 70,782 in 2012. This gradual increase indicates that the global economic turmoil, which afflicted various European countries in recent years, had limited adverse impacts on the number of registered business units in Malta.⁵²

Table 1.11 – Number of registered business units by employment size (2008-2012)⁵³

Year	Micro (0-9)	Small (10-49)	Medium (50-249)	Large (250+)	Total
2008	59,530	1,518	343	76	61,467
2009	61,880	1,544	359	81	63,864
2010	64,185	1,548	349	83	66,165
2011	67,262	1,585	389	85	69,321
2012	68,743	1,572	384	83	70,782

Micro-enterprises are socially and economically important as they play a central role in Malta when compared to the EU-27. According to the Small Business Act fact sheet for 2012, within the local scenario, the SME sector is dominated by micro-enterprises (95.1%) which percentage is higher than the 92.2% of enterprises registered in the EU-27⁵⁴. Between 2008 and 2012, the highest increase in micro-enterprises was recorded in 2011 with 4.8% whilst the lowest increase was recorded the following year with 2.2%. The highest increase in small enterprises was recorded in 2008 at 4.4% whereas a mild drop of 0.8% in the number of small enterprises registered was recorded in 2012. The number of medium sized enterprises registered, increased during 2008 (7.5%), 2009 (4.7%) and 2011 (11.5%) compared to the previous year. The number of registered large companies increased

⁵² National Statistics Office, Business Demographics (2007-2012), News Release 085/2013.

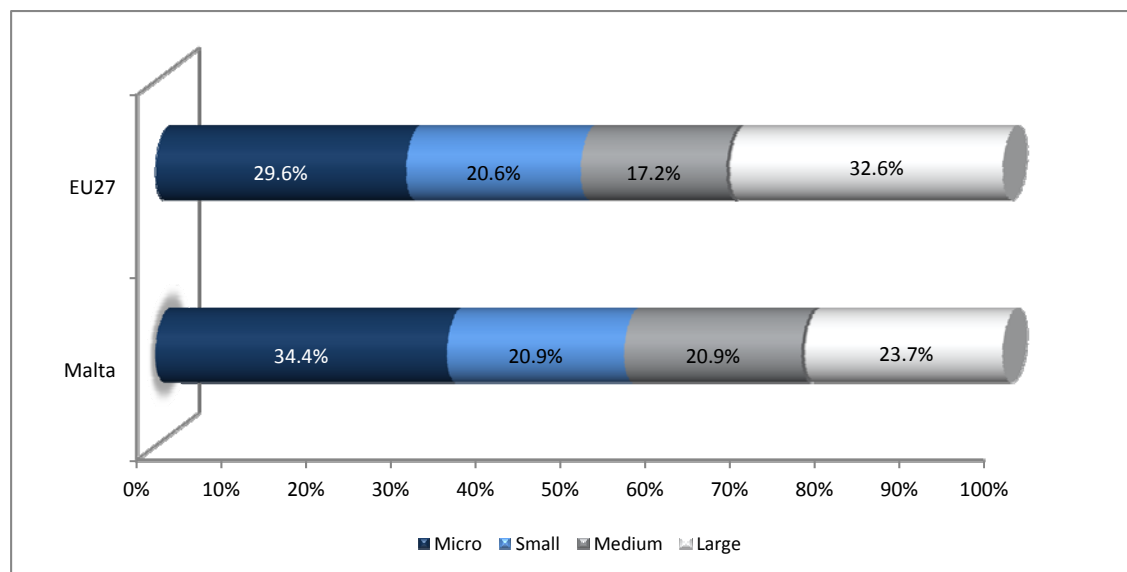
⁵³ Ibid. The data on the number of registered business unit includes all economic activities.

⁵⁴ European Commission, Enterprise and Industry, Small Business Act (SBA) Fact Sheet 2012, Malta.

throughout the 2008-2011 period. The most significant increase, 10.1%, was registered in 2008 whilst a decrease of 2.4% in the number of registered large enterprises was recorded in 2012 when compared to the previous year.⁵⁵

The importance of SMEs in Malta is also mirrored from an employment perspective. SMEs not only play a crucial role in the economic development of the country but also significantly affect employment development in Malta. 2012 figures indicate that the share of employment attributable to SMEs in Malta, amounting to 76.3%, is considerably higher than the 67.4% prevailing at EU-27 level. As indicated in **Figure 1.02**, the differences in employment share between Malta and the EU-27 are particularly pronounced within the micro category, where the share of micro enterprises in total employment in Malta is 4.8 percentage points higher than that recorded at EU-27 level.⁵⁶ It should be noted however that large enterprises also have an important role in the Maltese economy.

Figure 1.02 – Employment levels segregated by company size⁵⁷



Exports and Gross Value Added

With reference to the contribution of enterprises to exports, as can be seen from **Table 1.12** below, between 2009 and 2010 the total exports generated by the Maltese economy for each category; micro, small, medium and large, also increased. The value of the exports generated by small companies in 2010 was €584.6 million (465.1%) higher than in 2009. A considerable increase in the value of exports generated by micro enterprises was also recorded with €244.6 million (106.8%) higher than in 2009. Micro, small and medium enterprises in Malta together contribute to just above half of the total exports generated by the Maltese economy. Micro and small enterprises generated 43.0% of the total exports in 2010.

⁵⁵ National Statistics Office, Business Demographics (2007-2012), News Release 085/2013.

⁵⁶ European Commission, Enterprise and Industry, Small Business Act (SBA) Fact Sheet 2012, Malta.

⁵⁷ Ibid.

Table 1.12 – Exports by Company Size (2009-2010)⁵⁸

Number of Employees	2009			2010			Year on Year % change
	EU-27 (€000)	Extra EU-27 (€000)	Total (€000)	EU-27 (€000)	Extra EU-27 (€000)	Total (€000)	
0-9	149,870	79,070	228,940	380,257	93,293	473,550	106.8%
10-49	56,721	68,984	125,705	93,530	616,777	710,307	465.1%
50-249	103,654	75,384	179,038	137,723	76,327	214,050	19.6%
250+	405,664	654,283	1,059,947	534,133	810,829	1,344,962	26.9%
unknown ⁵⁹	39,476	6,468	45,944	186	5,309	5,495	-88.0%
Total	755,385	884,189	1,639,574	1,145,829	1,602,535	2,748,364	67.6%

In addition, the contribution of Maltese SMEs towards the generation of gross value added (GVA) is more significant than the average recorded in the EU-27. **Table 1.13** hereunder represents the gross value added generated by micro, small, medium and large enterprises in Malta and at EU-27 level. In 2012, Maltese SMEs contributed towards 64.5% of the total GVA generated in Malta compared to 58.1% at EU-27 level. This clearly indicates the crucial role that SMEs have in Malta towards the generation of GVA.

Table 1.13 – Share of Micro, Small, Medium and Large Enterprises in GVA (2012)⁶⁰

	Malta (Share in total GVA, %)	EU-27 (Share in total GVA, %)
Micro	26.3%	21.2%
Small	14.7%	18.5%
Medium	23.6%	18.4%
SMEs	64.5%	58.1%
Large	35.5%	41.9%

Access to Finance

In 2011, Malta invested €10 million from the European Regional Development Fund to create a First Loss Portfolio Guarantee instrument that caters for loans ranging from €25,000 to €500,000 under the JEREMIE initiative. Due to the success of this initiative and the substantial leverage effect on the Maltese economy, in 2013 Government allocated an additional €2 million to this instrument which is expected to translate into a further €11.36 million worth of loans and an additional 140 SMEs to benefit from such an instrument. Until December 2013, through the JEREMIE initiative, 583 SMEs have benefited from 665 transactions with the amount committed totalling almost €54 million.

⁵⁸ Ministry for Economy, Investment and Business: Eurostat data accessed on 30 January 2014: Latest available data published by Eurostat with respect to the exports generated by the Maltese economy, segregated by company size (micro, small, medium and large), dates to 2010. The table represents the exports generated by the Maltese economy by company size for the period 2009 and 2010. This information is also being segregated by the direction of exports; EU-27 and Extra EU-27.

⁵⁹ This category can incorporate various companies including ones that do not hold a NACE category on the Business Registry or companies which have their business registered abroad and still hold a VAT number in Malta.

⁶⁰ European Commission, Enterprise & Industry, Small Business Act (SBA) Factsheet 2012, Malta.

One of the main challenges faced by SMEs in Malta is the inability to raise enough capital to support their business venture which may be reflecting a number of factors including limited access to sophisticated financial instruments given the size of the market in Malta; collateral requirements and pricing of debt; and capital markets which are not economically viable for small ventures. The lack of access to finance is one of the reasons why companies refrain from carrying out new or ambitious investment projects. In this respect, during the 2014-2020 programming period, Government will provide renewed impetus towards appropriate financial instruments in support of SMEs. Such measures will support entrepreneurship, internationalisation and start-ups covering various sectors of the Maltese economic landscape, including the tourism sector.

Agricultural Sector

The development of the agricultural sector and food processing industry brings with it specific challenges, particularly higher costs and poor net value when compared to other systems within the European Union. The sector is characterised by livestock systems that are only partially modernised or environmentally friendly; achieve relatively low production levels; and skill levels among some businesses, thus having an impact on the efficiency and sustainability of operations. A poor quality domestic fodder production linked to high dependence on imported feeds and associated transport costs also pose challenges to the sustainability and competitiveness of the industry. In this regard, assistance to the farming community to adopt innovative approaches to become more sustainable and to enable investment to improve the rural investment and competitiveness of the industry is necessary. Furthermore, investment in management skills and innovation in product development is also required to enhance diversification and efficiency resulting in added value and increasing returns to the business and thus contributing towards the sustainability of the sector.

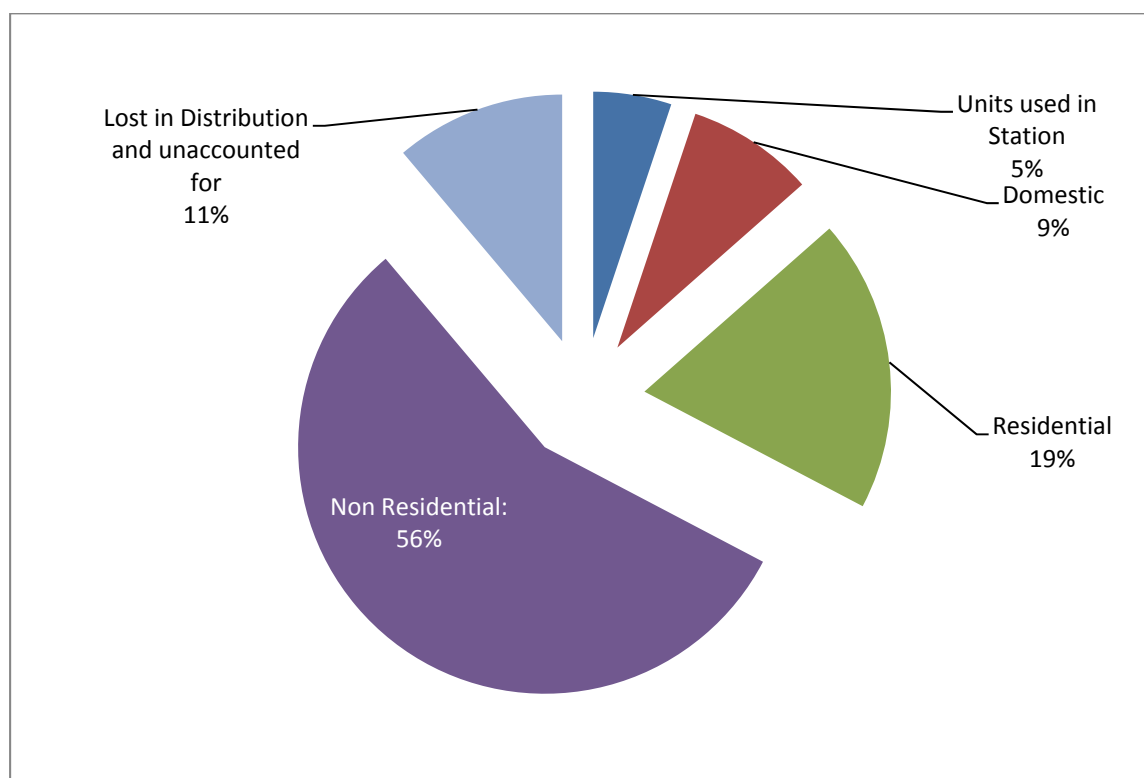
Energy, Climate Change and our Environment

Striking a balance between energy requirements and its environmental impact poses a significant challenge particularly in a small system such as Malta. Energy is essential to the way people live. Without reliable and affordable energy, Malta's economic and social fabric will cease to function. Malta is currently dependent on imported fossil oil for most of its energy needs which poses an additional challenge together with the volatility of oil prices which have an impact on the competitiveness of the country. This dependency has an impact both in terms of the quality of the environment as well as an impact on climate change mitigation. In line with Country Specific Recommendation 4, Government aims to continue with its efforts to diversify the energy mix in the economy, and energy sources. In order to fulfil the objectives of the CSR, specific attention will need to be devoted to increasing the share of energy produced from renewable sources.

Low Carbon

Competitiveness hinges on the basis of maximising the efficient use of resources available. Hence, competitiveness cannot be discussed without addressing the need to make the most efficient use of energy. **Figure 1.03** provides an overview of the sectoral consumption of electricity generated by Enemalta Corporation. As can be seen from the figure below, the non-residential sector (which incorporates the commercial and industrial sector) accounts for over 50% of the electricity consumed. Hence, efforts to maximise energy efficiency within these sectors are key to contributing towards competitiveness, energy security as well as climate change mitigation.

Figure 1.03 – Sectoral Consumption of Energy Generated by Enemalta Corporation: 2013



During the period 2007-2013, extensive investment was undertaken in the field of energy efficiency and in the generation of energy through renewable sources in various sectors of the economy including the agriculture sector. This investment, mainly through EU funding, has generated a spill-over effect in that businesses and agricultural holdings have contributed towards this objective.

There is scope for further investment in renewable energy in Malta, taking into account the geographical realities of the country. Increasing the share of electricity generated by renewable energy sources will also help reduce the total electricity demand that has to be met by conventional sources. This will also contribute towards energy security as well as climate change mitigation.

In the case of sectoral consumption of fuels, it is worth noting that 75% of fuel consumption is used by the power stations for the generation of electricity followed by road transportation (19%) and Industrial and Commercial Sectors (4%). The remaining balance is accounted for by the domestic and agricultural sector. Increased energy efficiency within the road transport sector is being tackled through fiscal measures with the vehicle registration tax being pegged with the vehicle CO₂ emissions and promoting the replacement of old vehicle stock with newer, more efficient and smaller vehicles. On the other hand, increased energy efficiency in the industrial and commercial sector is being addressed through appropriate incentives aimed at improving the efficiency of the sector.

Figure 1.04: Annual sectoral consumption of fuels (Source NSO)

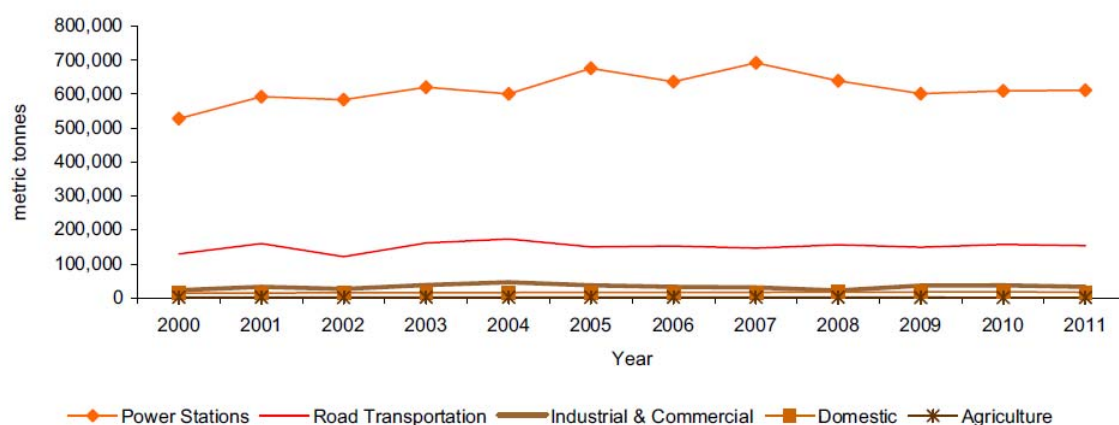


Figure 1.04 above shows that, over the 2000–2011 period, the largest consumption of fuels has been consistently used by the power stations for the generation of electricity which was significantly higher than consumption in other sectors.

Achieving Security of Supply

As a small Island nation which has limited domestic energy resources, Malta depends on imports of fossil fuel to meet its energy needs. This means that Malta is vulnerable to a number of supply risks such as geopolitical conflicts and natural disasters that might cause a temporary disruption in supply. The continued growth of Malta’s economy is, as experience has shown over the past years, vulnerable to rising energy prices given that energy costs are fully exposed to global movements in prices.

There is no doubt that diversification of energy sources will enhance Malta’s energy security, primarily through the spreading of risks associated with a dependency on one source. One alternative energy source to replace fossil oil is natural gas. Shifting the generation of electricity from fossil oil to natural gas will enable Malta to improve security of supply. Moreover, given that Carbon Emission Factor of Heavy Fuel Oil is 27.5% higher than that of Natural Gas, the switch to gas will significantly reduce Malta’s carbon footprint, and thus contribute to the move towards a low-carbon economy. The work that has been initiated in this regard, both nationally and with the Commission, will be sustained in the coming years so that Malta, with the necessary financing support from the EU through the Connecting Europe Facility, will be connected to the European Single Energy Grid by the end of 2020. Government is committed to shift from the use of Heavy Fuel Oil to the use of natural gas by 2015. In parallel, in line with the requirements of the 2014 CSR on the issue, Government will step up investments in RES capable of contributing both to the objective of security of supply through diversification of the energy mix and promoting the transition to a low carbon economy.

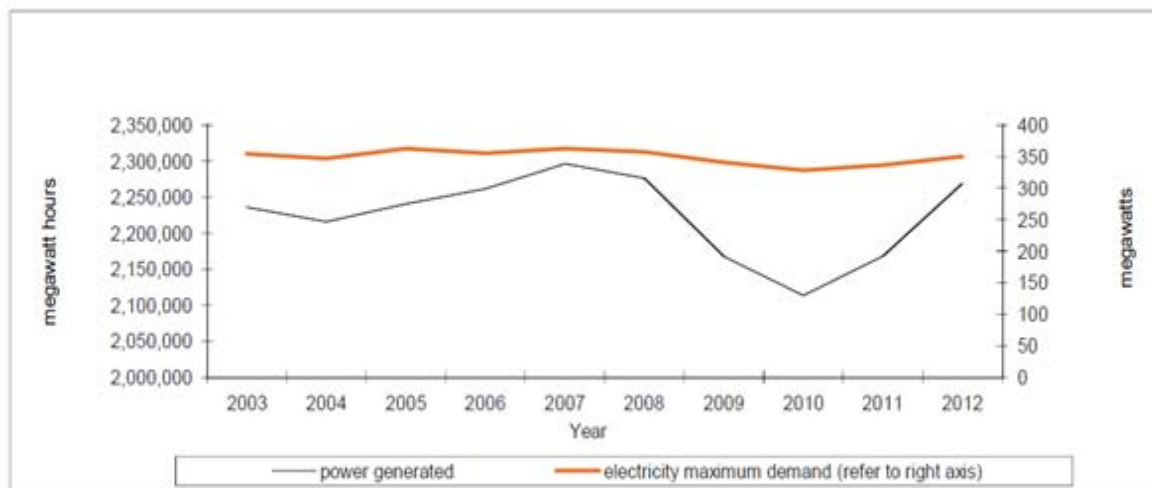
Energy Generation and Consumption in Malta

Over 60% of CO₂ emissions at a national level stem from the generation of electricity. Malta is committed to meet its targets pursuant to the Climate Change and Energy Package which are aimed at reducing the overall EU CO₂ emissions by 20% below 1990 levels. It is envisaged that CO₂ allowances to cover the level of permissible emissions from the generation, aviation and specific heavy industry will be available and traded on the market through the Emissions Trading Scheme (ETS), which on 1st January 2013 entered its third phase.

Given the long term life span of capital investment required to mitigate climate-change repercussions, decisions taken today must be taken within the context of the EU Energy Roadmap 2050 – where the EU is committed to reduce greenhouse gas emissions to 80-95% below 1990 levels by 2050.

Data analysis shows that there was a steady rise in demand for electricity between 2003 and 2012 with the exception of 2009 and 2010 which coincide with the global financial crisis. The demand for electricity rose sharply in 2011 and 2012 as shown in **Figure 1.05** below. During 2011, the registered increase in electricity on the previous year amounted to 55,441 megawatt hours, while electricity generated in 2012 rose by 100,074 megawatt hours over 2011 figures.⁶¹

Figure 1.05 – Electricity generation in Malta 2003 -2012⁶²



This increase in energy demand has led Malta to embark on a long term process to strengthen and diversify its supply side infrastructure. Measures undertaken include the upcoming conversion to gas of the recently installed 144MW generation plant (Delimara 3), the soon to be commissioned 200MW submarine interconnector with Sicily, a new 215MW gas-fired CCGT and a natural gas supply infrastructure. This infrastructure will allow for the decommissioning of the Marsa Power Station (which is also the main source of CO₂ emissions in the energy sector). Additionally, this strategic approach was designed so that Malta will strengthen and increase the efficiency of its local generating capacity and no longer remain isolated in terms of its energy needs given that through the interconnector it would be able to source electricity from the European Grid. The new plant will run on cleaner natural gas instead of fossil oil. The investment undertaken to date in the field of renewables and the plans to continue investments in this sector, including possible investment within Malta's energy mix, will necessitate investment within the parts of the network to be able to meet the medium to long term increase in demand.

Energy generation from Renewable Sources and Energy Efficiency

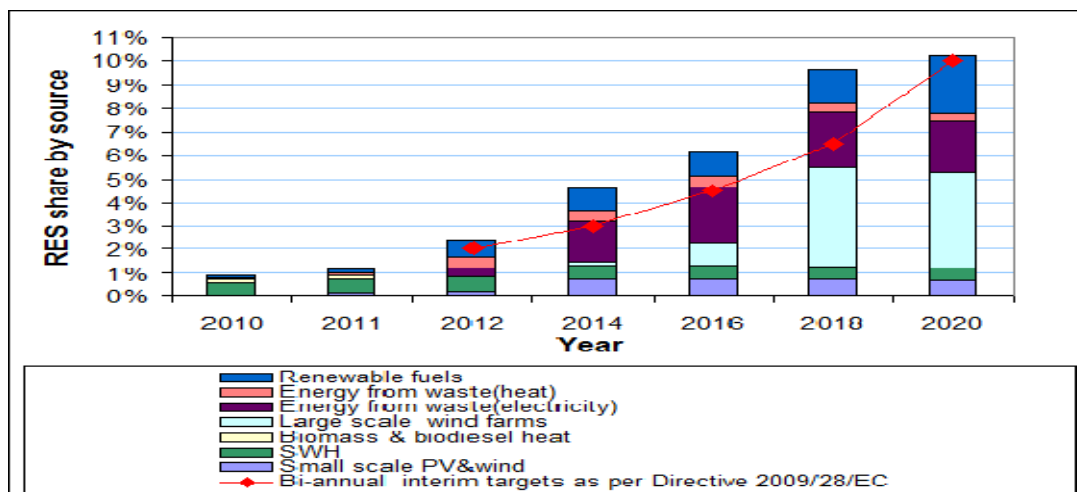
Over the past few years, the utilisation of renewable energy sources has registered an increase. This is despite the fact that Malta's deep coastal waters and limited availability of land pose significant challenges for the deployment of renewable energy sources. Nevertheless, efforts to continue identifying and utilising appropriate alternative sources of energy to increase the share of energy generation emanating from renewable energy sources to reach the EU 2020 targets will be sustained. In July 2010, Malta submitted its National Renewable Energy Action Plan (NREAP) to the European Commission (EC), as required by Directive 2009/28/EC on the promotion of renewable energy. This

⁶¹ Energy Consumption in Malta: 2003-2012, National Statistics Office, News Release 193/2013, 9 October 2013.

⁶² Ibid.

action plan provided a roadmap on how Malta intended to reach the 10% of renewable energy share in the final consumption of energy by 2020 and how the intermediate targets would be met, including the separate 10% renewable energy target in transport. An overview of the projections outlined within the NREAP can be seen in **Figure 1.06** below.

Figure 1.06 – NREAP's Projections



The share of renewable energy consumed in Malta in 2010, 2011 and 2012 was 0.88%, 1.33% and 2.70% respectively, broken down by a number of sources as shown in the figure above. The actual renewable energy consumption in 2010 and 2011 includes a percentage of consumption of biodiesel and biomass for heating purposes which was not predicted in the NREAP. **Figure 08** also shows the bi-annual projections for the contribution from the different renewable energy sources up to 2020. The NREAP projections show that the bi-annual trajectories will remain above the interim indicative targets established by the RES Directive up to 2020. The National Renewable Energy Action Plan is being updated in order to remain within the designated trajectory.⁶³ The main deviation from the original NREAP and RES action plan attached to the 2012 Energy Policy is in relation to wind-farm technology which was replaced by PV systems sufficient to generate an equivalent amount of energy.

The NREAP, as incorporated in the Energy Policy published in December 2012, proposes a number of options for the mix of renewable energy sources to reach the 10% national RES target for 2020. The main differences between the options lie in the relative contribution of wind energy (through medium sized farms) and PV's to the energy mix. In fact, the options considered both land based wind-farms⁶⁴ and off shore wind farms⁶⁵ as well as other possible RES mixes which replace the wind farm contribution with PVs. In addition one of the options considered the possibility to utilise 'intra-European' flexible mechanisms to replace the absent wind contribution.

Since the publication of the Energy Policy and action plan in 2012, there were several developments which had a significant impact on the RES mix contemplated in 2012. These developments have led Government to opt for a mix which does not include wind technology and focuses on photovoltaic technologies. This decision was based on a number of factors including:

⁶³ Possible updates of the NREAP will take into consideration a new renewable energy mix including new technologies, whilst also taking into account specific territorial challenges such as those posed by wind farms.

⁶⁴ Two small land-based wind farms based on readily available commercial technology generating 38 GWh/annum.

⁶⁵ A 95 – 100 MW offshore windfarm, in addition to the onshore farms, that was estimated to generate 216GWh/annum.

- a) studies on the onshore wind farms which have identified serious concerns⁶⁶ in terms of implementation (negative visual impacts from major viewpoints across the island, distance from nearby towns, environmental impact);
- b) studies (EIA) on the offshore wind farm at Sikka I-Bajda, which was considered as the only promising site identified a number of concerns on the environmental impact especially on avifauna and which cannot be reasonably mitigated, including:
 - (i) The area is a rafting zone for the *Puffinus Yelkouan* which is an Annex I species under the Birds Directive and which also requires protection for its habitat. Malta hosts some 10% of the seabird's world population;
 - (ii) Potential adverse impact on the marine geology as the location is characterised by submarine caves which could collapse;
- c) concerns regarding the financial sustainability of the project in terms of the cost of energy produced from large offshore wind farms by virtue of the relatively low wind energy resources; and
- d) likely negative impact on tourism, this being a major pillar of the Maltese economy due to its visual impact on major touristic localities.

It is worth noting that Government believes that the utilisation of a substantial contribution from 'intra-European joint flexible mechanisms' is not considered necessary nor desirable to make a core contribution to the planned RES mix required to satisfy Malta's 2020 RES obligations. Within this context, assessments carried out have shown that sufficient PVs can be installed to replace the wind contribution. Figures show that the target can be reached if rooftop usage is maximised and solar PV farms⁶⁷ are allowed in areas with low environment sensitivity such as certain disused quarries, car parks and landfills. In this regard, the preferred option contemplates 194MW PV installations generating 297GWh per annum, of which 164MWpeak generating 254GWh/annum are to replace wind farms. These will be provided as follows:

- 34.7 MWp were already in service by end of 2013;
- a further 25 MWp are permitted and are being installed in 2014 – total by end 2014 is envisaged to be 59.7MWp;
- the remaining 134.3 MWp are to be installed by 2019, averaging some 25 MWp per annum, will be achieved from further small domestic rooftop installations; industrial estate and public building rooftop potential; ground-mounted PV farms on brown sites (quarries, car parks, private commercial and industrial rooftops), disused landfills and airport grounds.

⁶⁶ Concerns include flicker and acoustic impacts on nearby dwellings and interference with the safety of operations at Malta International Airport and impacts on colonies of shearwater in the case of the Hal Far proposal.

⁶⁷ A Solar Farm Policy has been drawn up and subject to public consultation and shall soon be published.

Table 1.14: National 2020 target and estimated trajectory of energy from renewable sources in heating and cooling, electricity and transport

%	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
RES-H&C	5.18%	5.44%	11.09%	10.72%	10.68%	11.35%	12.10%	12.73%	13.44%	14.22%	15.07%
RES-E	0.08%	0.64%	0.98%	1.65%	2.96%	4.82%	6.43%	8.30%	12.39%	13.64%	14.95%
RES-T	0.65%	1.57%	3.90%	3.93%	4.68%	5.71%	6.75%	7.78%	8.81%	9.84%	10.35%
Overall RES share	0.88%	1.33%	2.70%	2.96%	3.64%	4.67%	5.84%	6.86%	9.05%	9.92%	10.69%
Of which required from cooperation mechanism	-	-	-	-	-	-	-	-	-	-	-
Surplus for cooperation mechanism	-	-	-	-	-	-	-	-	-	-	-

As Part B of Annex I to the Directive	2011-2012	2013-2014	2015-2016	2017-2018	2020
RES minimum trajectory	0.020	0.030	0.045	0.065	0.100
RES minimum trajectory (ktoe)	9.27	13.95	21.76	32.31	51.28

The above tables show the indicative RES share as calculated in the revised NREAP, which is still open to consultation. The overall RES share figures are considered to be conservative since it is expected that the prediction for fuel consumption will be revised downwards (lower consumption than that currently predicted and used to calculate the figures above).

A further potential, which has not been given due credit in the original NREAP, can be tapped through a wider use of heat pumps for heating purposes. Malta has one of the highest numbers of air conditioners fitted in households, offices and the industry. Their principal function is cooling, but since almost all of these are of the reversible type, they can also be used for efficient heating.⁶⁸ Heating in Malta has traditionally depended on either gas heaters running on LPG or electric filament heaters. It is expected that the lower electricity tariffs introduced as from this year, together with a much higher price of LPG (compared to 2009), would result in a shift towards a higher share of heating by heat pump away from LPG. The potential contribution towards Malta's RES target has so far been underestimated due to the lack of accurate knowledge of current heating habits in Malta. However, even using the standard values as per Commission Decision 2013/114/EU would mean that the estimated 10GWh of RES contribution (estimated for 2012) from domestic heat pumps would have to be revised upwards.

The outcome of the updated NREAP will be outlined within the framework of the Progress report to be submitted by 31 August 2017 in compliance with article 52 of Regulation (EU) No. 1303/2013. Further investments that could lead to further research or innovative solutions for sea energy generation in the context of Malta's strategy for boosting its blue economy could also be considered. A summary of the impact of measures implemented within the context of the NREAP are shown in **Table 1.15**.

⁶⁸ The Commission Decision has established the guidelines for Member States on calculating renewable energy from heat pumps from different heat pump technologies. 2013/114/EU.

Table 1.15 – NREAP Results Achieved

	2009		2010		2011		2012	
	toe ⁶⁹	GWh ⁷⁰	toe	GWh	toe	GWh	toe	GWh
Photovoltaics (PV)	45.73	0.53	148.9	1.7	1,065.1	12.4	1,170.9	13.6
Micro-Wind	0.0	0.0	0.0	0.0	0.0	0.0	6.4	0.07
Waste to energy elect (Combined Heat and Power)	0.0	0.0	0.0	0.0	133.3	1.6	761.1	8.9
Solar Water Heating	2,304.8	26.8	2,467.3	28.7	2,703.8	31.4	3,882.0	45.1
Heat pumps in industry	0.0	0.0	0.0	0.0	0.0	0.0	911.6	10.6
Heat pumps in residential	0.0	0.0	0.0	0.0	0.0	0.0	851.4	9.9
WasteServ Malta (WSM) biogas to Regenerative Thermal Oxidation (RTO)	0.0	0.0	154.8	1.8	264.9	3.1	215.0	2.5
Biomass imports	502.2	5.8	614.2	7.1	568.4	6.6	825.4	9.6
Bio-diesel in industry	98.0	1.1	80.5	0.9	76.0	0.9	61.3	0.71
WSM heat from Combined Heat and Power	0.0	0.0	0.0	0.0	119.5	1.39	627.8	7.3
Bio-diesel (from waste or 2nd Generation)	657.0	7.6	538.8	6.3	1,316.0	15.3	3,033.2	35.3

Apart from interventions being undertaken within the field of renewable energy, Government embarked upon a National Energy Efficiency Action Plan (NEEAP)⁷¹ designed to achieve 9% savings in energy end use by 2016.⁷² The plan was published in 2008 and was subsequently reviewed in 2011 and 2014. The Action Plan includes a list of measures to be implemented on the energy generation and distribution side. The latest NEEAP submitted in 2014 sets a target of 27% savings in primary energy consumption by 2020.⁷³

Since 2005, Government introduced a series of schemes aimed at domestic and commercial users with support from the European Regional Development Fund (ERDF) as well as national funds.

⁶⁹ toe - tonne of oil equivalent.

⁷⁰ GWh - Gigawatt hours.

⁷¹ Available on: http://ec.europa.eu/energy/efficiency/eed/neeap_en.htm (NEEAP 2014).

⁷² Directive 2006/32/EC on energy end use efficiency and energy services sets an indicative target of 9% savings in energy end used by 2016.

⁷³ Government is in the process of re-evaluating this interim target.

These schemes primarily consisted of market instruments directed to increase the take-up of solar water heaters, photovoltaic and wind energy systems, roof thermal insulation and double-glazing. This resulted in a significant penetration of renewable and energy efficiency interventions. Furthermore, a number of entities also participated in various projects focusing on renewable energy supported through the European Territorial Cooperation programmes. Similarly, an energy saving scheme directed at local councils was launched in 2008. The agricultural sector has also contributed towards the energy field through Measure 121 - Modernisation of Agricultural Holdings of the Rural Development Programme whereby farmers and agri-businesses invested in renewable energy infrastructure.

The share of energy from renewable sources has been increasing over time with a positive upward trend of 0.88% in 2010 to 2.70% in 2012 as outlined in **Table 1.16**. The 2012 figure is in line with the trajectory determined by the RES directive. The highest share of renewable energy comes from heating and cooling⁷⁴ with 12.47% of the total share for 2012. Transport (biodiesel) is the second highest renewable source of energy with 3.84% of the total share of renewable energy in 2012. The share of renewable energy from electricity adds up to 0.99% of the total share.⁷⁵

Table 1.16 – Shares of Energy from Renewable Sources⁷⁶

	2010	2011	2012
RES – Heating and Cooling (%)	5.18%	5.76%	12.47%
RES – Electricity (%)	0.08%	0.64%	0.99%
RES – Transport (%)	0.58%	1.07%	3.84%
Overall RES Share (%)	0.88%	1.33%	2.70%

A significant share of renewable energy in Malta is generated from a relatively high number of small installation capacities with priority being given to those technologies which are already widely available, mainly solar photovoltaic (PV) systems, solar water heating and micro-wind. This is partly linked to the various financial incentives on the initial capital investment made on technologies producing energy from renewable sources (RES) that are made available for the general public and organisations. Schemes have in fact been launched to assist domestic households using both national and ERDF funds while the commercial sector has been mainly assisted through ERDF funds. Local Councils also benefited from national schemes to install RES technologies.

In 2012, 0.6% of electricity generation in Malta was derived from photovoltaic cells installed by households. Electricity generated from photovoltaics steadily increased from 2009 to 2012. While in 2009, 530 megawatt hours were generated by photovoltaic cells, in 2012 this figure rose to 13,620 megawatt hours. The number of households generating renewable energy also increased exponentially from 140 in 2009 to 4,861 households in 2012 as highlighted in **Table 1.17** below.

⁷⁴ Solar Water heating, Regenerative thermal oxidizer (WSM) biogas to Regenerative thermal oxidizer (RTO), biomass imports, biodiesel in industry, WSM heat from Combined heat and power (CHP).

⁷⁵ Photovoltaics, Micro-wind, Waste to energy elect (CHP).

⁷⁶ Malta's Report under Article 22 of Directive 2009/28/EC, December 2013.

Table 1.17 – Renewable energy generated by households ⁷⁷

	2009	2010	2011	2012
Megawatt hours generated by photovoltaic cells	530	1730	8430	13620
Number of households generating renewable energy	140	201	1906	4861

With regard to energy efficiency, Malta reached its interim national target of 3% for 2010 and has marginally exceeded it. Results have been mainly achieved from the industrial sector (including early actions in the water sector), the domestic sector (due to schemes to replace appliances, change lighting systems and install solar water heaters), as well as in the transport sector (due to changes in the fleet composition that brought about changes in the vehicle registration system). In 2012, Malta introduced the Energy Performance Certificate to rate buildings' carbon emissions. Government is envisaging that by the end of 2018 all new buildings being constructed for the use of public authorities will qualify as nearly-zero energy buildings. In this regard, the transformation of existing buildings into nearly zero-energy building stock will be encouraged.

Climate Change mitigation and adaptation

Mirroring the process undertaken at a global and EU level, climate change actions in Malta focused on mitigation and on the introduction of new infrastructure and processes that would result in less emission to reduce the amount of greenhouse gases. In 2009, Government published a national strategy for Policy and Abatement Measures⁷⁸ directed towards the reduction of CO₂ and other greenhouse gas emissions. Government is committed to continue implementing measures which aim to reduce emissions whilst proactively pursuing the monitoring of GHG emissions with a view to determine the progress made and identify challenging areas requiring attention, not only to ensure that national objectives are delivered but also to assess socio-economic implications on the population's well-being. Within this context, an inter-ministerial committee was set up to review the mitigation strategy and update it to incorporate the elements of a low carbon development strategy, in line with Regulation EU 525 of 2013.

The greatest climate challenge for the Maltese Islands however arises from the need to adapt to the predicted impacts. The territorial features coupled with their location in the southern part of the Mediterranean basin, places the Maltese Islands at a very vulnerable position. The second National Communication of Malta to the United Nations Framework Convention on Climate Change prepared in 2010⁷⁹ provided a comprehensive assessment of Malta's vulnerability. This work paved the way for the preparation of the National Adaptation Strategy published in 2012⁸⁰ establishing adaptation policy actions which complement measures in the area of mitigation. The effects and policy counter measures that may be adopted as a consequence of climate change and adaptation at national level are still very much in their infancy particularly due to two main limitations, namely the:

- limits of modelling technology available render it next to impossible to model climate change and adaptation scenarios at a resolution of relevance to Malta; and
- lack of the required capacity in place for action.

These, coupled with the need to ensure increased awareness-raising across different sectors and stakeholders, have been identified as key elements that will influence adaptation action.

⁷⁷ Energy Consumption in Malta: 2003-2012, National Statistics Office, News Release 193/2013, 9 October 2013.

⁷⁸ National Strategy for Policy and Abatement Measures Relating to the Reduction of Greenhouse Gas Emissions 2009.

⁷⁹ Available online at http://unfccc.int/resource/docs/natc/mlt_nc02.pdf.

⁸⁰ National Climate Change Adaptation Strategy, Ministry for Resources and Rural Affairs, May 2012.

At the same time, strategic infrastructure related to the provision of energy, potable water (including water production from desalination plants) and transport is located in proximity of the coastline, which is vulnerable to sea level changes. Furthermore, a number of economic activities such as tourism and agriculture are also dependent on the quality of the natural environment in particular in terms of quality and quantity of water resources, landscape quality, biodiversity richness, etc. The greatest extent of urban development is mainly located in the proximity of the low lying coast. All these factors exert further pressure to ensure mitigation and adaptation infrastructure as well as to the need to understand the inter-linkages between natural processes and human activities.

In order to undertake a holistic approach, in terms of climate change, Government is in the process of developing a national risk assessment in order to understand the risks that exist as well as develop the necessary mitigation plans. During 2007-2013, a number of Maltese entities were involved in risk prevention projects aimed at gaining knowledge and sharing best practices supported through the European Territorial Cooperation programmes. Furthermore, a master plan on flash flood management has also been recently updated. This is a step in the right direction, however further investment is required. In addition, during the same period, Malta also gained experience in preparing its emergency preparedness and contingency plan which addresses the human and technical resource capabilities in relation to maritime incidents. This is considered as a critical objective considering Malta's position in the Mediterranean basin.

With improved knowledge on how climate change is likely to impact the Maltese Islands, further action can be developed to increase resilience through the preparation of risk prevention and management plans.

Water

Ensuring the security of Malta's water supply is a key challenge, particularly in view of the emerging impacts related to climate change. Malta is densely populated but poorly endowed with freshwater resources. Meeting the high demand for water whilst protecting and conserving the naturally renewable resource base and the environment is therefore a major challenge.

The climate of the Maltese Islands is typically semi-arid Mediterranean, characterized by hot, dry summers and mild, wet winters. The mean annual rainfall was about 550 mm for the period 1900–2000 but with high seasonal and inter-annual variability, with some years being excessively wet and other years being extremely dry. The highest precipitation rates generally occur between October and February. Rainfall is characterized by storms of high intensity but of relatively short duration. The hydromorphological structure of the islands does not support the development of surface waters that can be exploited economically, and the islands' only naturally renewable water resources are their groundwater resources, which are subject to increasing pressures from competing users.

Table 1.18 highlights the vulnerability of the Maltese Islands to water scarcity by calculating the Water Exploitation Index (WEI+) based on Long Term Annual Average (LTAA) data and water balance data for the year 2010. As can be seen from the table below, the WEI+ of the Maltese islands is extremely high, reflecting the semi-arid climatic conditions prevalent on the islands.

Table 1.18 – Water Exploitation Index: 2007-2012 (million cubic metres)⁸¹

Parameter	2007	2008	2009	2010	2011	2012
Precipitation (hm ³)	196.1	158.2	215	162.1	186.8	164.1
Actual Evapotranspiration (hm ³) ⁸²	117.66	94.92	129	97.26	112.08	98.46
Renewable Water Resources (hm ³)	78.44	63.28	86	64.84	74.72	65.64
Natural subsurface discharge (hm ³)	23	23	23	23	23	23
Unrecoverable surface runoff (hm ³) ⁸³	7.35	5.93	8.06	6.08	7.01	6.15
Actual available Water Resources (hm ³)	48.09	34.35	54.94	35.76	44.72	36.49
Total Abstraction (hm ³)	36.6	35.8	31.8	41	38.2	39.8
Returned water (hm ³) ⁸⁴	9	8.5	8.5	8	8	7.5
WEI+	57	79	42	92	68	89

The Water Services Corporation is responsible for the production of water intended for public consumption. The production of water by the Water Services Corporation has been on the decrease since 1995, when the same Corporation initiated a comprehensive leakage management and repair campaign thus significantly reducing leakages in the public distribution network. This campaign has seen total water production decrease from around a high point of 53 million cubic metres in 1995 to 30.5 million cubic metres in 2013. This reduction in the national system water demand has also been reflected in both a reduction in desalinated water production and groundwater abstraction by the same Corporation. In fact, abstraction of groundwater was reduced from around 20 million cubic metres in 1995 to 13.8 million cubic metres in 2013, whilst the production of desalinated water was similarly reduced from 32.7 million in 1995 to 16.8 million cubic metres in 2013. **Figure 1.07** below shows the reduction in water production achieved by the Water Services Corporation.

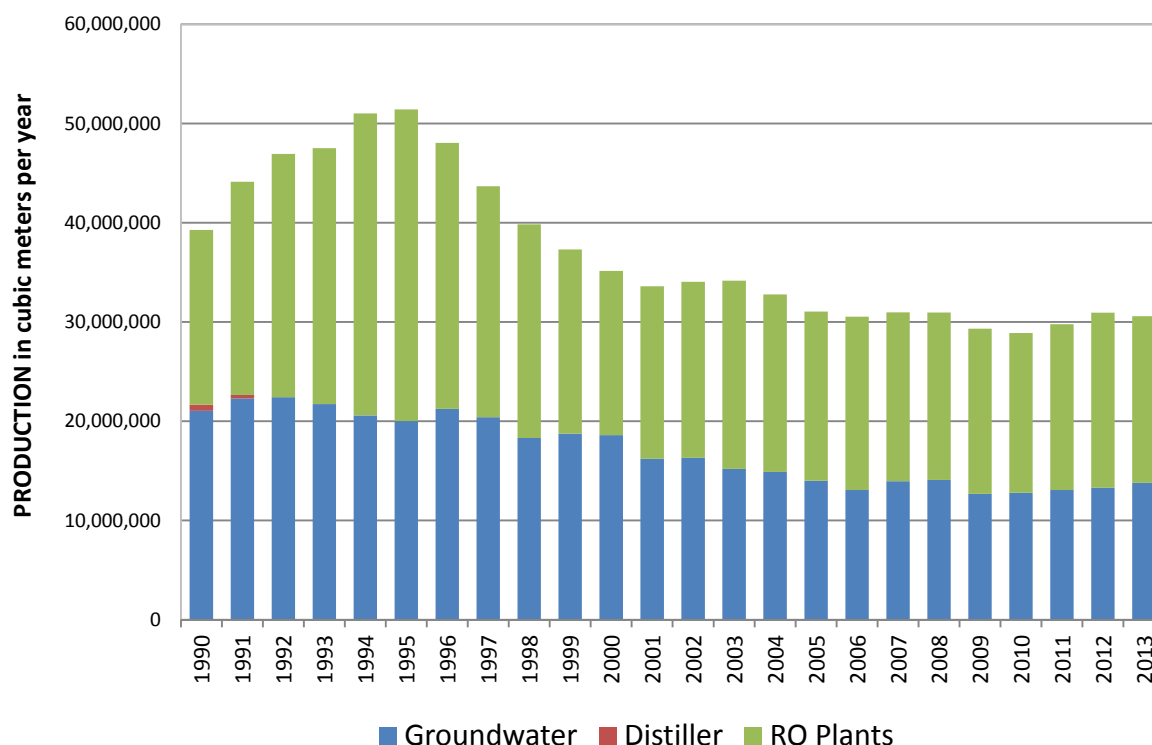
⁸¹ Source: Ministry for Energy and Health.

⁸² Assumed at 60% of total precipitation.

⁸³ Estimated at 25% of total surface runoff generated (initial estimate).

⁸⁴ Return from leakages - value is reducing due to distribution network upgrading.

Figure 1.07 – Water Production



Desalination is the primary reason for Malta’s municipal water supply reliability over the past 30 years. Yet, whilst the efficiency of reverse osmosis (RO) production has improved significantly as a result of technological innovation, the supply of potable water through RO technology remains energy and capital intensive. Moreover, since desalination is dependent on electricity generation, it carries a relevant carbon footprint. The inevitable dependence on desalination, therefore, carries both environmental and economic consequences at national level (due to the energy costs to power the RO plants).⁸⁵ Through investments in energy efficient technology, the Water Services Corporation has managed to significantly lower the specific power requirements of the desalination plants. In fact, from 6.40kWh/m³ in 2004, the specific power of the desalination plants has been reduced to 4kWh/m³ in 2013, resulting in lowering the electricity demand of desalination from around 6% to 3.8% of the national electricity supply.

Malta’s 1st River Basin Management Plan (2011) (RBMP) identifies over abstraction as one of the principal pressures on Malta’s groundwater resources. This is of particular concern due to the risk of the depletion of the resource and the proximity of groundwater bodies to the sea. Groundwater bodies in the Maltese Islands are principally replenished through rainwater infiltration, where the annual recharge is estimated to reach just 20-25% of the mean annual rainfall. Furthermore, the Plan highlights the fact that due to the specific conditions of a small island aquifer system (namely the large coastal perimeter compared to island size) approximately 50% of the water recharged into the aquifer systems is lost naturally through subsurface discharge to the sea, further exacerbating the water scarce conditions of the islands.

The 1st River Basin Management Plan provides a comprehensive analysis of the status of water resources in the Maltese Islands and the pressures that need to be addressed to safeguard the quantitative and qualitative status of water resources. The RBMP developed a strategy focused on

⁸⁵ National Climate Change Adaptation Strategy, Consultation Report, November 2010.

the development of a suite of complimentary water supply augmentation and water demand measures to ensure the availability of the water resources required to address the national water demand. The Plan also ensures that the water supply is sourced in the most environmentally sustainable way possible and that the water demand attains the highest levels of efficient use.

In this regard, from a water supply augmentation perspective it is noted that the measures included under Malta's 1st RBMP addressed the four main water resource types present in the island, namely: natural groundwater resources, desalinated water, rainwater runoff and reclaimed waters. The RBMP introduced measures such as the requirement for the installation of borehole meters to optimise the regulation of groundwater use in the Maltese Islands. Furthermore, the Plan supported the implementation of pilot aquifer management techniques, such as managed aquifer recharge (MAR) with the aim of developing the necessary knowledge base to help guide the development of significant aquifer management measures in the 2nd planning cycle. Through the implementation of various water demand management initiatives, the production of desalinated water was further reduced during the 1st RBMP planning cycle, whilst the production of desalinated water registered a reduction in carbon footprint.

The improved management of rainwater harvesting also featured strongly in the 1st RBMP through a number of incentive schemes aimed at supporting the development/restoration of rainwater harvesting facilities in the domestic and agricultural sectors. Furthermore, the 1st planning cycle saw the development of wastewater polishing facilities to enable the production of reclaimed waters of sufficiently good quality to enable their re-use for second class purposes such as irrigation, landscaping and in industry; and therefore reduce the dependency of these sectors on groundwater. The polishing facilities currently being developed will have the capacity to produce 7 million m³ of reclaimed waters, and thus will significantly reduce the gap between the national water demand and sustainable supply.

The 1st RBMP also contributed towards improving the management of the national water demand through the introduction and adoption of water efficient use practices in all water using sectors. Measures undertaken included the continuation of the national water leakage management and repair programme, which has seen Malta's municipal demand in 2013 being reduced to around 60% of the demand in 1994. The RBMP also envisaged the assessment of the distribution of domestic water demand and the identification of measures to optimise domestic water use. During this first planning cycle, a pilot initiative was also undertaken in the island of Gozo, where a focused water demand management campaign involving the distribution of water saving kits was undertaken. In this regard, it is noted that Malta's per capita domestic water demand at 90-110litres/capita/day is already one of the lowest in the European Union. Further measures also tackled water use efficiency in both the industrial/commercial and the agricultural sectors.

From a qualitative perspective, the River Basin Management Plan addresses the issue of nitrate contamination of natural water resources and regulates discharges to the sewerage system with a view to protect the re-use of Treated Sewage Effluent. Contamination by nitrates is the principal anthropogenic contamination impacting groundwater in the Maltese islands. The main source of this contamination is the over-application of fertilizers in arable agricultural practices. The application of nitrate fertilizers in agriculture is however currently being tackled through the implementation of the programme of measures outlined in Malta's Nitrates Action Programme⁸⁶ and in line with the Programme of measures under the Water Framework Directive. In line with the Water Framework Directive, Government is also addressing groundwater over abstraction by the agricultural sector through the metering of groundwater abstraction sources and the development of unconventional water resources.

⁸⁶ Nitrates Action Programme – Malta, August 2011.

In addition, the RBMP aims to implement horizontal measures aimed at increasing the knowledge base in relation to the Islands' water resources through improving the existing hydrological monitoring facilities and introducing innovative water management technologies aimed at optimising the utilisation of existing natural and unconventional water resources. Government is currently in the process of developing the National Water Management Plan which aims to strengthen the integrated approach towards water resource management and the second River Basin Management Plan for 2016-2021 in line with the implementation of the Water Framework Directive.

The 2nd River Basin Management Plan will continue to build upon and reinforce the approach adopted during the first planning cycle, to ensure full compliance with the Water Framework Directive. This includes amongst others the implementation of Articles 9(1) and 9(4) of the said Directive. It is noted that Article 9(1) requires Member States to take account of the principle of recovery of the costs of water services, including environmental and resource costs having regard to the economic analysis conducted according to Annex III and in accordance, in particular, with the polluter pays principle, and ensure:

- the establishment of water-pricing policies which provide adequate incentives for users to use water resources efficiently and thereby contribute to the environmental objectives of the Directive; and
- adequate contribution of the different water uses, disaggregated into at least industry, households and agriculture, to the recovery of the costs of water services, based on the economic analysis conducted according to Annex III of the Directive and taking account of the polluter pays principle.

In so doing, Member States may have regard to the social, environmental and economic effects of the recovery as well as the geographic and climatic conditions of the region or regions affected as well as the provisions of Article 9(4) for those water-use activities which do not compromise the achievement of the objectives of the Directive.

Furthermore, it is planned that the 2nd cycle will also introduce innovative measures in order to continue to strengthen the long-term sustainability and security of supply through the implementation of water demand management and water supply augmentation measures and by taking account of the principle of recovery of costs of water services as required under Article 9 of the Directive. Measures currently under consideration in this process include the introduction of grey-water recycling techniques; improved management and control of groundwater abstraction, to further reduce the impact of localized sea-water intrusion; the development of distribution facilities for reclaimed waters to ensure their effective use; the adoption of further regulatory tools to better manage groundwater abstraction and ensure compliance with the provisions of Article 9 of the Directive; the optimisation and expansion of existing rainwater harvesting infrastructure; and the wider adoption of Managed Aquifer Recharge techniques.

The sustainable management of water resources is vital for the Islands' prosperity as it is essential for human consumption and for the development of the various sectors within the economy including agriculture. Within the agricultural context, water is an important input for livestock and arable farms. Cognisant of the scarcity of water resources, the management of water demand by all water consuming sectors gains added importance as a safeguard against a possible rebound effect in water demand following the implementation of water supply augmentation measures. To this end due consideration will be given to the diversity of solutions provided under Annex VI part B of the Directive

which lists the supplementary measures which Member States may choose to adopt as part of the programme of measures required under Article 11(4).⁸⁷

Within this context, Government intends to undertake a multi-faceted approach with a view to strengthen long-term sustainability, efficiency and security of supply through the implementation of water demand management and water supply augmentation measures and by taking account of the principle of recovery of costs of water services as required under Article 9 of the Directive as well as improve water quality. This approach will include interventions aimed at ensuring an effective management of all available water resources by improving public infrastructure with a view to maximising the efficiency and long term sustainability and security of supply within the water sector as well as interventions aimed to instil a culture change towards water conservation at a national level.

Waste

The waste management sector in Malta is made up of both public and privately owned facilities. The main large scale infrastructure includes an engineered landfill, a hazardous waste facility, an incinerator, a mechanical biological treatment plant, a material recovery facility, a transfer station in Gozo and 5 civic amenity sites. These are owned and operated by the public sector. On the other hand, a number of private companies operate smaller scale waste management facilities and also provide services such as waste collection and management services. During the past seven years significant investment within the waste sector has been undertaken particularly with the assistance of European funds. Notwithstanding the investment undertaken thus far, further investment is required with a view to addressing the challenges posed within this sector to move towards a more sustainable waste management system which aims to reduce the environmental impact of waste management practices including loss of resources, air pollution, etc. and achieve national and EU waste management targets. The Waste Management Plan for the Maltese Islands covering up to 2020 has been adopted in January 2014 and outlines a resource management approach towards the management of waste. The Plan includes also a Waste Prevention Programme outlining measures to meet a series of targets aimed towards reducing the generation of waste and increase source separation as well as promoting recycling and reduce landfilling. **Table 1.19**⁸⁸ below outlines the targets that Malta aims to achieve in the coming years in relation to the EU environmental acquis.

Table 1.19 – National and EU waste targets

Waste Stream	Target	Status
Household waste	To recycle 50% of paper, plastics, metal and glass by 2020	23% of household waste recycled in 2011
Biodegradable Municipal Solid Waste (BMW)	Allowed to landfill: 75% by 2010 50% by 2013 35% by 2020 of total BMW generated in 2002	Landfilled: 83% in 2010 78% in 2011

⁸⁷ The list of supplementary measures under Annex VI Part B of the WFD includes: legislative instruments, administrative instruments, economic or fiscal instruments, negotiated environmental agreements, emission controls, codes of good practice, recreation and restoration of wetland areas, abstraction controls, demand management measures, efficiency and reuse measures, construction projects, desalination plants, rehabilitation projects, artificial recharge of aquifers, educational projects, research development and demonstration projects and other relevant measures.

⁸⁸ Waste Management Plan for the Maltese Islands: 2014-2020 A Resource Management Approach, MSDEC 2014.

Packaging and Packaging Waste	Overall recovery 60% Overall recycling 55% Glass recycling 60% Metal recycling 50% Plastic recycling 22.5% Paper & Cardboard recycling 60% Wood recycling 15% (by 2013)	Overall recovery: 29.2% Overall recycling: 28.5% Glass recycling: 5.8% Metals recycling: 33.4% Plastic recycling: 22% Paper and board: 51.4% Wood recycling: 2.7% (2010 data)
Waste Electrical and Electronic Equipment (WEEE)	<ul style="list-style-type: none"> • Producers to set up systems for the collection and recovery of WEEE as from 2006 • Collection rate: 4kg/inhabitant/year as from 2008 • 50%, 65%, 75% and 80% re-use and recycling • 70%, 75% and 80% recovery 	<ul style="list-style-type: none"> • Producers not yet compliant with obligations (issues with Eco-contribution need to be resolved) • Collection rate: 3.3 kg/inhabitant/year in 2011 • Absence of collective compliance schemes renders enforcement difficult
Waste Batteries	Collection rates for waste portable batteries: (a) 25% by 2012; (b) 45% by 2016.	Not yet available
End-of-Life Vehicles (ELVs)	<ul style="list-style-type: none"> • Depolluting all ELVs in authorised facilities by 2004; • Re-use and recovery of 85 % by an average weight per vehicle per year by 2005. • Re-use and recovery of 95 % by an average weight per vehicle per year by 2014. 	<ul style="list-style-type: none"> • 82% de-polluted in authorised facilities in 2011 • Reuse and recovery: 64% in 2011
Construction and Demolition waste (C&D)	To recover 70% by 2020	72% in 2011 (mainly achieved by means of the use in the rehabilitation of quarries)

The treatment of waste in Malta is mainly dependent on land filling. In fact in 2011, the total amount of waste generated and landfilled amounted to 56% whereas 21% was recycled. **Table 1.20** below provides an overview of the total waste generated by waste stream over the period 2007-2011.

Table 1.20 – Waste Generation ⁸⁹

Year	Municipal Solid Waste	Hazardous waste	Construction and Demolition waste	Commercial and Industrial waste	Total
2007	265,947	67,655	2,500,663	96,071	2,930,336
2008	276,008	58,119	1,996,341	62,241	2,392,709
2009	267,773	46,453	600,417	61,864	976,507
2010	248,672	35,985	1,092,330	69,239	1,446,226
2011 ⁹⁰	247,386	22,629	716,057	81,897	1,045,340

As can be seen from the table above, the construction and demolition waste was by far the largest contributor to waste generation amounting to 67% whereas the Municipal Solid Waste and the hazardous waste streams, have registered an overall decreasing trend over the past years. This is in line with the waste hierarchy whereby it recognises that waste should be prevented or reduced and what is generated is usually recovered through re-use, recycle or other recovery options. Notwithstanding the decreasing trend in the amount of waste generated in recent years, the amount of waste landfilled remained significantly higher when compared to other treatment options. This poses a significant challenge within the Maltese islands particularly due to the lack of physical space. **Table 1.21** provides an overview of the amount of waste treated and landfilled.

Table 1.21 – Amount of waste treated by Management Option⁹¹

Management Option	2007	2008	2009	2010	2011
Recycled	305,514	216,728	97,167	148,372	231,136
Recovered	0	0	0	14,954	15,797
Landfilled	2,384,154	1,800,392	729,828	907,818	651,828
Disposed at sea	0	0	0	0	149,120
Others ⁹²	240,670	375,592	149,513	375,082	21,815
Total	2,930,338	2,392,711	976,509	1,446,227	1,069,695 ⁹³

⁸⁹ Data provided by Ministry for Sustainable Development, the Environment and Climate Change, October 2013.

⁹⁰ The 2011 total generation figure does not include the total hazardous waste generated in that year since hazardous waste forms part of Municipal Solid Waste (1,209 tonnes), Construction and Demolition waste (137 tonnes) and Commercial and Industrial Waste (21,283 tonnes).

⁹¹ Data provided by Ministry for Sustainable Development, the Environment and Climate Change, October 2013.

⁹² 'Others' refers to storage activities and incineration without energy recovery.

⁹³ Total waste treated in 2011 was more than that generated. This was due to exports of waste stored in the previous years.

Malta depends primarily on landfilling for the treatment of waste. The remaining waste generated is recycled, recovered, dumped at sea, incinerated (without energy recovery), stored or exported. In fact during 2011, the amount of waste exported was 96,432 tonnes. Within this context, Government is currently undertaking an in-depth assessment of the waste sector with a view to ensuring the sustainability of the sectors taking into account the geographical constraints.

Conserving, protecting, promoting and developing natural and cultural heritage

The amelioration of the Maltese environment requires interventions both in the amelioration of the natural environment as well as interventions aimed to conserve and protect Malta's cultural heritage both in rural and urban areas. Such an approach is aimed towards creating an environment conducive towards economic growth and job creation.

Natural Heritage

Despite the fact that Malta and Gozo consist of a relatively small land area, a rich variety of flora and fauna exists, which also includes a large number of plants and animals native to the Maltese islands. This rich biodiversity is essential for Malta's natural heritage since local biodiversity also contributes significantly to the island's attractiveness and thus also contributes towards the tourism sector.

The Maltese natural environment is characterised by different types of habitats such as coastal, sand dunes, woodlands, and rocky habitats amongst others. A total of 67.6 kilometres squared (or 21.5% of land area) were considered as protected areas mainly through the designation of Special Areas of Conservation (SACs) and Special Protection Areas (SPAs) as at 2011.⁹⁴ In fact during 2011, Malta had a total of 39 SACs, including 5 marine areas of international importance covering 190.8 kilometres squared of territorial waters.⁹⁵ It is worth noting that out of the total SACs, 32 are of international importance while the other seven (7) are considered of national importance.⁹⁶ As at the end of 2011, 13.3% of land area was covered by SACs whereas the designated SPAs amounted to 13 covering 5.2% of land area.⁹⁷

Moreover, in 2011, an additional 3 areas of ecological importance⁹⁸ and sites of scientific importance⁹⁹ were scheduled, resulting in a total of 73 areas covering 5.35 kilometres squared. Furthermore, 27 terrestrial sites covering 41.8 kilometres squared of Malta's land areas, and 1 marine area of 8.5 kilometres squared, formed part of the EU's Natura 2000 protected areas network including the 13 SPAs mentioned earlier.

Notwithstanding the above efforts, Malta's status on biodiversity is still far from being fully explored. In fact, 36% of the species and 29% of the habitats listed in the Habitats Directive are still unknown. On the other hand, 44% of species and 64% of habitats do not have a favourable conservation status. Within this context, during 2012, Government launched Malta's National Biodiversity Strategy and Action Plan providing a comprehensive policy framework for protecting biodiversity. This strategy aims to contribute towards enhancing the status of Malta's biodiversity by protecting ecosystems, genetic diversity and species and to maximise areas under agriculture across arable land and permanent crops that are covered by biodiversity-related measures under the Common Agricultural

⁹⁴ The Environment Report, Indicators 2010-2011, MEPA.

⁹⁵ Ibid.

⁹⁶ The coastal cliffs, which include 8 sites, are considered as 1 site.

⁹⁷ The Environment Report, Indicators 2010-2011, MEPA.

⁹⁸ Important Habitat areas.

⁹⁹ Areas constituting important features (such as rare species or a particular geological feature or the site is of particular ornithological significance).

Policy so as to ensure conservation of species and habitats that depend on or are affected by agriculture.¹⁰⁰

Agricultural land accounts for almost half of Malta's land area yet loss and abandonment of agricultural land mainly as a result of land fragmentation remain critical challenges for countryside management. Landscape protection also faces significant challenges such as land abandonment; loss or lack of maintenance of rubble walls (important for controlling soil erosion); and creeping development; institutional weaknesses arising from land fragmentation; access difficulties; a conservative interpretation of the activities allowed outside the development zone preventing agricultural adaptation; a related lack of understanding of agricultural needs and conflict between environmental protection and resource management.

Trees and woodland provide opportunities for the enhancement of biodiversity through the provision of a wider range of habitats, and for soil conservation to reduce run-off and wind erosion. Conserving existing woodlands and supporting new planting will contribute to improved habitat and biodiversity across the islands as well as to meet carbon sequestration goals.

Furthermore, taking into account increases in temperatures and more intense yet less rainfalls, increased pressures on the sustainability of the groundwater resources and reduced overall precipitation, increased vulnerability for soil and agriculture in general is expected. The relatively low levels of organic content of Maltese soils is a reflection of the climatic conditions of the region and cultivated soils in general have lower organic matter than non agricultural soils. In addition, in marked contrast to other Mediterranean agricultural landscapes, the Maltese islands have relatively small areas of land under permanent crops.

In order to better conserve and protect the landscape and environment; agri-environment and climate measures offer potential sources of support for maintaining the natural character of specific habitats as well as support for soil protection and management. These actions need to be sustained and encouraged across the whole territory of Malta and Gozo¹⁰¹ and need to be complemented by investment in knowledge and skills acquisition on the relationship between agricultural practices and ecosystems, water protection, habitat management, and landscape management.

Agriculture is also a contributor towards air pollution given agricultural operations such as animal husbandry and crop production, can produce gaseous and particulate (dust) emissions. Efforts to decrease the impact of agriculture on air quality can be addressed through investment in farm improvements, waste disposal/storage/treatment facilities and the promotion of organic farming as well as the implementation of good agricultural practices such as agri-environment or Areas for Natural Constraints.

An integrated approach towards conservation and protection of the landscape and the environment leads to multiple benefits in terms of economic development, soil protection and biodiversity. Within this context, interventions during the 2014-2020 programming period will contribute towards the implementation of the National Biodiversity Strategy and Action Plan whilst also taking into account climate change and resource efficiency policies.

Through investment in the natural heritage, Malta will seek to further develop rural tourism as a niche market. This will contribute towards the creation of tourism services and activities that can enhance rural income and support the rural economy. In this regard, Government published a consultation document in 2013 on Outside Development Zone Policy and Design Guidance¹⁰² which develops a

¹⁰⁰ Malta's National Biodiversity Strategy and Action Plan 2012-2020 – Available online at:

<http://www.mepa.org.mt/file.aspx?f=9219> .

¹⁰¹ It is pertinent to reiterate that grasslands do not occur in the Maltese Islands.

¹⁰² Policy 4.4 of Outside Development Zone Policy and Design Guidance, Consultation document, MEPA, October 2013.

set of principles for 'agro-tourism' thus recognising it as an important niche market for long term sustainability of the rural economy and the tourism product.

Cultural Heritage

The Maltese Islands possess a unique cultural landscape with a rich cultural heritage varying from, archaeological sites, fortifications, baroque architecture and various museums. Taking into account the size of the island, Malta is adorned with a considerable amount of cultural infrastructure including three World heritage Sites, fortifications, archaeological sites and other historical buildings which are scattered all over the islands. The National Strategy for Cultural Heritage¹⁰³ depicts cultural heritage as a direct contributor towards the socio-economic development of the Maltese islands. In fact, Malta's cultural heritage sector has experienced a significant expansion of employment, services, and projects requiring substantial investment in this sector. In addition, Malta's Tourism Policy 2012-2016 identifies cultural heritage as an important tourism market showcasing the Maltese Islands as an ideal all year round tourism destination. Statistics show that tourism is a flourishing niche for the Maltese Islands and that, over a period of five years, until 2012, visitors who came to Malta drawn by its cultural heritage resources increased by 22%.¹⁰⁴ It is within this context, that Valletta has been awarded the European Capital of Culture for 2018 whereby Malta will have the opportunity to showcase its unique cultural heritage.

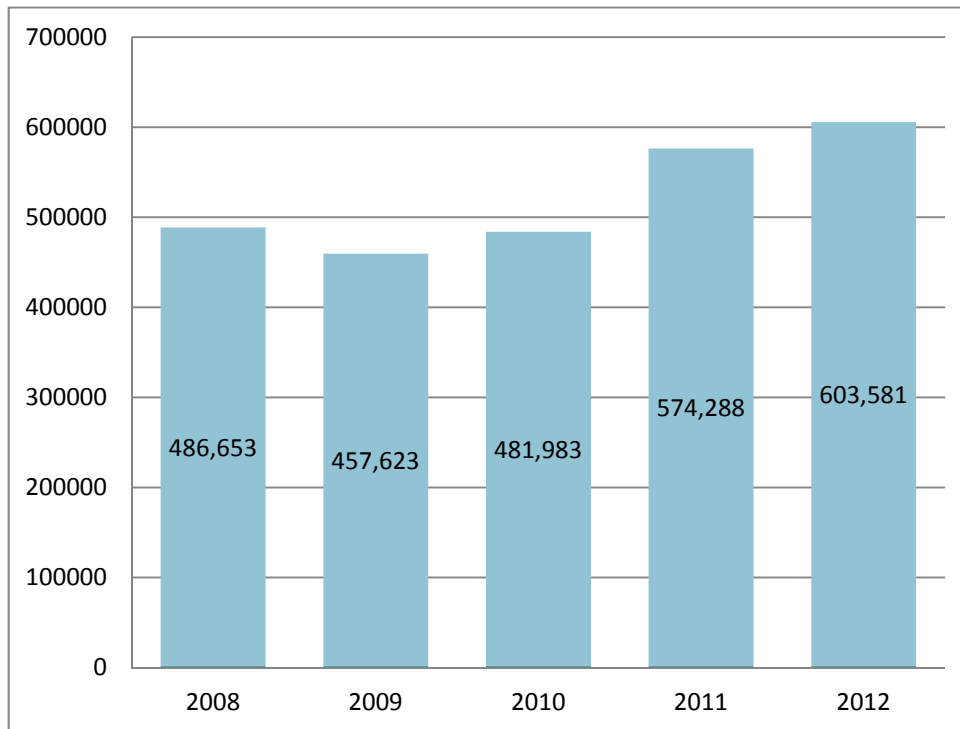
Cultural heritage is undoubtedly a key asset for the Maltese Islands not only because this contributes to Malta's identity but also because it has a direct contribution towards Malta's tourism sector and thus towards economic growth. Based on statistics published by the Malta Tourism Authority, 15.5% of the total expenditure of tourists visiting Malta in 2012 was directed towards cultural excursions and visits to museums. Furthermore, in the same year, 42% of tourists listed cultural heritage as the main motivation behind their visit. This accounts for an increase of 3% over 2007 figures.¹⁰⁵ Over the past years, Malta has been experiencing an increase in the number of visitors due to its cultural heritage, as outlined in **Figure 1.08**. As can be seen in the below figure, the only decrease registered within this segment was in 2009 which is mainly attributable to the world economic crisis. Government is committed to actively develop its cultural heritage as a means of promoting the islands' unique identity in an ever-more globalised environment. Within this context during 2007-2013, resources from ERDF and ETC¹⁰⁶ were utilised with a view to implement projects which contributed towards the development and strengthening of the tourism and cultural product and enhance Malta's visibility within the cultural and tourism industry. In this regard, efforts to further consolidate the cultural sector are necessary with a view to retain Malta's competitive edge within the sector as well as to expand the contribution of this niche market to the Maltese economy.

¹⁰³ The National Strategy for Cultural Heritage 2012-2017, Draft for Consultation, May 2012.

¹⁰⁴ Statistics provided by the Ministry for Tourism as at July 2014.

¹⁰⁵ 'Tourism in Malta – 2013 Edition' (Malta Tourism Authority, 2013).

¹⁰⁶ European Territorial Cooperation.

Figure 1.08 – History and Culture Tourists visiting Malta: 2008-2012¹⁰⁷

Statistics show that 77.6% of tourists visiting Malta tend to prefer sightseeing whereas 50% of tourists highlighted that they also make it a point to visit historical sites and museums. Nevertheless, even though sites such as St John's Co-Cathedral still manage to attract large visitor numbers, other heritage sites are not effectively contributing to economic growth, particularly since a number of these sites are either not accessible, require the necessary interventions to create a new tourism experience or else are in a state of dilapidation.¹⁰⁸ Within this context, efforts to protect and promote cultural heritage with a view to contributing towards Malta's tourism product will also be pursued.

Transport Sector

Malta's specific characteristics, including its small size, the relatively high urban density and a road network amounting to circa 2,350 km, poses significant challenges to the Maltese transport sector. Malta's transport system consisting of one airport (including heliport) in Malta and a heliport in Gozo; four sea ports (Valletta, Marsaxlokk, Ċirkewwa and Mġarr in Gozo); and the road network, provides accessible connections to all industrial, tourist and commercial centres. It should be underlined that the road network is the only inland transportation mode in Malta.

The Transport Infrastructure Needs Assessment (TINA) study carried out in 2002 had identified the key transport infrastructures required for internal and external accessibility and connectivity for the transportation of goods and passengers. This study provided the road map for the investment priorities in transport infrastructure between 2003 and 2014. Malta is currently preparing a National Transport Strategy and a comprehensive Transport Master Plan for the next 10 years, which will include a national inter-modal (air, sea and road) traffic model to quantitatively supplement the multi-criteria analysis already carried out in respect of the prioritisation of future transport investment for the Maltese Islands.

¹⁰⁷ 'Market Profile' Survey by the Malta Tourism Authority, 2013.

¹⁰⁸ Malta Tourism Policy 2012-2016.

Under the new TEN-T guidelines,¹⁰⁹ Malta has a dual-layer transport network comprising a comprehensive and core network. The core network consists of the most strategic elements of Malta's external transport network and includes the sea ports of Valletta and Marsaxlokk, the Malta International Airport and the section of primary road network that provides interconnection between the core seaports, airport and the capital city of Valletta while the comprehensive network includes the inter-island seaports of Mgarr and Ċirkewwa and the strategic road network which provides vital connectivity to major towns in Malta and the island of Gozo to the core network and capital city.

Over the past years, Government has embarked on a series of measures in the transport sector to alleviate congestion on the Maltese road network through the upgrading of the existing road network as well as the introduction of new road infrastructure. The 2007-2013 programming period experience gave Malta enhanced exposure in planning, designing and implementing major project pipelines. During this period, extensive assistance provided through JASPERS during the project life cycle led to the transfer of knowledge which led to the setting up of a specialised internal resource base aimed to oversee large projects from conception to completion. The main challenge faced within the transport sector during this period was balancing the execution of these projects with the management of traffic flow particularly when critical sections of transport infrastructure were being closed for construction works. Thus, the need to develop mitigation measures to address the adverse effect on journey times and reliability of public transport services remain of utmost importance.

A number of other projects that were implemented during the 2007-2013 period were designed to encourage a modal shift. These include physical infrastructure projects such as the provision of a passenger lift providing a vertical connection for passengers arriving by sea to the capital city, infrastructures to promote the use of public transport (park and ride facilities, interchanges and bus priority measures), and the introduction of road based intelligent transport systems. These measures were also complemented by pilot projects on greening of the transport sector through electric vehicle demonstration projects. Given that a significant number of these projects are still in the process of being implemented, it is expected that the impact in terms of modal shift will be visible in the coming months.

For Malta to improve the territorial cohesion of the Islands with the rest of Europe, priority is given to develop key projects on TEN-T core and comprehensive networks aimed at removing traffic bottlenecks in air, sea and land transport and to implement measures aimed at improving safety, interconnectivity and the optimisation of capacities of existing infrastructures. The future development of TEN-T in Malta places great emphasis on sustainable mobility through modal shift and further promotion of the use of green travel in both passenger and freight transport.

During the 2014-2020 programming period, Malta aims to maximise the potential of the Connecting Europe Facility.¹¹⁰ In this regard, Malta has identified a major road infrastructure project on the pre-identified section of TEN-T core 'Marsaxlokk-Luqa-Valletta' where severe traffic bottlenecks throughout the day hamper connectivity for both passengers and freight to TEN-T core seaports of Valletta and Marsaxlokk, the airport and the capital city.

The TEN-T network recognises the prominent role that ports play in the development of a sustainable transport system. The 'Motorways of the Seas' is crucial to link ports and maximise their effectiveness as gateways between the land and sea sections of TEN-T and international transportation. In this respect, infrastructure (including ICT infrastructure) that further facilitates the development of motorways of the sea are also being considered under the CEF and other EU funded programmes.

¹⁰⁹ OJ L 348, 20.12.2013 *Regulation (EU) No 1315/2013 of the European Parliament and of the Council of 11 December 2013 on Union guidelines for the development of the trans-European transport network and repealing Decision No 661/2010/EU.*

¹¹⁰ OJ L 348/129 REGULATION (EU) No 1316/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/2010.

Road Transport

Domestic transport in Malta is predominantly served by road. Private car ownership and usage in Malta is high with the number of private car vehicle registrations at the end of 2012 amounted to 249,612 out of a total of 314,510 total vehicle registrations.¹¹¹ The resulting private car ownership rate of approximately 600 private car registrations per 1000 population is one of the highest in the 28 European Union Member States.¹¹² In fact, Malta has one of the highest per capita car ownership levels with the number of households possessing 3 or more cars currently standing at 19.4%.¹¹³ The high level of car ownership increases the possibility of car accidents on the road and in fact during 2012, the number of reported traffic accidents reached 14,576, up by 2 percentage points over the previous year.

While 98.3% of all internal mobility is by road,¹¹⁴ Malta's continued rise in vehicle numbers is a matter of concern due to the environmental and social impacts of private motor vehicle use. In 2011, there was a record of 19,041 newly licensed motor vehicles amounting to 6.23% of total licensed motor vehicles, compared with 5.35% and 5.16% for 2010 and 2012 respectively. The rate of motorisation per 1,000 total residents is 747.¹¹⁵ This results in high levels of congestion on Maltese roads, particularly during peak hours and especially in the south and central areas. **Table 1.22** below provides an overview of the licensed motor vehicles during the 2010-2012 period.

Table 1.22 – Licensed Motor Vehicles: 2010-2012¹¹⁶

	Total Licensed Motor Vehicles	Newly Licensed Motor Vehicles	Percentage of newly licensed motor vehicles
2010	300,308	16,064	5.35
2011	305,711	19,041	6.23
2012	313,027	16,162	5.16

Within this context, it is clear that the transport sector has a significant impact on air quality and is a threat to clean air in urban areas due to air emissions. In fact, transport represents the second highest source of Green House Gas (GHG) emissions after electricity generation. In this regard, the decarbonisation of the transport sector plays a crucial role in Malta's strategy to shift to a low-carbon economy and to address health and environment issues stemming from air quality. Under Directive 2009/28/EC, Malta has a target of 10% share of renewable energy in transport which calls for measures to ensure sustainable transport on the Islands. The impact of measures and policies on GHG emissions established by Government in recent years, including measures targeting the transport sector, have been quantified in terms of CO₂ equivalent emissions savings.¹¹⁷ In addition, short and medium term measures consisting of traffic planning, policy and enforcement measures aimed at reducing vehicle emissions and encouraging modal shift in line with attempts to address the need to reduce average daily pollutants are found in Malta's Air Quality Plan.¹¹⁸ The current plans for the 2014-2020 period will continue to address this specific target through the implementation of various measures including to: reduce transport intensity, encourage low and ultra-low energy transport means; and to continue efforts to decouple the growth in national GDP from transport requirements. Continued investment is necessary to reach targets for reduction of GHG emissions

¹¹¹ Transport Statistics 2013, National Statistics Office, Malta, 2013.

¹¹² Malta in figures 2013, National Statistics Office, Malta 2013.

¹¹³ The National ITS Action Plan for Malta, 2013-2017, Transport Malta, January 2013.

¹¹⁴ National Household Travel Survey, 2010.

¹¹⁵ Transport Statistics 2013, National Statistics Office, Malta 2013.

¹¹⁶ National Transport Statistics 2013, National Statistics Office, 2013.

¹¹⁷ Malta Policies and Measures and Projections Report, 2013.

¹¹⁸ Air Quality Plan for the Maltese Islands, 2012, Malta Environment and Planning Authority.

and climate change mitigation while also improving air quality. Although Malta has taken various steps to address the carbon intensity of the transport sector, important challenges in this area remain.

In recent years, Malta has introduced forms of Sustainable Urban Mobility Plans (SUMP) (e.g. the Valletta Strategy for Sustainable Accessibility, University Green Travel Plan) that address specific areas that have a high volume of transport flows and each of these was grounded in efforts to address air quality. The Valletta Strategy was a holistic transport planning and policy approach introduced between 2007 and 2012 aimed at achieving modal shift to the capital city. The Valletta Strategy resulted in a modal shift of 10% away from private vehicle use onto alternative forms of travel which was effectively contrary to national trends at the time.¹¹⁹ SUMP are becoming established in practice and future SUMP for other urban areas will build on the experiences and will necessarily include measures to consider the impact of, and mitigate air pollution (in particular PM₁₀ and NO_x) and GHG emissions.

Furthermore, actions to promote modal shift were also undertaken with a view to reverting from the increasing use of private vehicles to more efficient means of transport. Measures include removing on-street parking and pedestrianization of central areas; the introduction of park and ride systems; the introduction of inner-harbour ferry and water taxis; and the introduction of a lift connecting the Valletta waterfront to the Valletta city centre; as well as the ongoing public transport reform.

As part of the reform within the public transport, Government introduced a more environmentally-friendly bus fleet equipped with Euro V engine technology together with a revamped system on bus routes across the Islands. In 2014, Government took over the operations of scheduled public transport service which was previously run by a private company pending re-privatisation under a new public service contract.¹²⁰ As part of the public transport reform, Government also introduced three main park & ride facilities (Valletta, Marsa and Pembroke). These Park and Ride facilities are connected by various public transport routes to different localities and were introduced with a view to alleviating traffic inflows from a number of areas such as Valletta, Hamrun and Paceville amongst others. These initiatives form part of Malta's efforts which were required to implement the Air Quality Action Plan 2010 particularly to mitigate Particulate Matter and other pollutants.

Public Transport by Sea

Another initiative aimed to alleviate traffic congestion was the introduction of various water-taxi stands providing a vital sea link to places of interest, holiday resorts and other waterfront destinations thus providing an alternative and greener mode of transport. The take-up of this service is picking up however the service is in its infancy and its impacts need to be analysed in the long-term. In October 2012, following a competitive tendering procedure, Government awarded a ten-year concession contract granting rights in the operation of scheduled ferry services in the Grand Harbour and Marsamxett harbours to ensure the maintenance of a regular and reliable maritime transport between Valletta (Marsamxett) and Sliema Ferries and between Grand Harbour (Lascaris) and the Three Cities. The operator of the harbour ferry services does not receive compensation for fulfilment of public service obligations regarding operation of non-profit making services or concessionary tariffs for certain categories of passenger and fares. Ferry patronage levels are steadily growing with 454,338¹²¹ passengers using the service during 2013. Although, investments are being undertaken to improve the attractiveness of the services in terms of efficiency, frequency, comfort and integration with public transport, harbour ferry services, have not had a significant impact on reducing levels of congestion on the roads, as the catchment area for passenger ferry services is by its nature limited to coastal areas. Moreover, inner harbour freight is not feasible. Other commercial vessels include the

¹¹⁹ National Household Travel Survey, 2010.

¹²⁰ Government issued an expression of interest notice for the provision of scheduled bus services in Malta and Gozo with a deadline of 7 April 2014.

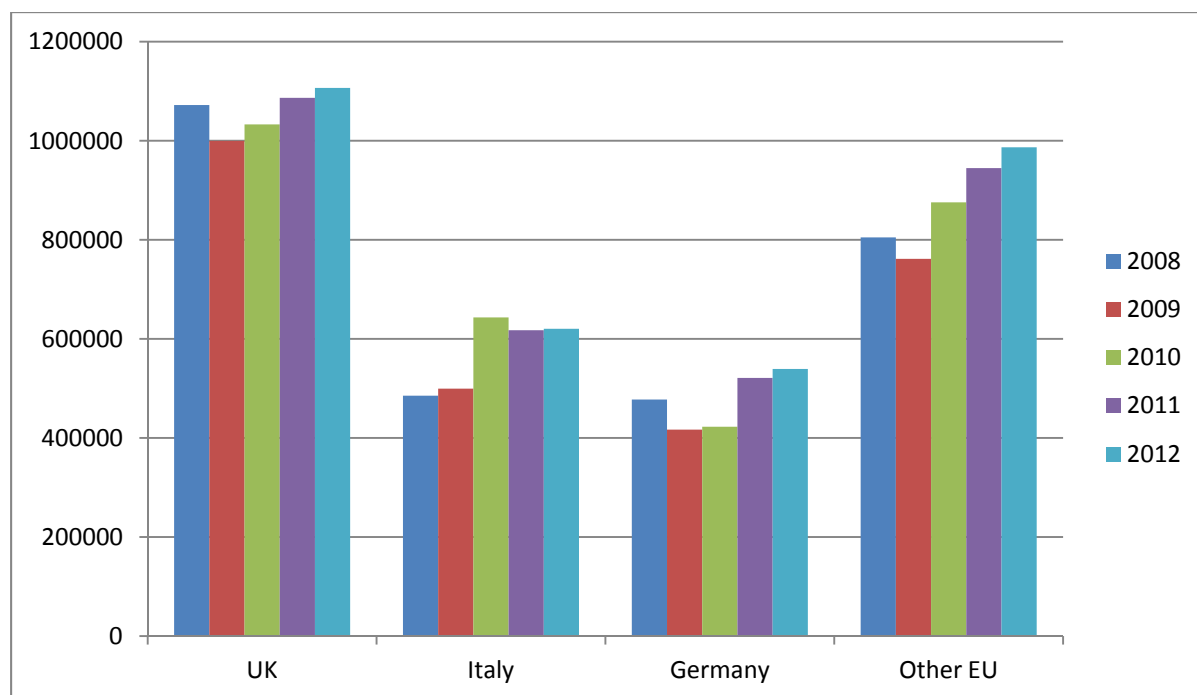
¹²¹ Transport Malta, March 2014.

Barklori (Dgħajjes tal-Pass) which also provide a water transport service in the Grand Harbour between Valletta (Lascares) and the Three Cities, amongst other services. Further investment to promote alternative modes of transport by sea and their better integration with land-based (public) transport is necessary to encourage modal shift, reduce car usage and thereby achieve reduction of emissions on the road in line with the Air Quality Action Plan.

Air transport

Malta is served by one international airport which provides a critical gateway for passenger movements to and from Malta. **Figure 1.09** shows the respective passenger movements by EU country from 2008 to 2012. In 2012, passenger traffic at the Malta International Airport increased by 140,696 when compared to 2011, representing an increase of 4%.¹²² The International Airport also provides logistic services and transport freight particularly of value goods. However the main gateway for freight remains sea transport with 10,170,429 tonnage of freight and goods transported in 2012, compared with 16,487 tonnes by air. An increase of 1.5% was registered in 2012 when compared to 2011 figures in relation to the transportation of cargo and a 2.6% increase in relation to transportation of mail by air.¹²³

Figure 1.09 – Passenger movements by EU country: 2008-2012 ¹²⁴



Sea Transport

The four seaports of the Maltese islands, namely Valletta, Marsaxlokk, Ċirkewwa and Mġarr, have been identified as motorways of the sea and are part of the TEN-T Maltese network. Valletta and Marsaxlokk seaports are the main ports serving international traffic.¹²⁵ In this regard, during the 2007-2013 programming period, interventions undertaken included the upgrading of external seaport

¹²² Transport Statistics 2013, National Statistics Office, Malta, 2013.

¹²³ Ibid.

¹²⁴ Ibid.

¹²⁵ Investment in port infrastructure is a priority for the Maltese Islands since these serve as an important gateway particularly for freight.

infrastructures (breakwaters and quay facilities) in Valletta and Marsaxlokk and construction of new terminal facilities at the inter-island seaport of Ċirkewwa.

Investment in berthing facilities and the development of a new cruise liner passenger terminal in the Port of Valletta has led to an increased presence of cruise liners in Malta. During 2012, Malta in fact saw an increase in the number of cruise liners calls compared to 2011, with the total number of cruise liners calls amounting to 322 and with the number of transit passengers amounting to 516,391. Between 2009 and 2012, there was a registered increase of 137,274 passengers, a rise of 23%¹²⁶ indicating that the cruise liner sector is a resilient and promising sector which can contribute positively to the economy. In 2012, cruise visitors spent €31.8 million while cruise liners spent around €45.8million. Total Government Revenue generated is estimated at €14.3 million with a final effect of €29.4million.¹²⁷ Clearly, the cruise industry can be considered as a key contributor towards the tourism sector and thus also contributing towards economic growth.

The cruise industry is considered as an important strategic pillar in the tourism industry since it can facilitate Government's strategy to tap into new markets and niche tourism particularly to combat the problem of seasonality. With respect to the latter, figures provided by the Malta Tourism Authority show that in 2013, while the summer months retain the highest number of cruise calls (101), a substantial number of calls were registered during the second and fourth quarter of the year with 80 and 92 calls respectively.¹²⁸ Thus, the cruise liner industry is also contributing towards having a positive impact on the tourism sector during the shoulder months.

Gozo is considered to be an important niche for the cruise industry in Malta. In fact, small and medium sized cruise liners already call to the island by berthing offshore despite the lack of facilities available for berthing and are subject to weather conditions. In 2012, 14 cruise liners visited Gozo with 3,544 passengers visiting the island.¹²⁹ For the industry to flourish on the sister Island, infrastructural investment is necessary to facilitate the expansion of the industry all year round and under all weather conditions.

The seaports of Ċirkewwa and Mgarr connect the two islands, acting as the main inter-island transportation of passengers and cargo. Gozo's double insularity poses accessibility challenges for the island, therefore the link between Gozo and Malta is crucial. This inter-connectivity has an impact on the socio-economic development of the island, particularly the tourism industry which is an important pillar for the economy of Gozo. In 2012, the number of inter-island trips decreased by 1.5% from 2011, reflecting a decrease of almost 1% of commuters travelling between Malta and Gozo and a decrease in the number of vehicles carried by the scheduled ferry.¹³⁰ **Figure 1.10** shows the passenger and vehicle movements between 2008 and 2012.

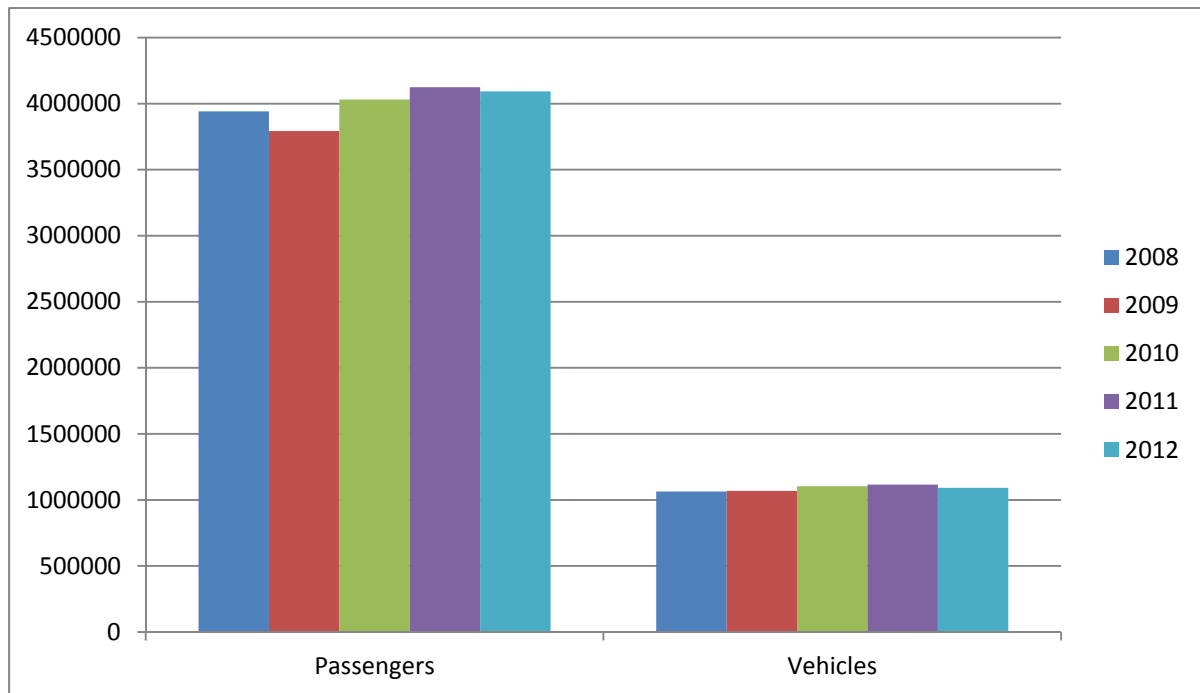
¹²⁶ Ministry for Tourism, National Statistics Office.

¹²⁷ Ministry for Tourism, 31 July 2014.

¹²⁸ Ministry for Tourism, Malta Tourism Authority.

¹²⁹ Ministry for Gozo, Transport Malta.

¹³⁰ Investment in port infrastructure is a priority for the Maltese Islands since these serve as an important gateway particularly for freight.

Figure 1.10 – Passenger and Vehicle movements between Malta and Gozo: 2008-2012¹³¹

Malta's investment in yacht berthing facilities is also attracting a substantial number of yachts to the Islands. In fact, during 2012 a total of 1,972 yachts of different classification visited Malta.¹³² As at 2012, Malta had 1,808 berths across Malta and Gozo. 1,630 berths are located in permanent marinas which include the Grand Harbour Marina, Gżira Garden Marina, Portomaso Marina, Manoel Island Marina and Mġarr Harbour Marina, amongst others. In addition there are two seasonal marinas (Kalkara Yacht Marina and Royal Marina Yacht Club).

Agricultural Sector

Another sector contributing to the Maltese economy is the agricultural sector. This sector faces a number of challenges which have a direct impact on the sector, varying from the physical limitations of the land parcels to the scarcity of water. Agriculture is inherently dependent on the use of natural resources. Whilst the sector in itself is a major source of pressure, improved awareness of the ecosystem services upon which it is dependent is essential for its continued existence. The status of water resource, soil quality and biodiversity is an integral factor to agriculture production. Water and energy are important inputs, for both livestock and arable farms.

Nevertheless, fresh vegetables that passed through organised markets in 2012 amounted to 38,542 tonnes, yielding a wholesale value of €17.1 million. This resulted in a decrease of 9.2% in volume and an increase of 2.1% in the wholesale value when compared to 2011. The volume of fresh fruit decreased by 16.4%, from 3,223 tonnes in 2011 to 2,694 tonnes in 2012 whereas the wholesale value of fresh fruit also decreased by 6.8% in comparison to 2011.¹³³

When taking into consideration direct sales, own consumption and sales to processors, the estimated production of fresh vegetables amounted to 70,170 tonnes, a decrease of 15% on 2011. The estimated producer value of fresh vegetables went down by 5.5% to €35 million in 2012. The

¹³¹ Transport Statistics 2013, National Statistics Office, Malta, 2013.

¹³² Ibid.

¹³³ Agriculture and Fisheries 2012, National Statistics Office, 2013.

estimated fruit production increased by 3.9% to 9,804 tonnes, while the estimated producer value of fresh fruit increased by 1.8% to €7.1 million in 2012.¹³⁴

Animal production went down by 12.5% to 11,020 tonnes, resulting from a decline in the carcass weight of slaughtered bovines (-1.5%), swine (-22.6%) while an increase was registered for broilers (2.1%). Consequently, the producer value of slaughtered livestock declined by 6%, from €24.3 million in 2011 to €22.8 million in 2012.¹³⁵

Gross agricultural production at producer prices for 2012 is estimated to have amounted to €133.6 million (+0.14 %). After taking into consideration losses and intra-unit consumption, the final agricultural production at producer prices decreased by 0.5% to €125.9 million. The producer value of crop output, which amounted to 38% of final agricultural production, went down by 5.75% in 2012, mainly due to a decrease in the value of potatoes (-64.9%). On the other hand, the producer value of vegetables and horticultural products increased by 3.9% when compared to 2011.¹³⁶

Animal output, which represents 56.0% of final production, rose by 1.3% over 2011 figures. The producer value of slaughtered animals declined by 2.7%, mainly due to a drop in the value of pigs (-12.9%). The value of animal products went up by 8.2% over 2011 on account of an increase of 8% in the value of milk production and an increase of 9.2% in the value of eggs. Intermediate consumption for 2012 amounted to €71 million, down by 0.14% from 2011. Animal feed, which represented 50.6% of all intermediate consumption, increased by 1.7% over the comparative period.¹³⁷

Animal output, which represents 55.0% of final production, rose by 2.6% over 2010. The producer value of slaughtered animals declined by 0.6%, mainly due to drops in the value of slaughtered cattle (-5.4%) and pigs (-1.4%). The value of animal products went up by 8.8% over 2010 on account of an increase of 12.9% in the value of milk production. Intermediate consumption for 2011 amounted to €70.6 million, up by 4.3% over 2010. Animal feed, which represented 49.4% of all intermediate consumption, increased by 9.7% over the comparative period. In 2011, due to rising prices for fuel, the value of expenditure on energy and lubricants increased by 11.2%.

Fisheries Sector

Maltese fisheries are typically Mediterranean; multi-species and multi-gear, with fishers switching from one gear to another several times during the year. There are three significant seasonal fisheries; Bluefin Tuna (BFT), swordfish and *Lampuki* (dolphin fish), with a mixed demersal fishery supplementing these throughout the year. Malta has 25 nautical miles of Fisheries Management Zone (FMZ). The main fleet segment which is allowed to fish in this zone is that composed of vessels smaller than 12m.¹³⁸ As at end 2012, the total number of registered vessels in Malta and Gozo amounted to 2,969 (Malta 2,532 and Gozo 437).¹³⁹

The Maltese fleet is predominantly small-scale with a rich and extensive artisanal portfolio which accounts for around 0.03% of the total EU catch.¹⁴⁰ As at January 2013, the Maltese commercial fishing fleet was composed of a total of 399 full-time vessels and 635 part-time vessels. 92.7% of these vessels are below 12 metres in length and are considered to be small-scale fishing vessels,

¹³⁴ Agriculture and Fisheries 2012, National Statistics Office, 2013.

¹³⁵ Ibid.

¹³⁶ Ibid.

¹³⁷ Ibid.

¹³⁸ Fisheries Management Plan: Lampuki FAD Fishery, Ministry for Sustainability, the Environment and Climate Change, Department of Fisheries and Aquaculture 2013.

¹³⁹ National Statistics Office, Agriculture and Fisheries 2012, December 2013.

¹⁴⁰ Fisheries Management Plan: Bottom otter trawl fishery & Lampara fishery, Ministry for Sustainability, the Environment and Climate Change Department of Fisheries and Aquaculture 2013.

while the remaining 7.3% vessels are over 12m.¹⁴¹ The fishing fleet is currently managed by segment according to the perceived level of dependence upon fishing for income and is structured as follows:

- **MFA: Full-time fishermen** – Full-time fishermen with no other significant income generation.
- **MFB: Part-time fishermen** – Part-time fishermen with other income sources.
- **MFC: Recreational fishermen** – No nets permitted, hook limits on longlines and no access to tuna quota. Moreover, fish caught by recreational fishermen cannot be sold onto the market and catch recording is not made.
- **MFD: Transport vessels** – Auxiliary Vessels (work boats) used in fishing operations
- **S: Sport fishermen.**

In 2012, full-time employment in the fishing and aquaculture sector amounted to an average of 506 and an annual average of 734 was recorded for part-time employment.¹⁴² In terms of gross value added, the fisheries sector contributed 0.3% in 2012, which is equivalent to around €17.6 million.¹⁴³ The social and cultural importance of the Maltese fishing industry far outweighs its small economic contribution, which is equivalent to about 0.1% of the national Gross Domestic Product. The income of most of the local fishers depends on the sale of highly-priced fresh fish caught by traditional artisanal methods during very short fishing trips. The variety and quality of the catch also contributes considerably to the tourism industry.

As at the end of 2012, the annual volume of fish landings at the official market by administrative area amounted to 1,042 tonnes, 141 tonnes less when compared to the annual volume for the year 2011.¹⁴⁴ In addition, the annual wholesale value of fish landings at the official market amounted to €6,253,000 (an increase of €78,000 in comparison to the annual wholesale value of fish landings for 2011).¹⁴⁵

The Aquaculture Industry

The Maltese aquaculture sector is economically dominated by tuna penning operations along with well-established sea bass and sea bream farms. As at the end of 2012, the number of aquaculture farms amounted to six. In the same year, Malta's output in terms of sales was around 3,904 tonnes of BFT worth some €78.9 million and around 126 tonnes of Sea Bass worth €833,000. The sales output for sea bream has increased steadily over the last four years and at 2,604 tonnes in 2012 (worth around €11million) is the mainstay of Maltese farmed fish production. Using 2012 as the baseline year, other species amounting to 806 tonnes worth some €2.2 million¹⁴⁶ were also produced. Maltese aquaculture produce is almost entirely exported to European and Asian markets.

The aquaculture sector is complemented with interventions by the fish processing industry. This industry is still in its infancy stage mainly since the local catch is made up of high-value fish that is exported or consumed fresh. In addition, the aquaculture harvesting and packing has little or no value added to this sector. Some limited processing activity exists by merchants within this field mainly in cutting, filleting, portioning, rewrapping and smoking for retail and hotel/restaurant customers.

¹⁴¹ Fisheries Management Plan: Lampuki FAD Fishery, Ministry for Sustainability, the Environment and Climate Change, Department of Fisheries and Aquaculture 2013.

¹⁴² National Statistics Office, Gainfully Occupied Population: 2008-2012 (Revisions) News Release 190/2013.

¹⁴³ National Statistics Office, September 2013.

¹⁴⁴ National Statistics Office, October 2013: Data does not include sales of aquaculture and tuna farming.

¹⁴⁵ Ibid.

¹⁴⁶ National Statistics Office: News Release 222/2013.

Investing in human capital

During the 2007-2013 programming period, the Maltese labour market recorded a relatively positive performance, as reflected by the increasing participation rates and employment levels and the relatively low and stable unemployment rate. Notwithstanding this, Malta still faces challenges relating to low labour market participation, together with rising youth unemployment rates. Human capital utilisation is also lagging behind (compared to the EU average) in terms of tertiary education (or equivalent) attainment levels. This is compounded by a still relatively high early school leaving rate when compared to the EU average. Education and employment also have a direct link towards creating a more socially inclusive society. Within this context, Malta's commitment to increase the employment rate complemented by the requirement to reduce the early school leaving rate to 10% and to increase the percentage of persons obtaining tertiary education to 33% by 2020, is expected to lead to improvements in the utilisation of human capital. Education and employment have a direct link towards creating a more inclusive society whereby investments in these areas will contribute towards the reduction in the number of persons at risk of poverty or social exclusion.

Labour market analysis

With a population of 413,300 in 2013, Malta's labour force stood (20-64) at 178,000 as shown in **Table 1.23** below. This represents an 11.0% increase over 2008 figures. The inactive population, which has declined during the reference period, represents 31.2% of the reference population. The employed population has also registered an increasing trend which is attributable to a number of factors including the higher female emancipation. The increase in female participation has been achieved through the introduction of a series of initiatives such as fiscal incentives and family friendly measures. Notwithstanding the financial crisis and the subsequent recession, the number of people looking for work remained relatively stable over the time period covered.

Table 1.23 – Labour Status for the whole working population (20-64): 2008 to 2013

'000s	2008	2009	2010	2011	2012	2013
Labour Force	160.3	161.8	165.3	168.3	172.4	178.0
Males	107.7	107.5	108.8	108.7	109.0	110.6
Females	52.6	54.3	56.5	59.6	63.4	67.4
Employed	152.5	152.2	155.3	158.8	162.9	167.8
Males	102.7	101.4	102.3	102.9	103.4	104.1
Females	49.8	50.8	53.0	55.9	59.5	63.7
Unemployed	7.9	9.5	10.0	9.4	9.5	10.2
Males	5.0	6.0	6.5	5.8	5.6	6.5
Females	2.9	3.5	3.5	3.7	3.9	3.7
Inactive	97.4	96.2	93.0	89.5	86.0	80.9
Males	23.6	23.5	22.0	21.6	21.7	20.5
Females	73.8	72.7	71.0	68.0	64.3	60.4
Population	257.7	258.0	258.3	257.8	258.4	258.9
Males	131.3	131.0	130.8	130.3	130.7	131.1
Females	126.4	127.0	127.5	127.6	127.7	127.8

Employment

Given the economic and financial crisis both globally and within the Euro Zone, Malta's performance in employment levels has been remarkable. In fact, Malta together with Austria, Belgium, Germany, Hungary, Luxembourg, Romania, Sweden, and the United Kingdom were the only countries which registered an increase in total employment over the 2008 figure. In fact, following a slight down trend in 2009, Malta's employment rate has registered increasing rates over the period under review – which rates are moving closer to the EU-28 average. On the other hand, the employment rate at an EU level has decreased to reach its lowest point at 68.4% over the six year period as indicated in **Table 1.24**. Whilst taking note of Malta's resilience of the economic crisis and the achievement of the EU 2020 NRP target of 62.9% in 2012, Government recognises that further efforts are required for Malta to contribute towards the new employment headline target of 75%. In this regard, Government has set a new local employment target of 70% for 2020. Government's efforts will be targeted to increase the employment rate, both by supporting the shift from the unemployed population to the employed but equally important to support the inactive to become part of the employed labour force.

Table 1.24 – Employment Rate (20-64 years)

	2008	2009	2010	2011	2012	2013
MT	59.2%	59.0%	60.1%	61.6%	63.1%	64.8%
Males	78.2%	77.5%	78.2%	79.0%	79.2%	79.4%
Females	39.4%	40.0%	41.6%	43.8%	46.6%	49.8%
EU-28	70.3%	69.0%	68.5%	68.5%	68.4%	68.4%
Males	77.9%	75.7%	75.0%	74.9%	74.5%	74.2%
Females	62.8%	62.3%	62.0%	62.2%	62.4%	62.5%

Employment Rate by Gender

Comparison of the employment rates by gender within **Table 1.24** above indicates that Malta still has a lower female employment rate when compared to its male counterparts. Although, the female employment rate is also low when compared to EU levels (49.8% to 62.5% in 2013), it is pertinent to note that over the years female participation has improved considerably and has contributed positively towards total employment growth trends. In fact between 2008 and 2013, female employment (20-64) increased by 10.4 percentage points, resulting in an employment rate of 49.8% in 2013.

Analysing the employment rate by age brackets indicates that the female employment rate as at 2013 was higher than the EU-28 for the 15-24 and 25-29 age brackets. This implies that at a young age women actively participate in the labour market at the rates of 44.3% and 77.6% respectively when compared to the EU-28 rates of 30.4% and 65.7%. The employment rate starts regressing from the age of 30 onwards where a rate of 65.3% was registered when compared to the EU-28 rate of 69.8%. Comparing the female employment rate at the EU-28 level and that for Malta shows that, whilst the female employment rate at an EU level keeps increasing over the age brackets until the 45-49 cohort, in Malta such rate starts decreasing earlier on within the 30-34 age category. Analysing the employment rate together with the level of birth rates in Malta, it is worth noting that the highest number of births occur within this age bracket. This issue is further compounded when one takes into account the fact that, after the early child rearing years, the female employment rate does not then eventually catch up again with the EU-28 rate but continues to regress over time to reach 61.7% and 54.8% for the 35-39 and 45-49 cohorts. Notwithstanding this trend, the female employment rate since 2008 has increased across all age cohorts, with the main increases being registered for the 35-39 (+20.9 percentage points) and 40-44 (+18.4 percentage points) brackets. Enticing females aged 49+ to participate in the labour market continues to be challenging. In this regard, efforts will be undertaken to entice this bracket to participate in the labour market through up skilling and re-skilling

programmes. Measures include training in various areas including office skills, people management, supervisory skills, industrial skills and other skills required within the health sector amongst others.

Female employment rate also registered an increase in the two different strands of employment, i.e. full-time and part-time, where increases of 18.3%, and 39.4% were registered respectively (**Table 1.25**). The substantial increase in part-time employment indicates the considerable take-up by employers and female employees of this particular family-friendly measure.

Table 1.25 – Growth Trend of Females in Employment: 2007 to 2013

	2009		2010		2011		2012		2013	
	Count	%	Count	%	Count	%	Count	%	Count	%
Full-time job	41,000	76.4	42,000	75.3	43,300	74.1	45,600	73.5	48,500	73.3
Part-time job	12,700	23.6	13,800	24.7	15,100	25.9	16,400	26.5	17,700	26.7
Total	53,700	100.0	55,800	100.0	58,400	100.0	62,000	100.0	66,200	100.0

This analysis indicates that when compared to the EU-28, women in Malta tend to retreat earlier from the labour market. This can create both fiscal and social problems given that the household would have less disposable income, which could also lead to an increased risk of poverty in certain instances. Within this context, throughout the years Government has taken the issue very seriously and has therefore introduced favourable fiscal measures to encourage an increased female participation together with family-friendly measures across the public service. In addition, as of 2014 Government has introduced (through its own budget) a very important measure to support its mission in increasing its female employment by providing free childcare support to working parents.

Focusing briefly on the employment rate for males, it is worth noting that Malta has throughout the years obtained higher rates than the comparable EU-27 average. This clearly indicates that Malta's efforts to maintain stable employment levels are yielding good results. As for the female employment rate, the positive growth trend achieved thus far can be attributed to a changing cultural milieu, which today encourages women to become more active in the labour market. This is being complemented by targeted investment, including the use of Structural Funds, which addresses behavioural adaptations through concerted efforts that aim towards increasing female participation in the labour market. Measures included fiscal incentives for women returnees, the provision of accessible and affordable childcare services, after school childcare services, campaigns to attract more women to the labour market, and family-friendly measures.

In absolute terms, it is pertinent to point out that the Maltese workforce has increased thanks to the improvement in female participation. Full-time male employment throughout the period remained stable, whereas the number of female full-time employment increased by nearly 12,900 persons.

Elderly Participation in the Labour Market

In January 2008, Government introduced one important reform measure directed to incentivise persons who retire to remain in the labour market. The measure consisted of enabling pensioners to earn the full pensionable income upon reaching pension age, whilst remaining in employment.

The impact of this measure can best be gauged from the fact that in 2007, prior to the introduction of this reform measure, the number of persons that reached pension age and who were in employment (exclusive of the self-employed) stood at 2,122. By 2010, out of a total of 41,281 males, and 14,807 females who were receiving a retirement pension, 19.2% and 13.2% remained in employment respectively – a figure which increased by a further 9% with regard to males and 8.1% with respect to females in 2011. However, during 2012 a net decrease was registered for these categories of workers. In fact, during 2012 the rates of males and females that remained in employment for the

whole or part of the year whilst also receiving a retirement pension stood at 18.9% and 12.3% respectively.¹⁴⁷ In 2013 the number of pensioners in employment was 10,968.¹⁴⁸ This could be attributed to the fact that retirement age is now increasing gradually in line with the pension reform.

It is worth noting that a positive trend has been recorded in the employment rate of the elderly – in fact for the 55-64 cohort a notable increase since 2009 to reach 36.2% in 2013 (vide **Table 1.26**) has been registered which was also reflected in the smaller cohort of 60-64 years (where an increase of 5.9 percentage points was registered). Nonetheless, it is to be noted that the employment rate of older workers remains far below the EU-28 rate of 50.1% (55-64 age cohort in 2012), which partly can be attributed to lower retirement ages in Malta and the limited participation of females within that age cohort in the labour market, which is mainly attributed to traditional ties. Nevertheless, in the years to come, the total and older females' employment ratio is expected to improve as a result of legislated increases in statutory retirement age and the improvement registered in female employment in the 40+ years age cohort. In addition, as already mentioned above, the fact that the female retirement age will increase at par with that for males, more females will remain in the labour market.

Table 1.26 – Employment rate 55-64

	2008	2009	2010	2011	2012	2013
	%	%	%	%	%	%
MT	29.3	29.1	31.9	33.2	34.7	36.2
Males	46.5	46.3	50	51.5	53.1	53.9
Females	12.4	12.2	14.1	15.1	16.3	18.7
EU-28	45.5	45.9	46.2	47.3	48.8	50.1
Males	54.9	54.7	54.5	55.1	56.3	57.5
Females	36.7	37.7	38.5	40.1	41.7	43.3

To enable higher levels of participation of elder workers in the labour market, in line with Country Specific Recommendation 2, Government launched the National Strategic Policy for Active Ageing for 2014-2020.¹⁴⁹ The Strategic Policy offers different policy recommendations to augment the levels of older and ageing workers in Malta including continuing vocational education and training for older adults, improvement in healthy working conditions, age management techniques and employment services for older workers, amongst others. In this regard, Government has established an Inter-Ministerial Committee for Active Ageing to ensure a more comprehensive and holistic approach towards active ageing.

Unemployment

An analysis of the unemployment rate, as per **Table 1.27**, shows that the highest unemployment figures were registered during the 2009-2010 period, as the effect of the financial crisis hit the Maltese economy. Thereafter, the unemployment rate has been decreasing, though it has not yet reached the 6.0% rate achieved in 2008. Compared to the EU-27 rate of 10.8% in 2013, Malta has a favourable unemployment rate of 6.4%. Furthermore, the decreasing unemployment trend registered in Malta since the economic crisis is not mirrored at an EU level, whereby, since 2009 the unemployment rate has increased by 1.9 percentage points.

¹⁴⁷ Ministry for the Family and Social Solidarity, August 2013. Data is related to the reporting on Measure 3.1.3.3 Encouraging Older Workers to Continue Working of the National Reform Programme 2011.

¹⁴⁸ Ministry for the Family and Social Solidarity, August 2014.

¹⁴⁹ <https://mfss.gov.mt/en/MJDF/Documents/Active%20Ageing%20Policy%20-%20EN.pdf>.

Table 1.27 – Unemployment Rate (15-74 years) ¹⁵⁰

	2008	2009	2010	2011	2012	2013
	%	%	%	%	%	%
MT	6.0	6.9	6.9	6.4	6.3	6.4
Males	5.6	6.5	6.7	6.0	5.7	6.5
Females	6.9	7.6	7.1	7.1	7.3	6.3
EU-28	7.0	8.9	9.6	9.6	10.5	10.8
Males	6.6	9	9.6	9.6	10.4	10.8
Females	7.5	8.9	9.6	9.7	10.5	10.8

Table 1.28 below highlights that unemployment rates in Malta have been most striking for the youth. The highest level of youth unemployment (14.5%) was also registered in 2009 in parallel with the economic crisis. In 2010, the rate decreased to 13.2%, however since then an increasing trend has been registered, which reached 14.1% in 2012, and then declined to 13.0% in 2013. The youth unemployment rate is significantly lower than that of the EU-28 level (23.4% in 2013). Adult unemployment has been hovering around 4.8% to 5.6%. Its peak was registered in 2010, following which it decreased to 5.2% in 2013.

Unemployment rate by gender indicates (vide **Table 1.28**) that female youth unemployment rate is facing considerable challenges. In fact since 2009, it has been increasing at a rather fast rate, with its highest level recorded in 2012. Between 2008 and 2012, female youth unemployment has increased from 10.0% to 14.7% and then declined by 4.3 percentage points to reach 10.4% in 2013. In the case of males, notable increases were registered in 2009 and 2013, such that between 2008 and 2013 the youth unemployment rate for males increased from 13.1% to 15.1%

¹⁵⁰ Eurostat Data: Labour Market, annual average unemployment rates (Not seasonally adjusted data), Accessed on 16 April 2014.

Table 1.28 – Unemployment Rate by Sex and Age Group (Malta)

	2008	2009	2010	2011	2012	2013
	%	%	%	%	%	%
MT (15-24 yrs)	11.7	14.5	13.2	13.3	14.1	13.0
Males	13.1	16.2	14.4	13.7	13.5	15.1
Females	10.0	12.5	11.8	12.9	14.7	10.4
MT (25-74)	4.8	5.3	5.6	5.0	4.9	5.2
Males	4.3	4.9	5.5	4.7	4.5	5.1
Females	5.7	6.3	5.8	5.6	5.6	5.3
Total (15-74 yrs)	6.0	6.9	6.9	6.4	6.3	6.4
EU-28 (15-24 yrs)	15.8	20.1	21.1	21.4	23.0	23.4
Males	15.8	21.2	21.9	22.0	23.6	24.1
Females	15.8	18.8	20.2	20.8	22.2	22.7
EU-28 (25-74)	5.9	7.6	8.3	8.3	9.0	9.5
Males	5.5	7.5	8.2	8.1	8.9	9.4
Females	6.5	7.6	8.3	8.4	9.2	9.6
EU-28 (15-74 yrs)	7.0	8.9	9.6	9.6	10.4	10.8

However, when compared to EU levels, youth unemployment rate in Malta is amongst the lowest, as is youth not in employment, education or training (NEET). However, as identified in the *National Youth Employment Strategy*, although Malta registered a remarkable decrease in NEET since 2000 (from 27.4% to 11.1% in 2012), Malta has been registering an increasing trend since 2008 (see **Table 1.29**). However, between 2012 and 2013 NEET decreased by 1.2 percentage points to 9.9%. As outlined in the table below, females are more prone than males to be NEET.

The current economic climate, the increasing youth unemployment rate and the increasing NEET rates call on Government to intensify its efforts to ensure that it addresses youth unemployment and inactivity. Successful action targeting youth unemployment requires prevention, intervention and compensation measures to ensure that that youth unemployment in Malta does not reach the sharp increases registered in other EU Member States. In this regard, Government aims to pursue action within its National Youth Employment Strategy to address youth employment holistically.

Table 1.29 – Youth not in Employment, Education or Training (NEET)

	2008	2009	2010	2011	2012	2013
MT	8.3	9.8	9.5	10.6	11.1	9.9
Males	6.9	9.4	8.1	9.9	10.1	9.5
Females	9.9	10.3	11	11.4	12.2	10.2
EU-27	10.9	12.4	12.8	12.9	13.1	13
Males	9.7	12	12.3	12.5	12.9	12.7
Females	12.1	12.9	13.2	13.3	13.4	13.3

Employment sectors

Throughout the years employment in the private sector has seen an increase in its share over the public sector to reach 73.2% in 2013 (vide **Table 1.30**). This represents an increase in private sector

employment by 9.4% over 2008 figures. On the other hand, public sector employment has registered a marginal increase in its employment of 0.6%, implying that the private sector has contributed towards the main economic expansion, with the largest economic activities registered by the administrative and support services activities followed by the professional, scientific and technical activities and the education and health and social work activities. The marginal increase in public sector employment, resulting mainly from withdrawals of the public administration from commercial related activity, and the significant private sector led job expansions calls for further investment to support this growth trend. The aim is to increase the potential of private sector led growth to meet rising employment demands from the unemployed and the inactive, whilst concurrently maintaining its current employment share in the economy.

Table 1.30 – Employment Sectors ¹⁵¹

	2008		2009		2010		2011		2012		2013	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
Private	104,362	71.5	104,727	72.0	106,310	72.4	108,776	72.6	111,413	73.2	114,219	73.2
Public	41,653	28.5	40,797	28.0	40,607	27.6	41,023	27.4	40,893	26.8	41,918	26.8
Total	146,015	100	145,524	100	146,917	100	149,799	100	152,306	100	156,137	100

Persons at risk of poverty and social exclusion

The number of people at risk of poverty or social exclusion ¹⁵² is on the increase, both in Malta as well as in the EU. At an EU level, it is estimated that there were 24.8% of people in this category in 2012, amounting to around 123.1 million individuals. As indicated in **Table 1.31** below, the rate in Malta, albeit lower than the EU-27 rate, has increased at a faster pace than that registered at an EU level. In Malta, 24% of the total population – around 99,000 people ¹⁵³ – were deemed to be at risk of poverty or social exclusion in 2013, up from 22.9% in 2012. Since 2007, Malta has registered an increase of 20,000 people at risk of poverty or social exclusion.

Table 1.31 – Persons at-risk-of-poverty or social exclusion: Percentage of Total Population 2007-2012 ¹⁵⁴

	2007	2008	2009	2010	2011	2012
MT	19.7	20.1	20.3	21.2	22.1	22.9
Males	18.6	18.7	19.1	20.1	20.9	21.7
Females	20.9	21.5	21.6	22.4	23.2	24.1
EU-27	24.4	23.7	23.2	23.7	24.3	24.8
Males	22.9	22.3	22	22.5	23.2	23.8
Females	25.9	25.1	24.4	24.7	25.3	25.7

¹⁵¹ National Statistics Office: Employment and Training Corporation Data.

¹⁵² In the EU there are three main indicators of poverty and social exclusion: 1. at risk of poverty rate and measures how many people live on less than 60% of the median income in the society; 2. severe material deprivation and measures absolute poverty – e.g. whether people can afford to heat their house or buy meat regularly; 3. The third indicator is the number of people in households with low work intensity, i.e. households where adults work less than 20% of the time they could theoretically work in a year. When eliminating overlaps, these three indicators together indicate the number of people at risk of poverty or social exclusion. (Laszlo Andor – European Commissioner Responsible for Employment, Social Affairs and Inclusion. Speech: “Europe’s social crisis: Is there a way out?” - 12th April 2013) http://europa.eu/rapid/press-release_SPEECH-13-309_en.htm.

¹⁵³ National Statistics Office: SILC 2013; http://www.nso.gov.mt/statdoc/document_view.aspx?id=3853 (accessed on 26 September 2014).

¹⁵⁴ National Statistics Office: SILC 2007 - 2012; Eurostat website.

The increase in the number of people at risk of poverty in Malta has been accompanied by a rise in severe material deprivation although low work intensity has remained stable. With regard to people severely materially deprived, Malta has more than doubled its rate over seven years, with an increase from 4.4% in 2007 to 9.5% in 2013 as can be seen from **Table 1.32** below. Eurostat figures indicate that severe material deprivation is predominantly found in the unemployed category where, in 2012, a rate of 33.6% was registered, which rate is more than double the rate registered in the preceding year. A deeper analysis on poverty in Malta is provided in Section 3.1.5, which delves into the geographical aspects and target groups facing highest risk of discrimination or social exclusion.

Table 1.32 – Severe material deprivation: Percentage of Total Population 2007-2013¹⁵⁵

Year	2007	2008	2009	2010	2011	2012	2013
EU-27	9.1	8.5	8.2 (e)	8.4	8.8	9.9	n.a.
MT	4.4	4.3	5.0	6.5	6.6	9.2	9.5 (p)

Health inequalities

The provision of an equitable quality health service across the whole territory is a must to ensure the minimum levels of health inequalities and achieve social justice. Owing to a steady increase in life expectancy over the past 20 years to reach 83.1 years for women and 78.9 for men in 2010, the National Health Service must ensure the universal access to high quality services and economic sustainability.¹⁵⁶

Cognisant of the challenges within the health sector, Government has embarked on its National Health Systems Strategy (NHSS) whereby it has identified four overall objectives, namely:

- *Respond to increasing demand and challenges posed by the demographic changes and epidemiological trends focusing on the whole course of life, children, the elderly and vulnerable groups:* this objective will be achieved primarily through investment in community care and preventive health care measures;
- *Increase equitable access, availability and timeliness of health and social services, medicines and health technologies:* a primary contributor towards this objective would be the better utilisation of resources by improving the management and efficiency of services;
- *Improve quality of care by ensuring consistency of care delivered by competent health workers supported by robust information systems:* the setting up and enforcement of quality standards and facilitating continuity of care will be the main focus under this NHSS objective; and
- *Working towards sustainable health systems:* through improved leadership as well as sustainable policies for human resources, financing mechanisms, entitlement criteria for care and organisation of care delivery.

Through this Strategy, Government intends to achieve its goal to provide every individual with the opportunity to lead a healthy and active life, to provide equitable access to quality health care and move towards achieving a sustainable health care service.

¹⁵⁵ National Statistics Office: SILC 2007 - 2012; Eurostat website.

¹⁵⁶ A National Health Systems Strategy for Malta 2014-2020– Securing our health system for future generations.

Reforming the health system

Since 2012, the Annual Growth Survey (AGS)¹⁵⁷ and Country Specific Recommendations (CSRs) have made explicit reference to the importance of reforms in the Maltese health system thus prompting the need for further interventions in this regard. Within this context, Government has embarked on a holistic reform of the health sector which focuses on improving governance, through the implementation of a cost-effective National Health Systems Strategy (NHSS), setting up a Health System Performance Assessment Framework and the review of procurement and distribution processes; increasing the focus on health promotion and disease prevention to move towards healthy lifestyles and active ageing with the aim of ensuring the long term sustainability of the health system and; strengthening primary health care to reduce acute hospital costs through various infrastructural measures coupled with investments in human capital.¹⁵⁸

In this respect, Government has also embarked on the drafting of an Active Ageing Strategy and set up a National Commission for Active Ageing to provide Government with a National Strategic Policy for Active Ageing: Malta 2014-2020 that was finalised in October 2013. Moreover, in the first quarter of 2014, an inter-ministerial committee was set up with the aim of drafting the implementation strategy.¹⁵⁹ In addition, in order to ensure human capacity development within the sector, as indicated in the NHSS, Government is committed to regularly update the Health Human Resources Strategy to evaluate training and specialisation needs and training received, expertise acquired and the outcomes and benefits to the national health services.¹⁶⁰

Demographic challenges

The National Health Systems Strategy for Malta 2014-2020 (NHSS) notes that the Maltese health system, in line with several health systems worldwide, has to cope with a fast changing environment. These include epidemiological changes such as changing age structures¹⁶¹, emergence of new threats, political transformations in terms of changing perceptions about the role of the state and its relation with the private sector and civil society, a general public and patients that are becoming more and more knowledgeable and discerning, and technical revolutions with increasingly sophisticated and expensive treatment options on offer.

Malta, like the rest of the EU, is facing an ageing population. Eurostat figures show that the proportion of persons aged 65 plus over the whole population is increasing at a fast pace - in 2007 the proportion registered stood at 13.8% whilst in 2012 the proportion increased to 16.5%. Moreover, the population of persons aged 75 plus who are the heaviest users of health services in Malta, is set to accelerate rapidly in the coming years when the post-war baby boomers reach this age. This issue is compounded by reducing fertility rates, which although between 2007 and 2011 the rate hovered around 1.4%, this marked a considerable decrease over the 2000 rate of 1.7%. Within this context, the health sector plays a crucial role in ensuring the provision of adequate health services with a view to ascertaining a healthy workforce. The NHSS reiterates this underlying pre-condition for a healthy workforce and includes a call for investment in rehabilitation and community care, both for physical and mental ailments, to allow affected members of the workforce to return back to productivity as soon as possible. This will in turn contribute towards longer participation within the labour market.

¹⁵⁷ Priorities at EU level: The Annual Growth Survey (http://ec.europa.eu/europe2020/making-it-happen/annual-growth-surveys/index_en.htm) accessed on 8 August 2014.

¹⁵⁸ Malta's National Reform Programme under the Europe 2020 Strategy, pages 10-13.

¹⁵⁹ Ibid.

¹⁶⁰ A National Health Systems Strategy for Malta 2014-2020 – Securing our health system for future generations, page 79.

¹⁶¹ A National Health Systems Strategy for Malta 2014-2020 – Securing our health system for future generations, pages 46-56.

Standardised mortality rates for circulatory diseases decreased over time from 426 persons per 100,000 in 1990 to 189 persons per 100,000 in 2010, but are still higher than those of EU-15.¹⁶² 2012 World Bank Statistics indicate that the probability of dying in the younger age groups (15-60) has been decreasing steadily with a wide gap between males and females partly attributed to ischaemic heart diseases and external causes of death, such as traffic accidents.¹⁶³

The Health System in Malta

Health services in Malta are mainly provided by the public and the private sector, with the Catholic Church and voluntary organisations contributing heavily, especially in the provision of long-term and community care services.¹⁶⁴ The total expenditure on health as a percentage of GDP was 8.7% in 2011 according to National Health Accounts data, with two thirds being financed from the state and the rest privately. Most of the private expenditure is spent on private primary care services, where 70% of general practitioner encounters occur, and medication for acute conditions. There are five public hospitals and two private ones. For the public hospitals, two are acute general hospitals and three are specialised ones, while the private ones provide mostly acute and elective care. The public system also provides primary care through a number of health centres distributed across the islands. These provide mainly general practitioner services, together with some ambulatory specialist and health professional services. Rehabilitation services, long term care for the elderly and community based services are also provided by the state, but also in certain instances through the Church and privately or through partnership between the different main stakeholders. As indicated in Malta's NRP, preliminary estimates indicate that 25% of cases seen in Accident and Emergency (A&E) are cases which should be seen in primary care. Within this context, shifting inappropriate attenders at Emergency Services within Mater Dei Hospital, which is the main acute hospital in Malta, to primary care, is estimated to create savings amounting to approximately 0.03% of GDP upon implementation.¹⁶⁵

Main health determinants

The Strategy for the Prevention and Control of Noncommunicable Disease in Malta issued in April 2010 establishes that there is strong evidence that noncommunicable diseases are linked to several lifestyle-related key risk factors such as unhealthy diet, physical inactivity, tobacco use and alcohol abuse operating in a disadvantaged socio-economic environment. According to the Countrywide Integrated Noncommunicable Disease Intervention (CINDI) Programme¹⁶⁶, the top three risk factors are tobacco, physical activity and dietary habits.

The Communicable diseases strategy also notes that availability of resources and links between health promotion, public health, primary care and hospital care are a prerequisite. This calls for an integrated approach to tackle health matters with the aim to improve healthy lifestyles holistically.

Complementary to this, the Healthy Weight for Life Strategy (2012-2012) highlights that excess weight presents the European Union, including Malta, with an increasing prevalence of obesity across all age groups. Furthermore, this same strategy denotes that International scientific and health agencies such as the World Health Organisation and the International Obesity Task Force have documented the fact that Maltese children and adults are amongst the heaviest both within Europe as well as globally.¹⁶⁷ In fact, Malta has the second highest proportion of obese or overweight children amongst 11 and 13 year olds, and the overall highest proportion of obese and overweight 15 year olds when compared to

¹⁶² A National Health Systems Strategy for Malta 2014-2020 – Securing our health system for future generations, Chapter 1, pages 15-23.

¹⁶³ Ibid.

¹⁶⁴ Ibid.

¹⁶⁵ Malta's National Reform Programme under the Europe 2020 Strategy, page 13.

¹⁶⁶ The CINDI Programme represents an international organisation who describes its experience and best practices in NCD prevention – A Strategy for the Prevention and Control on Noncommunicable Diseases in Malta (April 2010).

¹⁶⁷ WHO, 2010 in *A Healthy Weight for Life: A National Strategy for Malta, 2012-2020*.

the 41 countries participating in a study on Health Behaviour in school children by the World Health Organisation (WHO).¹⁶⁸ In terms of adult population, when compared to EU Member States, Malta has the highest rate of obesity amongst males and the third highest among females were overweight and obese. The Healthy weight strategy also notes that the Body Mass Index decreases with increasing educational levels.¹⁶⁹

Another important analysis that is highlighted by the *Marmot Review* within the Healthy Weight Strategy is that people living in the poorest neighbourhoods, will die on average seven years earlier than people living in the richest neighbourhoods. This strategy emphasises that childhood is a key phase to influencing health and wellbeing during the life course, including effects on obesity, heart and mental health.

Systematic review shows that childhood obesity is strongly associated with risk factors for cardiovascular diseases and diabetes, orthopaedic problems and mental disorders. Moreover, many obesity-related health conditions once only thought to be applicable to adults are now being seen among children.¹⁷⁰ Obesity imposes an economic burden on society through increased medical costs incurred to treat diseases associated with it (direct costs), lost productivity due to absenteeism and premature death (indirect costs).¹⁷¹

The Maltese territory may be considered as too small for significant statistical variations; however, socioeconomic inequalities are observed. Health inequality analysis within the Ministry for Health has determined that any regional variation is largely determined by differences in the educational level of the population, which is also intimately linked to age differences. The fact that educational opportunities and accessibility have improved over time resulted in a negative educational gradient with increasing age in the population. Within the island of Malta, the Southern Harbour and Northern Harbour region shows the highest proportion of the population aged 65 and over. This is likely to be the driver behind the high figures for unmet need for medical examination observed in these two regions in the SILC survey (refer to **Table 1.33**). Gozo on the other hand also has an ageing phenomenon and this calls for Gozo-specific solutions given the logistical difficulties that such a cohort group would face to travel between the islands.

Within this context, over the forthcoming period, Government will adopt a holistic approach in addressing the healthy well-being of citizens, particularly through efforts to instil a culture change from a very young age towards adopting a healthy lifestyle including through physical activity.

¹⁶⁸ A Healthy Weight for Life: A National Strategy for Malta, 2012-2020.

¹⁶⁹ European Health Interview Survey, 2008 in *A Healthy Weight for Life: A National Strategy for Malta, 2012-2020*.

¹⁷⁰ A Healthy Weight for Life: A National Strategy for Malta, 2012-2020.

¹⁷¹ A Healthy Weight for Life: A National Strategy for Malta, 2012-2020.

Table 1.33 – Regional data¹⁷²

District	SH	NH	SE	W	N	G&C	Total
Persons aged 65+ (% of population in district) *	16.84	17.01	12.73	14.66	13.51	19.35	15.64
Persons aged 65+ having unmet need for medical examination or treatment (% of population 65+ in district)	5.2 ^u	0.9 ^u	1.5 ^u	1.1 ^u	3.7 ^u	1.5 ^u	2.3
Persons aged 16+ having unmet need for medical examination or treatment (% of population 16+ in district)	6.7	2.3	0.9 ^u	1.7 ^u	1.9 ^u	1.7 ^u	2.7

* Percentage of persons aged 65 and over in relevant district

^u Represent figures with very low unweighted counts

Human Capital Development

Government recognises that educational attainment is a key determinant to employability and in this regard it is committed to invest in human capital development through education and training which are the major drivers in achieving social and economic objectives¹⁷³. Statistics show that in 2012, the employment rate in Malta ranged from 47.9% for individuals with lower than upper-secondary and post-secondary education; to 67.4% for persons with upper-secondary and post-secondary education, and to 86.7% for those with tertiary attainment level. Profiling of the early school leavers (ESL) in 2012, also gives a good indication of the importance of education attainment *vis-à-vis* employment related prospects. In fact, 31.4% of the ESLs in 2012 were not in employment.¹⁷⁴ This calls for further efforts to direct ESI funds to ensure that every individual has the potential to acquire educational attainment levels which match the needs of the labour market.

Throughout the years, Government has invested heavily in the educational sector. Reform in the education services has been ongoing with the main changes revolving around elimination of streaming, the introduction of benchmarking tests (primarily having a diagnostic function), introduction of the middle school concept, and a pilot co-education system in secondary schools, all with the aim to smoothen the transition from primary to secondary education, whilst ensuring a more successful secondary cycle of education. Such reforms were complemented by investment in the facilities and infrastructure mainly financed through EU funds, comprising both compulsory education schools and investment directed towards higher-education institutions. The latter offer hundreds of undergraduate programmes in a relatively large number of disciplines, including PhD programmes.

During 2014, Government has launched for public consultation a *Framework for the Education Strategy for Malta 2014-2020: Sustaining Foundations, Creating Alternatives, Increasing Employability*.¹⁷⁵ This provides a comprehensive document for lifelong learning opportunities from

¹⁷² National Statistics Office: Survey on Income and Living Conditions (SILC) 2012.

¹⁷³ Ministry for Education and Employment (2015), *National Youth Employment Strategy 2015*.

¹⁷⁴ National Statistics Office: Annual Labour Force Survey dataset (2012).

¹⁷⁵ Available from:

<http://education.gov.mt/en/resources/Documents/Policy%20Documents%202014/BOOKLET%20ESM%202014-2024%20ENG%2019-02.pdf>.

early childhood education and care to adult learning, based on four broad goals in line with European and world benchmarks:

1. Reduce the gaps in educational outcomes between boys and girls and between students attending different schools, decrease the number of low achievers and raise the bar in literacy, numeracy, and science and technology competence, and increase student achievement;
2. Support educational achievement of children at-risk-of-poverty and from low socio-economic status, and reduce the relatively high incidence of early school-leavers;
3. Increase participation in lifelong learning and adult learning; and
4. Raise levels of student retention and attainment in further, vocational, and tertiary education and training.

The Framework, which builds on the successes achieved in education and employment in the past and recognises the challenges of an ever-evolving and competitive world, consolidates existing strategies in the educational sector (such as the review of the Further and Higher Education Strategy 2020¹⁷⁶ and Vocational Education and Training). It also provides the parameters for a number of strategies that are currently being developed (such as Early School Leaving¹⁷⁷ and Lifelong Learning).¹⁷⁸ This Framework will provide the basis for the strategic document which outlines the plan for the next 10 years, starting from early childhood education and care to adult learning, vocational and tertiary education and encompassing formal, informal and non-formal learning.

During 2007-2013, investment has been undertaken in education and training infrastructure to stimulate education whilst contributing towards ensuring high quality education to all. Substantial investment has been made through ERDF to ensure that education institutions have the necessary infrastructure that complement the training need endeavours which have been implemented through the ESF. The investment throughout the years has yielded positive results where, over the last six years, Malta has registered a remarkable increase in its participation rates in further and higher education and a reduction in the early school leaving rate.

Investment within the education system has also been directed towards addressing the complex challenge of skills mismatches to feed into the considerable structural changes that Malta's economy is facing. In fact, Malta's education systems are contributing positively to these structural shifts and often have pre-empted their effects on the future prospects of their students through their revised courses, curricula and research. In addition, efforts are also targeted to meet the structural adjustments at an EU-wide level which anticipate fewer routine skills and more creative skills together with more familiarity with digital technologies, more skills specific to particular trades and a growing demand for critical thinking.

Early School Leaving

As shown in **Table 1.34** below, since 2007, Malta has registered a considerable decrease in its early school leaving rate, partly as a result of statistical adjustment required to make Malta's rate comparable with the EU but also thanks to substantial efforts that have been undertaken to achieve a reducing early school leaving rate which contributes directly towards an increasing rate in further and higher education. Notwithstanding this, Malta's rate at 22.6% still fares high when compared to the EU-27 rate of 12.8% and Government has embarked on an *Early School Leaving Strategy* to address this matter in a holistic manner. Having reached its EU 2020 NRP target of 29%, in its ESL Strategy

¹⁷⁶ Available from: http://www.ncfhe.org.mt/uploads/filebrowser/Further_and_Higher_Education_Strategy_2020.pdf .

¹⁷⁷ Available from: <http://education.gov.mt/en/resources/Documents/Policy%20Documents%202014/School%20Leaving%20in%20Malta%20June%202014.pdf> .

¹⁷⁸ National Lifelong Learning Strategy 2020 Draft.

Malta has set itself a new target of reaching 10% ESL rate by 2020. Government is striving to reach these targets given that it recognises that a high early school-leaving rate can have negative impacts on Malta's ability to further increase its human capital with regard to competencies and skills required to expand Malta's economic base – in particular towards high-value-added employment.

Table 1.34 – Early school leaving rate¹⁷⁹

	2007	2008	2009	2010	2011	2012
MT	32.7	29.3	28.0	25.9	23.6	22.6
EU-27	15.0	14.8	14.3	14.0	13.5	12.8

The *Early School Leaving Strategy for Malta* (2012) notes a correlation between attendance and school performance and its link with the higher incidence of becoming ESLs which calls for further investment to be directed to address this issue. The same strategy notes that the reasons why students leave school early or leave school without obtaining the Secondary Education Certificate (SEC) qualifications are complex. However, one of the most common reasons is the disengagement from the education process due to the fact that the student starts falling behind his/her class-mates in the learning process.

Currently, Maltese schools are moving away from a system of streaming and early student tracking (at secondary education level) to a mixed-ability scenario where schools and classrooms are heterogeneous in their student profile. Complementary to this, there is the National Curriculum Framework (NCF) which gives the opportunity to students to follow individual learning pathways to ensure that each child develops his/her full learning potential. This provides the teacher with a mixed ability setting which calls for differentiated teaching and learning. In this context, Government is currently considering consolidating and increasing further the investment done in information technologies in schools in order to focus on making the learning experience more engaging. The learning experience is a key factor which helps students in moving forward successfully through their education path.

Participation Rates

The drive towards reducing early school leaving should have a direct positive contribution towards participation rates in further and higher education. As a result of the high ESL rate for Malta when compared to the EU-27, Malta also has a corresponding low rate when it comes to the participation rate in tertiary education – in fact as at 2012 Malta has reached the rate of 22% whilst the EU-27 registered a rate of 36%. A main concern is that whilst the EU-27 rate has registered an increasing trend between 2007 and 2013, Malta's rate has been hovering around 21% and 22% for 6 consecutive years as outlined in **Table 1.35**. The limited progress achieved in this regard is posing serious challenges for Malta to reach its EU 2020 NRP target of 33% and has therefore led to a compulsory education reform which moves away from the early segregation and differentiation of students in different forms of schooling.

¹⁷⁹ National Statistics Office: Eurobase Extraction on 10 March 2014.

Table 1.35 – Percentage of the population aged 30-34 years old having completed tertiary education¹⁸⁰

	2007	2008	2009	2010	2011	2012
MT	22%	21%	21%	22%	21%	22%
EU-27	30%	31%	32%	34%	35%	36%

A deeper analysis of the participation rate in further and higher education denotes that the participation rate of 17 year olds¹⁸¹ in further and higher education has shown a steady increase since 2008 with a rate of 83% reached in 2012. However, the same cannot be said for 19 year olds,¹⁸² where the rate in further and higher education drops to 56% (2012). The highest rate for the participation of 19 year olds was registered at 61% in 2009, but thereafter it dropped to 52% in 2011. An important analysis is the trend in participation of the 19 year olds between further and higher education. Whilst throughout the years, participation in higher education was above that in further education; in 2008 the trend was reversed with a higher participation rate in further education. This is mainly due to the expansion of the Malta Collage for Arts, Science and Technology (MCAST), but also possibly due to repeaters or those persons who decided to re-engage into education at the age of 19. This trend was then again reversed in 2012, as indicated below in **Table 1.36**.¹⁸³

Table 1.36 – 17 and 19 year old cohort student participation rate in F&H Education

Age	2007	2008	2009	2010	2011	2012
17	65%	59%	60%	73%	82%	83%
19	43%	55%	61%	56%	52%	56%

Analysing the participation of students in further and higher education by field of study identifies that the percentage of graduates in Mathematics, Science and Technology stands at 13.1%, which is low when compared to the EU-27 rate of 22.6%. Graduates in these fields of studies are predominantly males – in Malta the rate of male graduates was 18.5 in 2011, while that of females was 9.2%; for the EU-27 the rate for males was 37.4% while that of females was 12.4%. It is worth noting that the enrolment rate in Malta for males in these fields of studies stood at 34.2%, which is closer to the EU-27 rate of 39.7% - this calls for deeper understanding as to the discrepancies that exist between these two indicators. One other main concern is that over the years the rate of graduates in these areas is decreasing, in fact between 2007 and 2011 it decreased from 15.4% to 13.1%. At the EU level, the rate has been hovering around 22% over the same period.

Lifelong learning

As discussed earlier, changes in the structure for the Maltese economy puts substantial need to invest in the adaptability of workers to ensure that they keep up with the changes and developments within the labour market. Changes in the economy have also major impacts on the types of jobs that are available. Rapid changes in technology and workplace organisation also call for investment to be directed towards the up-skilling and re-skilling for ageing low-skilled workers so as not to lead to skills obsolescence resulting into a greater risk of job loss and social exclusion. Investment in lifelong learning is also pivotal to address skills mismatches in the labour market.

¹⁸⁰ NCFHE, 2013. NCFHE Further and Higher Education Statistics 2012 Malta, National Commission for Further and Higher Education; p.32.

¹⁸¹ At 17 years, students would most often be participating in further education – both of general and vocational nature.

¹⁸² At age 19, a considerable amount of students would have moved on to tertiary education with the others still participating in further education.

¹⁸³ NCFHE, 2013. NCFHE Further and Higher Education Statistics 2012 Malta, National Commission for Further and Higher Education; p.25.

Statistics show that in 2012 Malta has registered an increase of one percentage point in the rate of adults participating in continuous education and training when compared to 2007 figures. An observation worth making refers to the profiling of adults who participate in LLL. In fact, whilst Malta fares above the EU-27 rate of participation in LLL for those attaining upper secondary level or more, it fares below the EU average for those attaining pre-primary, primary and lower secondary level education. In this regard, further efforts to upgrade the skills within the labour market are required. However, the participation rate of adults by labour market status indicates that the unemployed represent the cohort with a higher LLL participation rate of 8.8%¹⁸⁴ (2012), as opposed to 9.0% (2012) rate for the EU-27. The inactive register a low rate of 3.4% as compared to the EU-27 rate of 7.0% and the employed have a rate of 8.9% versus the 9.7% of the EU-27.¹⁸⁵ These trends call for direct investment in LLL towards those persons who need it most. A general overview of the participation in formal or non-formal education and training can be found in **Table 1.37** below.

Table 1.37 – Participation in formal or non formal education and training¹⁸⁶

25-64 yrs	2007	2008	2009	2010	2011	2012
EU-27	9.3	9.4	9.3	9.1	8.9	9.0
Malta	6.0	6.3	6.1	6.2	6.5	7.0

As a result of the current changing demographic features of Malta's population, and in particular the baby boomers moving to retirement age, working age populations will decline considerably in the coming years and decades - so will student population cohorts. In this regard, Government will focus its efforts to increase student population cohorts through higher participation rates in upper secondary and tertiary education thus necessitating continued investment in infrastructure. Ageing impacts on education in a number of ways, including:¹⁸⁷

- a) more adult learners will demand further and higher education as well as training and re-training in the future; and
- b) an increasing dependency ratio places an onus on younger generations to reach higher levels of productivity, which in turn will create the need for more education, knowledge, skills and competences in younger cohorts.

To counter such challenges, Government has adopted a number of strategic responses. One is the setting up of a Directorate for Lifelong Learning within the Ministry of Education and Employment, which offers courses (Academic, Information Technology, Literacy, Numeracy, Crafts, Leisure and Creative Arts) at various MQF levels (in line with the European Qualifications Framework). In addition, the ETC and MCAST have initiated guidance and counselling services to support adult workers.¹⁸⁸

Another important policy measure is the continuous development of the Malta Qualifications Framework which is responsible for setting the levels of different qualifications based on standards of knowledge and skills, competencies and attitudes to be acquired by learners. One synergistic outcome of a Malta Qualifications Framework is that it establishes a structured relationship between education and industry, whereby educational institutions are to be responsible for competences and learning outcomes whilst industry should be responsible to set occupational standards. This ensures

¹⁸⁴ Figure is under-represented due to small sample size.

¹⁸⁵ National Statistics Office: Eurostat data accessed on 10 March 2014.

¹⁸⁶ NCFHE, 2013. NCFHE Further and Higher Education Statistics 2012 Malta, National Commission for Further and Higher Education; p.46.

¹⁸⁷ Further and Higher Education Strategy 2020, Recommendations of the National Commission for Higher Education, Malta, April 2009.

¹⁸⁸ Country Report on the Action Plan on Adult Learning, Malta, GHK, 2011, is available on: http://ec.europa.eu/education/adult/doc/malta_en.pdf.

that both sectors work simultaneously and in a sustained manner to ensure that VET and other programmes are designed and accredited to meet competencies and skills sought by industry.

Illiteracy

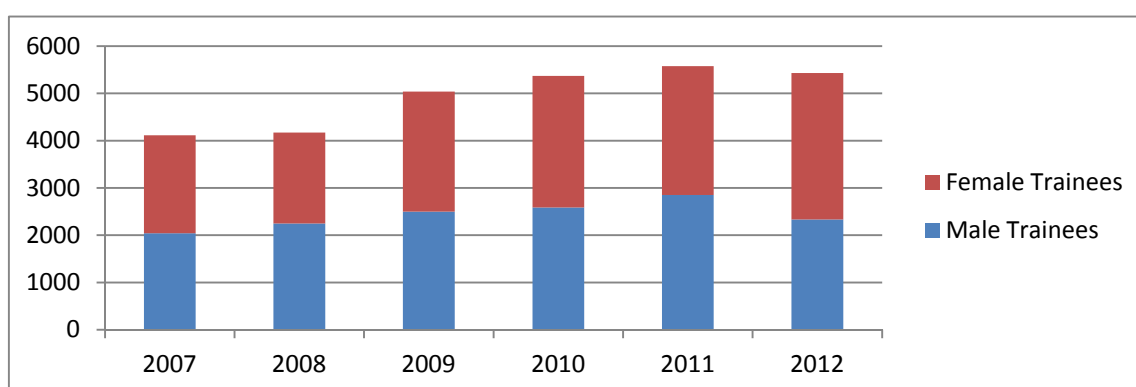
The report of the High Level Group on Literacy issued in 2012 shows that Malta had a 36% illiteracy rate, placing it in the 25th position out of the EU-27 – followed only by Romania and Bulgaria.¹⁸⁹ The illiteracy rate among boys stands at 48.4% and 24.4% among girls; whilst 13.3% of low achievers among girls compared with 26.6% for boys. Furthermore, the Progress in International Reading Literacy Study (PIRLS) 2011, where Maltese ten year-olds obtained a mean reading score of 477, is significantly lower than the international average. This is a challenge that Government has been addressing during the 2007-2013 programming period and which will continue to be addressed over the 2014-2020 programming period since improved literacy leads to higher earnings and better educational and employment opportunities. Improved literacy not only helps overcome poverty of income; it helps overcome poverty of aspiration.

Institutional Capacity Building

In its endeavour to ensure better quality service delivery which meets the ever increasing expectations of the public in general and businesses, the 2007-2013 period witnessed the public administration embarking on a number of actions, ranging from: legislative initiatives, better regulation, up-skilling of employees, review of work processes and practices and ICT investment. Particularly, within the overall context of continuous education and training, during the said period Government developed the competencies and remit of the Public Service's main training agency, namely the Centre for Development Research and Training (CDRT). In addition, specialised/ technical training was provided by the respective Line Ministries.

Government has enhanced and expanded its training and re-training programmes for its employees in line with its own lifelong learning objective. Main areas included financial regulations and basic skills related to financial management, public procurement, project management and other relevant skills, national environmental and planning legislation, and Community policies. **Figure 1.11** below highlights an increasing trend in terms of the number of public officials attending CDRT courses.

Figure 1.11 – Public officials attending CDRT courses organised between 2007 and 2012¹⁹⁰



The reform of the public service undertaken over recent years has sought to strengthen the leadership of the public service through various measures whereas the present public service reform is more focused towards strengthening the public administration's capacity to perform efficiently and

¹⁸⁹ Pg 36, EU High Level Group of Experts on Literacy, Final Report, September 2013, European Commission, is available on: <http://ec.europa.eu/education/literacy/what-eu/high-level-group/documents/literacy-report.pdf>.

¹⁹⁰ Sourced from Centre for Development Research and Training (CDRT) – Annual Reports 2007-2012.

effectively whilst providing a quality service. The enactment of the Public Administration Act in 2009 was a hallmark development and its phased implementation generated the introduction of simplified processes in the human resources sector within the Public Administration together with the devolution of specific responsibilities. Another two major milestones were the enactment and implementation of the Freedom of Information Act (Cap 496)¹⁹¹ in 2012 and the introduction of the Whistle Blower Act¹⁹² in 2013, as a result of which the Public Administration was required to review its processes and adapt to enable it to address the challenges emanating as a result of the introduction of these legislative measures.

Better regulation and the simplification of processes were and remain a major priority for the public administration. The Simplification Action Plan was formulated in 2007 and a Better Regulation Unit set-up thereafter. Furthermore, 2013 saw the appointment of the Commissioner of Laws and of the Commissioner for Simplification and Reduction of Bureaucracy.¹⁹³ In a drive to reduce the administrative burden on business, the Better Regulation Unit reported¹⁹⁴ that this has exceeded the desired results: in fact, administrative burdens were reduced by 15.6%, exceeding the set target of 15%. Moreover, through the introduction of an enhanced e-government platform, over 1,600 forms were identified and classified, in order to establish which could be classified as e-forms, in an effort to bring public services closer to the citizen and businesses, whilst guaranteeing an improved service delivery. A major ICT investment was the implementation of the e-Procurement System in 2012, facilitating access to public tender documents and simplifying submission of bids. This was complemented through the introduction of the Common Assessment Framework,¹⁹⁵ a quality assurance system which offers departments the necessary tools to improve the quality of their services through a framework of on-going assessment.

Another major reform embarked upon by Government is the Judiciary Reform: the first initiative in this respect was the introduction of electronic services and information. As set out in the NRP, the aim of the Judiciary Reform is to improve the overall efficiency of the judicial system by reducing bureaucracy, cutting down on disposition time and improving clearance rates. In March 2013, the Prime Minister set up a Commission to prepare a report on the Justice Reform; the final report was presented in November 2013.

The Justice Reform will involve,¹⁹⁶ amongst other measures, investment in ICT technology, capacity building (including the new jurist system and more support staff), training of the judiciary, court personnel and other personnel employed in key stakeholder organisations as well as the upgrading of existing infrastructure. National funds will be utilised to cover certain expenditure, such as infrastructural works whilst it is the intention of Government to support interventions in this area, through the use of structural funds, with a view to primarily providing the necessary skills, training and capacity as well as ensuring a better and timelier service delivery.

In its continuous effort to sustain public finances, Government continued with its measures towards strengthening financial discipline in state institutions through the enhancement of monitoring and implementation systems; in this respect a Comprehensive Spending Review exercise was launched in 2013. Moreover, measures addressing rationalisation of resources aimed at limiting staff recruitment across the public administration were implemented. This was facilitated through the structured mobility initiatives within the public administration and the retraining and redeployment of employees across the different organisations within the public administration. An exercise across the Public Administration is currently ongoing with the aim to review operational and administrative processes.

¹⁹¹ Available online on: <http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=8962> .

¹⁹² Available online on: <http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lp&itemid=25151&l=1> .

¹⁹³ Available online on: <http://simplification.gov.mt/en/Pages/home.aspx> .

¹⁹⁴ Available online on: http://www.bru.gov.mt/15-6-reduction-in-administrative-burden-registered_news-posted-on-17th-december-2012/ .

¹⁹⁵ Available online on: <http://www.cafmalta.gov.mt/?lang=en>.

¹⁹⁶ "Strategy and Action Plan 2014-2020: Better Governance", January 2014.

This exercise will enable the public administration to further re-organise its structures and ensure better utilisation of resources and quality services. Within this context, Government plans to invest further within the public sector with a view to strengthening human resource capability to meet new challenges. This will contribute towards a more efficient service delivery whilst investing in the development of skills to enable an active participation in national and international fora, including at a European level.

The broadening of the consultation process in policy development with different sectors of society, business and non-governmental organisations has resulted in a better understanding, by stakeholders outside Government, of policy issues and the importance of their respective participation in the shaping of such policy instruments. This open consultation process included the setting up of MCESD, the opening up of the budget process through the introduction of a Pre-Budget framework, the setting up of a Malta European Union Steering Committee (MEUSAC) framework and the use of Green and White policy papers that are now mainstreamed as a policy formulation vehicle. These important developments have resulted in a policy formulation process that is more open, transparent as much as yielding an effective policy. Within this context, it is the intention of Government to propose interventions within this area with a view to providing these stakeholders with the necessary skills to actively participate in the development of Government policy.

National SWOT

Based on the in-depth situation analysis provided earlier within this document, as well as on the feedback received particularly from public and private sectors, civil society, NGOs and other interested stakeholders¹⁹⁷, a SWOT analysis was undertaken with a view to identifying areas of development where Malta can capitalize on its strengths, exploit opportunities for development and address its weaknesses and threats. Investment addressing these areas will actively contribute towards the creation of more and better jobs, economic growth and a more sustainable environment. In this regard, Malta's Funding Priorities for the 2014-2020 period have been delineated based on the national SWOT.

The national SWOT analysis presented in **Table 1.38** highlights Malta's current limitations and development potentials which Government aims to address and exploit in the coming years. In this respect, during the 2014-2020 programming period, Government will seize the opportunity to make the best use of ESI Funds by investing in areas of strategic importance for Malta's development. This approach will aim to balance off the difference between Malta's strengths and weaknesses by fully exploiting opportunities and addressing threats which are in line with the Europe 2020 Objectives. Within this context, through ESI Funds, Government will give priority to consolidating Malta's economic drive, ensuring the sustainability of its environment and improving its social fabric.

¹⁹⁷ Refer to Annex A for the list of stakeholders who have participated in the consultation process.

Table 1.38 – National SWOT

Strengths	Weaknesses
▪ Good climatic conditions	▪ Vulnerability as a small island state
▪ Politically stable, strong social fabric and safe country	▪ Insularity of territory
▪ Strategic location in the Mediterranean	▪ Double insularity for Gozo
▪ Established industrial base and emerging high value-added industrial sectors	▪ Small internal market makes it difficult to take advantage of economies of scale
▪ Mixed market economy	▪ High population density
▪ Well-established governance system	▪ Perceived narrow tourism offering
▪ Well-established social welfare system	▪ Insufficient spending in R&D
▪ Widespread use of ICT and a well-established information society	▪ Need for further upgrading of road and port infrastructure
▪ High level of broadband penetration	▪ Need for further investment in road infrastructure
▪ Excellent spread of ICT amongst enterprises	▪ No significant natural resources
▪ Endowed with rich cultural heritage	▪ Physical geographical constraints
▪ Robust civil society/social partner framework	▪ Vulnerable energy infrastructure
▪ Free and accessible educational system available across all cycles of education	▪ High dependence on energy generated from non-renewable sources
▪ Well-connected airport infrastructure	▪ Skills Mismatches
▪ Established employment and training infrastructure	▪ Increasing cost of labour
▪ Natural strategic harbours	▪ Low student take-up of science-based studies
▪ Established and recognised further and higher education systems	▪ Low participation rate of older workers in the workplace
▪ Multi-skilled and adaptable workforce	▪ Relatively large public sector employment
▪ Multi-lingual population	▪ Weak industry to academia link
▪ Good reputation for attracting and retaining Foreign Direct Investment	▪ Child care and after school care services continue to remain unaffordable
▪ Free national health service	▪ Weak primary health care infrastructure
▪ Good location for capture of migratory marine species in the Mediterranean Sea	▪ Increased demand for health services as a result of ageing population
▪ Wide variety of species available to fishers	▪ Limited access to finance for enterprises
▪ High value-added activity in the services sector	▪ Fresh water resources under considerable strain ¹⁹⁸
	▪ Low levels of soil organic material
	▪ Soil erosion
	▪ Female participation rate, still remains relatively low in the older age cohorts (30+) albeit improving steadily
	▪ Heavy Dependence on imports
	▪ No connectivity to the European Energy Grid
	▪ Underutilisation of historical and cultural assets
	▪ Seasonality within the tourism industry
	▪ Limited export activity by small domestic firms
	▪ Continued fragmentation of arable land negatively impacting agricultural community
	▪ Weak coordination of cross-regional management of environmental risks such as oil spills, marine pollution, etc.
	▪ Sustainability of the fisheries sector

¹⁹⁸ The national water demand is significantly higher than the available naturally renewable water resources.

Opportunities	Threats
<ul style="list-style-type: none"> ▪ Scope for further diversification in the main economic sectors of high value-added economic activity 	<ul style="list-style-type: none"> ▪ Over-utilisation of finite resources
<ul style="list-style-type: none"> ▪ Scope for further internationalisation 	<ul style="list-style-type: none"> ▪ Insufficient risk-prevention measures
<ul style="list-style-type: none"> ▪ Increased trade integration 	<ul style="list-style-type: none"> ▪ Increased impacts of climate change
<ul style="list-style-type: none"> ▪ Focus on building up on already established sectors such as ICT to excel in these sectors 	<ul style="list-style-type: none"> ▪ Deterioration and possible loss of unique cultural and historical heritage
<ul style="list-style-type: none"> ▪ Strengthen links with countries around the Mediterranean basin 	<ul style="list-style-type: none"> ▪ Dependency on fluctuating oil prices
<ul style="list-style-type: none"> ▪ Increased opportunity for cooperation with countries in the Mediterranean 	<ul style="list-style-type: none"> ▪ Environmental degradation and bio-diversity decline ▪ Soil sealing
<ul style="list-style-type: none"> ▪ The regional distinctive characteristics of Gozo 	<ul style="list-style-type: none"> ▪ Competition from emerging economies
<ul style="list-style-type: none"> ▪ Expansion of knowledge-based economic activity 	<ul style="list-style-type: none"> ▪ New issues of social injustice
<ul style="list-style-type: none"> ▪ Potential from the valorisation and regeneration of urban and of cultural heritage assets and areas 	<ul style="list-style-type: none"> ▪ Increase in socially-excluded persons
<ul style="list-style-type: none"> ▪ Increased scope for environmental interventions 	<ul style="list-style-type: none"> ▪ High level of migration and asylum seekers
<ul style="list-style-type: none"> ▪ Facilitating sustainable transport mobility 	<ul style="list-style-type: none"> ▪ Loss of traditional skills and knowledge in the fisheries sector
<ul style="list-style-type: none"> ▪ Maximise energy use through energy efficiency and contribute towards energy generation from renewable sources 	<ul style="list-style-type: none"> ▪ More lucrative alternative career options for young people in the agricultural sector
<ul style="list-style-type: none"> ▪ Improvement of infrastructure including health and social infrastructure 	<ul style="list-style-type: none"> ▪ Long-term sustainability of public finances
<ul style="list-style-type: none"> ▪ Leverage favourable climatic conditions to consolidate and strengthen vertical tourism markets such as diving and sports) 	
<ul style="list-style-type: none"> ▪ Further development of human capital through lifelong learning, re-skilling and up-skilling¹⁹⁹ 	
<ul style="list-style-type: none"> ▪ Potential for growing a sustainable rural tourism sector that is integrated with the local crafts and cuisine 	
<ul style="list-style-type: none"> ▪ Diversification within the maritime economy 	
<ul style="list-style-type: none"> ▪ Increasing demand for quality agricultural products 	
<ul style="list-style-type: none"> ▪ Potential for rural tourism 	

During the 2014-2020 programming period, Government will aim to secure Malta's competitiveness and ensure the long term sustainability of its public finances by investing in enterprises. In this regard, Government will promote internationalisation, innovation and R&D within enterprises to increase product quality, develop new technologies and deliver better services. Government will also increase access to finance, encourage investments in ICT and promote targeted investments in niche areas, particularly within the tourism sector, which can leverage further economic development. Furthermore, with the aim of reducing Malta's reliance on non-renewable sources of energy, and reducing GHG emissions, Government will also promote investments in low carbon in line with Europe's thrust to shift towards RES and increase energy efficiency.

Improving and preserving the Maltese environment, including its biodiversity, cultural heritage and natural resources, will play a key role in Government's effort to address the country's weaknesses. As identified in the national SWOT above, the limited supply of fresh water resources remains one of Malta's weaknesses. In this regard, Government aims to invest ESI Funds to revert this trend in order

¹⁹⁹ Including climate change related skills and skills for the agriculture and food processing industry.

to improve water quality, increase the supply of freshwater sources and extend the water network. The waste sector also plays a key part within the environment and efforts to ensure the sustainability of the waste sector will be undertaken. The low levels of soil organic matter, soil erosion and sealing are also critical challenges particularly for the agricultural sector. Government also aims to build stronger urban-rural linkages whilst ensuring the sustainable development of urban areas, particularly those affected by social and health inequalities. Within this context, in order to mitigate the limitations of Malta's geographical insularity and the effects of a high population density on mobility within urban areas, Government will support the shift towards more efficient and sustainable transport. Particular attention will also be given to investments in rural areas in order to preserve the environment, improve the quality of soil and ensure the sustainability of the farming industry. Investments to increase diversification within the maritime²⁰⁰ and fishing industry in order to ensure the sustainability of the fishing sector will also be supported. Furthermore, in an effort to address the impacts of climate change, Government will also increase risk prevention measures by investing in climate change adaptation and mitigation. Building on Malta's already rich cultural heritage, Government will also support efforts to preserve and consolidate this sector, particularly with the aim of reducing Malta's dependence on seasonal tourism.

Addressing social inequalities, skills mismatches, low penetration rates in higher education and improving the sustainability of health care provision remains a challenge which necessitates results-oriented investments. Within this context, Government will support targeted investments in timely and quality primary health care in an attempt to lift barriers to health care provision. In line with Europe's objective to eradicate poverty, Government will also support investments which aim to reduce the number of persons at risk of poverty, particularly investments which will enable people to enter and move within the labour market as well as interventions targeted at social inclusion within the community. Government will also aim to further consolidate the education system by supporting efforts to reduce early school leaving rates, increase the penetration rates into high education provision and increasing access to quality education, amongst others. Such investments will result in a more knowledge-based society where the development of human resources will be intensified.

By focusing ESI Funds on economic development, environmental sustainability and social inclusion, during the 2014-2020 programming period Government will not only aim to address current needs but will also leverage economic prosperity and knowledge-based excellence which will enable Malta to address future challenges.

²⁰⁰ EMFF will support the implementation of the Integrated Maritime Policy (IMP).

Experience from the programming period 2007-2013 and the state of achievement of objectives set out for programmes supported under this programming period, as appropriate

The 2007-2013 programming period was the first 'full' cycle for Malta in the implementation of European Structural and Investment Funds. Based on evaluations as well as internal assessments by the relevant stakeholders the following are a list of lessons learnt which need to be taken into consideration during the 2014-2020 cycle:

- **Early commitment of Funds:** in order to maximise absorption, the need is felt to ascertain that the funds are committed at the very early stage of the programming cycle. Actions include issuing calls for the total allocation under a given investment priority within the same call, amongst others;
- **Adequacy of human resource capacity:** the management and the implementation of programmes and projects is heavy on any administrative structure. This requires the strengthening of the institutional set-up of any organisation involved in the implementation process. The set-up should be robust enough to deal with staff turnover which negatively affects the progress of the implementation process;
- **Ongoing training:** staff turnover has an impact on the organisations implementing projects and programmes. This creates the need to strengthen and consolidate skills and expertise. Under the programming period 2007-2013 ongoing training of individuals employed in the implementation of the programme has mitigated the pressures of staff turnover;
- **Evaluation and Monitoring of Indicators:** based on the experience of the 2007-2013 period, the need is felt to continue strengthening the evaluation and monitoring function particularly in relation to the implementation of the performance framework;
- **Procurement:** An important step in the implementation of the Operational Programmes is the contracting of services, works or equipment. Active measures are being taken to ensure that the process is shortened since the lengthy procurement process has an impact both on the absorption of funds as well as the timely achievement of the programme targets;
- **Simplification:** The implementation of simplified cost options during the 2007-2013 period has proven to be very successful and it is the intention of the Maltese authorities to replicate the positive experience under the European Social Fund (ESF) and implement simplified costs where possible;
- **IT:** Ongoing developments of IT modules to reflect the needs of the stakeholders are required; and
- **Assistance to NGOs and civil society:** The involvement of different levels of governance in the implementation of the Operational Programmes is very important. Based on the experience under the 2007-2013 programming period, the need is felt to provide ad hoc assistance to NGOs and civil society at the different stages of the implementation both during the application process, in terms of providing the possibility of accessing EU funding opportunities as well as during the implementation of projects.

Further details in relation to how these needs will be addressed can be found in **Sections 2.4, 2.5 and 2.6** of this document.

Achievements

Within the situation analysis reference has been made to the achievements registered during the 2007-2013 period. This section gives a generic overview of what has been achieved to date. The interventions funded through these programmes have directly affected the daily lives of Maltese citizens through investments in critical areas for the social and economic growth of the territory such as education, employment, health, innovation etc.

In terms of infrastructure, 113 mainstream projects and 9 Aid Schemes were approved²⁰¹ under Cohesion Policy contributing towards various sectors including knowledge and innovation, tourism, environment, energy, climate change, accessibility and human capital.

Within the **knowledge and innovation sector**, measures included the upgrade of research and industrial estate facilities and the development of a life-sciences park and enterprise infrastructure. The results achieved are twofold: on the one hand the research facilities attracting and enabling the fostering of innovative skills, primarily within the University of Malta; whilst on the other hand, investing in a business environment, which is conducive to innovation and entrepreneurship. All these interventions lead to the re-structuring process of local industry and moving towards a competitive knowledge economy. In this context it is worth noting that, by end of 2013, there were seven (7) new/upgraded industrial zone projects; twenty-three (23) new/modernized specialized learning facilities constructed/refurbished; 259 SMEs supported and 583 enterprises²⁰² benefiting from the JEREMIE Financial Instrument.

The **sustainability of the tourism sector** has yielded significant results particularly in improving the Maltese tourism product. Investments in twenty (20) initiatives are currently being implemented. These initiatives include interventions in cultural heritage sites comprising fortifications, archaeological heritage sites as well as landscaped urban spaces, particularly within tourism zones. These have contributed to create an improved tourism experience. Furthermore, 100 private sector organisations have also invested within the sector through EU funded aid schemes.

During the last seven years, **environment and climate change** were also main areas of intervention. These interventions were undertaken in the waste, water and energy sectors. Actions to minimise the effects of waste on the environment and society included the increase in waste separation at source, plants for the treatment of municipal solid waste and the rehabilitation and restoration of closed landfills. Furthermore, measures aimed at reducing untreated sewage effluent discharge into the sea and addressing the incidence of high storm water volumes have also been implemented. EU funds also contributed towards investment within renewable energy and resource efficiency, mainly through the installation of photovoltaics, micro-wind and solar water heaters. Such measures were intended to promote the benefits of clean energy from renewable sources.

In conjunction with environmental measures, investments aimed at **urban regeneration and at improving the quality of life** were also implemented. Investments targeted key areas such as e-accessibility, transport, urban re-generation, education and the social sector. In terms of transport, as at 2013, Malta has achieved a total of 20.05km of upgraded road infrastructure, one (1) sea terminal and two (2) modal shift projects contributing towards better accessibility. Furthermore, in improving the better quality of life of citizens, investments in education, social and health were undertaken. These include the Computing Services Centre Building at the University of Malta, the Oncology facility, the Upgrading of Operating Theatre and the Setting Up of a Radiology Unit and the provision of childcare facilities by enterprises.

These infrastructural interventions were complemented by investment in human capital through the European Social Fund. Eighty-four (84) operations were supported with the aim of increasing the participation rates in **employment and education and training**. This contributed towards ensuring that the working age population and enterprises become flexible to respond to the needs of the economy. Investments included measures for the re/integration of job seekers and inactive persons into the labour market or to the retention of their current jobs. After receiving the assistance more than 38,718 participants were in employment or further studies, six months after assistance.

²⁰¹ Data as at end of 2012, Annual Implementation Report.

²⁰² Jeremie Data is at end 2013.

In an effort to increase the take-up of stable and quality employment by persons who find difficulties in participating in the labour market, ESF funds were also utilised to encourage the integration, retention and progression of specific cohorts, such as women, persons with disabilities, persons with mental health difficulties, the inactive, youth, persons with addictions, the long-term unemployed as well as parents and educators. In this respect, more than 11,759 persons were assisted.

Investment during the 2007-2013 programming period, has also contributed to improved competitiveness within the **agricultural sector**. Efforts undertaken included infrastructural investments such as the modernisation of agricultural holdings and agro-processing enterprises with a view to facilitating the conversion to more competitive and sustainable production methods. In addition, investments aimed to mitigate water scarcity were also supported with a view to maximising water efficiency within the sector. These initiatives were complemented with training to the farming community. In fact a total of 2,361 farmers were successfully trained. The training was aimed towards providing farmers and other persons, involved in agricultural activities, with the necessary skills to meet the challenges that result from the new standards and demands of the rural economy.

Diversification within the agricultural sector with a view to improving the sustainability of the sector also played a key role. In this regard, measures aimed at improving the rural landscape and enhancing the value of localities were implemented. These contributed towards generating revenue for different localities and local businesses. In fact by the end of 2012, twenty-three (23) heritage actions were supported. This has contributed towards registering an increase in the number of additional tourist visits within rural areas amounting to 123,208 visits.

The **fisheries sector** has also benefitted from European funds with a view to enabling the fisheries sector to achieve the objectives set within the reform of the Common Fisheries Policy (CFP) namely: stimulating the development of an economically profitable fisheries sector which respects the environment and contributes to the well-being of the populations dependent on the sector.

Within this context, the Maltese Fishing Vessel Register was reduced by 2984.23 kilowatts (kW) and 361.85 Gross Tonnage. This resulted in a reduction of Bluefin Tuna (BFT) and swordfish licenses by 21.35% and 7.78% respectively. Measures to improve the fishing fleet through modernisation actions aimed to improve safety on board, working conditions on board, product quality, energy efficiency and to enhance hygiene and increase in the selectivity of fishing gear²⁰³ were also supported.²⁰⁴ These initiatives were complemented by soft measures such as training courses to fishers, which amounted to over 800 persons. Such courses were aimed to provide fishers with better knowledge of health and safety measures at sea as well as diversification of activities.

In an effort to diversify the fisheries sector, Government has also supported investments in processing and marketing, the modernisation of fish processing and packaging plants as well as investments in aquaculture. Moreover, during the 2007-2013 programming period, the development of new infrastructure for the proper landing and storage of fish within designated ports and the building of a fish market were also supported.

1.1.2 Malta's Development Objectives

Over the past years, EU funds have been a major contributor towards the development of Malta and Gozo, both in terms of competitiveness as well as in terms of investment in human capital. The impact of the interventions undertaken during the previous programming periods has contributed towards a better quality of life for Maltese citizens.

²⁰³ Provided that these do not increase the ability of the vessel to catch fish.

²⁰⁴ Annual Implementation Report on the implementation of the European Fisheries Fund 2007-2013 (2012).

Government is committed towards building upon the results achieved to date and is determined to address its EU 2020 targets whilst at the same time taking into account the specific characteristics of Malta. In this regard, the European Structural and Investment (ESI) Funds are seen as a critical instrument to achieve European and national objectives over the 2014-2020 programming period.

Addressing the regional dimension of Gozo, particularly its development, is also a priority for the forthcoming period. Conscious of the investment undertaken during the 2007-2013 programming period, Government will seek to consolidate efforts to address Gozo's specific challenges, in particular those emanating from its small size and double insularity which impinge on the economic development of the Island. In particular, efforts to further develop Gozo's distinctive advantages such as tourism, including its natural assets, rural ambience and cultural heritage as well as actions to improve its accessibility including attracting new investment to Gozo will also be pursued.

Within this context, it is the intention of Government to adopt a horizontal approach towards the integration of Gozo within Malta's Partnership Agreement 2014-2020 with a view to reinforcing the country's socio-economic development. This approach will contribute towards the implementation of a distinctive path for the economic development of Gozo with a view to providing sustainable and long-term growth for the Island built upon lessons learnt and through the identification of specific niche markets which will shape Gozo's socio-economic growth in the coming years.

Addressing the EU 2020 targets through Malta's National Reform Programme (NRP)

Malta's contribution towards the EU 2020 targets is reported in its National Reform Programme (NRP) which is submitted to the Commission on an annual basis. Among other issues, Malta's NRP report outlines the measures embarked upon by Government and its progress towards the achievement of its EU 2020 targets. The NRP reports on:

- measures undertaken by Government with regard to addressing economic imbalances and bottlenecks to growth identified in the previous National Reform Programme, including an overview of new measures that are going to be undertaken during the course of the year;
- implementation of policy actions adopted and planned in response to the Country Specific Recommendations;
- progress on the implementation of the various policy measures introduced to contribute towards the Employment, Energy, Education, Poverty Reduction and R&D national Europe 2020 targets. These measures were designed to be financed through a mix of private, public and EU funds and are considered to be essential in enhancing Malta's growth potential and the achievement of smart, sustainable and inclusive growth. New measures were also identified in the NRP to continue addressing the said targets;
- progress made by Malta in view of the commitments in relation to the Euro Plus Pact identifying also new measures; and
- measures contributing towards the Digital Agenda for Europe, the European Platform against Poverty, the Innovation Union, the New Skills for New Jobs, the Youth on the Move, the Industrial Policy and the Resource Efficiency Flagship Initiatives.

Through its Partnership Agreement, Malta intends to set out its strategy towards the EU 2020 targets taking into account the relevant elements that are considered pertinent within the 2014 Country Specific Recommendations (CSRs) adopted by the Council. The CSRs:

- (a) urge the development and implementation of a comprehensive active ageing strategy. It also highlights the importance of pursuing health care reforms, in particular by strengthening public primary care provision.

- (b) focus on the continuation of policy efforts to reduce early school leaving, notably by setting up a comprehensive monitoring system. It also underlines the importance of increasing the labour-market relevance of education and training to address skill gaps, including through the announced reform of the apprenticeship system. The CSR also refers to improving labour market participation of women and urges the continuation of the promotion of flexible working arrangements, in particular by enhancing the provision and affordability of childcare and out-of-school centres.
- (c) encourage the continuation of efforts to diversify the energy mix and energy sources, in particular through increasing the take-up of renewable energy and the timely completion of the electricity link with Sicily, and maintain efforts to promote energy efficiency and reduce emissions from the transport sector.
- (d) focus on the improvement of the overall efficiency of the judicial system.

Table 1.39 illustrates how Malta's strategic direction will result in the meeting of these headline targets. The link between Malta's Partnership Agreement and the EU 2020 targets is further analysed under section 1.3.

Table 1.39 – EU 2020 Targets

Europe 2020 Targets	Malta's Strategic Orientation for the Meeting of these Targets across the 2014-2020 Programming Period
3% of EU's GDP to be invested in R&D	Funding Priority 01: Fostering competitiveness through innovation and the creation of a business-friendly environment
20% of GHG emissions reduction compared to 1990 levels	Funding Priority 02: Sustaining environmentally-friendly and resource-efficient economy
20% of energy from RES	Funding Priority 02: Sustaining environmentally-friendly and resource-efficient economy
20% in energy efficiency	Funding Priority 02: Sustaining environmentally-friendly and resource-efficient economy
75% of the population aged 20-64 should be employed	Funding Priority 03: Creating opportunities through investment in human capital and improving health and well-being
Reducing early school-leaving to less than 10%	Funding Priority 03: Creating opportunities through investment in human capital and improving health and well-being
At least 40% of 30-34 years old completing tertiary or equivalent education	Funding Priority 03: Creating opportunities through investment in human capital and improving health and well-being
At least 20 million fewer people in or at risk of poverty compared with 2008 levels	Funding Priority 03: Creating opportunities through investment in human capital and improving health and well-being

1.1.3 Analysis of the relevant territorial imbalances, development needs and bottlenecks

The Maltese Islands, consisting of Malta (246 sq km), Gozo (67 sq km) and Comino (2.7 sq km), are located in the Mediterranean Sea, about 100 kilometres south of Sicily and 300 kilometres east of Tunis. The population of Malta is 421,364 (2012) of which approximately 31,000 live on the island of Gozo. This population interacts with over a million tourists who visit the Islands on an annual basis.

Malta demonstrates a number of territorial characteristics that impact its socio-economic development. The size and distance from mainland Europe constitute permanent characteristics of peripheral territories as recognized in the Treaty of Amsterdam. Malta's southern peripherality results in challenges with respect to accessibility to the rest of the European Union thus leading towards Malta being dependent entirely on air and sea transport. As a consequence, this dependency results in higher costs, creating problems with reliability of supply and limited physical access to the European market. Within this context, it is clear that the peripheral location and insularity reflect the permanent vulnerability of the Maltese archipelago. Within this archipelago, Gozo faces the real constraint of 'double insularity' as a result of its dependence on Malta for the movement of people and imports and exports of goods and services. In this regard, improving both Malta's and Gozo's accessibility, including the link between Malta and Gozo, is a key factor in improving the country's overall economic performance and general standard of living.

Malta is distinctively different from the other Member States given its limited resource endowments, socio-economic constraints on its ability to reap the benefits of economies of scale due to indivisibilities and limited scope for specialization, the high dependence on international trade, production limitations and effects of insularity. These challenges require investment aimed to improve Malta's competitiveness.

Peripherality, insularity and population density restrict local market economies. In particular, contrary to the conventional notion that sees high population density constituting an advantage for socio-economic development, Malta's case represents a particular exception where high population density acts as a severe constraint rather than a driver to economic growth. In fact, Malta's small size, coupled with its high population density, result in very acute environmental pressures and a high degree of urbanization. Whilst impacting negatively on Malta's physical environment, high population density does not secure adequate economies of scale able to drive economic growth. In fact, population density has a negative affect on the environment and acts as a constraint in areas such as waste disposal, air and water pollution. For example, large infrastructural projects are not easily undertaken since minimum efficient scale of production is often too large in relation to the size of the domestic market

The challenges Malta faces are magnified in the case of its sister island, Gozo. Three fundamental factors namely small size, double insularity and also being on the periphery, are rendering Gozo more vulnerable than Malta to adverse economic events. Gozo is a significantly smaller island in terms of land area and has an extremely restricted internal market. Malta's sister island sensitivity is underpinned by an environmental fragility compounded with high population density in a small land area supporting an economy primarily based on tourism and agriculture.

Gozo is situated in the north-west of mainland Malta, and is the second largest island of the Maltese archipelago. The island covers a land area of just 67 km² and a population of approximately 31,000. This makes Gozo (including Comino) one of the smallest NUTS III regions in Europe in terms of population size. The Island manifests similarities to Malta but also considerable differences and has developed a distinct character and identity.

The islands are connected by a ferry service. Passenger and car services operate between Mġarr (Gozo) and Ċirkewwa; while cargo services operate between Mġarr (Gozo) and Sa Maison, situated in the harbour of Marsamxett in Malta. In the past, the two islands were connected by a helicopter

service. The latter service was discontinued in October 2006 as it was deemed unsustainable when considering the costs involved in operating the service against public demand for it.

Gozo has a more elderly population than mainland Malta. A significant contributor to the island's population growth is the number of Gozitan migrants who return home to retire after a lifetime working overseas. As a result, the number of retirees in Gozo is well above that of Malta. This is exacerbated by the phenomenon of Gozitan young persons who, having completed their education, move to the mainland or to other countries in search of careers and jobs, especially in recent years.

Over a decade, Gozo's share of Gross Value Added dropped from 5.96% in 2000 to 5.54% in 2010. The decline occurred gradually over the years, and may be interpreted to mean that mainland Malta developed more rapidly than Gozo as regards certain value-added services, such as financial services. Although Gozo's economy grew, Malta's economy grew at a faster rate, with the consequence that the share of the Gozitan economy declined. It is pertinent to note that Gozo did not have the infrastructure to support specific, fast-growing and high value added services. By contrast, its promotion as an eco-island means that Gozo has sustained a relatively higher share and dependence on agriculture and fishing when compared to Malta. In 2010, the agriculture and fishing sectors constituted 4.4% of the island's Gross Value Added (GVA), well above the 1.6% contribution of this sector to the Maltese GVA. In fact, Gozo accounts for 23% of the total organic land in the Maltese Islands, which covers 26 hectares.

As a consequence, over the past decade there have been several depletions in the Gozitan manufacturing sector and related employment has fallen. On the other hand, traditional activities (to cover crafts and cottage industries as well as the artisanal food industry) are thriving, contributing to the rurality of the island in a much more pronounced manner than Malta. The contribution of these activities to the Gozitan economy is not significant although they are considered to be an important link in the chain of local and artisanal food production.

The ratio of inactive persons to the population aged 15 and over is higher in Gozo than the one characterising Malta. Inactive persons include pensioners, housewives and individuals living on their own means. The higher ratio is backed by statistical data, where Gozo shows a lower employment rate than Malta. Reasons for this may include fewer job opportunities available on the island.

A distinctive feature of Gozitan employment is the perceptibly higher proportion of self-employment in comparison to Malta. Employment and Training Corporation (ETC) administrative data for 2010 (annual average) put this proportion at 17.2% of the Gozitan work force against 11.7% with regard to the Maltese counterpart. Furthermore, the proportion of public-sector employment vis-à-vis Gozitan employment was 38.3% in 2010, considerably higher than the national proportion of public-sector workers which stood at 27.8% in 2010, and the respective share in Malta, at 27.1% in the same year.

As in Malta, tourism is an important source of employment and income for Gozo but perhaps even more so since, as described above, the Gozitan economy in other sectors has grown at a slower pace than in Malta. The structure of accommodation establishments in the two regions differs, and a proper evaluation of regional tourism in the Maltese Islands must take this into account. In 2010, the average length of stay in Malta was 6.1 nights, while in Gozo and Comino, it averaged 3.5 nights. Most tourists visiting Gozo are considered as same-day visitors because they return to Malta for the night, thus not contributing to the number of bed nights in Gozo.

In Malta, cruise tourism has flourished into an important industry, especially with the successful development of the cruise-and-fly concept. Gozo does not benefit to an appreciable extent from this activity, having insufficient port facilities to accommodate large cruise liners as well as a limited infrastructure in place that relates to berthing and other services. A buoy off Xlendi Bay is the only mooring station available so far. In the past few years, proposals towards sustainable economic

growth for Gozo in its role of ecological island have consistently included the expansion of the Mgarr port facilities to accommodate cruise liners and yachts and relatively smaller vessels.

Connectivity between sea and land transport remains an issue during peak hours. The sea link with Malta is vital for Gozitan workers employed in Malta, for transport of industrial supplies and for tourism. In the course of 2011, total trips between Malta and Gozo amounted to 19,861. These trips carried 1,116,276 vehicles and 4,124,931 passengers. Accession to the European Union brought about an upgrade in the TEN-T road network in both regions though additional investment is required.

From an environmental perspective, annual water demand generated by the municipal and the economic sectors in the island of Gozo exceeds the natural freshwater availability. This gap between demand and supply has resulted in the over-abstraction of groundwater from the island's main mean sea level aquifer system. Measures are being undertaken to address this imbalance through the development of alternative water resources and increasing the efficient use of water. It is worth noting that around half a million cubic metres of potable water are transferred annually from the main island of Malta to Gozo through a submarine pipeline, mainly during the summer months when water demand peaks due to the additional demand from internal and external tourism related activities. This transfer of water between the two islands involves a significant carbon footprint due to pumping requirements.

The small size of the island renders space very sensitive resulting in over-exploitation of the rare and limited resources such as landscape and biodiversity. This poses a real risk of environmental degradation. The transformation of coastal recreational areas into urbanised waterfronts changes the characteristic landscape having an impact on the natural coastal biodiversity.

On the other hand, the fragmentation in rural activities in connection with farm holding and land ownership increases the risk to sustainable agricultural activities. In this regard, LEADER will be an important tool for the delivery of EAFRD in Gozo given the potential to develop a distinct regional identity for quality produce, agri-tourism, natural and cultural heritage and farming and to enhance the island's social capital.

Overall, the small size of the Maltese territory, its separation into multiple islands and the distance between the islands generate increased time lags, higher costs for production and market access. Malta's size and high population density result in very acute environmental pressures. Size heightens the vulnerability of the islands to environmental issues and leads to a high degree of urbanization. The islands' small size and their separation from mainland Europe also impact on high demand for an economic and social infrastructure, particularly in terms of external and internal accessibility, waste management and public utilities infrastructures.

1.2: A summary of the key findings of the ex-ante evaluations of the Partnership Agreement where undertaken by the Member State at its own initiative

Malta opted to undertake an ex-ante evaluation of the Partnership Agreement (PA) in accordance with Article 15 sub-paragraph 1(a)(ii) of EU Regulation No 1303/2013. In this regard, an independent evaluation on the draft PA was commissioned with a view to improve the consistency, coherence and quality of the document. The evaluation assessed the:

- potential contribution and appropriateness of the Partnership Agreement to Europe 2020 objectives and targets, by taking into account the existing challenges and national needs;
- internal coherence of the Partnership Agreement, mainly through an analysis of the formulation of the thematic objectives to assess whether these objectives correspond with the national priorities;
- consistency of the budgetary resources with the objectives set in the PA; and
- consistency of the selected thematic objectives and main results with the Common Strategic Framework (CSF) and country specific recommendations (CSR) under Article 121 (2) TFEU and the relevant Council recommendations together with the interactions between the sectoral policies as well as the overarching European 2020 strategy.²⁰⁵

Contribution to the Union strategy for smart, sustainable and inclusive growth

In assessing the contribution to the Union strategy for smart, sustainable and inclusive growth the evaluators mapped the thematic objectives within the Partnership Agreement against Malta's 2020 targets for smart, sustainable and inclusive growth. Smart Growth is addressed in Thematic Objectives 1, 2 and 3; Sustainable Growth²⁰⁶ is addressed through Thematic Objectives 4, 5, 6 and 7 while Inclusive Growth is addressed in Thematic Objectives 8, 9 and 10. Although thematic Objective 11 does not directly address any of the areas identified in the Europe 2020 objectives, this objective will contribute towards addressing Malta's CSR in terms of administrative capacity in particular within the judiciary sector. In this regard, the evaluators concluded that the PA articulates clearly how the thematic objectives will contribute towards the achievement of Malta's EU 2020 targets.

According to the evaluators the measures falling under the respective Thematic Objectives were appropriate in terms of contributing towards the Union objectives. Hence, no further recommendations were made in this regard.

Internal Coherence

In considering the internal coherence of the Partnership Agreement, the evaluators adopted an assessment framework to examine how the planned interventions within the different thematic objectives were in line with the country's challenges and needs, and also assessed the level of synergy between the different actions.

The evaluators highlighted that due consideration was given to the National Reform Programme 2013 and the country-specific recommendations within the drafting of the Partnership Agreement. Although the CSF suggests that Member States may combine ESI funds into integrated packages through the use of Integrated Territorial Investment and community-led local development, due to Malta's size and territorial characteristics, and in line with the principle of simplification and reduction in administrative

²⁰⁵In their assessment the evaluators took account of the new TEN-T Guidelines and priorities identified under CEF.

²⁰⁶For sustainable growth, the evaluators also looked into how the Partnership Agreement would contribute towards climate change adaptation and mitigation in view of the EU 2020 targets. The evaluators concluded that the PA is adequately addressing Malta's climate mitigation and adaptation targets.

burden, the evaluators supported the rationale that Malta has chosen not to utilise the ITI and community-led approaches (with the exception of LEADER under the Rural Development Programme). With regard to the coordination between the ESI Funds and the Common Agricultural Policy and the Common Fisheries Policy as set out in the CSF, it was reported that the PA coordinates these policies well into the planned interventions for EAFRD and EMFF. The coordination of ESI Funds with other union programmes was also highlighted.

Consistency of the financial allocation

In view of the financial allocation, the evaluators reported that it is consistent with the objectives set out within the Partnership Agreement. This is also applicable to the thematic concentration of the ERDF and ESF funds within the Partnership Agreement which are in line with the Regulation. An assessment of the financial allocation will be provided as part of the ex-ante evaluation for each Operational Programme.

The evaluation report has also considered the consistency of the Partnership Agreement with the Community Strategic Framework and the proposed priority interventions outlined within the Fund Specific Regulations. On the whole, the Partnership Agreement is aligned with the Common Strategic Framework. Following another mapping exercise of the Partnership Agreement with the Country Specific Recommendations (CSRs), the evaluators concluded that the relevant CSRs were addressed. It is worth noting that although the PA does not directly address the excessive deficit measures (CSR 1), many interventions being considered will invariably contribute towards deficit reduction in the long term. CSR 2, which is related to active and healthy ageing measures, is addressed in Thematic Objectives 8, 9, 10 and CSR 3, which is related to early school leaving and employment rate, is addressed in Thematic Objectives 8 and 10. On the other hand, the diversification of energy mix (CSR 4) is addressed in Thematic Objectives 4 and 7 while CSR 5, focusing on the judicial sector reform, is tackled in Thematic Objective 11.

Recommendations

Based on the ex-ante evaluation of the Partnership Agreement, the evaluators highlighted that whilst the Partnership Agreement gives a stronger emphasis on the actions related to the ERDF, CF and ESF, actions regarding the EAFRD and EMFF funds are less explicit. The following recommendations were put forward in relation to:

- Thematic Objective 1 (Strengthening research, technological development and innovation), further information could be provided within the PA concerning how EAFRD actions will strengthen R&D and innovation within the agricultural sector.
- Thematic Objective 2 (Enhancing access to, and use of quality of, information and communication technologies), it is suggested that the EMFF could be used to support the supply of scientific knowledge and collection data.
- Thematic Objective 3 (Enhancing the competitiveness of SMEs, of the agricultural sector (for the EAFRD) and of the fishery and aquaculture sector (for the EMFF)), further information could be included concerning how the EAFRD can be used to integrate primary producers into the food chain together with the inclusion of plans to support farm risk management measures.
- Thematic Objective 4 (Supporting the shift towards a low-carbon economy in all sectors), further emphasis on roof-based solutions and other alternative RES solutions such as waste to energy is needed. Furthermore any incentives targeting Malta's renewable energy and energy efficiency would need to be designed to take into account the return on investment against conventional energy solutions.

- Thematic Objective 8 (Promoting employment and supporting labour mobility), alternative measures may need to be considered in order to promote gender equality, such as targeted training.
- Thematic Objective 9 (Promoting social inclusion, combating poverty and any discrimination), further details could be provided on how the EAFRD will foster development in rural areas and enhance accessibility, use and quality of ICT in rural areas.
- Thematic Objective 10 (Investing in education, skills and lifelong learning), in order to address skills mismatches, there is the need to invest in complementary measures to incentivise students to pursue their studies in areas for which there is demand by the industry.

The above recommendations were taken onboard and the respective Thematic Objectives were updated in order to reflect the above suggestions. Further to this evaluation, Malta will also be carrying out an ex-ante evaluation of each Operational Programme as specified in Article 55 of EU Regulation No 1303/2013.

1.3 The Partnership Agreement: Malta's Strategy towards Economic Growth and Job Creation

Malta's Partnership Agreement (PA), and subsequently its Operational Programmes (OPs), will provide the necessary policy framework for the 2014-2020 programming period. These policy documents will be based on Malta's key national and sectoral strategy documents, whilst at the same time taking into account the Europe 2020 Strategy and the relevant Country Specific Recommendations (CSRs).

Within this context, Malta has identified three main Funding Priorities which will complement the measures outlined in the National Reform Programme (NRP) and which will serve as the main overarching objectives for the 2014-2020 programming period. These are:

- a) Fostering competitiveness through innovation and the creation of a business-friendly environment;
- b) Sustaining an environmentally-friendly and resource-efficient economy; and
- c) Creating opportunities through investment in human capital and improving health and well-being.

(a) Funding Priority 1: Fostering competitiveness through innovation and the creation of a business-friendly environment

Improving Malta's competitiveness and fostering economic growth hinges upon Malta's efforts to maintain a secure and fiscally stable macroeconomic environment whilst strengthening the components which characterise the respective micro environment. Within this context, Government aims to further consolidate Malta's macro-economic environment by promoting various targeted economic sectors and thus diversify the country's economic base as far as this is feasible. Malta's National R&I 2020 Strategy²⁰⁷, which provides the overall framework for smart specialisation, has identified seven areas of specialisation. The areas identified include: tourism product development, maritime services, aviation and aerospace, health with a focus on healthy living, active ageing and e-health, resource-efficient buildings, high value-added manufacturing with a focus on processes and design and aquaculture. The Strategy also emphasizes the need to build an enabling ecosystem for R&I, outlines the importance for investment in research infrastructure, rural development, capacity building in climate change adaptation and investment in human capital. The Strategy also identifies ICT as an enabling technology for development through its role as a tool for technological change.²⁰⁸

In addition, Government remains committed towards the continued process of strengthening established economic sectors such as 'tourism', including the strengthening of niche tourism markets to enable continued diversification within the sector. Furthermore, efforts to further consolidate initiatives earmarked for self-employed and enterprises will continue to be pursued. The potential for investing in R&I in other sectors, such as blue biotechnology and sea observation, amongst others, may also be explored

Investments in research, technological development and innovation (RTDI) play a fundamental role in the development of the Maltese economy. Whilst the results achieved during the 2007-2013 programming period are encouraging, Government aims to increase investment, particularly in terms of providing the necessary infrastructure for research in indigenous areas which are relevant to the Maltese scenario. Malta will seek R&I specialisation in a number of areas, however, given the size

²⁰⁷ National Research and Innovation Strategy 2020, February 2014.

²⁰⁸ Investments related to ICT and Digital Technologies are envisaged under Thematic Objectives 2, 3 and 10, amongst others, with the aim of moving towards a more digitally enabled, inclusive and knowledge-based society.

and specific characteristics of the territory, it is also important to retain flexibility to respond to the dynamic economic and social landscape.

This flexibility is being achieved through adequate mechanisms inbuilt within the strategy.²⁰⁹ The potential economic impact will also be explored. Within this context, strengthening RTDI during the 2014-2020 programming period remains one of the primary goals which Malta aims to achieve through the relevant ESI funds both through public and private sector investment.

Over the past years, the Maltese economy also registered significant achievements in the ICT sector. The results achieved to date are the product of investments undertaken in previous years. Although these results are significant, Malta believes that further investment is required to grow and maintain its competitive advantage within this sector. This is even more relevant in Malta where ICT has enabled Malta to play a more active role within the global economy.

SMEs and micro enterprises form an integral part of the Maltese economic fabric. With this in mind, Government aims to act as a business enabler by providing the necessary incentives for enterprises and by creating the right environment for economic growth and job creation through the provision of the necessary facilities. In an effort to move towards a low-carbon economy, Government will also support enterprises in their efforts to opt for more energy friendly measures in an attempt to make enterprises more economically sustainable as well as reducing Malta's carbon emissions.

(b) Funding Priority 2: Sustaining an environmentally-friendly and resource-efficient economy

Government is committed towards the amelioration of the Maltese environment, both rural and urban. Interventions within the rural environment will be undertaken with a view to adopting a holistic approach that embraces biodiversity, water management, air quality, soil protection, quality of agricultural production, and cultural and natural heritage. Similarly, the promotion of sustainable fisheries and hence reversing the decline of coastal communities dependent on fishing, by adding more value to fishing-related activities, and by diversifying to other sectors of the maritime economy will also be pursued. On the other hand, Government intends to invest in the urban environment with a view to contributing towards social inclusion as well as to foster economic growth and rehabilitate dilapidated areas. Interventions foreseen include actions to protect, promote and develop cultural heritage contributing towards economic development and job creation.

The 2007-2013 programming period has been a catalyst in changing the perception and sensitivity of citizens, farmers as well as enterprises towards securing a climate- and environmentally-friendly legacy to future generations. The policy, infrastructure and education efforts adopted to date will be accelerated further during the 2014-2020 programming period with a view to ensuring that Malta's climate change, environment and energy targets under the Europe 2020 strategy are met.

Another challenge within the environment sector is the decarbonisation of the Maltese economy, which is intrinsically tied to energy generation and transport. With respect to energy generation, Government is committed towards moving away from the use of fossil fuel towards cleaner primary energy sources whilst at the same time strengthening security of supply. Furthermore, Malta will continue to invest in renewable sources of energy where these are found to be feasible. On the other hand, in the area of transport, the Maltese Government is committed towards introducing policy measures supported by the necessary underpinning infrastructure to minimise, to the extent possible, the negative impacts of transport on climate change.

²⁰⁹ National Research and Innovation Strategy 2020, February 2014, Pages 24-25.

The waste sector also poses a challenge to the Maltese environment. The objective of Government within this sector is to minimise and manage waste in line with the waste hierarchy through increased prevention, re-use, recycling and recovery leaving landfilling as the very last option for waste disposal. This depends on a number of factors including population habits, waste volumes generated, waste collection practices, waste infrastructure and output markets.

The sustainable management of water resources is also a critical challenge for the Maltese Islands due to natural shortages. Another issue faced by the water sector is water quality in view of the high concentration of nitrates and salinity. In this regard, Government will take a multi-faceted approach to enhance water efficiency and quality.

The conservation of biodiversity is also a significant challenge considering Malta's small land mass and high population density. Halting biodiversity loss and conserving ecosystems and habitats, as well as mitigating soil erosion and landscape degradation, will be a priority. Government will also seek to facilitate the strengthening of the rural economy and ensure the preservation of the natural and cultural heritage.

Interventions within the environment sector will be complemented by actions aimed at addressing the issue of climate change. Climate Change, both mitigation and adaptation, remains a priority for Malta. Hence, it is the intention of Government to continue with the implementation of the appropriate mitigation and adaptation measures including infrastructural initiatives as well as indigenous research in the area.

(c) Funding Priority 3: Creating opportunities through investment in human capital and improving health and well-being

Human capital is Malta's only natural resource and its primary asset. Hence, the ability for Malta to maintain its economic and social well-being is intrinsically dependent on the nation's ability to ensure that future employers and employees are equipped with the necessary competencies and skills that will allow them to flourish in an increasingly complex global economic and social environment.

Building upon the results achieved within these areas, Government intends to continue investing in these areas given their critical importance for Malta's economic development. Within this context, Government is committed towards the creation of more and better jobs as well as focusing efforts on education, with a view to ensuring that operators find the required skills in the labour market.

Social inclusion and the fight against poverty are also a national priority and particular attention will be given to those groups in society who are considered to be more vulnerable and are therefore at greater risk of poverty and social exclusion. This calls for a holistic approach, comprising a strong preventive thrust which will contribute towards more economically active individuals and where vulnerable groups are empowered to improve their standard of living whilst also contributing to the nation's economic growth.

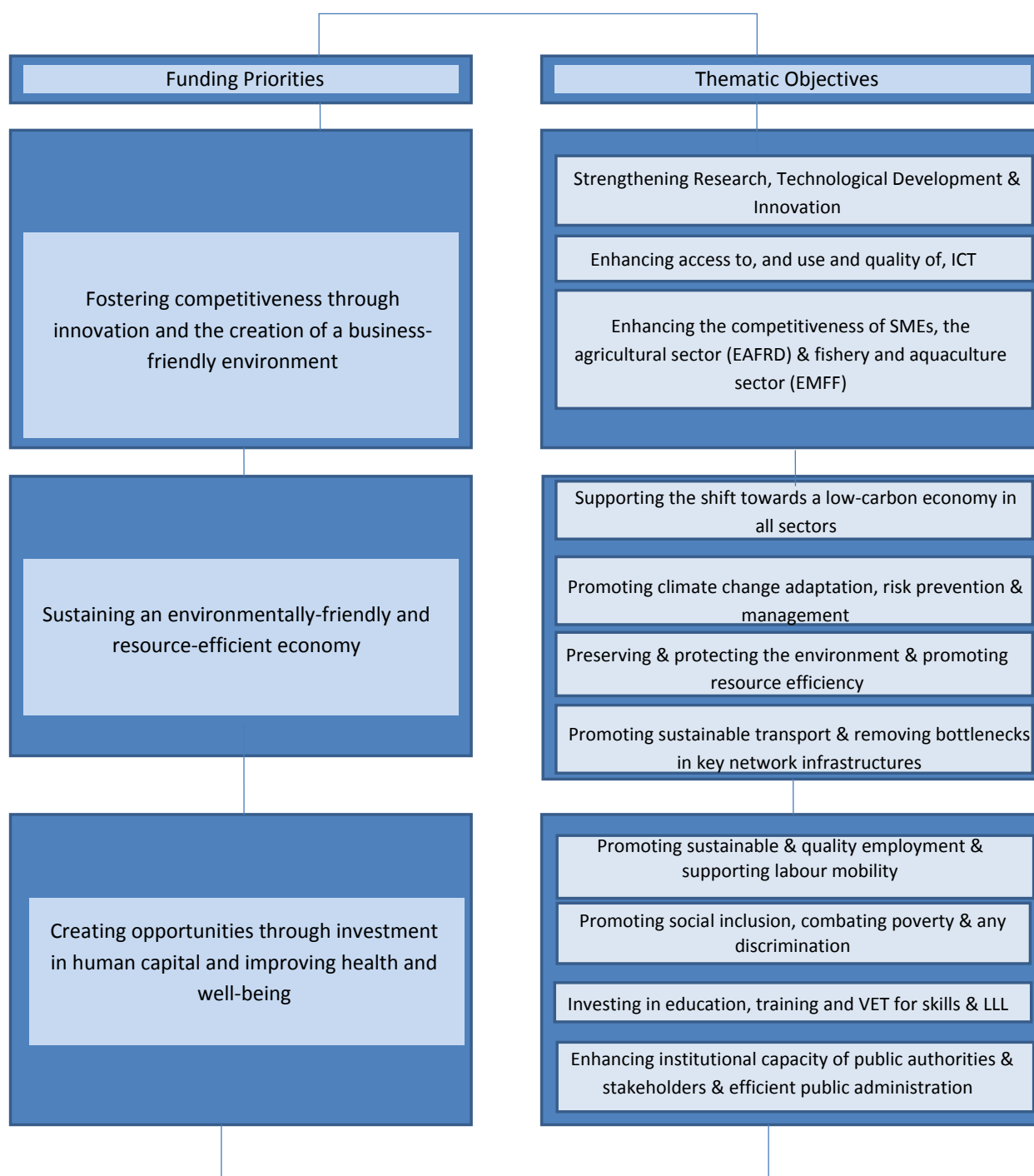
Government, as an enabler for economic growth, needs to further strengthen its institutional capacity with a view to ensuring an efficient and effective service whilst reducing administrative burden. In this context, Government aims to invest further in its human capital with a view to enhancing institutional capacity and improving the efficiency of the public administration, with the aim to support reforms, better regulation, good administration and governance.

Labour market participation is not solely dependent on education, employment and an efficient public administration but also on the possibilities to maintain people active and healthy. An active and healthy workforce is crucial in ensuring active labour market participation, in a scenario characterised

by an ageing population. Within this context, efforts will be undertaken with a view to maintaining an active and healthy workforce through the provision of health services, including investment in related infrastructure, as well as relevant preventive measures which impinge on labour market participation.

Figure 1.12 shows the inter-linkages between the Funding Priorities highlighted above and the 11 Thematic Objectives as outlined in Article 9 of the Common Provisions Regulation.

Figure 1.12 – Funding Priority Streams for Malta for the 2014-2020 Common Strategic Framework



Strategic Overview of the Agricultural and Fisheries sector

The agriculture and fisheries sector will feature in a horizontal manner within Malta's Partnership Agreement and will contribute towards the three Funding Priorities of this Partnership Agreement, albeit to different investment priorities in line with the EAFRD and EMFF fund specific Regulations. In this regard, a strategic overview of these two sectors is being outlined with a view to establishing the areas of priority for the 2014-2020 period. **Table 1.40** below shows where the EAFRD and the EMFF will contribute towards the specific thematic objectives.

Table 1.40 – Link between EAFRD and EMFF with the Thematic Objectives

Thematic Objective	EAFRD	EMFF
01. Strengthening Research, Technological Development and Innovation	√	
02. Enhancing access to, and use and quality of, information and communication technologies		
03. Enhancing the Competitiveness of SMEs, the Agricultural Sector (EAFRD) and Fisheries and Aquaculture Sectors (EMFF)	√	√
04. Supporting the shift towards low-carbon economy in all sectors	√	√
05. Promoting climate change adaptation, risk prevention and management	√	
06. Preserving and protecting the environment and promoting resource efficiency	√	√
07. Promoting sustainable transport and removing bottlenecks in key network infrastructures		
08. Promoting sustainable and quality employment and supporting labour mobility	√	√
09. Promoting social inclusion and combating poverty and any discrimination	√	
10. Investing in education, training and vocational training for skills and lifelong learning	√	
11. Enhancing institutional capacity of public authorities and stakeholders and an efficient public administration		

Agricultural Sector

The strategy for rural development in Malta reflects both the strategic priorities of the EAFRD as agreed at EU level as well as the main concerns and reflections of the stakeholders in Malta and Gozo. Malta's strategy builds upon five themes that have emerged from broad-ranging discussions with a wide spectrum of rural stakeholders and potential beneficiaries over the past years. The themes are indicated below:

- **Water, waste and energy** – this theme focuses on promoting a more efficient use of resources and mitigating agricultural impact on the environment. This will be achieved by promoting the harvesting of rainwater, the conservation and rehabilitation of valley systems and the provision of alternative sources of water. This will be complemented with actions in the field of waste management such as transforming animal waste into bio-energy as well as interventions aimed at generating energy from renewable sources.
- **Maltese quality produce** – quality assurance and adding value to local produce will be attained through the introduction of product and marketing standards leading to improvements in the

sector particularly by adding value to the local produce. Product differentiation will also contribute towards attaining increased product quality and added value.

- **Sustainable livestock** – the objective is to improve production efficiency with a view to ensuring greater promotion of resource efficiency, as well as encourage the shift towards a low-carbon based economy. Interventions foreseen include improved breeding, enhanced disease and veterinary support, enhanced quality of local forage, and investing in skills and knowledge amongst others.
- **Landscape and environment** – conservation and protection of the Maltese landscape and environment through agri-environmental, climate and resource efficiency measures including water with a view to preserving public goods through the development of environmental services. Support will be provided for valley management initiatives as well as the restoration of traditional landscape features such as terraces, rubble walls, sustainable management of woodlands, integrated pest management, improved soil management, as well as cooperation projects aimed at landscape management partnerships.
- **Wider rural economy and quality of life** – aims to improve the sustainability of rural communities by valorising the social, environmental and economical aspects of the territory through investment in key infrastructure, training and development projects in rural areas²¹⁰ apart from measures earmarked to promote the wider economic, social and cultural development of these regions. These will in turn contribute to the enhancement of the quality of life and economy within rural areas. This will be achieved amongst others by supporting rural cultural and tourism activities, valorisation of the artisan and food culture and better marketing of the rural goods and services to wider audiences. The LEADER programme²¹¹ will also play a key role in this area through the involvement of Local Councils, NGOs and local communities and needs-driven local development strategies.

The main aim of this strategy is to improve the efficiency of resource use within the agricultural sector whilst at the same time focusing on the consistent pursuit of higher quality, greater productivity and environmental sustainability in Maltese farming with a view to improving returns to primary producers.

Fisheries Sector

The strategy for the fisheries sector is designed to operate within an over-arching framework, responding to a combination of national development priorities as defined by Government, the Europe 2020 strategy, the aims of the reformed Common Fisheries Policy, and finally, in line with the partnership principle, the feedback received from industry and other key stakeholders. Malta has identified the following four key objectives within the Maltese fisheries and aquaculture development over the 2014-2020 period namely:

- **Smart, Green Fisheries** – through this objective, Malta aims to foster the transition to sustainable fishing which is more selective, produces less unwanted catch, and creates less damage to marine ecosystems. The aim is to progressively restore and maintain populations of fish stocks above biomass levels capable of producing maximum sustainable yield. Malta intends to focus its support on innovation and added value with a view to making the fisheries sector economically viable and resilient to external shocks and to competition from third countries. In this regard, Government intends to promote the competitiveness and economic viability of small-

²¹⁰ Interventions supported by the European Agricultural Fund for Rural Development (EAFRD) in this area will be in line with thematic objectives 8, 9 and 10.

²¹¹ For the application of the LEADER approach see section 3.1.1.

scale fisheries whilst at the same time contributing towards reducing the environmental impact of fishing and its ancillary industries.

- **Smart, Green Aquaculture** – aims to make the aquaculture industry economically viable, competitive, green and able to face global competition, while providing Maltese and other EU consumers with healthy and highly nutritional products. Malta intends to increase investments in aquaculture through a combination of streamlined licensing and administrative procedures, greater sector support including through the provision of adequate business skills for existing and future operators.
- **Sustainable and Inclusive Territorial Development**²¹² – will focus on the need to promote sustainable fisheries and reverse the decline of the coastal communities dependent on fishing, by adding more value to fishing-related activities, and by diversifying to other sectors of the maritime economy. Stakeholder participation in fishery and related local development will be improved through a more equitable representation of the different fisheries and aquaculture segments and geographical areas around Malta and Gozo. Furthermore, Malta will encourage diversification of traditional fishing activities and enable new opportunities such as maritime industry support, marine tourism and conservation. The possibility of diversification within the sector through the re-assignment of fishing vessels to other maritime activities, such as environmental initiatives, marine research, tourism, diving and aquaculture will also be explored.
- **Integrated Maritime Policy** – this objective will support priorities which generate savings and economic growth such as marine knowledge, maritime spatial planning, integrated coastal zone management, integrated maritime surveillance, the protection of the marine environment and biodiversity, and the adaptation to the adverse effects of climate change on coastal areas. Such measures will target the management of the marine environment on the basis of the principles enshrined in the EU Marine Strategy Framework Directive (2008/56/EC). In this regard, Government will seek to promote greater partnerships between fishers, scientists and managers.

Complementarity with the Integrated Maritime Policy

The Integrated Maritime Policy (IMP) seeks to provide a more coherent approach to maritime issues, with increased coordination between different policy areas. In this regard, it is acknowledged that interventions under the ESI funds may contribute towards the ambitions that the IMP purports to achieve. For this purpose, apart from interventions under the European Maritime and Fisheries Fund (EMFF), actions contributing to the aims of the Integrated Maritime Policy (IMP) may also be addressed through other ESI Funds or EU Funding instruments, as relevant.

²¹²The CLLD approach will not be adopted under EMFF in view of the lack of the Fund's critical mass. The Maltese fisheries and aquaculture sector is very small and the capital investments and other initiatives in the sectors undertaken by central Government benefit individual fishers and aquaculture operators directly.

Malta's Funding Priorities Explained – Selected Thematic Objectives

Malta will be investing ESI funds as a means to foster the right environment for economic growth and job creation. In this regard, Malta will aim to achieve the results listed under each funding priority through the implementation of interventions under the various thematic objectives as outlined in Article 9 of the Common Provisions Regulation.²¹³ Furthermore, Malta will contribute towards the achievement of the objectives and horizontal principles set out in the fund-specific regulations. This section portrays the strategic direction which will enable the achievement of the objectives set out under the three funding priorities.

Funding Priority 1: Fostering competitiveness through innovation and the creation of a business-friendly environment

Malta's competitiveness and economic growth hinges on the ability to create the right environment for businesses to succeed. This requires adequate access to finance for enterprises and specific public support measures that are tailor-made for the needs of undertakings, irrespective of the size and nature of their economic activity. Whilst recognising the progress achieved during the 2007-2013 programming period, further interventions are required to remain competitive in such an ever-changing economic environment.

Funding Priority 1	Thematic Objectives
Fostering competitiveness through innovation and the creation of a business-friendly environment	01. Strengthening Research, Technological Development and Innovation
	02. Enhancing access to, and use and quality of, information and communication technologies
	03. Enhancing the Competitiveness of SMEs, the Agricultural Sector (EAFRD) and Fisheries and Aquaculture Sectors (EMFF)

Thematic Objective 01: Strengthening Research, Technological Development and Innovation

In line with the objectives of the NRP, Malta remains committed to contribute towards the achievement of the EU R&D target as set within the Europe 2020 strategy. As indicated in **Table 1.41** below, Malta's commitment is accentuated by the new target of 2% R&D expenditure as a percentage of GDP that has been set for 2020. This is a significant increase over the previous target of 0.67% of R&D expenditure which was exceeded in 2011.²¹⁴ This ambitious target outlines Malta's commitment towards investing within the sector with a view to redressing Malta as an innovation driven economy during the 2014-2020 programming period.

Table 1.41 – R&D EU 2020 target

Europe 2020 Target	Current situation (2011)	Malta's National Europe 2020 Target
3% of EU's GDP to be invested in research and development	0.72%	2%

²¹³For complementarity and synergies between the different funds, see section 2.1.

²¹⁴ National Research and Innovation Strategy 2020.

Over the past years significant progress has been registered within the R&D sector including infrastructural investments, investment in capacity building, particularly post-graduate and doctoral support schemes, as well as support to R&D investment for industry and economic diversification. Nonetheless, the Innovation Union Scoreboard identifies major gaps mainly in: human resources, the provision of financial support, entrepreneurship possibilities and the provision of open and attractive research systems. Moreover, as highlighted in **Section 1.1.1** of this document, when compared to the EU-27 average, Malta's achievements regarding R&D expenditure (primarily within the government sector), enterprises engaged in innovation activity, patent registrations, doctoral graduates and employment opportunities in the R&D sector remain low. Within this context, during the 2014-2020 programming period, Government aims to invest ERDF funds for infrastructural projects to foster R&D and Innovation activity in areas identified through Malta's National R&I 2020 Strategy. Malta will seek R&I specialisation in a number of areas, however, given the size and specific characteristics of the territory, it is also important to retain the necessary flexibility (through adequate review mechanisms within the National R&I 2020 Strategy)²¹⁵ to respond to the dynamic economic and social landscape²¹⁶. In line with the smart specialisation framework set out within the National R&I 2020 Strategy, Malta will target EU funded investments in the following smart specialisation areas: tourism product development, maritime services, aviation and aerospace, health with a focus on healthy living, active ageing and e-health, resource-efficient buildings, high value-added manufacturing with a focus on processes and design and aquaculture.

Government is also committed to increase Malta's human resources and innovation activity. In this respect, Government will focus on targeted investments to enable R&I infrastructure which is business oriented, innovation driven and based on the principle of entrepreneurship with the aim of reducing fragmentation and achieving more concrete results on the ground. The potential for investing in R&I in other sectors such as blue biotechnology and sea observation, amongst others, may also be explored.

Moreover, in line with the guiding principles under the CSF, complementarity with other EU programmes will be explored. To this end, and as highlighted in the NRP, Malta's contribution to the European Research Area (ERA) needs to be seen within the context of the local R&I scenario which is still maturing. In this respect, Government will aim to strengthen the internal capacity in both human resources and infrastructures which will enable Malta to participate in a more integrated manner within ERA. Moreover, in an effort to support Joint Programme Initiatives during the 2014-2020 programming period, complementarity measures with other EU programmes related to innovation, R&D and competitiveness for enterprises such as Horizon 2020 and COSME will also be explored. Malta will also aim to participate in the development of pan-European research infrastructures through the Strategic Forum on Research Infrastructures (ESFRI), in line with the priority areas identified in Malta's National Research and Innovation Strategy 2020.²¹⁷

- (a) *Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest*

Infrastructural investments will enable Malta to provide research facilities which will stimulate research in areas of strategic importance for Malta and enable innovative methods to foster R&D within public institutions. These investments will enable students and researchers to acquire the skills and competences which are necessary to address current and future demands of the industry. In particular, Government will promote indigenous research and new technologies including in the health

²¹⁵ National Research and Innovation Strategy 2020, February 2014, Pages 24-25.

²¹⁶ This is in line with the approach adopted for smart and flexible specialisation under *Malta's National Research and Innovation Strategy 2020*, page 20. For information relating to the entrepreneurial discovery process and the monitoring review mechanism of the Strategy see section 2.3 relating to the ex-ante conditionalities.

²¹⁷ For synergies between the ESI Funds and other EU funding instruments also see section 2.1.

and aviation/aerospace sectors, whereby research facilities will be complemented by measures to boost human capacity. As outlined in the National Strategy for Health, Research and Innovation as well as the National Health Systems Strategy; innovative health research can lead to the development of new technologies which will foster the well-being of citizens. The importance of interventions in this area are also outlined in the National Research and Innovation Strategy 2020 whereby R&I interventions within the health sector have also been identified as an area of specialisation.

Moreover in line with the R&I Strategy, Government will support investments in the building environment sector combining research facilities, innovative teaching and new research on resource efficiency. This Strategy also identifies capacity building in climate change adaptation as an area that needs to be addressed. In this regard, consideration will be given to identify appropriate research infrastructure for climate change. In order to address possible climate change related risks, Government intends to support climate change simulation models with a view to identifying the risks emanating from climate change and assist in creating adequate monitoring mechanisms. These monitoring mechanisms will assist in the formulation of management plans and decision making in the strategic planning of various areas including that of coastal areas and the maritime sphere. Given the long term impact of climate change, Government intends to embark on a climate change campaign directed towards changing the behaviour of people and create a better understanding of climate change mitigation, adaptation and environmental matters.

Government is committed to address the current development needs by investing in measures aimed at creating a better link between tertiary education provision and labour market needs (including the Enterprise-Academia link); particularly in those areas where Malta has a competitive advantage and which are pivotal for Malta's economic development. In this respect, Government will support infrastructural measures to further consolidate investments in R&D by the business enterprise, with a view to leveraging private sector investment, and developing new ideas, products and technologies. Such actions will also increase Malta's research capacity (by hosting researchers and PhD students, amongst others) and provide the possibility for collaborations with international high-level research institutes.

In this respect, research infrastructures will enable the development of technologies, products and services which could then be made available for local industries to adopt as well as for the formation of potential industrial spin-outs. Cognisant of Malta's starting position within this sector, Government will seek to maximise the potential for commercialisation and technology transfer will also be explored in this context with a view to exploiting potential economic impacts. Through these investments Government wants to ensure that Europe's public R&D resources are also used to address common EU challenges in an effective and results oriented manner.

Government understands that infrastructural investments on their own will not suffice for Malta to make a quantum leap in the R&D sector. Within this context, Government is committed to invest in human capital with the aim to attract and retain researchers in Malta to increase its knowledge-base. In this respect, Government will ensure that infrastructural investments in RTDI are complemented by the provision of scholarships and fellowships²¹⁸ in order to increase attainment levels and address skills mismatches.

²¹⁸ These measures are covered under Thematic Objective 10 of the European Social Fund.

- (b) *Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and support technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies*

Building upon the achievements of the 2007-2010 National R&I Plan, Malta's National R&I 2020 Strategy will provide the overarching framework for investments in RTDI which are necessary to build a knowledge-based economy. Efforts towards increasing R&I expenditure in Malta were undertaken in previous years, even with the contribution of Structural Funds, and although some results have been registered, more investment within this sector is required.

Over the 2014-2020 programming period, in an effort to promote investment by the private sector in innovation and research, Government will increase access to finance and support for enterprises, through the use of relevant ESI funds. There is no doubt that a market failure exists in Malta within this sector. Notwithstanding, attempts made over the past years to set up 'traditional' mechanisms to finance R&I, such as a formalised network for business angels or mezzanine, and other forms of venture capital vehicles have not leveraged the necessary results. In this regard, Government intends to facilitate access to finance for enterprises which aim to move towards an increased innovation activity by providing the necessary financial support.

Under this thematic objective, Government will invest ESI funds in infrastructural projects to foster R&D and innovation primarily in key sectors as well as in measures aimed at increasing Malta's human resources and innovation activity. In an effort to promote investment by the private sector in innovation and research, Government will increase access to finance and support for enterprises²¹⁹ which aim to move towards an increased innovation activity. It is envisaged that these investments will leverage the necessary growth which will enable Malta to become a knowledge-based economy, with an increase in the number of doctorate graduates, researchers, registered patents and state of the art R&I infrastructure.

Fostering knowledge transfer and innovation in agriculture and rural areas during the 2014-2020 programming period will also be a priority for Malta under the European Agricultural Fund for Rural Development (EAFRD), in line with Malta's strategy for rural development. Research in the agricultural sector will include areas such as the testing of new and innovative approaches to more economically and environmentally-friendly methods, amongst others. Support will focus on stimulating research that responds to the specific needs of farmers particularly those operating on a small-scale, and on fostering the take-up of research results and application of innovation in these sectors. The new European Innovation Partnership (EIP) for agricultural productivity and sustainability will be an important approach for better linkages between research and the farming practice, especially through the EIP network. On the other hand the establishment and use of advisory services, including farm management and farm advisory services, will enable farmers, SMEs and other rural stakeholders' access to advisory services in order to improve economic and environmental performance.

Moreover, investments in RTDI will also serve as a means to stimulate growth in other sectors including ICT (under thematic objective 2), Competitiveness of SMEs (under thematic objective 3), low carbon economy (under thematic objective 4), climate change and environment (under thematic objectives 5 and 6 respectively) as well as social inclusion (under thematic objective 9). Measures to

²¹⁹ Support measures to enterprises may also include hosting researchers and investing in new technologies, amongst others.

develop human capital under thematic objective 10 (education) through ESF will also benefit from investment in R&D and Innovation.

In line with Malta's priority areas for the ETC programmes for 2014-2020, Government will seek to complement interventions under this thematic objective with interventions under the ETC programmes including measures for the promotion of business investment in research and innovation as well as the development of links between enterprise, research and development centres and the higher education sector.

Expected Results

Thematic Objective 1	Expected Results	ESI Funds
Strengthening Research, Technological Development and Innovation	Increase in R&D expenditure and innovation activity (including dissemination) within the Public and Private sector.	ERDF
	Increase in RTDI infrastructure facilities utilised by the academic and private sector.	
	Increase in publication activities.	
	Increase R&I activities in the smart specialisation areas.	
	Increased support within the area of research, development and innovation for rural areas and in the agricultural sector.	EAFRD
	Improve the accessibility of advisory services.	

Thematic Objective 02: Enhancing Access to, and Use and Quality of, Information and Communication Technologies (ICT)

The ICT sector remains one of the sectors which are of vital importance for Malta's continuous economic growth, sustainability and well-being. Since ICT has been identified as an enabler for R&D development and in line with Malta's National ICT strategy,²²⁰ during the 2014-2020 programming period, Government aims to use the relevant ESI Funds to further develop this sector.²²¹

Whilst several improvements were registered in the ICT sector during the 2007-2013 period, the number of sales and purchases carried out via e-commerce remains relatively low. Moreover, as highlighted in the 2013 Digital Agenda scoreboard, the electronic interaction by citizens with public authorities and the level of computer skills in Malta remain below the EU-27 average.²²² To this end, whilst building upon investments undertaken during the 2007-2013 period, Government will utilise ERDF to improve the provision of infrastructure of electronic public services (including e-government, e-learning, e-health and e-customs, amongst others) and will also facilitate growth potentials of enterprises in the ICT sector with the aim of increasing the utilisation of e-commerce, e-culture and e-tourism (including rural tourism) services.

²²⁰ *Digital Malta: National Digital Strategy 2014-2020* focuses on ICT policy development for citizens and civil society (enhancing digital literacy, open access, social innovation and inclusion, building capacity and developing e-skills through education and training), the business community (stimulating entrepreneurship, e-Commerce, sustaining R&I, supporting internationalisation and attracting new businesses), and Government (moving towards a customer-centric, efficient and open Government services including the further development of e-learning and e-health services), amongst others. The Strategy will provide the necessary integrated approach for Malta to move towards a digitally enabled society.

²²¹ The development of ICT within the agricultural sector, particularly in terms of training and the promotion of competences in IT is also envisaged through the EAFRD under Thematic Objective 10.

²²² Digital Agenda Scoreboard, Malta (<http://ec.europa.eu/digital-agenda/en/scoreboard/malta#broadband-markets>) accessed on 13 August 2014.

Furthermore, Government will also seek to develop the necessary infrastructure to ensure adequate provision of public service, enhance ICT accessibility and encourage the development of ICT skills and digital literacy. The application of these concepts to sectors such as health, education, transport and taxation²²³, amongst others, will contribute towards increased well-being and better living conditions for citizens. In line with the goals of the Digital Agenda, Government aims to further develop the ICT sector through investments in ICT facilities, data management and open data systems, cloud computing, enabling networks and IT platforms, with the aim of reducing communication barriers and providing high technology means.

Moreover, Government acknowledges that greater effort is needed to encourage digital learning amongst citizens, particularly unskilled workers, the elderly and people with disabilities. The acquisition of e-skills is necessary to ensure that all citizens are enabled to reap benefits from ICT including better employment prospects. Although ICT infrastructures, particularly for the provision of e-government services and measures facilitating access to finance for enterprises, are a priority under this thematic objective, Government acknowledges that, during the 2014-2020 period, such measures will be complemented by specific actions focusing on developing ICT skills including through investment aimed at increasing digital literacy, e-accessibility, e-learning and e-inclusion, amongst others. Such initiatives will be supported through the European Social Fund (under thematic objective 10) whereby Government will focus on the 'Digital Citizen' and 'Human Capital' pillars of the Digital Malta strategy, in an effort to maximise the use of ESI Funds and to move towards a digitally enabled society.²²⁴ Moreover, measures such as IT training for farmers and IT measures linked to rural tourism or diversification will also be supported under EAFRD and are further explored under Thematic Objective 10.

(a) Developing ICT products and services, e-commerce, and enhancing demand for ICT

The setting up of electronic systems within the private sector, that allow users to transmit information such as orders, invoices, and payment transactions is an important component to ensure the sustainability of enterprises. In this respect, efforts directed to assist enterprises in particular micro-enterprises, to raise productivity and efficiency through the use of ICT and e-based solutions will be sustained.

Government will also support investments within those sectors where internet is the primary service of choice such as the tourism sector. The tourism value chain is becoming increasingly dependent on mobile computing literate tourists and thus the need to ensure that enterprises in the tourism sector have the necessary skills and infrastructure to interact electronically on Business to Business (B2B) or on a Business to Consumer (B2C) services. Within this context, Government will invest in targeted measures for the further development of e-commerce and e-tourism which are vital to maintain and increase Malta's competitiveness in the sector.

(b) Strengthening ICT applications for e-government²²⁵, e-learning, e-inclusion, e-culture and e-health

ICT is a significant contributor towards Government's commitment to reduce administrative burden. In line with Malta's National ICT strategy 2014-2020, Malta intends to make innovative use of ICT in a myriad of sectors through the provision of e-Government services including e-learning, e-inclusion²²⁶, e-customs and e-health amongst others. Within this context, Government will support the

²²³ *Digital Malta: National Digital Strategy 2014.*

²²⁴ Such training will focus on digital literacy and may also include the training of high level digital specialists as well as other measures to further enhance e-learning and e-inclusion.

²²⁵ Including m-government.

²²⁶ Specific ICT measures to increase digital skills amongst citizens, increase the number of internet users and promote e-learning (including amongst students) are covered by the European Social Fund under thematic objective 10.

development of innovative public clouds where necessary to reduce administrative burden for the industry through the provision of online Government certified ICT services which may enable transparent accounting for statutory requirements. Government will also support investment in e-customs to simplify information flows between trade and Government in cross-border interventions.

Moreover, Government will also foster the need for improved interoperability whereby the alignment of departmental processes, standardisation, discovery and reuse of ICT assets and the aim of improving the level of trust in the services provided by the public sector will be enhanced.²²⁷ Such measures will aim to open opportunities for increased efficiencies and cross-border exchange leading to growth in the digital economy at national and EU level as outlined in the Digital Malta strategy.²²⁸ In light of such developments, Government will also ensure the necessary synergies with any future European digital services infrastructure activities under the Connecting Europe Facility (CEF).

Other e-services which will be supported include investments in e-health systems which will enable more flexibility in the delivery of health care, making it more accessible and patient-centric. As outlined in the NHSS, better use of current technologies, such as Internet and mobile networks, are necessary not only to move towards a more sustainable health sector but also to serve as a major step towards achieving the desired continuity of care.²²⁹ This aim is also highlighted in the Digital Malta strategy whereby e-Health and m-health services would provide citizens with secure and easy access to their health records and equip health care providers with secure and seamless access to patients' records. Such measures will channel investment where it is most required and bridge the gaps between primary and secondary care and between public and private care provision.²³⁰

Government will continue to leverage the application of Government-to-Business (G2B) and Government-to-Consumer (G2C) e-services with a view to improving service delivery and efficiency. Emphasis will be primarily directed towards reaching the highest level of the EU's Maturity model for e-Government for all government services and leveraging ICT to re-design business processes enabling private sector operators to assume an intermediary service provision role on behalf of Government. Furthermore, efforts will be directed towards improving the efficiency of the public administration. In this regard, it is the intention of Government to invest in the development of infrastructure for innovative data management systems and IT platforms. Such measures which will aim to simplify digital public services, extend Government transparency, make Government services accessible through mobile and increase citizens' engagement with Government amongst others by further developing e-Government services²³¹.

As outlined in Malta's National R&I 2020 Strategy, investments in ICT, will also serve as a means to stimulate growth in other sectors since ICT has been identified as an enabling tool for technological development. In line with the guiding principles under the CSF, more particularly, the combination of thematic objectives to reflect the Member State's needs for smart, sustainable and inclusive growth, investments in the ICT will also contribute to the development of other thematic objectives including: RTDI (under thematic objective 1), Competitiveness of SMEs (under thematic objective 3) and Education (thematic objective 10). In addition, through the EMFF, measures aimed at improving data collection which are envisaged under thematic objective 6 will also complement IT related measures supported through ERDF, ESF and EAFRD funding.²³²

²²⁷ Digital Malta: National Digital Strategy 2014-2020, page 18.

²²⁸ Digital Malta: National Digital Strategy 2014-2020, page 49.

²²⁹ A National Health Systems Strategy for Malta 2014-2020, page 81.

²³⁰ Digital Malta: National Digital Strategy 2014-2020, page 45.

²³¹ Digital Malta: National Digital Strategy 2014-2020, page 38.

²³² This is in line with the intervention logic provided by the European Commission.

Expected Results

Thematic Objective 2	Expected Results	ESI Funds
Enhancing access to and use and quality of ICT	Enhance the quality and experience of e-Government services for entrepreneurs and citizens.	ERDF
	Improve the efficiency of the public administration through the better utilisation of ICT.	
	Increase in the use of ICT and e-based solutions by the private sector in order to enhance competitiveness.	
	Increase in e-Government services through ICT infrastructure in e-administration, e-health and e-environment including data gathering and management information systems.	
	Reduction in administrative burden through ICT tools.	

Thematic Objective 03: Enhancing the Competitiveness of Small and Medium Sized Enterprises (SMEs), of the agricultural sector (for the EAFRD) and of the fishery and aquaculture sector (for the EMFF)

Since Malta's accession to the European Union, Malta's economic base has been continuously changing. As in other Member States, the Maltese economy has been affected by the economic crisis and has had to adapt with a view to minimising its impact as much as possible.

Malta's economy experienced a period of transition which enabled the economy to grow into a 'new' and knowledge-based economy on the one hand; and on the other led the economy to mitigate the closure of labour-intensive parastatal and low value-added manufacturing industries which migrated to more low labour cost countries. In tandem, efforts were also directed towards upgrading and strengthening the necessary infrastructure to attract operators in the high value-added manufacturing and services industry whilst providing support to enterprises, within the tourism value chain amongst others, to upgrade the quality of services provided.

Due to the nature of the industrial fabric and the size of operations in Malta, micro enterprises which represent 95.1%²³³ of SMEs in Malta, play a crucial role in the growth of the Maltese economy. Microenterprises are an important source of employment whereby the share of micro enterprises in total employment in Malta accounts for 34.4% i.e. 4.8 percentage points higher than that recorded at EU-27 level.²³⁴ Within this context, Government intends to provide the necessary support to micro, small and medium sized enterprises (including the small self employed) which are key contributors towards employment and economic growth. Through this support, Government will enable enterprises to develop the capacities and capabilities of enterprises with a view to expand and move up the value chain thus leading towards economic development and employment.

Based on lessons learnt, Malta's economic direction over the 2014-2020 programming period will continue to build on the diversification strategy embarked upon over the past decades. It is the intention of Government to act as a business enabler for SMEs by providing the necessary instruments and infrastructure to create the right environment for economic growth and job creation which is necessary for the further development of Maltese enterprises.

Over the 2014-2020 period, Government intends to build upon existing practices to ensure that enterprises are given the necessary guidance, timely assistance and financial incentives in order to

²³³ European Commission, Enterprise and Industry, Small Business Act (SBA) Fact Sheet 2012, Malta.

²³⁴ Ibid.

set up and expand their businesses. Building on the success of the aid measures and financial instruments for SMEs which were granted under the 2007-2013 programming period, Government will facilitate access to finance for enterprises through financial instruments such as JEREMIE and other relevant schemes including the 'new' SME initiative²³⁵ for which Government has pledged EUR15 million from its ERDF resources in the form of uncapped guarantees providing capital relief. In addition, Government is also exploring the possibility of additional financial engineering instruments under this thematic objective through the ongoing ex-ante assessment on the use of financial instruments in Malta. Through this thematic objective, Government will support enterprises investing in those areas which have been identified within the Smart Specialisation Strategy as well as those enterprises which are investing in areas which require support with a view to improve their economic contribution and move towards more higher value-added sectors.

Government will seek to develop adequate schemes to support the financing needs of SMEs, taking into account the specific needs of micro enterprises, including small self-employed and family businesses. Such schemes shall aim amongst others, to promote entrepreneurship; support the creation of new business activity; support existing business to grow and improve their competitiveness. Financial instruments and grants (including interest rate subsidies and guarantee fee subsidies) will be both considered, as alternative options of financing or combined where necessary with a view to meet justified business needs, consistently with the findings of the ex-ante assessment. This two-pronged approach will aim to maximise the impact of ESI funds within the Maltese economy whilst ensuring that public support targets market failures or suboptimal investment situations.

Furthermore, Government will seek to promote and further strengthen the collaboration between SMEs and large companies. In this respect, with the aim of increasing the number of registered SMEs and employment levels within the industry, Government aims to utilise ERDF funds to increase access to finance, support competitiveness through innovation (including eco-innovation)²³⁶ and smart specialisation, facilitate internationalisation, promote entrepreneurship and provide the necessary enabling infrastructure to SMEs with a view to ensure that Malta remains economically sustainable and competitive. Whilst investments will build on areas which have a potential to grow due to existing strengths, the flexibility for interaction between different areas of intervention remains necessary to ensure a broad economic base and hence maintain sustainable economic growth. Within this context, Government will also explore the possibility of extending such initiatives to the agriculture sector.

The importance of the SME sector is even more pronounced in Gozo where there are only a handful of medium sized enterprises and relatively no large ones. In this respect, Government will also aim to address Gozo's specific challenges by providing the necessary infrastructure for the development of SMEs in Gozo.

Interventions under this thematic objective will also be complemented by actions under thematic objectives 1, 2, and 4.

(a) Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators

Malta's economic strategy represents a mix of export-oriented and local serving sectors, all of which support primary wealth creation in Malta. Whilst significant investment was undertaken during the past programming periods, additional resources are required to ensure that Malta remains competitive within a global market and that it attracts new industries.

²³⁵ European Council Conclusions, October 2013.

²³⁶ Opportunities for eco-innovation developments may also be explored under thematic objectives 1 and 6.

In an economic scenario where the creation of new economy and knowledge based SMEs is interlinked with financial mechanisms and start-up vehicles, it is clear that access to early stage capital is crucial to support enterprises through the difficult start-up years. This is particularly the case with SMEs that are operating in the 'new' or knowledge economy or within the commercialisation of innovation. Interventions aimed at supporting SMEs' endeavour into innovation measures as part of product development and the development of new ideas as means of further expanding their businesses will also contribute towards the Innovation Union initiative under Smart Growth.

Within this context, during the 2014-2020 programming period, Government is committed to provide the necessary aid for SMEs to develop and become more sustainable and competitive in order to ensure that the investments envisaged for the development of SMEs in the next seven years will continue to leverage socio-economic prosperity. Thus, the need to continue to support firms including entrepreneurs and small self employed persons by providing the financial incentives enabling them to invest in, amongst others, energy efficiency, innovation, internationalisation, environment, tourism, cultural heritage, high quality standards and R&D remains of key importance.

Moreover the availability of appropriate infrastructure and the modernisation of current industrial space are a prerequisite to increase innovation activity and to sustain Malta's competitiveness as a location for investment. In this respect, Government will support investments in economic clusters and networks which lead to innovation processes, service development, including new products and technologies and internationalisation. Government will also invest in the provision of facilities in Malta and Gozo for SMEs and support the development of incubation spaces, creative services hubs as well as units to encourage the development of the traditional crafts and artisan sectors. Through these measures, Government aims to enable the development of business models, promote entrepreneurship through business incubators and encourage SMEs to set up business and expand their investments.

(b) Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes

Apart from fostering an entrepreneurial culture through this strategy, Government aims at ensuring the long term competitiveness of SMEs in the global market by encouraging the development, growth and diversification of SMEs. Strategies to stimulate and maintain business activity and employment include: nurturing an entrepreneurial culture, encouraging new ventures, investing in innovative products and processes, attracting businesses and investments, as well as developing and expanding existing businesses particularly in international markets.

Efforts to promote innovation and growth potential in existing firms will be supported to improve business skills and enable businesses to invest and expand in national and international markets. The diversification of local firms including investment reflecting traditional crafts and skills will also be considered as a priority.

In this regard, Government will support infrastructural measures and provide relevant and other financial incentives to support the capacity of SMEs in Malta and Gozo with a view to grow, modernise and innovate their organisation and processes as well as for product and service development. Furthermore, Government will also support measures to identify new business models for SMEs and encourage SMEs to collaborate more closely with larger enterprises.

(c) *Enhancing the competitiveness of agriculture, fisheries and aquaculture enterprises*²³⁷

Malta's size, its high population density, considerable built up landscape and the limited natural habitats highlight the importance of careful management of agricultural areas as a national resource. In this respect, Government will build upon the measures carried out under the 2007-2013 programming period to promote multifunctional agriculture and adopt innovative approaches to assist the farming community in becoming more sustainable and enabling farmers to continue investing in their products. The development and upgrading of relevant infrastructures will also be encouraged. Moreover, since Malta is particularly sensitive to the slowdown in the rate of young farmers taking up agricultural activity, Government will also take the necessary mitigating measures to address this trend. Opportunities for strengthening the linkages between the primary production and the tourism industry will also be explored.

Within this context, competitiveness within the agricultural sector will be addressed through interventions such as the development of quality standards and quality chains, market research, as well as the development, promotion and marketing of local products. Actions that can enforce traceability and sustainable supply chains will also be supported.

Moreover, co-operation among different actors in agricultural production, processing and others in the supply chain will be an important element in both horizontal and vertical cooperation to promote shorter and/or more sustainable supply chains and local markets. Business start-up aid for young farmers setting up farm businesses,²³⁸ or new food chain businesses producing, processing or selling Maltese quality products would be another important element under the priorities identified for EAFRD interventions.

The diversification of agriculture will be promoted and supported under EAFRD in order to ensure more sustainable and viable holdings that can generate adequate living conditions and return for the farmers' families as well as contribute to the economic growth of other enterprises operating within the various sectors. Government intends to further develop the concept of sustainable rural tourism with special attention being paid to the development of infrastructure that is congruent with the protection of the environment. Furthermore, Government will seek to introduce an agriculture insurance scheme aimed at mitigating risks in the sector. This will be complemented with adequate training and advice to farmers.

Within the fisheries sector, the imposition of catch limitations and other management controls on the main commercial species in Malta, coupled with rising costs, has placed considerable pressure on fishers' profitability and is forcing fishers to undertake more efforts in a bid to sustain the same level of income. Within this context, over the next seven years investments in the fisheries sector will aim to foster the transition to sustainable fishing, that can make the fisheries sector economically viable, resilient to external shocks and to competition from third countries. In this respect, Government will focus interventions on promoting the competitiveness and economic viability of small-scale fisheries (mainly through investments in infrastructure but also through diversification measures) and increasing the utilisation of less popular catches that are not under pressure with the aim of reducing the pressure on the most sought after species, through greater consumer awareness. Moreover, the Strategy for Aquaculture identifies opportunities for innovation to make the industry economically viable, competitive, green and able to face global competition, while providing consumers with healthy and highly nutritional products.

²³⁷ Detailed information on interventions under the EAFRD and EMFF regulations can be found under section 1.3 of this document.

²³⁸ For interventions related to the diversification of the agricultural sector also see the section relating to thematic objective 8.

During the 2014-2020 programming period, Government will ensure that the funding allocated to SMEs will be sufficient to target the key areas that meet the private sector's investment needs. Within this context, SMEs will also benefit from interventions under other thematic objectives including RTDI (thematic objective 1), ICT (thematic objective 2), low carbon (thematic objective 4) and environment (thematic objective 6).

In order to complement infrastructural investments and financial support, Government will foster entrepreneurship at a societal and educational level under thematic objectives 8 (employment), 9 (social inclusion) and 10 (education) through the ESF. Through such initiatives (including investments under ERDF), Government will also provide the necessary assistance to entrepreneurs, small self-employed and cooperatives amongst others, through research, market studies and other supporting measures.

Expected Results

Thematic Objective 3	Expected Results	ESI Funds
Enhancing the Competitiveness of SMEs, the Agricultural Sector (EAFRD) and Fisheries and Aquaculture Sectors (EMFF)	Increase in entrepreneurship.	ERDF
	Increase/improve business infrastructure for SMEs.	
	Improving SMEs' access to finance.	
	Increase in the number of SMEs, small self-employed and cooperatives benefitting from public support including financial incentives.	
	Creating new job opportunities within SMEs.	
	Increasing the motivation of SMEs to invest in their development potential.	EAFRD
	Enhancing employment levels (including start-ups for young farmers) in agricultural and food processing industries.	
	Enhancing the competitiveness of the farming community through increase in on-farm investments and high quality produce.	
	Increase in investments in the aquaculture segment.	EMFF
	Diversify the activities for fishers within the fisheries sector.	

Funding Priority 2: Sustaining an environmentally-friendly and resource-efficient economy

Investing in the environment is a major contributor towards economic growth. Over the past decades, significant investment was undertaken in various sectors including energy, waste, water, climate change and transport which have yielded a positive impact on the environment. The magnitude of the investment undertaken was mainly possible through the contribution of European funds. Malta's challenging EU 2020 targets in these areas can only be attained if further investment is undertaken by both the public and private sectors.²³⁹ In this regard, Government has identified the need to invest in the environment as well as resource efficiency as a funding priority which will be achieved through the following thematic objectives. Actions under these thematic objectives will contribute towards the achievement of the Europe 2020 targets with regard to the reduction in Greenhouse Gas (GHG) emissions and Renewable Energy Sources (RES).²⁴⁰

Funding Priority 2	Thematic Objectives
<p>Sustaining an environmentally-friendly and resource-efficient economy</p>	04. Supporting the shift towards low- carbon economy in all sectors.
	05. Promoting climate change adaptation, risk prevention and management.
	06. Preserving and protecting the environment and promoting resource efficiency.
	07. Promoting sustainable transport and removing bottlenecks in key network infrastructures.

Table 1.42 below gives a snapshot of the current situation *vis-à-vis* the National EU 2020 targets relevant to this Funding Priority.

²³⁹ Interventions foreseen by the private sector have been included under Funding Priority 1.

²⁴⁰ The contribution that these actions will make towards achieving the EU 2020 targets will be analysed further under the relative section of each Thematic Objective.

Table 1.42 – Malta's Climate and Energy Targets

Europe 2020 headline targets	Situation in Malta (As per country report)	National 2020 target in the NRP	Current situation in Malta (As per latest data)
20% greenhouse gas (GHG) emissions reduction compared to 1990 by 2020 pursuant to the Climate Change and Energy Package	The overarching EU target of 20% reduction by 2020 compared to 1990 is partially translated into Member State-specific targets under the Effort-Sharing Decision (ESD). ²⁴¹	+5% compared to 2005 emission levels for emissions covered by the ESD, with binding interim targets for the years 2013-2019 in accordance with a linear trajectory defined pursuant to the ESD.	4% (2020 projected emissions compared to 2005) ²⁴² +3.2% (2011 emissions compared to 2005). ²⁴³
20% of energy from renewable energy under the RES Directive	0.88% (2010)	10%	2.7% (2012) ²⁴⁴
20% increase in energy efficiency under the EE Directive	902 ktoe (2010)	22% (-235 ktoe of primary energy savings) = 835 ktoe in 2020	153GWh ²⁴⁵

Thematic Objective 04: Supporting the Shift towards a low-carbon economy in all sectors

Malta's strategic approach towards reducing the use of energy from primary sources stems both from the need to shift to a low-carbon economy in all sectors as well as the need to diversify from fossil fuel and reduce its dependence on external vulnerabilities. To this end, during the 2014-2020 programming period, Malta will undertake investments designed to meet its targets within the sector as well as address the relevant Country Specific Recommendations which propose to sustain efforts towards the diversification of the energy mix and sourced with a view to reducing Malta's dependence on imported oil, by bringing forward investments in renewable energy and making use of available EU funds to invest in energy efficient and renewable energy infrastructure. The achievement of this target can only be attained if all stakeholders within the economy contribute towards this objective. Hence, Government intends to undertake a multifaceted approach whereby the private sector, as well as civil society, plays a main role towards attaining this target, including through the provision of adequate access to finance. Through this thematic objective Government intends to invest in energy efficiency measures, including monitoring of consumption and demand response measures, and to increase investment in renewable energy sources. It is worth noting that Government has adopted a prudent approach in committing at this stage to the 12% allocation from ERDF resources in view of physical geographical constraints. Additional resources will be allocated to this thematic objective should the envisaged allocation prove to be insufficient to enable Malta to achieve its 2020 targets in terms of energy efficiency and RES. The first assessment of the adequacy of the envisaged allocation

²⁴¹ Greenhouse gas emissions which fall under the ESD include such emissions from transport, waste, agriculture, industrial processes and industrial energy use, and also include greenhouse gas emissions from the local power generation sector which are not regulated by EU ETS.

²⁴² 2013 Progress report COM(2013)698.

²⁴³ Source: Malta Resource Authority.

²⁴⁴ Source: MECW.

²⁴⁵ Source: NRP April 2013 "The target of 3% energy end use savings for 2010 (established in the first National Energy Efficiency Action Plan (NEEAP)) has been achieved, and marginally exceeded – the target was 126GWh and the achievement was 153GWh."

will take place within the framework of the progress report provided by article 52 of Regulation (EU) No 1303/2013.

(a) Promoting the production and distribution of energy derived from renewable sources

Malta's strategic approach towards reducing the use of energy from primary sources stems both from the need to diversify from fossil fuel and reduce its vulnerability and dependence on external supplies.

Malta's geographical constraints limit the extent to which Malta is able to exploit conventional land and marine based RES technologies. Malta's unique territorial characteristics render the need for indigenous research, particularly in marine RES technologies, indisputable, given its sea territory. Research in this area constitutes a strategic priority to Government as outlined under Thematic Objective 1.

Efforts will be strengthened in the forthcoming programming period to continue with the promulgation of RES technology measures (including within the domestic sector) , both to meet Malta's EU 2020 obligations as well as to increase the capacity of energy generation that is based on indigenous sources. Malta's original National Renewable Energy Action Plan (NREAP) looked at a strategic mix of RES which includes solar energy, waste-to-energy (heat), waste-to-energy (electricity),²⁴⁶ renewable fuels, biomass and biodiesel, and land and near sea wind farms. The updated NREAP replaces the contribution from wind (both onshore and offshore) by PV as indicated earlier.

Government will seek to implement these interventions in order to achieve its targets.²⁴⁷ Investments in smart distribution systems (smart grids, smart metering systems) will also be considered with a view to optimising efficient energy use.

As part of the reporting requirements, outlined within the framework of the Progress report to be submitted by 31 August 2017 in compliance with article 52 of Regulation (EU) No. 1303/2013, Malta will report on achievement of the interim indicative targets established by the RES Directive up to 2020 in line with the updated NREAP. Malta will also assess the adequacy of the financial allocation of resources to RES with a view to the achievement of the 10% target.

(b) Promoting energy efficiency and renewable energy use in enterprises, agricultural, fisheries and aquacultural sectors.

Competitiveness hinges on making the best use of resources available. Hence, one cannot discuss competitiveness without addressing the need to make the most efficient use of energy as well as making use of renewable sources of energy wherever possible. During the 2007-2013 period, extensive investment was undertaken in the field of energy efficiency and investment in renewable energy sources. This investment, mainly through EU funding, has generated a spill-over effect whereby businesses and agricultural holdings have also contributed towards this objective.

Whilst the results registered to date are encouraging and are a step forward in the right direction more needs to be done with a view to achieving the EU 2020 targets. The continued strategic approach towards a low-carbon economy will be multi-pronged and tailored to address different sectors which from an emissions perspective have different abatement measures. Measures for renewable energy include investment support to enterprises and feed-in tariffs, whereas a number of energy efficiency measures have been proposed under Article 7 of the Energy Efficiency Directive. The energy requirements of the respective industrial and services sectors are primarily underpinned by the

²⁴⁶ Waste-to-energy measures will be addressed under TO6 in the specific.

²⁴⁷ These measures are in line with the Strategic Energy Technology (SET) Plan.

technology applied – whether these are traditional intensive manufacturing plants or new economy services which are dependent on high energy intensive data centre use. Within this context, Government will continue to incentivise the private sector, including in the agricultural and fisheries sectors, to invest in renewable energy and energy efficiency measures, including through the utilisation of financial instruments,²⁴⁸ with a view to investing in resource-efficient and energy-efficient plant and equipment as well as investment in clean energy generation. Government will also require energy efficiency audits in industrial and commercial buildings in order to assess data on energy consumption and identify significant opportunities for improvement and on potential savings in terms of energy use.

Energy performance in the building value chain embraces the quarrying of the building resource – the limestone – as well as the waste and recycling process. The resource efficiency of Malta's natural stone is quickly becoming a critical issue and measures are required to safeguard and conserve the Maltese stone. A fundamental pivot in meeting this goal is the up-skilling and re-skilling of economic operators and their staff in the construction industry as well as in developing professional and technical staff in the various disciplines for energy efficiency in buildings. A concerted effort between Government, industry, further and higher institutions and other stakeholders to identify the appropriate competencies and skills, determine mismatches, and address such mismatches as well as the process of up-skilling and re-skilling will be undertaken.

The governance aspect with regard to energy efficiency in buildings which includes energy inspections and audits needs to be reviewed and subsequently strengthened and should include the education of contractors and clients who commission construction works. Accompanying measures for the support for training of workers will be funded by ESF under TO10.

In the agricultural sector, operators at both the primary stage and the processing stage will be encouraged to continue investing in renewable energy infrastructure whilst at the same time carrying out energy audits on farms and holdings to identify potential gains in terms of energy efficiency.

(c) Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector and the agricultural sector

The goal set by Government is that by the end of the 2014-2020 programming period, all new buildings will be designed to consume zero net energy. The policy measures to achieve this are directed towards the design of buildings that are intrinsically efficient as a result of the materials and technologies used in the construction of the building and which would allow for passive concepts that minimise energy demands – such as solar orientation, shading, insulation, etc.

In particular, Government intends to maximise solar energy and based on the lessons learnt during the 2007-2013 period, will undertake interventions to promote investment in both the domestic and public sector. Efforts will also be undertaken to explore the possibilities of private investment in order to increase the leverage effect and encourage further uptake of RES solutions. Government plans to continue to support private investment in the renovation of buildings and deployment of RES for the insulation of buildings and for the installation of solar water heaters and photovoltaic panels.

The strategic approach leading to the construction of new zero net energy buildings will be complemented by initiatives directed to achieve deep renovations of buildings (including social housing and historical buildings) that were constructed prior to the introduction of the new performance in buildings directive going beyond the minimum energy performance requirements provided for by the EPBD.

²⁴⁸ In line with the outcome of the ex-ante assessment which is currently underway.

- (d) Address the treatment of animal waste through improved management practices and the development of common infrastructure

Agriculture, in particular animal husbandry, creates large volumes of solid or liquid residues and waste products. A significant part of the residues originating from the agricultural sector is animal manure. Malta and Gozo's designation as Nitrate Vulnerable Zones in terms of the EC Nitrate Directives has resulted in the introduction of new practices in the manner by which untreated biological residues and manure is disposed of on agricultural land. This includes the improvement of the handling of manure on farms and its subsequent application / disposal on agricultural land as well as investment in a mechanical bio treatment plant for the processing of specific animal waste.

Such initiatives continue to be of significant importance given that the improved handling of animal waste at source reduces the leakage of nitrates in the water system and reduces the need to remove nitrates from the water system. Efforts will be directed to ensure continuous improvement through, though not limited to, increased education, support and technology.

Expected Results

Thematic Objective 4	Expected Results	ESI Funds
Supporting the Shift towards a low-carbon economy in all sectors	Increase the production and distribution of renewable energy.	ERDF/EAFRD
	Improving energy efficiency and the use of energy from renewable sources in companies by means of energy audits	
	Increase the support for energy efficiency and the use of RES	ERDF/EAFRD /EMFF
	Facilitating the supply and use of renewable sources of energy, of by-products, wastes, residues and other non food raw material for the purposes of bio-economy.	EAFRD

Thematic Objective 05: Promoting Climate Change Adaptation, Risk Prevention and Management

Climate change mitigation and adaptation have been featuring high on the agenda of Government in recent years. The projected climate change impacts are expected to result in increased drought, desertification and soil erosion, as well as increase the pressures on water resources and biodiversity. In this regard, Government will seek to support this investment priority through the EAFRD. However, it is expected that all ESI funds will indirectly contribute towards climate change.

Agriculture and Improved Soil Management

The impact of climate change on agriculture will be both direct and substantial, given the direct dependence of the sector on climate. Drier conditions and rising temperatures will affect which crops are grown (crop management) and will also have different implications on livestock activities including implications on health and welfare. Warming and extreme events, such as heat spells, will have direct impacts on health, growth and output, as well as on reproduction. The sector will need to adapt to scarcity of water, increased risk of extreme events, as well as reduced productivity for certain crops, some of which may be key cash crops.

Soil is one of Malta's most important natural resources, with socio-economic and ecological importance. Malta's soil resources are important for the maintenance of the ecosystem relating to health, agriculture and water management, as well as for supporting tourism and recreation-related activities in the countryside. Additionally, unsustainable practices and poor management within the agricultural sector are posing serious risks which are resulting in the lowering of soil quality through salinisation, erosion, soil sealing, soil contamination and desertification.

In terms of sustainable development, an integrated approach to soil management is being adopted in order to undertake corrective action and identify and implement adaptive solutions that balance effective nutrient, crop, water, soil and land management²⁴⁹ as well as to mitigate the impact of climate change. For this purpose, the provision of specialised skills, training and advice as well as nature based solutions will also be undertaken. Additionally, measures to further protect against soil degradation, sealing and erosion as well as interventions to increase the soil's organic matter to enhance soil conservation, will continue to be implemented through the Rural Development Plan. Sustainable soil management will be supported by strengthened quality monitoring to ensure ongoing soil health diagnosis.

Furthermore, a territorial approach based on individual valleys or designated areas (such as Natura 2000 sites, Special Areas of Conservation, etc) would be most appropriate in ensuring most efficient and effective management of soils and water. In terms of their size, environmental and ecological needs and agricultural cohesiveness, such areas offer scope to target a wide range of support at priority actions spatially for maximum impact, thus making the limited resources more effective.

It is worth noting that, climate change is a major framing condition for the sustainable development of agriculture and food. New sustainable methods to promote agriculture and livestock related practices need to embrace measures which support the agriculture producers and livestock keepers in adapting to or mitigating the effects of climate change. The preservation and conservation of genetic resources is also necessary for increased resilience to climate change. While the rural community is relatively a small contributor to greenhouse gas emissions, it has a key role to play in promoting and sustaining a low-carbon rural path, thus contributing towards better air quality, through proper agricultural technology and management systems. Incentives to help adjust farming methods and systems to cope with the effects of a changing climate will be supported.²⁵⁰ Investments in physical assets will result in more efficient utilisation of resources particularly energy and water, or through the provision of alternative sources thus reducing emissions from using fossil fuels. Investments in efficient input use in cropping and in livestock nutrition will reduce greenhouse gas emissions from the sector.

Given the horizontal nature of climate change, interventions contributing towards this thematic objective include low carbon, research, environment and human capital development. In this regard, indigenous research in the area of climate change in fact is foreseen as a priority as outlined under Thematic Objective 1.

²⁴⁹ This approach is expected to contribute towards water retention by soils. Consideration will also be given towards mitigating the negative consequences of soil sealing.

²⁵⁰ Agriculture emissions are not considered to be a significant source of air pollution. The 2008 State of the Environment Report indicates that agriculture can also be considered a source of air pollution since agricultural operations such as animal husbandry and crop production can produce gaseous and particulate (dust) emissions. For example, animals produce manure from which gases such as ammonia (NH₃) are emitted; while the inappropriate use of fertilisers or pesticides, such as spraying, can result in their deposition into the air (air quality is significantly affected by spray drift at the time of application of the pesticide or fertiliser). The main sources of air pollution in the Maltese Islands, however, are power generation and transport.

Expected Results

Thematic Objective 5	Expected Results	ESI Funds
Promoting Climate Change, Risk prevention and management	Improved soil management.	EAFRD
	Improved sustainable water management in the agricultural sector including through improved valley management.	
	Improved preservation and conservation of genetic resources.	

Thematic Objective 06: Preserving and protecting the environment and promoting resource efficiency

Investment in the environment sector over the past years has been significant. A major overhaul of the waste, water, cultural, rural and urban environment sectors was undertaken during the 2007-2013 programming period. Government intends to continue to pursue interventions with a view to ameliorating the Maltese environment including, where possible, through the involvement of the private sector.

- (a) *Investing in the waste sector to meet the requirements of the Union's environmental acquis and to address needs, identified by the Member States, for investment that goes beyond those requirements*

Government is committed towards the achievement of its challenging targets in the waste sector and will seek to undertake interventions in this regard. The objective of the Waste Management Plan for the Maltese Islands 2014-2020 is to minimise and manage waste in line with the waste hierarchy. Within this context, the Plan includes measures which contribute towards this objective and drive waste management further up the hierarchy through increased prevention, re-use, recycling and recovery. In this regard, the Plan also promotes a culture of waste minimisation and mainstreaming through changes in societal behaviour.²⁵¹

Waste minimisation remains a critical strategic objective with the overall aim being to reduce the amount of waste and divert the remaining residues for recycling, and the recovery of resources. Efforts to minimise waste going to landfills will be stepped up to counter balance efforts to increase the qualitative growth of the national economy where by default this increase in economic activity entails a greater flow of goods – particularly an increase of electronic equipment per households which results in more specialised waste fractions being produced.

During the 2007-2013 period, Government has undertaken significant investment within the waste sector through the implementation of a number of projects some of which are still ongoing. Thus, it is expected that Malta will reap the results of the investment undertaken within this sector in the coming years. In order to build on these results, Government will continue investing within this sector (including through ESI funds) through the implementation of the Plan with a view to adopt a holistic approach towards sustainable waste management. In this context, EU funds will be used to fund waste management investments which are in line with the waste hierarchy namely: increased prevention, segregation, re-use, recycling and recovery. Based on the investments currently being undertaken during the 2007-2013 period, Government will complement with appropriate interventions in recycling in order to attain the 2020 target of 50% recycling. Government will also seek to utilise waste as a resource contributing towards green energy. In this regard, Malta will assess the strategic options with regard to the incineration of waste to complement the digestion plants contemplated.

²⁵¹ Waste Management Plan for the Maltese Islands: A Resource Management Approach 2014-2020, Final Document, MSDEC, January 2014.

Incineration²⁵² will be implemented as the penultimate step in the waste management chain, after having exhausted all other waste management options which are higher in the waste hierarchy. Within this context consideration will also be given in exploring the feasibility of working towards a future higher recycling rate above 2020 targets. The approach outlined above is expected to contribute towards the green economy including through the creation of green jobs and green businesses. EU funds will not be used to fund new landfills or expansion of existing ones.

A key factor for effective waste management is based on the monitoring of movement of waste streams and processes. Given the inter-linkages between waste management and resource efficiency, it is Government's intention to improve data collection and management processes to pursue the development and implementation of waste management policy within the context of sustainable resource management for a low-carbon economy.

Furthermore, Government will also seek to invest in the rehabilitation of existing landfills²⁵³ which have been decommissioned with a view to re-use these sites for other purposes with the objective to improve the environment.

(b) Investing in the water sector to meet the requirements of the Union's environmental acquis and to address needs, identified by the Member States, for investment that goes beyond those requirements

The pressure on water resources is particularly severe given that Malta is densely populated but poorly endowed with freshwater resources and has no surface waters that can be exploited economically. The aim is to mitigate the prevailing water scarcity conditions by ensuring the security and long-term sustainability of supply through the implementation of water supply augmentation measures (e.g. increasing the rainwater harvesting capacity of the islands to increase the utilisation capacity of this naturally renewable freshwater resource and therefore further reduce the quantitative pressures on the islands' groundwater resources), and the development of new unconventional water resources) and demand management (optimisation of water use in all sectors) measures.

Within this context, the legal framework to address legal and illegal abstraction is already in place and is being enforced. Legal Notice 255 of 2008²⁵⁴ establishes that all unregistered/un-notified groundwater abstraction sources are illegal while Legal Notice 254 of 2008²⁵⁵ prohibits the drilling of new groundwater abstraction boreholes. Infringements to the above legislation are referred to the Criminal Court. Furthermore, the metering of all significant self-groundwater abstraction sources is also being carried out and will be finalised by the second quarter of 2015. The metering of significant groundwater abstraction sources including self-abstraction sources is a legal obligation under Legal Notice 241 of 2010.²⁵⁶

Malta's 2nd River Basin Management Plan (RBMP) will build upon and reinforce the approach adopted during the first planning cycle (1st RBMP), to ensure full compliance with the Water Framework Directive, namely in article 9(1) and 9(4). It is noted that article 9(1) requires Member States to take account of the principle of recovery of the costs of water services, including environmental and resource costs having regard to the economic analysis conducted according to Annex III and in accordance in particular with the polluter pays principle; and ensure:

²⁵² The technology will be determined based on the outcome of a study.

²⁵³ A study is currently underway that will take into account all alternatives with the aim of ensuring sustainable waste management.

²⁵⁴ Available on: <http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=10676&l=1>.

²⁵⁵ Available on: <http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=11782&l=1>.

²⁵⁶ Available on: <http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=10703&l=1>.

- the establishment of water-pricing policies which provide adequate incentives for users to use water resources efficiently and thereby contribute to the environmental objectives of the Directive; and
- adequate contribution of the different water uses, disaggregated into at least industry, households and agriculture, to the recovery of the costs of water services, based on the economic analysis conducted according to Annex III of the Directive and taking account of the polluter pays principle.

In so doing Member States may have regard to the social, environmental and economic effects of the recovery as well as the geographic and climatic conditions of the region or regions affected as well as the provisions of Article 9(4) for those water-use activities which do not compromise the achievement of the objectives of the Directive.

The process of the formulation of the 2nd RBMP is currently on track and the draft plan for public consultation will be published by Government by December 2014, as required by the Water Framework Directive.

Desalination is the primary reason for the reliability of Malta's water supply during the past thirty (30) years. Yet, desalination is dependent on electricity generation and therefore carries a substantial carbon footprint. Within this context, endeavours to maximise the efficiency of the desalination process as well as the water distribution system will be undertaken. Particularly, Government aims to establish and develop a desalination plant in Gozo in an effort to save energy by eliminating the pumping process between the islands and, more importantly, will be securing water supply for Gozo whilst providing an additional tool which can be used to reduce the pressure on the sea-level aquifer system in the island.

In an effort to improve the status of groundwater in Malta, Government will continue to implement and reinforce monitoring methodologies to optimise the understanding of the islands' aquifer systems and thus enable an improved assessment of the qualitative and quantitative trends in the islands' groundwater bodies. Furthermore, Government will consider improving the efficiency, quality and long-term sustainability of groundwater abstraction through a better distribution of pumping stations in order to balance the spatial distribution of groundwater abstraction and thereby significantly limit the impact of localised sea-water intrusion, while at the same time aiming to reduce the overall volume of abstraction and improve aquifer levels. This process aims at the optimisation of groundwater abstraction, namely by ensuring that the annual volume of groundwater abstracted from the public groundwater abstraction network is not increased and achieves the lowest technically possible levels of salinity, enabling the achievement of a better quality and long-term sustainability of water supply without the need of increasing the level of production of energy intensive desalinated water. This will be achieved through the introduction of adaptive groundwater abstraction strategies based on improved abstraction technology. These initiatives will be complemented by investment in water polishing infrastructure in Malta and Gozo, mainly to ensure the continued use of abstraction stations which are highly vulnerable to surface anthropogenic pollution.

Government will seek to widen the application of innovative groundwater management tools such as managed artificial recharge schemes aimed at increasing the level of protection from seawater intrusion and maximising the storage potential of closed groundwater bodies. Moreover, increased consideration will be given to coastal natural discharge of groundwater with an aim of assessing and developing the exploitation potential of this discharge.

Government will also seek to maximise the utilisation of existing rainwater harvesting infrastructures and identify possibilities for the development of new similar infrastructure. In this regard, the

necessary management structures will be established to ensure the effective reuse of this water. These measures will be complemented by other initiatives aimed at incentivising the harvesting and use of rainwater runoff at the local level as well as the rehabilitation of valleys and soakaways.

Efforts will be undertaken to substitute the use of ground water particularly for agriculture, commercial and industrial needs by alternative sources. In this regard, Government will seek to facilitate the utilisation of Treated Sewage Effluent (TSE) for agriculture, industry, landscaping and other secondary uses. This will be achieved through the development of new and/or upgrading of existing polishing facilities and the development of dedicated distribution facilities required to deliver the treated water to the point of use. Furthermore, Government will seek to expand the public sewage network by investing in public infrastructure to connect recently formed centres to the main sewage network and reduce seawater infiltrations into the sewage collection network.²⁵⁷ In order to ensure that the level of purification treatment required to achieve the quality levels necessary to enable the re-use of water is minimised, measures will be taken to reduce seawater infiltrations into the sewage collection network and to establish the required capacity to ensure an effective regulation of discharges to the sewage network. These initiatives will also be complemented by the appropriate measures including educational programmes aimed at incentivising the adoption of in-house recycling and re-use of grey-waters.

Addressing the scarcity and sustainability of water supply not only requires investment in terms of infrastructure but also requires change in behaviour and norms with regard to the use and conservation of water. Within this context, Malta will seek to promote and incentivise the domestic as well as the agricultural, fisheries and industrial/commercial users to harvest, recover, recycle, conserve and improve water efficiency through a nationwide campaign.

Malta will continue to build upon and reinforce the approach adopted during the first planning cycle, to ensure full compliance with the Water Framework Directive, including through the implementation of water demand management and water supply augmentation measures and by taking account of the principle of recovery of costs of water services as required under Article 9 of the Directive. It is noted that Article 9(1) requires Member States to take account of the principle of recovery of the costs of water services, including environmental and resource costs having regard to the economic analysis conducted according to Annex III and in accordance in particular with the polluter pays principle; and ensure:

- the establishment of water-pricing policies which provide adequate incentives for users to use water resources efficiently and thereby contribute to the environmental objectives of the Directive; and
- adequate contribution of the different water uses, disaggregated into at least industry, households and agriculture, to the recovery of the costs of water services, based on the economic analysis conducted according to Annex III of the Directive and taking account of the polluter pays principle.

In so doing Member States may have regard to the social, environmental and economic effects of the recovery as well as the geographic and climatic conditions of the region or regions affected as well as the provisions of Article 9(4) for those water-use activities which do not compromise the achievement of the objectives of the Directive.

Nitrates are the main source of contamination impacting groundwater in the Maltese islands which principally come due to the over-application of fertilizers in arable agricultural practices. The

²⁵⁷ Investment will only be undertaken in public infrastructure.

application of nitrate fertilizers in agriculture is currently being tackled through the implementation of the programme of measures outlined in Malta's Nitrates Action Programme. The EAFRD will also provide support for actions that mitigate the use and effects of pesticides in agriculture targeting training, integrated pest management systems and organic farming ensuring more sustainable use of pesticides.²⁵⁸ This is also in line with the Water Catchment Plan²⁵⁹ which recommends support for farmers to draw up nutrient management plans, promote the use of alternative methods for plant protection other than pesticides and the establishment of an advisory service for the farming community.

The implementation of the Water Policy should result in the supply of good water quality to meet the country's needs as well as to the sustainable use and management of water resources. Through the measures in the Water Catchment Management Plan, efforts will continue to be directed to protect, improve and enhance the water environment, working holistically on ground and surface waters at the water catchment scale, in line with the Water Framework Directive and Habitats Directive.

In an effort to maximise rain-water harvesting, Government will seek to invest in valley management. Furthermore, it is the intention of Government to assess the feasibility of flood relief infrastructure aimed at adapting to climate change. This will be pursued as far as this is feasible.

(c) Conserving, protecting, promoting and developing natural and cultural heritage

It is Malta's objective to actively develop cultural and heritage resources as a means of promoting the islands' unique identity in an ever-more globalised environment. Cultural Heritage in the Maltese islands spans over 7000 years. It brings together the legacy of diverse Mediterranean civilisations in an astounding concentration - one of the highest in the world - of sites, monuments and artefacts. Malta's identity, society and economy are defined by its historical inheritance, parts of which are recognised by UNESCO as 'world heritage'.²⁶⁰

Cultural heritage is no longer the responsibility of the few and therefore developing and implementing policy in this sector requires cross-government support. In fact, according to the National Strategy for Cultural Heritage,²⁶¹ the complex and diverse array of cultural heritage resources and their scale of survival in relation to Malta's modern economic realities require a long-term strategy involving all stakeholders. Therefore, when considering the unique and irreplaceable elements of cultural heritage spread across the Maltese islands, cooperation between the public and private sector is required with a view to ensure that the contribution of this sector towards the economy is maximised. In this regard, Government and stakeholders will work together in a coordinated and effective manner in order to valorise cultural assets and support an integrated and long term approach.

Government will seek to invest in cultural heritage in the public domain with the aim to preserve, conserve, protect and develop cultural heritage with a view to leverage its potential to generate economic activities in key strategic areas for Malta's socio-economic development. In fact, the National Strategy for Cultural Heritage²⁶² provides a long-term strategy for the cultural heritage sector introducing new targets aimed at improving quality and standards within this sector, as well as at developing sustainable management practices. This strategy envisages cultural heritage resources as a contribution towards the socio-economic development of the Maltese Islands and as an integral part of the leisure and economic sector. Malta's cultural heritage sector has experienced a significant

²⁵⁸This is in line with the Pesticides Directive - DIRECTIVE 2009/128/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 21 October 2009 establishing a framework for Community action to achieve the sustainable use of pesticides.

²⁵⁹The Water Catchment Management Plan for the Maltese islands, March 2011.

²⁶⁰The Maltese Islands have three sites inscribed on the UNESCO World Heritage List. These are the City of Valletta, the Megalithic Temples and the Hal Saflieni Hypogeum.

²⁶¹The National Strategy for Cultural Heritage 2012-2017, Draft for Consultation, May 2012.

²⁶²Ibid.

expansion of employment, services, and projects requiring substantial investment in materials, services and contracting.

The National Strategy for Cultural Heritage will provide the necessary sustainable policy framework towards an integrated approach for the preservation and conservation of cultural heritage resources through the implementation of several initiatives. These initiatives include the improvement of governance in the cultural heritage sector, the broadening of citizen and NGO participation in cultural heritage, as well as the development of management, conservation and research plans (that will take a holistic approach to reduce as far as possible the fragmentation of interventions) in the cultural heritage sector. In this regard, the long-term strategy adopted for the cultural heritage sector guarantees a positive impact of investments within this sector.

During the 2014-2020 programming period, Government will support the protection, conservation and development of historical and cultural sites which will also contribute towards boosting Malta's competitiveness in the tourism sector²⁶³. In fact, according to Malta's Tourism Policy 2012-2016, cultural heritage remains an important element in promoting the Maltese Islands as an all year tourist destination. In this regard, cultural heritage stands as a significant contributor towards economic growth, recognising the economic value that heritage adds to the country. Cultural heritage attracts visitors and the interdependence of tourism and conservation is an everyday facet of heritage management. Within this context Government will also support the establishment and development of cultural hubs which aim to host, promote and preserve historical treasures.

Government is also committed to foster, amongst others, the creation of centres for creative culture and arts in an effort to broaden the preservation and promotion of cultural heritage to various areas within the Maltese islands. Other measures which promote cultural heritage within the communities will also be explored. In view of the strong cultural content that Malta's capital city, Valletta, is endowed with specific investments aimed at further exploiting the city's cultural potential will also be explored through ESI funds regarding investments in small scale cultural infrastructure. Such investments, together with all other cultural investments are expected to generate more economic activity for enterprises, particularly during the next seven years where Malta will be placed on a European platform.

In addition to the above, Government intends to invest in natural heritage which will contribute towards the diversification of the Maltese tourism product. In this regard, Government intends to further develop the concept of sustainable rural tourism with special attention being paid to the development of an infrastructure that is congruent with the protection of the environment (for example country pathways and rural heritage routes) as well as improve water conservation through valley management. In parallel efforts to restore rural heritage, including archaeological, historical and natural assets will be continued during the next programming period. In this context, the greening of Gozo will be one such measure that will contribute to transform the Island into a model of sustainable development.

(d) Protecting and restoring biodiversity and soil protection and restoration and promoting ecosystem services, including through Natura 2000, and green infrastructure

Malta has established a well-developed legal framework and a set of institutions in the environmental field that have protected ecological, cultural, archaeological and built heritage, landscapes as well as maritime resources. Nevertheless, the large number of competing activities, unsustainable consumption patterns and a general lack of awareness of the inter-linkages between socio-economic

²⁶³ Interventions in the designing and retrofitting of cultural buildings to ensure energy efficiency and zero emissions will also be pursued (also see interventions under thematic objective 4).

activities and environmental processes is leading to an unsustainable use of natural resources. This is also threatening the environmental quality which together with the unsustainable use of natural resources is affecting the environmental health and quality of life and potentially increasing the islands' vulnerability to the predicted impacts of climate change.

Malta has always placed the Blue Economy high on its agenda and recent initiatives taken up by the European Commission have continued to stimulate growth within this area. Within this context, Malta's coastal and marine environment remains of particular importance due to the rich biodiversity it contains, but also since the ecosystem services it provides (such as clean water and fish) support various coastal activities. These activities include recreation, tourism, shipping and fisheries, all of which make use of aspects of the coastal and marine environment. Particular coastal areas such as bays, beaches and shallow areas that are subjected to additional pressures require integrated policy solutions. In this regard, Government will consider support aimed at improving data collection to understand the interaction between socio-economic activities and the natural environment aimed to strengthen Malta's maritime spatial planning.²⁶⁴

In the area of aquaculture, the interaction of aquaculture with the environment will be addressed through the implementation of the Aquaculture Strategy for Malta. The strategy aims at diversification and sustainable growth, taking environmental considerations on board in order to achieve an environmentally-friendly aquaculture sector. In part, this will be achieved through a framework that will designate aquaculture zones according to the carrying capacity of the site, so that any negative interactions are kept at a minimum in line with Malta's obligations for its marine waters.

Halting biodiversity loss is also an important priority for Malta.²⁶⁵ Over the past years, significant positive steps have been made towards the support of biodiversity. Government intends to continue with this endeavour through the implementation of the National Biodiversity Strategy and Action Plan (NBSAP), with a view to improving the status of biodiversity in particular within Natura 2000 sites.²⁶⁶ Government will complement these interventions with the necessary awareness raising and educational campaigns to enhance the need to improve and sustain biodiversity and protected areas. Malta's NBSAP directly addresses the need to preserve biodiversity and ecosystem services: the targets set out in this strategic document focus on the need to achieve sustainability, ecosystem restoration, biodiversity mainstreaming, climate change mitigation and higher levels of awareness for biodiversity.

The EAFRD will support actions identified under the National Biodiversity and Strategy Action Plan²⁶⁷ including land management, sustainable management of woodlands, promoting environmentally sound farming systems and organic farming, thus contributing to restoring, preserving, and enhancing biodiversity, including Natura 2000 and farming systems with a high nature value. The preservation of genetic resources and diversity will be addressed mainly under agri-environment and climate measures. In addition the possibility to set up an EIP operational group that can focus on targeted research and development of climate change and biodiversity initiatives will be supported. Training, knowledge development and sharing as well as advice are a horizontal objective for the EAFRD, and specific focus will be given to climate change and biodiversity.

The rural community has also an active contribution to make towards biodiversity. The continued strengthening of the rural community remains a core component of Malta's environment and sustainable strategy. Without farmers' intervention, the provision of public goods in particular with

²⁶⁴ It is to be noted that activities relating to maritime spatial planning fall within the IMP programme (centralised).

²⁶⁵ Opportunities for eco-innovation developments may also be considered under thematic objectives 1 and 3.

²⁶⁶ For areas outside Natura 2000 sites, the 'areas with natural constraints' measure will also be used to underpin the continuing management of all eligible land.

²⁶⁷ It is to be noted that the Prioritised Action Framework for Malta is being drawn up.

regard to the range of environmental and cultural goods such as biodiversity, the preservation of the rural heritage and areas of high landscape value and the externalities arising from farming activities, will not be realised.

As illustrated under Thematic Objective 5, an integrated approach to soil management is being adopted in order to undertake corrective action and identify and implement adaptive solutions that balance effective nutrient, crop, water, soil and land management²⁶⁸ as well as to mitigate the impact of climate change. For this purpose, the provision of specialised skills, training and advice as well as nature based solutions will also be undertaken. Additionally, measures to further protect against soil degradation, sealing and erosion as well as interventions to increase the soil's organic matter to enhance soil conservation, will continue to be implemented through the Rural Development Plan. Sustainable soil management will be supported by strengthened quality monitoring to ensure ongoing soil health diagnosis.

(e) Actions to improve the urban environment

Investing in sustainable urban development will also contribute towards the amelioration of the Maltese environment. Interventions foreseen in this regard, aim to address both the sustainability of the industrial sector, as well as investment in ensuring the sustainability of the urban environment within cities. During the next programming period, Government aims to improve the urban environment within industrial zones through support investments aimed at the greening of industrial space and to move towards more environmentally friendly and resource efficient urban environments.

On the other hand, Government will seek to improve the urban fabric through an integrated approach to the management of urban areas. This will incorporate policy action directed towards integrated improvement of degraded core urban areas which will focus not only on upgrading or preserving buildings and urban spaces (including enhanced accessibility), but also, on providing for and supporting community life for inhabitants. An approach to integrated urban measures will also seek to address issues such as social exclusion, crime, employment, poverty, education, culture, etc with the aim of supporting deprived communities to ensure sustainable regeneration. Further detail on these investments can be found under **Section 3.1.3**.

As outlined within this section, Government aims to address the sustainability of the environment in a holistic approach in order to reap the best results during the 2014-2020 programming period. In this respect, measures under this section will contribute to and will be complemented by measures under various other sectors including RTDI (under thematic objective 1), SMEs (under thematic objective 3), Low carbon (under thematic objective 4), climate change (under thematic objective 5) and transport (under thematic objective 7). Moreover, measures aimed at ensuring the sustainability of urban areas may also contribute to social inclusion under thematic objective 9.

²⁶⁸ This approach will also contribute towards water retention by soils. Consideration will also be given towards mitigating the negative consequences of soil sealing.

Expected Results

Thematic Objective 6	Expected Results	ESI Funds
Preserving and protecting the environment and promoting resource efficiency	Improved water quality.	CF
	Promote climate change and water conservation measures to protect the Environment.	
	Improved water efficiency and increase of alternative sources of water supply.	
	Enhance waste management operations in line with the waste hierarchy.	
	Increase in number of rehabilitated landfills.	
	Increase in capacity of water harvested.	
	Increase in climate change adaptation infrastructure.	ERDF
	Improve urban environment through the implementation of an integrated sustainable urban development strategy.	
	Increase in the number of conserved, protected, promoted, and developed natural and cultural assets.	
	Protect and preserve biodiversity within the Maltese Islands.	EAFRD
	Improved water quality.	
	Improved soil quality.	
	Enhance biodiversity protection and management.	
	Increased efficiency in water harvesting and usage in the agricultural sector.	
	Reduce the environmental impact of the fisheries sector.	EMFF

Thematic Objective 07: Promoting Sustainable Transport and Removing Bottlenecks in Key Network Infrastructures

The high rate of private vehicles, pollution and congestion on the road network render the sustainability of the national transport sector a very challenging one. In order to address this challenge, Government is working towards promoting forms of mobility that are sustainable, energy efficient and respectful to the environment. The aim is to optimally combine various collective modes of land and sea transport and to shift towards the least polluting and most energy efficient modes of transport to support sustainable mobility across the islands. This multifaceted approach is necessary to reduce greenhouse gas emissions from the transport sector thus contributing towards improved air quality, reduction in traffic congestion and journey time and increases in the usage of public transport. This is in line with the development of Malta's National Transport Strategy and Master Plan which will identify key strategic areas to promote sustainable development focusing on modal shift from cars to other more sustainable forms of transport; and reduction in private vehicle kilometrage, thereby,

alleviating traffic congestion and removing bottlenecks on the road network and contributing towards the improvement in the functioning of public transport.²⁶⁹

In order to take an integrated approach towards achieving sustainable transport, Government is looking not only at maximising and optimising the limited road space available through improved conventional design traffic management and public transport priority measures, but is also aiming to:

- ensure that adequate infrastructure to support efficient and sustainable transport is in place (e.g. Park and Ride systems and interoperability between modes); instigate a cultural change aiming for more positive public perception towards sustainable public transport by making sustainable public transport more attractive to potential users in terms of reductions of journey times; interoperability of the different modes of transport including through an integrated ticketing system; frequency and comfort of service
- implement intelligent traffic management systems along the road network which favour the use of public transport;
- promote modal shift from land to sea by making it attractive to potential users in terms of reductions of journey times; interoperability with other modes of transport including through an integrated ticketing system, frequency and comfort of service; and
- promote greener transport modes.

In this respect, Malta will focus its efforts for the 2014-2020 period to improve the sustainability of the transport sector through measures aimed to reduce the use of private vehicles, integrate transport systems (including using ICT as a platform for journey planning, optimisation of routes and timings leading to better integration with other transport modes; and applications such as integrated ticketing) and supporting the shift towards greener transport methods (including the deployment of electric vehicles). Adequate transport infrastructure, including road infrastructure (e.g. intelligent transport systems measures favouring buses and improved ferry landing places) is necessary to maximise and facilitate the use of public transport. Government believes that continuous investment in bus interchanges and bus priority measures with real time information systems to be demand driven is necessary to make public transport more attractive as an alternative option to the utilisation of private vehicle. The investment undertaken during the 2007-2013 programming period was a step in the right direction, however further investment is required to address the need of the sustainability of the transport sector.

In order to reverse the trend from using private vehicles to more efficient public collective transport methods, Government plans to embark on aggressive measures aimed to promote the use of public transport. Past experience has shown that public transport patronage has been on the decrease however, the recent public transport reform has shown a 26% increase in patronage since 2010. The results are encouraging however Government believes that more needs to be done. In this regard, Government is studying what has worked on the ground and what can be improved to ensure an increase in the use of public transport patronage. In fact, Government is looking into educational and infrastructural measures as well as incentives aimed towards the public to ensure a reliable and efficient public transport system which can be an adequate alternative mode of transport particularly for point to point journeys.

Intelligent Traffic Management System (ITMS) and real time information is an essential tool in order to enhance the sustainability of public transport and to achieve a reduction in private vehicle usage. A core intelligent management system will contribute towards an efficient public transport system thus making it more attractive for commuters to use resulting in a modal shift from the use of private

²⁶⁹ Climate actions involving sea transport alternatives as well as sustainable urban development options will also be considered as potential interventions under this thematic objective.

passenger vehicles to public transport. This initiative is expected to positively contribute towards improved air quality.

Modal shift is another priority in the national transport sector. During 2014-2020 Government aims to promote alternative modes of transport not only on land but also by sea. Government considers that implementing modal shift from land to sea in Malta is very limited considering that only 3% of national trips start or end in areas which could be deemed accessible by sea. Nevertheless, Government is committed to providing a number of options to the transport user, which includes the provision of fast, efficient, affordable, frequent and comfortable service by sea together with complementary measures including integrated bus schedule and integrated ticketing systems within the framework of an overall plan for the improvement of the inner harbour transport system. Sea based public transport is particularly important to connect Malta and Gozo. In this respect, Government is also exploring measures to ensure fast, secure, sustainable and reliable service between the two islands resulting in less number of vehicles on the road and modal shift from land to sea.

For the national transport sector to be sustainable, Government is also looking into the promotion of greener vehicles on Maltese roads. Considering that internal mobility is predominantly by road, it is necessary to sustain a shift towards less polluting, low carbon and non-carbon transport modes. Government is exploring the possibility of funding the deployment of low carbon and green transport within its fleet, through national resources. Within the framework of integrated sustainable mobility plans, Government may consider the possibility, if and where appropriate, to support collective public transport operators to invest in less polluting, low carbon and non-carbon collective public transport vehicles, conforming with the highest emissions standards in force under EU legislation applicable for the type of technology (example EUR 6 or higher).

Additional measures for individuals and the private sector (other than public collective transport sector) to decarbonise their vehicles, including charging stations, may be considered for support through national funds.

These efforts will be underpinned by appropriate measures implemented at the national and local level particularly through educational campaigns accompanied by appropriate incentives that will aim to cause a meaningful shift in consumer behavioural and attitudinal patterns from private vehicle use to public transport as well as to shift to greener vehicles contributing towards a cleaner environment and improved air quality. Measures designed to provide greener and pedestrian zones in urban areas with a view to deter the use of cars in urban centres will also be implemented. This will also be conducive to better air quality as well as a cleaner and safer environment.

Notwithstanding Malta's requirements with respect to the implementation of TEN-T infrastructure, Malta will step up its efforts to implement the shift towards more sustainable forms of transport, reduce car usage and therefore favour the decarbonisation of the Maltese transport system.

In this regard, taking into account that all investments in the transport sector will be implemented under Thematic Objective 7, the EU financial allocations (ERDF and CF) for investments in road infrastructure shall not exceed 50% of the aggregate allocations to this thematic objective.

The other 50% shall be allocated to investments other than road infrastructure, aiming to improve intra and inter-islands mobility and external accessibility, which contribute amongst others to reduce GHG emissions, improve efficiency, enhance the environment, improve economic sustainability, reduce car usage and favour decarbonisation, split evenly between: (a) modal shift measures, multimodal transport, clean urban and coastal transport, measures designed to provide greener and pedestrian zones in urban areas and intelligent traffic management systems and (b) port infrastructure.

When investing in TEN-T infrastructures due consideration will be given to facilitating and favouring their use by public transport systems.

(a) *Supporting a multimodal Single European Transport Area by investing in the TEN-T*

Over the past programming periods, major investments have been carried out on the TEN-T and non TEN-T road infrastructure in Malta and Gozo with the aim of improving the quality and safety of roads. Further investment is however required in order to sustain the shift towards more sustainable transport systems on the Maltese Islands. These will include the removal of bottlenecks on bus corridors and the use of ITMS to give priority to buses. The social, economic and territorial development of the Maltese Islands depends on the timely and regular connections provided for goods and passengers to and between ports and airports. This necessitates the provision of the necessary adequate infrastructure and services on roads and maritime ports.

Due to Malta's dense urban morphology, the main arterial and distributor road networks (including the TEN-T network) need to be supported by the appropriate feeder road network infrastructure to provide the traffic linkages of medium capacity to population centres, areas of employment, tourism and industrial areas. Investment in the road infrastructure which facilitates public transport is required with a view to provide the necessary enabling infrastructure to enable a faster and more reliable public transport system. Such investment will streamline traffic while removing bottlenecks on the road network leading to more efficient and sustainable land transportation system on the Islands.

To this end, Government intends to continue investing in road infrastructure throughout Malta and Gozo during the 2014-2020 programming period in line with TEN-T guidelines and the priorities identified under the CEF facility²⁷⁰ to ensure that it provides the adequate and enabling infrastructure necessary to support the integration of transport systems and particularly to maximise and facilitate the use of public transport. In line with TEN-T requirements, EU funds will not co-finance any secondary or local roads not included in the core or comprehensive TEN-T network or connection to the network. Government has identified and will prioritise road infrastructure projects which will pave the way for the development of bus prioritisation and bus segregation from general traffic flow ensuring optimisation of routes, better journey planning and reduction in journey time. Road infrastructure projects will also seek to enable the integration and implementation of ITMS. In this respect, through the ITMS, Government envisages that public transport is given the necessary prominence to be regarded as the preferred mode of transport for passengers particularly for point to point journeys thus resulting in reduced journey time for commuters against passengers using private vehicles. ICT is an important tool to optimise routes and timings to better integrate different transport modes making it much easier for commuters to travel while assisting in alleviating traffic congestion thus resulting in reduction of greenhouse gas emissions and improved air quality.

Government has also identified a major road infrastructure project on the pre-identified section of TEN-T core 'Marsaxlokk-Luqa-Valletta' where severe traffic bottlenecks throughout the day hamper connectivity for both passengers and freight to TEN-T core seaports of Valletta and Marsaxlokk, the airport and the capital city to be considered under CEF. In line with Government's commitment towards sustainable transport, this project will not only remove major bottlenecks in the road network but will also include the necessary infrastructure to support the shift towards more sustainable transport by providing bus prioritisation lanes and park and ride system which aim towards sensitising the public to shift towards more efficient and sustainable collective transport.

²⁷⁰ For synergies with the Connecting Europe Facility, see section 2.1.

Ports²⁷¹ and airport infrastructure also play a critical role in the economy and in the transport sector. Valletta and Marsaxlokk are currently the main ports serving international traffic, both of which are able to provide a comprehensive package of maritime services and cargo storage. Moreover, the Valletta port has also developed as a multipurpose port servicing cruise liners, cargo, pleasure ships and yachts as well as water taxi routes. Within this context, Government will seek to further develop port infrastructure in Malta and Gozo and related administrative facilities with a view to providing high standard inter-island and cross-border transportation. Particularly, in relation to border crossing points, Government aims to invest in the modernisation of customs through investment in related infrastructure and equipment in order to reduce bottlenecks for faster, safer and secure cross-border trade.

Given that inter-island transport plays a critical role in the economic development of Gozo, Government is committed to undertake the necessary port infrastructural investment with a view to attracting new industries in Gozo including boutique cruise liners. Government will consider the potential expansion of the Mġarr Harbour by investing in public infrastructure including quay, berthing and other facilities. This will facilitate and expand transportation of freight and passengers from Malta to Gozo thus addressing the developmental constraints in Gozo and enhancing its competitiveness. Such facilities would also enable maritime transportation between Gozo and foreign ports.

Gozo is considered to be an important niche for the cruise industry in Malta. In fact, small and medium sized cruise liners already call to the island by berthing offshore despite the lack of facilities available for berthing and are subject to weather conditions. In 2012, 14 cruise liners visited Gozo with 3,544 passengers visiting the island.²⁷² For the industry to flourish on the sister Island, infrastructural investment is necessary to facilitate the expansion of the industry all year round and under all weather conditions.

Investments in cruise facilities in Gozo, designed to attract small boutique ships carrying some 300 passengers may be supported, on the basis of a clear business case, duly reflected in the transport master plan and relevant traffic transport model. Such investment should be aligned with Government's strategy for the development of sustainable tourism, including its impact on the local economy and the preservation of cultural and natural heritage. The investment will form part of and be compatible with the overall integrated territorial development strategy for Gozo, to be completed by the end of 2015. Commercial financing will be sought prior to resorting to EU funding of cruise liner infrastructure facilities.

(b) Developing and improving environmentally-friendly (including low-noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure in order to promote sustainable, regional and local mobility

With the extremely high number of vehicle registrations per capita (when compared to the EU 27), and consequently, with GHG emissions from the transport sector representing the second highest source of GHG emissions in Malta, the decarbonisation of the transport sector remains a priority for 2014-2020. During the 2007-2013 programming period, Government is committed towards implementing adequate measures to maximise and facilitate the use of public transport on the Islands with the ultimate aim to promote sustainable land and sea transportation systems.

Government's mission to promote sustainable urban transport investments and the implementation of a modal shift in order to reduce road congestion and curb high transport emissions will be reinforced through a series of measures. Efficient and reliable public transport service complemented with

²⁷¹ Investments will be in line with TEN Guidelines for the sector.

²⁷² Ministry for Gozo, Transport Malta.

Intelligent Traffic Management systems (ITMS) and real time information systems to ensure a demand driven service is a priority for this programming period. In this respect, Government is envisaging implementing various measures to promote the use of public transport with the aim to reduce the use of private passenger vehicles from the road. Measures include investment in adequate ICT and other enabling infrastructure on the road network (example such as improved conventional design traffic management) to promote public transport as the preferred mode of transport in particular for point to point journeys, investment in applications such as integrating bus schedule and ticketing systems as well as incentives for the public to use public transport with the ultimate aim to change public perception and create a real shift from private to public car usage. These measures are aimed to maximise and facilitate the use of public transport aiming to reduce the use of private vehicles and to shift towards more sustainable land transport in Malta and Gozo. Through this approach, Government aims to contribute towards improved air quality through less pollution and congestion on the roads.

Government will also seek to promote modal shift through the provision of alternative modes of transport by sea to reduce cars from the road. Government aims to continue building on the successful outcomes of sea transportation measures (inner harbour maritime transport) that were implemented during 2007-2013 programming period and will study the impact of these measures to ameliorate the current system. Government intends to further promote the use of sea based transportation through the provision of adequate infrastructure including the development of landing places, integrated bus scheduling and integrating ticketing systems, amongst others. Planned improvements to the ferry landing places are expected to show improvements in turn around time and the replacement of the inner harbour vessels will improve operational efficiency and comfort. EU funding will be available to inner harbour collective public transport vessels as part of the integrated transport strategy designed to promote modal shift from land to sea within the framework of the overall objective of improving sustainable transport in Malta. Government will also explore additional options to promote the use of sea based transport instead of land transport with the objective to improve the sustainability of the transport sector.

Moreover, in an effort to make Gozo more accessible, competitive and economically viable, Government will also explore the possibility of further developing the sea transport link between Malta and Gozo, particularly through more efficient inter-modal links with Malta. In this respect, Government is assessing the possibility to develop a fast ferry service between the Islands by providing the necessary infrastructural investment including the development of landing places required to support the development of this alternative mode of transport. This intervention will be based on the experiences of existing maritime based transportation modes available within the inner harbour including integrating scheduling and ticketing services to make the service more attractive. This intervention will not only address the double insularity for Gozo but it will generate modal shift to sea transport and will also contribute towards reducing the number of private vehicles on the road thus reducing emissions.

In addition to the above measures, Government will also aim to promote the greening of transport both in the public and private sector. This investment will build upon the demonstration projects implemented under Life+ programme²⁷³ and Italia-Malta programme²⁷⁴ during 2007-2013 programming period. Through these two projects, Government has already started to change its fleet from the use of conventional vehicles to more eco-friendly vehicles. In the coming years, Government may consider funding the deployment of low carbon and green transport within its fleet through national resources.

²⁷³ Demo-EV Project.

²⁷⁴ PORT-PVEV project.

Within the framework of integrated sustainable mobility plans, Government may consider the possibility, if and where appropriate, to support collective public transport operators to invest in less polluting, low carbon and non-carbon collective public transport vehicles, conforming with the highest emissions standards in force under EU legislation applicable for the type of technology (example EUR 6 or higher).

Additional measures for individuals and the private sector (other than public collective transport sector) to decarbonise their vehicles, including charging stations, may be considered for support through national funds. Government will also seek to promote, the utilisation of green vehicles through the provision of necessary enabling infrastructure and equipment (including fuel/gas/electricity/solar distribution network infrastructure), by incentivising, through national resources, the private sector to undertake viable investment in this area.

The investments envisaged for the 2014-2020 programming period will enable Malta to embark on additional interventions to shift to a more sustainable transport system based on lessons learnt and current and future needs of the sector whilst keeping in mind Malta's territorial challenges. Interventions envisaged will also contribute towards the reduction of emissions from the transport sector hence improved air quality. Within this context, investments in transport under this thematic objective will also serve as a means to stimulate growth in other sectors including ICT (mainly e-customs) under thematic objective 2, low carbon under thematic objective 4 and climate change under thematic objective 5.

Expected Results

Thematic Objective 7	Expected Results	ESI Funds
<p>Promoting Sustainable Transport and Removing Bottlenecks in Key Network Infrastructure</p>	Reduction in journey time.	<p>CF / ERDF</p>
	Promote and improve different modes of transport including maritime transport.	
	Improve economic development through sustainable maritime transport and port infrastructure.	
	Improve the efficiency in customs through reduction of bottlenecks at cross-border links.	
	Increase the attractiveness of public transport.	
	Encourage the development of services and applications of intelligent transport systems for road transport including the interconnection with other modes of transport.	
	Promoting sustainable transport methods.	

Funding Priority 3: Creating opportunities through investment in human capital and improving health and well-being

In past years, Malta has seen continued progress in the fields of employment, social inclusion, health and education as well as institutional capacity building. However, recognising that there are challenges ahead, Government is committed towards the strengthening of these policy areas since these form the foundations which underpin Malta's growth and competitiveness. Government is aiming towards a holistic approach that provides the necessary education, training and access to employment opportunities in order to ensure active participation in the national economic endeavour. In this regard, Government is committed towards stepping up efforts to concentrate investments on employment and education thematic objectives of the European Structural and Investment (ESI) funds, together with targeting measures to promote social inclusion, eradicate poverty and sustaining an active and healthy population. Whilst recognising the importance of investment in the private sector, and hence the provision of adequate access to finance, Government believes that such investment will be complemented through further efforts to enhance institutional capacity and efficient public administration, including capacity building for the relevant stakeholders which ultimately have an impact on the economy.

Investments in the field of employment, education and social inclusion will be leveraged to contribute towards job-rich growth with maximised impacts in terms of employment. Concurrently, it is of utmost importance to enhance the education sector holistically with the aim to improve the quality of education and address skills mismatches, reduce the number of early school leavers, increase attainment levels in tertiary (or equivalent) education and enhance access to lifelong learning. The social inclusion dimension which impacts directly and indirectly on the priority areas of employment and education will also be addressed both horizontally and vertically. Specific interventions will aim to provide successful education experience, access to inclusive labour markets, adequate income levels and quality social services to ensure that each individual is provided with the opportunity to actively participate in society. Access to enabling services such as childcare facilities, primary health care and services for the elderly will also be considered.

Coupled with Government's objective to thrive in a highly competitive environment, Government is also committed to invest further in its administrative capacity to enhance institutional capacity and improve the efficiency of the public administration with the aim to support reforms, better regulation and good governance. Due consideration will also be given to capacity building for stakeholders delivering employment, education and social policies, as well as sectoral and territorial pacts to mobilise for reforms.

Labour market participation is not solely dependent on education, employment and an efficient public administration but also on the possibilities to maintain people active and healthy. In this context, investment of ESI Funds calls for concerted efforts to ensure that the Maltese population achieves a high standard of living also through the provision of health services, including investment in related infrastructure, but also through appropriate measures that focus on the preventive aspects which impinge on labour market participation.

Funding Priority 3	Thematic Objectives
Creating opportunities through investment in human capital and improving health and well-being	08. Promoting sustainable and quality employment and supporting labour mobility
	09. Promoting social inclusion and combating poverty and any discrimination
	10. Investing in education, training and vocational training for skills and lifelong learning
	11. Enhancing institutional capacity of public authorities and stakeholders and an efficient public administration

Table 1.43 below gives a snapshot of the current situation *vis-à-vis* the National EU 2020 targets. It shows that progress has been achieved on all fronts, except for the poverty and social exclusion dimension. Progress in terms of employment and early school leaving rate has been good, with some of the national targets being exceeded and the establishment of new 2020 target. In the case of completion of tertiary education level, the progress achieved has been limited whilst the current situation in terms of poverty has experienced increasing levels. This situation, on the one hand, calls for investment to accelerate employment levels and participation levels in tertiary education and on the other hand to further invest in reducing early school leaving and identifying appropriate measures in reversing the poverty trend.

Table 1.43 – Malta's progress towards EU 2020 targets

Europe 2020 headline targets	Situation in Malta (As per country report)	National 2020 target in the NRP	Current situation in Malta (NSO Statistics)
75% of the population aged 20-64 should be employed	61.5% (2011)	70%	64.8% (2013)
Reducing early school leaving to less than 10%	33.5% (2011)	10%	22.6% (2012)
At least 40% of 30-34 years old completing tertiary or equivalent education	21.1% (2011)	33%	22% (2012)
Reducing the number of people at risk of poverty or exclusion by at least 20 million in the EU (compared with 2008 levels)	88,000 at risk (2011)	Lifting around 6,560	94,000 (2014)

Social Innovation

With the aim to achieve a comprehensive approach towards addressing the challenges emanating from this funding priority and in line with Article 9 of the ESF Regulation, Government is committed to promote the utilisation of ESF resources towards social innovative ideas to test, evaluate and scale up solutions in order to address social needs in partnership with the relevant partners. In line with this Article, social innovation will be integrated as a horizontal principle across all the Priority Axes of the

ESF Operational Programme. The aim is to try to identify new solutions for pressing social needs by inventing and developing solutions to challenges in a creative and positive way.²⁷⁵

Government believes that all forms of social innovation should be supported to ensure that social demands affecting vulnerable groups in society that are not traditionally addressed by the markets or existing institutions are addressed. This also calls for investment in changes in relations between institutions and stakeholders.²⁷⁶ In this regard, Malta believes that the fields for social innovation will be streamed across all the ESF Thematic Objectives and Investment Priorities identified under the ESF Operational Programme with the aim to underpin reforms through social innovative solutions in the different strands that are supported through the ESF. Specific selection criterion will be identified within the selection process to ensure that projects supporting social innovation will be given prominence. At the application stage, projects contributing towards the principle of social innovation will be required to justify the social innovation element within the project; how this idea can be considered as a new solution to solve persisting social needs; and how this will contribute towards the specific objective under which it is submitted.

Transnational Co-operation

Transnational Co-operation will also be supported with the aim of promoting mutual learning with the aim to increase the effectiveness of policies supported by the ESF. In this context, the Partnership Agreement together with the ESF Operational Programme will promote transnational co-operation across all the ESF Investment Priorities within Malta's Partnership Agreement.

In principle, in line with Article 10 (3) of the ESF Regulation, Malta will consider selecting themes for transnational co-operation from a list of common themes proposed by the Commission and endorsed by the ESF Committee once these are adopted. However, the Authorities also believe that transnational co-operation should be open under all the investment priorities selected under the ESF to ensure that the advantages of mutual learning are benefited from across the different ESF strands identified under the OP.

Thematic Objective 08: Promoting sustainable and quality employment and supporting labour mobility

Creating more job opportunities and work that is adequate for each and every individual remains a top priority for Government. The focus is not only on the number of jobs that need to be created but also on the quality of these jobs. Within this context, Government recognises the importance of supporting the integration of youth in the labour market whilst also ensuring that other members of society participate and remain active in the labour market to maximise their potential. Complementary to this, efforts will be targeted towards addressing challenges emanating from the ageing demography of the Maltese population and further measures supporting an increasing female employment rate.

- a. *Access to employment for job-seekers and inactive people, including the long-term unemployed and people far from the labour market, also through local employment initiatives and support for labour mobility*

Access to employment for all and supporting labour mobility is at the centre of Government's policy objectives. Government believes that everyone has the right to work and to achieve his/her aspirations. However, it also notes its obligation to ensure that each and every job should respect the individual's dignity including work-life balance.

²⁷⁵ Guide to Social Innovation (European Commission, 2013) Regional and Urban Policy, p.5; available from <http://s3platform.jrc.ec.europa.eu/documents/10157/47822/Guide%20to%20Social%20Innovation.pdf> [Accessed on 28 February 2014]

²⁷⁶ Ibid.

Improving access to employment requires the implementation of a range of active measures with a view to reducing inactivity (especially for women and older workers) and preventing inflow into long-term unemployment whilst also addressing the notion of making work pay. These could range from training services to employment support to different forms of support services both during specific periods but also during other longer term periods where interventions could contribute better towards labour market sustainable integration or mobility objectives. Focus will include targeted investment towards the low skilled with the aim to empower them through skills enrichment so as to improve employability and mobility prospects. In addition, Government aims to support older workers in the consideration of career mobility prospects, followed by the relevant training and support, with the aim to increase their work life duration. Complementary to this, is Government's drive to support job creation in particular in areas offering new sources of growth in order to fully utilise the economy's labour potential, especially to complement targeted investment under Thematic Objectives 1, 2 and 3 through ERDF interventions.

Promotion and facilitation of labour mobility across the EU Member States is another form of support for job-seekers to improve employment prospects. With the aim to promote the better functioning of the labour market by strengthening the public employment service (PES) and enhancing the transnational geographical mobility of workers, the ESF will also support EURES and PES activities in relation to recruitment and the related information, advice and guidance services at national and cross-border level in line with the ESF Regulation.

Self-employment, entrepreneurship and business creation provide a different methodology towards facilitating access to employment and supporting labour mobility. Nurturing an entrepreneurial culture and directing investment with a view to complementing the strategic direction identified under Thematic Objective 3 will be supported. The aim is to steer individuals to consider business ownership as an alternative form of occupation. In this context, the policy direction is to incentivise individuals in different economic sectors to succeed in their business creation mission. Government believes that such an approach will yield more and better jobs, whilst also stimulating interventions allowing for economic diversification and improvement of the standard of living. Supporting the institutional setting to better prepare individuals to set up their own business is also being given its due consideration.

As a result of the economic and demographic changes which will have a major impact on Malta's society, Government's direction during the 2014-2020 financing period is that of ensuring that elderly persons remain active and that firms and society recognise the wealth of knowledge and experience acquired throughout the years. Increasing life expectancy has led to higher expectations amongst people in Malta not only to live longer, but to live longer with lower levels of morbidity, fewer years of disability, and with a high quality of life. Within this context, Malta supports active and healthy ageing measures aimed at increasing employment rates of older workers and enhancing their employability. Government recognises that extended employment of older workers not only generates additional wealth and economic growth but is also a vital tool to maintain social integration and self esteem. Active and healthy ageing cannot be achieved through a single initiative, but requires a range of actions and approaches at individual, enterprise / business and societal level that work together to achieve this outcome.

It is also Government's policy to encourage female labour market participation and achieve a substantial reduction in gender gaps in employment rates, unemployment rates and pay. This will be achieved through an integrated approach combining gender mainstreaming and specific policy actions. Government will continue to strengthen family-friendly measures directed to ensure that parents, particularly women, are in a better position to balance their family responsibilities whilst at the same time remain in employment. Different forms of flexible working arrangements, including the use

of technology tools, will continue to be used to allow employees to better share family responsibilities, including the care for children and the elderly.²⁷⁷

This calls for complementary efforts from the management side to embrace and encourage the take-up of different forms of working arrangements so that these can make a true impact on increased female participation as well as the sharing of family responsibilities. To complement the different approaches to increase female participation rate at various levels, investment will also be directed towards actions that facilitate the participation of women in decision making positions and the role of men in gender equality.

Within the framework of Government's commitment to support working parents to remain in employment,²⁷⁸ specific attention will be directed towards the provision of the necessary facilities and support to ensure the materialisation of such commitment. These include further investment contributing towards the implementation of the policy drive leading to an increase in elderly services and childcare services, as well as pre- and after school facilities, together with the assessment of policy considerations and the design and introduction of appropriate mechanisms.

Government will also support interventions intended to diversify the agricultural sector through the EAFRD. In this regard, it is envisaged that support will be given to encourage on farm developments linked to rural tourism such as the opening of farm shops, artisanal production of quality local products, the provision of services like country walks, and the conversion of farm buildings into bed and breakfast accommodation, amongst others. This will stimulate family farming and open up various niches that can in return result in various job opportunities for women. In addition start up aid will be provided for young farmers that can invest and create their own businesses. Diversification activities will also be complemented by a number of measures such as training and knowledge acquisition to support business development, management skills, marketing and ICT.

b. Sustainable integration into the labour market of young people, in particular those not in employment, education or training, including young people at risk of social exclusion and young people from marginalised communities, including through the implementation of the Youth Guarantee

With increasing youth unemployment rates, Government is committed to invest in this target group to ensure that the transition from education to employment is as smooth as possible. Whilst it is essential to ensure that the education system equips students with the necessary skills and knowledge to participate actively in the labour market, it is equally important to ensure that job opportunities matching the knowledge learnt are available on the market. With the aim to adopt a holistic approach towards addressing youth employment challenges a *National Youth Employment Strategy 2015* was launched in February 2013.

The Youth Strategy recognises that for young people to have smooth transitions from schooling to employment at different periods in their life, there needs to be a collective commitment of all stakeholders. In this regard, through this Investment Priority, funds will be targeted to support specific employment related priorities, whilst Thematic Objective 10 will also encompass the education-related priorities within the National Youth Employment Strategy. In this regard, Government is also committed to support a National Youth Guarantee Scheme where measures will focus on offering youth guarantees for education, training and jobs.

²⁷⁷ Supporting the role of informal carers (family and providing mostly unpaid care to frail seniors) is important. It can be difficult for working age carers to combine paid work with caring duties and carers may choose to quit paid work or reduce the work hours. This may compromise their future employability and lead to permanent drop out from the labour market.

²⁷⁸ As of 1 April 2014, Government introduced free child care services to all working parents. The scheme is aimed at encouraging parents to work or to study. The service will therefore be addressed at working mothers and mothers who are still students, but not stay-at-home mothers. Mothers who are already in employment will also be eligible for the service.

In this context, ESI funds will be directed to support the provision of learning tools and support measures which ascertain that young people are equipped with the necessary employability skills, whilst ensuring the sustainability of young people's entry into the labour market by addressing temporary, precarious and informal work arrangements. The Youth Strategy acknowledges that the efforts made to assist young people in the transition between education and employment are commendable. Nonetheless, it also notes that more needs to be done to ensure that young people are not left behind. In this respect, ESI funds will support actions enabling young people to access and progress within the labour market, supported by skills development in accordance with labour market demand.

It is also envisaged to support through the EMFF interventions addressing the development of professional training, new professional skills and lifelong learning. The investment under the EMFF also aims to support integrated, sustainable development of coastal areas, as well as economic diversification in fisheries and coastal areas, creation of businesses and business support services outside fisheries, and enhanced mobility between maritime sectors. In this context, support will be directed towards education and professional training, diversification of fishers' activities as well as maritime education, science and research and the qualification and skills relevant to Malta's blue economy.

Expected Results

Thematic Objective 8	Expected Results	Fund
Promoting sustainable and quality employment and supporting labour mobility	Increasing the employment rate including through entrepreneurship.	ESF
	Reduction in youth unemployment.	
	Increase in the female participation rate in the labour market.	
	Increase the number of elderly workers in the labour market.	
	Diversification of economic activities from the agricultural sector.	EAFRD
	Diversification of economic activities from the fisheries sector.	EMFF

Thematic Objective 09: Promoting social inclusion, combating poverty and any discrimination

Social inclusion and the fight against poverty are the cornerstones of Government's actions in favour of a just society. Government believes in a society that understands the different needs of each individual and that each individual should be bestowed with the necessary support to reach its social inclusion aspirations. In this regard, Government is committed to continue giving particular attention to those groups in society that are considered to be more vulnerable and are therefore at greater risk of poverty and social exclusion. The importance of integrating vulnerable groups²⁷⁹ into the labour

²⁷⁹ Vulnerable groups may include, amongst others, the long-term unemployed, the working poor, persons with a disability, persons with mental health difficulties, older persons, vulnerable women, victims of domestic violence, children, migrants and young people in institutional care.

market is recognised as essential both from an individual perspective as well as from an economic one. Government believes that economically active individuals have the potential to improve their standard of living whilst also contributing to the nation's economic growth.

This is even more important today in the wake of the world economic and financial crisis which also affected negatively those who are already in a disadvantaged situation. The negative effects of such situations, which could impinge on increased risks of long term exclusion, will be addressed through appropriate policy interventions in combination with more specific policy actions as applicable to mitigate the possible fall of different groups into the poverty trap.

(a) *Active Inclusion, including with a view to promoting equal opportunities and active participation, and improving employability*

Complemented by a social fabric which still values strong community and family ties, Malta thrives from a mature social welfare system that, to a large extent, protects the Island from the risk-of-poverty gap. Beyond Malta's deep-rooted social consciousness, however, trends for risk-of-poverty aggregates reveal that a number of population groups are vulnerable to varying degrees and are exposed to different forms of poverty and social exclusion. Active inclusion, therefore, continues to be a policy area of utmost importance to support the integration of different vulnerable groups in the labour market by creating the necessary opportunities for all. Government's strategy in this regard focuses on enabling individuals to live up to their full potential by taking active part in economic and social life through appropriate support at critical junctions in people's lives.

Specific measures will be supported to contribute towards Malta's commitment to lift around 6,560 people out of risk of poverty and social exclusion by 2020. The aim is to facilitate labour market integration which safeguards present and prospective generations against poverty and social exclusion by improving their potential and opportunities for a better quality of life. This calls for measures which create opportunities that contribute towards increasing the income of groups threatened by poverty and social exclusion to adequate levels. In this context, Government will be focusing on training and up-skilling of vulnerable groups together with the provision of employment related measures which would facilitate labour market integration and retention. Other measures, including studies, campaigns, community-based services, outreach programmes and other support measures that contribute towards these objectives will also be supported.

Tying with Government's aim to tackle social exclusion and poverty through a holistic approach, Government shall direct ESI funds towards children to enable them to become positive citizens in the future. Government believes that efforts directed towards increased labour market participation would render the desired outputs if Government also focuses on limiting, as much as possible, the impact of negative social inheritance in children. This can be achieved by interrupting the negative life-cycle so as to enable children to go beyond what life circumstances have offered them and to make a success of their future.

Long-term unemployed, the working poor, persons with disability, persons with mental health difficulties, older persons, vulnerable women, victims of domestic violence, children, migrants²⁸⁰ and young people in institutional care are amongst the various target groups that require specific interventions which address a wide range of actual and complex needs within a person's immediate and intimate social milieu. In addition, attention shall be directed towards interventions that promote prevention and early intervention programmes so as to enhance social inclusion. With the aim of promoting the development of social and professional competencies necessary for a process of

²⁸⁰ Actions for migrants will be primarily supported through National and other EU initiatives such as the Asylum and Migration Fund (where health and psychological care as well as advice and assistance on health related issues can be supported). It is not excluded, however, that certain actions funded under the Structural Funds may directly or indirectly also target this cohort.

integration and inclusion of individuals and families of vulnerable groups, the creation of social enterprises will also be supported.

An integrated active inclusion policy requires action that combats all forms of discrimination based on sex, sexual orientation, racial or ethnic origin, religion or belief, disability, age or social orientation. As a result, Government envisions a society which is equal and free from discrimination and which champions inclusiveness whereby everyone is able to achieve their full potential.²⁸¹ Discrimination is a channel through which social exclusion and poverty can thrive. In this regard, actions empowering individuals and other support measures that combat all forms of discrimination shall be captured under this Partnership Agreement. Complementary to this, attention will also be directed towards addressing equal opportunities through a gender perspective. Measures to combat ageism and age discrimination will also be supported.

Building on the achievements of the 2007-2013 programming period, emphasis will once again be placed towards the capacity building of those persons working with vulnerable groups. Development of professional and occupational standards as well as competencies and skills within key segments of social service providers is a key factor to ensure service quality. In addition, mentoring and coaching of parents towards positive parenting which enhances child rearing is also a main concern.

Government recognises that its efforts to promote social inclusion for those persons who find themselves at risk of poverty and as a result become vulnerable to social exclusion is strengthened considerably with the active participation of NGOs and social partners. Consequently, Government will continue to strengthen the involvement of both NGOs and social partners in the area of social policy development and implementation.

Government will also support interventions aimed at fostering local development with the aim of promoting social inclusion and reducing poverty in rural areas through the EAFRD. Malta intends to utilise the CLLD/LEADER approach²⁸² for the delivery of actions that will promote social inclusion, poverty reduction and economic development in these areas. Interventions that encourage economic development resulting in the preservation or creation of jobs (especially youth employment), innovation including the use of ICT, capitalisation of rural assets and family farming will be supported.

(b) Enhancing access to affordable, sustainable and high-quality services, including health care and social services of general interest

Persons exposed to different forms and levels of vulnerabilities are very often bound to have health outcomes that are worse off mainly due to lower levels of education and income. Compounded with this notion is the issue of overweight and obesity, both amongst children and adults, which also needs to be addressed. Besides impinging on the core issue of the individual's social inclusion aspects, health and obesity matters have direct and indirect economic costs which impose significant monetary and productivity costs to the economy. In this context, Government considers the securing of a healthy and productive workforce to be a key strategic objective for Malta. Core to its strategy is the prevention of disease. Government believes that, in addition to improving the individual's labour market participation, prevention can lead to an increase in productivity due to better health conditions which eventually has a positive impact on economic development. In this regard, Government will also target investment towards strengthening health and safety in working environments as well as establishing well-trained health care service workers with the aim to guarantee that individuals are provided with high-quality health care services.

²⁸¹ Sourced from the National Commission for the Promotion of Equality mission statement: https://secure3.gov.mt/socialpolicy/equal_opp/equality/about/mission_statement_objectives.

²⁸² For the application of the LEADER approach (including the budget allocation) see section 3.1.1.

The establishment and maintenance of a healthy lifestyle depends heavily, not only upon an individual's choices, but also upon the environment within which the choices are made. Within this context, investment will be directed towards empowering individuals in promoting their own health with the aim to reduce health inequalities and addressing the health needs of disadvantaged groups that go beyond the provision of clinical and curative services. Actions will include the provision of a preventive health policy design and its implementation which will incorporate, but will not be limited to, the provision of personalised services, the conduction of studies pertaining to the local realities and the possibility of using media tools to inform and educate as deemed necessary. In addition, focus will be directed towards adopting a lifecycle approach towards obesity and preventable diseases to ensure that the social discrepancies that emanate from these issues are dealt with as early as possible in a person's life, including through the support of schools. Measures identified in the 2012 Health Weight for Life National Strategy for Malta and the Non-communicable Disease Strategy for Malta, as well as the 2011 Sexual Health Strategy that contribute towards a healthier workforce (both current and future ones) will be supported through ESI funds.

With the aim to promote a comprehensive active ageing strategy, Government recognises that active ageing measures need to be accompanied by reforms in the health sector to improve the health of the workforce and to respond to the needs of an ageing society. The ability to retain elderly people active is closely related to their physical and mental condition - to the degree that poor health is also an important reason for early withdrawal from the labour market. In this regard, an important component of Government's strategy in ensuring that elderly persons remain active players in the economy as well as society is the promotion and support of health consciousness and healthy and active life styles.

To complement the efforts undertaken so far and the ones envisaged under the 2014-2020 programming period, Government's aim is to ensure that the highest degree of health and safety is promoted with the aim of fostering employability in particular by older and ageing workers. In this context, the aim is to address health risks with the aim to combat the early exit of older workers from the labour market. Focusing on a health and safety approach in earlier years is considered pivotal to pave the way for future elder generations to delay their exit from the labour market.

Focused activity will also be carried out to establish a well-trained cadre of health care service workforce that is multi-skilled and which is appropriately multi-tasked to carry out community and primary health care that supports both the preventable and curative approach (including the elderly) that Government envisages adopting. The objective of these interventions will also be to ensure that the health care service workforce is modernised and kept abreast with the latest developments when it comes to the methodology and technology required in the administration and delivery of health care and services. The provision and upgrading of skills of other professionals or workers (such as educators) that could contribute towards the achievement of Government's objectives in this policy area will also be given its due attention.

(c) *Investing in health and social infrastructure which contributes to national, regional and local development, reducing inequalities in terms of health status, promoting social inclusion through improved access to social, cultural and recreational services and the transition from institutional to community-based services*

Government's health policy, which has primarily been that of strengthening the institutional health infrastructure, shall be further pursued through action that responds to the increasing demand and challenges posed by the demographic changes and epidemiological trends focusing on the course of life, children, elders and vulnerable groups. This approach will be underpinned by a number of reforms that are aimed to render the sector more cost effective and which will address three main

blocks of action: more effective governance to improve the efficiency of health care delivery to citizens and patients (including e-health solutions),²⁸³ increasing health promotion and disease prevention²⁸⁴ and strengthening health care by fostering a solid infrastructure and appropriately trained workforce.²⁸⁵ This investment priority will seek to support the objectives identified under the National Health Systems Strategy and taking into account related Country Specific Recommendations.

As set out in the NRP,²⁸⁶ the aim of the Health Reform is to continue to improve the health outcomes of the population and enhance access, quality and the sustainability of the Maltese health system. The following are the key thrusts of the reform:

- Improving Governance: Government is committed to continue investing in the overall governance of public health services. The focus will be on ensuring better leadership, oversight, management and coordination. Within this context, a National Health System Strategy for 2014-2020 was published in June 2014;
- Emphasis on health promotion and disease prevention: Government is committed to continue working to ensure that people adopt healthy lifestyles that are conducive to healthy ageing with the aim of increasing long term sustainability of the health system. Work on the implementation of the National Cancer Plan 2011-2015, the Strategy for the Prevention and Control of Non-Communicable Disease in Malta (2010), a Healthy Weight for Life and a National Strategy for Malta 2012-2020 will continue. New measures in this area will include tackling obesity and diabetes, which are both identified as national health challenges; and
- Strengthening primary health care: Government will promote initiatives under this measure, including the upgrading of existing facilities as well as the establishment of regional centres, to alleviate the pressure from more costly acute care provision and increasing the interaction between public and private primary care provision with the aim of enhancing access. The training of health care professions for integrating acute and community care will also be undertaken as part of these measures.

In this regard, Government's aim is to take concrete action which optimises capacity by upgrading and modernising existing structures and services (also through the setting up of specialisation units and ancillary services) thus contributing towards a sustainable approach to the health sector. In this regard, Government will also seek to encourage community-based approaches. Within this context, ESI funds will be used to support the drive to optimise capacity in the provision of health services and establish a more sustainable primary health care system. This will be achieved through a multi-faceted approach including through investment in health infrastructure aimed at improving the provision of health services and training for health care professionals²⁸⁷ including investment in primary health hubs with a view to provide improved health services which meet the needs of society today and cater for advancement in technologies. These will serve the community as a whole with the aim of attaining a healthy workforce and society. This will be complemented by related investment in Gozo aiming towards increasing health care services whilst also improving service quality. Such interventions are also expected to contribute towards the fight against poverty and promote social inclusion.

²⁸³ Investments in e-health are outlined under Thematic Objective 2 of this chapter.

²⁸⁴ For interventions relating to health promotion and disease prevention, see investment priority (b) under Thematic Objective 9.

²⁸⁵ For interventions relating to the training of the workforce, see investment priority (b) under Thematic Objective 9.

²⁸⁶ Malta's National Reform Programme under the Europe 2020 Strategy (2014).

²⁸⁷ Training for health professionals is covered under Investment Priority (b) of this thematic objective which will be supported by ESF.

With the aim to address health problems at an early age and the continuous promotion of a healthy lifestyle, actions supported by the ESF (point b of this Thematic Objective) focusing on empowering individuals in promoting their own health will be complemented by ERDF measures. These will be directed towards investment in small-scale facilities (including small-scale sports facilities²⁸⁸) contributing towards the establishment and maintenance of healthy lifestyles with the aim to address health problems, such as the high instances of obesity. Government believes that the provision of facilities is a key instrument in this regard as it is an important factor for individuals when making lifestyle choices. In this context, whilst the ESF will focus on empowering individuals to pursue healthy lifestyles, adequate investment in small-scale sports infrastructure will be needed to make such life choices possible.

From a social perspective, Government is also committed to addressing the necessary infrastructural needs that emanate within this sector. These range from the setting up of adequate infrastructures related with Family Resource Centres and support the integrated approach relating to poverty and social exclusion needs (refer to section 3.1.5) to the development of bottom up approaches of community regeneration in which the communities will take responsibility for the renovation and maintenance of their own dwellings. Furthermore, given Government's commitment to focus investment towards the successful integration of disabled persons and other disadvantaged groups or marginalised communities into society, as outlined under the Active Inclusion Investment Priority, specific infrastructural intervention shall be directed towards their specific needs, with a view to adopting a holistic approach towards this target group. This approach will ensure that this target group is actively integrated in society as opposed to institutionalisation.

(d) Providing support for physical, economic and social regeneration of deprived communities in urban and rural areas.

Shelter is one of the basic needs which are fundamental for the wellbeing of individuals and the communities within which they interact. In this respect, the provision of adequate housing to deprived groups, complementing interventions in other sectors such as employment, education, health care and social integration, contributes towards mitigating social exclusion and poverty. In recent years, Government has undertaken various measures to address the need for social housing as well as upgrade housing estates in order to address emerging needs. Nevertheless, further investment in the physical regeneration of social housing in support of deprived groups is necessary to favour their integration in society. These interventions will be carried out within the framework of integrated plans, complementing interventions in sectors such as employment, education, health care and social integration. Within this context, Government aims to renovate public social dwellings which are not in an adequate habitable state as well as to achieve higher energy efficiency. Such interventions will translate into dwellings which are accessible and environmentally-friendly, coherent with the surrounding environment and which will complement interventions in sectors such as employment, education, health care and social integration. This is expected to contribute towards the fight against poverty and promote social inclusion.

²⁸⁸ The Healthy Weight for Life: A National Strategy for Malta (2012) suggests that increasing facilities and opportunities for increased physical activity and sports for both children and adults will result in a reduction of excess weight and related chronic diseases as well as increased productivity, improved mental health, quality of life and general well being.

Expected Results

Thematic Objective 9	Expected Results	Fund
Promoting social inclusion and combating poverty and any discrimination	Increase active inclusion of vulnerable groups including through social entrepreneurship.	ESF
	Enhance the employability of persons at risk of poverty.	
	Improved social / health service quality through measures aimed at addressing the specific needs of the social and health sectors.	
	Increase in preventive health measures.	
	Improved social / health service quality through infrastructure measures aimed at addressing the specific needs of the social and health sectors.	ERDF
	Increase in preventive health measures.	
	Improve urban environment through the implementation of an integrated sustainable urban development strategy.	
	Improve the quality of life in rural areas through the CLLD/Leader approach.	EAFRD
	Increased investment contributing towards economic activity in rural areas.	

Thematic Objective 10: Investing in education, training and vocational training for skills and lifelong learning

Government believes that education is its most important priority since it provides the foundations for individual, social and economic development. Government's vision within the education sector is to have an increasing number of youths who successfully pursue their studies further. The aim revolves around the need to provide individuals with the necessary skills to find jobs that match their aspirations.

Government's ambition to provide each child with the opportunity to develop its capabilities to its maximum potential calls for investment targeted also at the early stages. Focus is directed towards schools and educators to prepare children to pursue further with their studies, succeed through the further and higher education process and eventually experience a smooth transition to the labour market. The fight against illiteracy and the provision of the necessary tools to youth and adults beyond compulsory schooling age is also at the top of the education policy.

The 2007-2013 programming period has seen considerable investments in the field of education; however Government believes that more needs to be done in this key sector. Within this context, investment will be concentrated on reducing the number of early school leavers, improving the quality of education and addressing skills mismatches, whilst also enhancing access to lifelong learning opportunities. Complementary to these initiatives, investment will also be directed towards developing education and training infrastructure, which support investment in education, skills and lifelong learning.

- (a) *Reducing and preventing early school-leaving and promoting equal access to good quality early-childhood, primary and secondary education including formal, non-formal and informal learning pathways for reintegrating into education and training.*

The reduction of early school leavers is a fundamental strategic priority for Government. This priority is in view of its positive influence on the country to fully develop its human capital resource and on the significant impact it has on Malta's economic growth. Addressing early school leaving (ESL) is also a fundamental strategic approach towards reducing social exclusion as education levels affect both wages and employment opportunities as well as non-economic outcomes such as good health, longevity and successful parenting. Education levels also contribute to inheritance of life chances across generations and social stratification; whilst creating risks of benefits dependency and associated costs to society.

Government has set itself the target of reaching a 10% early school leaving rate by 2020. Within this context, the administration has embarked on An Early School Leaving Strategy for Malta to reach this ambitious target. The strategic way forward is based on the recognition that the factors triggering early school leaving range from the education system and the labour market, to individual characteristics and family related factors. Government has therefore adopted a strategic framework to combat early school leaving based on four building blocks: a) identification, monitoring and co-ordination; b) preventative strategic measures; c) intervention measures; and d) compensation measures in line with the Commission Staff Working Paper on Reducing Early School Leaving.²⁸⁹

The Early School Leaving Strategy identifies a number of strategic objectives which target potential early school leavers from a very early age. This calls for specific investment targeting measures supporting the implementation of the ESL Strategy for Malta, including amongst others: giving children and young people an adequate entitlement for learning that enables them to accomplish their full potential; early identification of students who are struggling to meet the learning outcomes, supporting students having special education needs; strengthening the transition from the primary to the secondary cycle of education and the provision of mentoring programmes.

An important priority in reducing and preventing ESLs relates to the strengthening of the secondary cycle through further investment in the introduction of vocational subjects in secondary education. Complementing this, Government also believes in the philosophy to accredit all learning that happens throughout the years of secondary education, both inside and outside school premises, with the aim to validate and document all learning in order to give a holistic picture of the individual student and show the development that has occurred during the years.

Within the framework of combating early school leaving Government is also placing significant emphasis on the fight against illiteracy, including digital illiteracy. In this context, Government has launched a National Literacy Strategy for All in May 2013 which, *inter alia*, focuses on an integrated approach towards literacy with the emphasis of placing literacy programmes as an integral part of, or complements, the education programmes in schools. Studies to identify the best measures to address illiteracy, in all its forms, are given prominence, with the aim to reduce the number of illiterate youth. This shall be accompanied by the implementation of the appropriate measures to fight this cause.

With the aim to complement Government's policy to strengthen digital knowledge from an early age (which also feeds into the fight against digital illiteracy), Government intends to invest in the provision of appropriate information technologies to individual students at different educational levels including for example through the integration of digital technologies as part of the national curriculum through the provision of appropriate information technology equipment and methods of learning, to achieve a more enticing and user-friendly education system which provides the necessary skills in today's economy.

²⁸⁹ Commission Staff Working Paper, Reducing Early School Leaving: Accompanying Document to the Proposal for a Council Recommendation on Policies to Reduce Early School Leaving, available from: http://ec.europa.eu/education/school-education/doc/earlywp_en.pdf.

Government believes that the strengthening of digital knowledge from an early age should help students to better engage in the learning experience which is an essential process for students to have a positive educational cycle. Students disengaging themselves from the education process have a higher probability of leaving school early and trying to achieve success and bolster their self-esteem through early employment rather than further pursuing the education path. In addition, investment will also be directed towards measures aiming towards increasing the accessibility of digital literacy, including by addressing e-learning and e-platforms together with specific up-skilling for educators to support this vision.

Good quality education should endow the students with the right skills and knowledge to successfully enter the labour market and achieve career progression throughout the years. The shift in employment levels from the industrial to the professional, scientific and technical activities as well as to the art, entertainment and recreation activities²⁹⁰ calls for investment within all compulsory schooling levels to ensure the minimum levels of skills mismatches. In addition, in line with the National Research and Innovation Strategy 2020, Government believes in placing specific emphasis on attracting young people to sciences as well as exposing them to entrepreneurship. Such an approach aims to embed a culture which is supportive of science, research and innovation and that feeds into future research related human capital.

In line with the new curriculum framework which supports a pedagogy that requires educators and persons involved in the education provision to have a wider repertoire of skills, the programme will support measures directed towards capacity building to ensure a holistic approach towards improving the educational experience of the compulsory cycle of education. In this context, regular curricular support as well as re-skilling and up-skilling of educators and persons involved in the education sector is needed to ensure that they have the necessary understanding, skills and tools to be able to successfully deliver the new curriculum framework in its complexity as well as succeed in their career progression. Furthermore, Government will embark on a sustained programme to instil the importance of the teachers' role in society and more specifically the pivotal role teachers play in their relation with students and how this can be harnessed to influence those who may be disengaging from the compulsory education system. Complementary to this, Government believes that funds shall also be channelled to support measures which aim to strengthen the structures to meet the challenges of early school leaving, including targeted investment towards parents (where relevant) with the aim of instilling a positive culture towards learning.

b. Improving the quality and efficiency of, and access to, tertiary and equivalent education with a view to increasing participation and attainment levels, especially for disadvantaged groups

The drive towards having more students continuing their studies through tertiary (and equivalent) education is a core element of Government's education policy which calls for complementary measures to the ones identified in the preceding section to tackle early school leaving. The participation rate and the related attainment levels in tertiary (and equivalent) education is a goal interlinked with outcomes of the system at a lower level. In this regard, through the fight against ESL, attention is focused on ensuring that children finish compulsory education with the necessary knowledge, skills and aptitude to pursue further their education. In line with the 4th objective of the Framework for the Education Strategy for Malta 2014-2020 and reflecting the needs, vision and strategic priorities identified in the *Further and Higher Education Strategy 2020*,²⁹¹ this investment priority focuses on the need to improve the quality of tertiary and equivalent education in order to

²⁹⁰ Malta Council for Science and Technology (Feb, 2014); *National Research and Innovation Strategy 2020*.

²⁹¹ Available online: http://www.ncfhe.org.mt/uploads/filebrowser/Further_and_Higher_Education_Strategy_2020.pdf. The strategy is, currently under review to reflect developments in the local and international contexts and to be aligned with the criteria of ex-ante conditionality 10.2 - Higher education: The existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.

meet the requirements of the labour market – a labour market which is volatile as a result of the economic fluctuations and demographic changes. Moreover, allocations for this investment priority will be in line with the planned strategies governing this area.

Reaching Malta's NRP target of having at least 33% of 30-34 year olds completing tertiary or equivalent education calls for targeted investment towards updating and developing (part-time as well as full-time) tertiary (and equivalent) education programmes that address traditional as well as new specialisations required by various industries. In this context, efforts aiming to increase Malta's participation rates in tertiary (and equivalent) education also need to be complemented by programmes directed to increase the number of tertiary graduates in key areas that contribute towards the knowledge economy as this will determine Malta's ability to compete in knowledge-based sectors, high value manufacturing and services, life sciences and bio-health and technology, amongst others. To encourage further take-up of tertiary education and beyond in different areas of study, Government aims to, inter alia, pursue further investment targeted towards scholarships (including through distance learning).

Government also takes into account the important role that education institutions play in balancing the specific and generic skills and learning outcomes of their curricula and therefore considers the capacity building of education institutions at this level as a significant priority. Efforts targeted towards increasing participation and attainment levels in line with the needs of the industry must be supported with the necessary capacity building measures in order to meet Government's aim to provide quality education services for all. Such measures may include the provision of training for educators and support staff amongst others. Furthermore, investment is also required to ensure that the courses available within higher education institutions provide individuals with right skills, knowledge and competencies that reap benefits both on an individual level as well as within the labour market. This investment will be complemented with measures supporting quality assurance mechanisms of the education system, including delivery and facilities together with transparent processes, are pivotal to ensure fair and open access to all.

c. Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings, upgrading the knowledge, skills and competences of the workforce, and promoting flexible learning pathways including through career guidance and validation of acquired competences

Lifelong learning provides an opportunity to the workforce to adapt and upgrade their skills to remain employable whilst also providing for their mobility prospects. It also provides an opportunity for enterprises to remain competitive and seize economic opportunities. Enterprises must have access to a workforce that has the necessary skills to survive within the complex global economic scenario in which they are operating. In this regard, beyond the sphere of the formal education process, Government will pursue further investments which aim towards increasing the participation of adults in lifelong learning in various areas both through traditional and innovative means. Supporting directly the private sector to invest in its human resource capital through specific schemes (including through work-based learning) is also considered a significant priority. This gives an opportunity to the private sector to invest in both generic and specific training programmes that will support them not only to remain in business but also to expand.

The adaptation and upgrading of skills will be pursued through the provision of labour market relevant education and training programmes with the aim to address the complex challenge of skills mismatches. Lifelong learning programmes will be varied and designed to target different audiences, including older workers, and will include, amongst others, the strengthening of basic skills, retraining related to up-skilling and re-skilling as well as multi-skilling relating to different economic sectors. The fight against early school leaving will also place significant effort on possible reintegration learning pathways into education and training. The focus is to create opportunities for those who left education and training prematurely, but want to gain the qualifications they missed at a later stage in their life.

Through this approach, Government will intervene on the strengthening of the second chance opportunities to ensure that rejection of first chance education does not always represent closure to the individual's learning experience.

Complementary action will also be directed towards the inactive so as to acquire the necessary skills and competencies that will help them integrate sustainably in the labour market. Lifelong learning in the community is also envisaged as an approach to reach out to appropriate target groups, including older workers, with the aim to provide them with different learning pathways at adequate levels. Enticing females aged 49+ to participate in the labour market continues to be challenging. In this regard, efforts will be undertaken to entice this bracket to participate in the labour market through up skilling and re-skilling programmes. Measures include training in various areas including office skills, people management, supervisory skills, industrial skills and other skills required within the health sector amongst others.

Development of professional and occupational standards as well as competencies and skills within key segments of the workforce; validation of non-formal and informal learning; provision of flexible learning programmes and the design and development of a skills bank are also considered key objectives that enhance access to lifelong learning.

In line with the R&I Strategy, the policy direction is to also support graduates to become researchers by supporting the drive towards increasing the number of post-doctoral graduates. Science and technology graduates, together with persons with technical and vocational training are a central part of the research and innovation system. In this regard, Government also aims to invest in post-doctoral scholarship/fellowship programmes in order to further strengthen the building of research communities in Malta with the aim to reap economic benefits derived through the effects of human resource development, R&I and knowledge diffusion on technological innovation. Complementary to this, interventions in the fields of knowledge and research that have a social and cultural significance will also be supported. In addition, as identified in the R&I strategy, human capital investment contributing towards strengthening linkages between the academic and the private sector for effective knowledge transfers; and which supports international collaboration shall also be given prominence.

Moreover, the career guidance framework that brings together schools, higher education institutions, employers and other government and non-government stakeholders will be strengthened and improved with a view to ascertaining that students always have access to the right educational path and career orientation. Within this context, training for educators and relevant support staff will also be pursued. Collectively the different stakeholders will also aim to work together to ensure that persistent skills mismatches does not prolong unemployment, discourage foreign direct investment or lead to serious operational problems within specific sectors.

d. Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems and their quality, including through mechanisms for skills anticipation, adaptation of curricula and the establishment and development of work-based learning systems, including dual learning systems and apprenticeship schemes

Improving labour market relevance of education and training systems is a fundamental principle which should be at the forefront of every education related intervention since only education and training systems which provide individuals with the necessary skills and aptitudes that help them thrive in the labour market beyond the learning process are considered successful. In this regard, under this Investment Priority, attention will be directed towards forecasting skill gaps in order to reduce labour market mismatches, coupled with a skills and mobility action plan to support the promotion of

occupational mobility and flexibility.²⁹² This will be complemented by the need to undertake more research, provide better statistics and develop foresight capacity to identify trends and anticipate change. This process requires the active and continuous collaboration between the relevant education authorities and the industry in order to ensure the education system equips the students and the workforce with the necessary skills and competences which meet the current and future demands of the industry.

Vocational education and training is considered as one of the essential pillars of the education and training process, since it provides students with alternative methods of learning, especially for those who prefer a hands-on learning experience, including those who find difficulty in fully engaging themselves in the academic learning process. In this context, focus will also be directed towards strengthening vocational education and training systems and their quality, including through the updating of curricula to make it more relevant to local labour market realities and therefore address better local industry needs. With the aim to facilitate the transition from education to work, investment shall be directed towards the enhancement of the work-based learning approach so as to endow individuals with the right skills and aptitudes to succeed in their career. Government will also explore the possibility of supporting interventions aimed towards creating the necessary skills base required by industry including investment targeting the development of white, blue and green jobs.

These initiatives will complement those already being undertaken at the national level as set out in the 2014 National Reform Programme.²⁹³ As outlined in the NRP, Government is unrolling a series of reforms intended to address the skills gap which include reducing the early school leaving rate, the Framework for the Education Strategy for Malta 2014-2020, the Lifelong Learning Strategy, closer collaboration between higher education institutions and industry in traditional academic programmes and vocational education and training (VET), adult learning and giving higher priority (amongst others) to mathematics, information and communications technology (ICT) and science subjects.

Measures directed towards the review of current programmes and the consideration of widening and introducing new ones to satisfy the needs of individuals as well as the changing economy will also be supported. This approach ties in with the attention being directed towards creating a stronger connection between vocational education/training and the industry (including apprenticeship schemes) with the aim to enhance the educational experience.

Capacity building of educators and support staff amongst others, within vocational education institutions is also a key element in the process of strengthening vocational education and training systems. In fact, Government believes in the ongoing professional development of vocational educational and training settings covering different capacity building aspects, including curriculum development, administrative structures and support services.

e. Investing in education, training and vocational training for skills and lifelong learning by developing education and training infrastructure

With limited natural resources, Malta's economic and social development is intrinsically dependent on the nation's ability to ensure that current and future workers are equipped with the necessary skills and competencies to enter and thrive within the labour market, thus ensuring the necessary economic development. This can only be achieved by providing high quality educational services in state-of-the-art facilities that reflect the current and future needs of the industry.

²⁹²Interventions relevant to Malta's blue economy may also be considered for support by the ESI Funds, as applicable.

²⁹³Malta's National Reform Programme under the Europe 2020 Strategy (2014).

Whilst building upon the results achieved so far and the ESF measures that will be implemented during the 2014-2020 programme to foster education and lifelong learning under this Thematic Objective, Government intends to provide the necessary educational, training and research infrastructure, which will contribute to the enhancement of academic and more particularly vocational education infrastructural capacity with a view to keep abreast of the developments within the economy.²⁹⁴ These facilities will provide access to high quality education and training experience at different levels to enable necessary successful critical masses moving along the educational ladder. The increase in terms of absolute numbers in the population aged 17-18 is expected to impact predominantly the vocational education sector. In this regard, infrastructural investment in the capacity and teaching tools in further educational institutions, including tertiary and VET institutions, is not only required but is of vital importance to the long term growth of both youth as well as adult participation rates in further and higher education. In this regard, Government will explore the possibilities of providing adequate learning resource facilities which will help learners transfer and utilise better their knowledge during their studies and beyond. This investment priority will be financed through ERDF.

Expected Results

Thematic Objective 10	Expected Results	Fund
Investing in Education, training and vocational training for skills and lifelong learning	Reduction in early school leaving (ESL).	ESF
	Reduction in illiteracy levels.	
	Increasing participation in tertiary level of education.	
	Increasing participation in Lifelong Learning (LLL).	
	Increase uptake in post-doctoral research studies.	
	Increased participation in Vocational Education.	
	Increase in R&D employment (including PhD students and researchers).	
	Improve the quality of education and training programmes with a view to match the needs of the labour market.	ERDF
	Increase in educational /training facilities.	
	Improve the quality of education facilities for both academic and vocational education.	
	Increase in training in rural areas and in the agricultural sector with a view to improve the competitiveness and sustainability of the sector.	EAFRD

²⁹⁴ Investments to strengthen the infrastructural capacity of Further and Higher Education Institutions are in line with the strategic thrust of the National Further and Higher Education 2020 Strategy. They also reflect the aim of the relevant ex-ante conditionalities which promote an increase in quality and efficiency of VET systems and Higher Education.

Thematic Objective 11: Enhancing institutional capacity of public authorities and stakeholders and efficient public administration

With a public administration that is at the centre of Malta's social and economic well-being, Government recognises that the presence of an administration with strong leadership qualities is imperative for Malta to have the ability to shape the EU agenda and influence EU strategy and policy actively. In this regard, Government aims to build a leadership cadre with a vision and strategy which focuses on performance, policy integration, transformation of delivery, negotiation, consultation and stakeholder management as well as result and value added orientation. In addition, Government envisages to also train and up-skill the workforce at different levels, and develop a more flexible and adaptable workforce with a view to supporting its vision, i.e. that every job in the process is of utmost importance in the delivery of Government services. Within this context, Government has finalised its Human Resource Strategy with a view to ensuring effective service delivery.

(a) Investment in institutional capacity and in the efficiency of public administrations and public services at the national, regional and local levels with a view to reforms, better regulation and good governance

Over the past years Government has directed considerable investment towards administrative institutional capacity. However, Government also notes that reforms, better regulation and good governance are continuous processes that require constant investments in order to strengthen the role of the public administration both as a service provider and as a regulator that catches up and pre-empt local and global economic changes.

Investment, particularly in policy design and development, human resources management, project management and financial management related implementation measures (including research activities), are considered as core to Government's renewed vision of making the administration more efficient and effective. In this context, Government recognizes that the capability within the public service to conduct policy planning, including securing joined-up policy making and translating policy into successful implementation, requires considerable strengthening both from a project management perspective as well as from a human resources one. Furthermore, Government is seeking to reform the financial management framework from one which is input-based to one that is outcome-based where results are clearly defined within the respective government entities. This will be underpinned by a generational budgeting planning process that will ensure that outcomes are aligned with the planning time horizon set within the respective EU, national and sectoral policy goals. In addition, interventions are envisaged in the area of public procurement in order to improve the efficiency and reduce the length of public procurement procedures with a view to make them more business friendly.

With public administration featuring prominently in Government's programme, one of the main challenges that need to be improved is the service delivery and the decrease in red tape (including simplification) for citizens and entities alike.²⁹⁵ In this regard, it is the intention of Government to pursue ongoing administrative reforms with a view to contribute towards simplified administrative processes and work towards a seamless government approach. The need for an integrated approach between different Government departments and entities (including at the local level) to work together through a coordinated and collaborative system, that is focused on results, is of utmost importance.

Specific interventions will also be undertaken in capacity building and support to the Judiciary system. Government has already commissioned a Judicial Reform Commission with a view to put forward recommendations that will form the basis of the Reform. Building on the frameworks that have been developed so far, particular emphasis will be made on the implementation of reforms to ensure a coordinated effort towards simplification, whilst ensuring an adequate response to address the needs

²⁹⁵Sector specific interventions for capacity building are also identified under the relative investment priorities. For capacity building in the health sector see the section relating to Thematic Objective 9.

of citizens, in particular disadvantaged citizens. It is the intention of Government to support interventions in this area and to use the structural funds (in particular the ESF) with a view to primarily providing the necessary skills, training and capacity in order to ensure a better and timelier service delivery.

Moreover, whilst recognising that the infusion of ICT across public administration has significantly improved the service delivery experience in recent years, Government understands that the results achieved so far continue to lag behind the increasing expectations of citizens and businesses. Thus in the next cycle, Government will promote simplification throughout the public administration and leverage ICT to ensure that the citizens and enterprises in general obtain a truly excellent service delivery.

The reduction of administrative burden as well as simplification process will also contribute towards the sustainability of public finances. The continuous monitoring of public finances is key to the development and competitive standing of the country. In this regard, interventions aimed at addressing financial discipline through the enhancement of monitoring and implementation systems will also be supported.

Malta's accession to the EU has seen a change in the skills base requirements which necessitated the implementation of various training and up-skilling programmes over the years. Today, after ten years of EU membership, Government believes that on the job and off the job training including internships (both locally and abroad) and job shadowing together with other capacity building measures will continue to be a priority over the coming years with a view to enhancing public service delivery (also at the local level) and to keep abreast of developments. Due attention will also be given to the development and enhancement of the necessary skills in order to enable the necessary participation within the EU and other international fora. Capacity building measures will also include the creation of more academic and professional programmes that are specifically designed for public administration (which also calls for a strengthened relationship between Government's Centre for Development, Research and Training with academic institutions, both locally and abroad) complemented by measures that facilitate mobility of employees.

Furthering the development of public administration with a view to ensuring the required efficiency and effectiveness in participation within European and international fora will also be supported. The aim is to build and consolidate the structures of the public administration to formulate policies and to participate more effectively (also through language and communication proficiency) in international fora and institutions. The objective of the interventions to be supported will be to garner a more extensive level of expertise across Government building on the experience achieved to date. Opportunities for lifelong learning and gaining first-hand experience on specific thematic dossiers through the provision of internships within the public administrations in other Member States or EU institutions will also be pursued. Interventions in this area will contribute towards the on-going Public Sector Reform in that it will address the development as well as the further enhancement of the skills required in the areas of policy development as well as decision-making process at an international level in particular within the European Union.

The public administration will also continue to support the well-being of its employees to enable them to perform better whilst providing support structures to address the re-integration and adaptation of employees who are rendered vulnerable due to e.g. illness/disabilities, whilst also providing the necessary support to management and peers.

In line with Malta's priority areas for the ETC programmes for 2014-2020, Government will seek to complement interventions under this thematic objective with interventions under the ETC programmes including measures to enhance governance in the Mediterranean where the objective is to support

multilateral coordination frameworks in the Mediterranean with a focus, amongst others, on the environmental status of the Mediterranean Sea.²⁹⁶

- (b) *Capacity building for all stakeholders delivering education, lifelong learning, training and employment and social policies, including through sectoral and territorial pacts to mobilise for reform at the national, regional and local levels*

The role that social partners play in the economic and social development of a country is considered crucial. In this respect, with the aim of improving the social dialogue Government is committed towards strengthening the role of social partners through appropriate capacity building measures that contribute towards delivering sound employment, education, lifelong learning, training and social policies. Other stakeholders, including local government and the civil society, also have a pivotal role to play in supporting reforms in these sectors, with the aim to achieve enhanced sectoral policies. Government, as one of the socio-economic partners, needs to invest in the capacity of its different services with the aim to contribute towards improved employment, education and social policies, in terms of legislation, policy design and implementation.

Expected Results

Thematic Objective 11	Expected Results	Fund
Enhancing institutional capacity of public authorities and stakeholders and an efficient public administration	Improved service delivery of the public administration including within the judiciary sector.	ESF
	Ensuring more efficient management processes within the public administration.	
	Develop and strengthen technical and analytical skills within the public administration.	
	Promote an open and transparent public administration through improved financial administration and public procurement.	
	Improving the efficiency of the justice system.	
	Strengthening the technical capacity of stakeholders.	

²⁹⁶ These initiatives will form part of the MED Programme which is one of the European Territorial Cooperation programmes for 2014-2020.

1.4. Indicative Allocation of Support

This section outlines the indicative allocations with respect to the thematic objectives by the individual fund as well as how Malta intends to address climate change within the operational programmes.

1.4.1 Allocation of support with the individual programmes

Table 1.44 provides an indicative allocation of the funds. The actual amounts will be provided based on the figures presented within the Operational Programmes.

Table 1.44: The indicative allocation of support by the Union by thematic objective at national level for each of the ESI Funds (EUR)

		ERDF	ESF	CF	EAFRD	EMFF	TOTAL
1	Strengthening research, technological development and innovation	57,653,100	-	-	13,210,132	-	70,863,232
2	Enhancing access to and use and quality of ICT	30,748,320	-	-	-	-	30,748,320
3	Enhancing the Competitiveness of SMEs, the Agricultural Sector (EAFRD) and Fisheries and Aquaculture Sectors (EMFF)	57,653,100 ²⁹⁷	-	-	23,016,601	8,330,199	88,999,900
4	Supporting the shift towards a low-carbon economy in all sectors	46,122,480	-	-	8,299,113	100,000	54,521,593
5	Promoting climate change adaptation, risk prevention and management	-	-	-	14,957,491	-	14,957,491
6	Preserving and protecting the environment and promoting resource efficiency	76,870,798	-	141,532,371	20,131,735	12,464,578	250,999,482
7	Promoting sustainable transport and removing bottlenecks in key network infrastructures	28,403,760	-	76,209,738	-	-	104,613,498

²⁹⁷ This figure includes the new SME initiative for which Government has pledged €15m from its ERDF resources.

		ERDF	ESF	CF	EAFRD	EMFF	TOTAL
8	Promoting sustainable and quality employment and supporting labour mobility	-	20,800,000	-	2,887,500	375,000	24,062,500
9	Promoting social inclusion and combating poverty and any discrimination	47,198,670	32,000,000	-	4,875,000	-	84,073,670
10	Investing in education, training and vocational training for skills and lifelong learning	26,904,780	37,939,848	-	6,056,250	-	70,900,878
11	Enhancing institutional capacity of public authorities and stakeholders and an efficient public administration	-	8,800,000	-	-	-	8,800,000
	Technical Assistance per Operational Programme	12,798,989 ²⁹⁸	6,353,600	- ²⁹⁹	3,893,076	1,357,645	24,403,310
	Total allocation EU share	384,353,997 ³⁰⁰	105,893,448	217,742,109 ³⁰¹	97,326,898 ³⁰²	22,627,422	827,943,874

²⁹⁸ 3% of TA from ERDF to cover the ERDF/CF Operational Programme.

²⁹⁹ 3% of TA from ERDF to cover the ERDF/CF Operational Programme.

³⁰⁰ The ERDF amount excludes the allocation for the European Territorial Cooperation Goal.

³⁰¹ Cohesion Fund excluding CEF.

³⁰² Figures are based on the letter sent by the European Commission dated 13 June 2014. Reference ARES (2014) 1942543 regarding the flexibility between pillars for Malta. This figure is therefore exclusive of the amount transferred from Pillar 2 to Pillar 1.

Table 1.45: Information on the allocation of Technical Assistance

Fund	Category of Region, where appropriate	Allocation to Technical Assistance (EUR)	Share of Technical Assistance of total allocation (by Fund and by category of region, where appropriate)
ERDF ³⁰³	Transition region	12,798,989	3%
ESF	Transition region	6,353,600	6%
CF ³⁰⁴	N/A	- ³⁰⁵	-
EAFRD ³⁰⁶	N/A	3,893,076	4%
EMFF	N/A	1,357,645	6%

In line with Article 119(5) of the Common Provisions Regulation, Malta has allocated 6% of its ESF allocation to Technical Assistance (TA). Taking note of the obligations that stem from the regulation in relation to the management and control systems, monitoring, evaluation and communication as well as the past experience in administering the ESF, the Maltese Authorities believe that it is appropriate to allocate the maximum amount of technical assistance possible. The aim is to ensure a smooth running of the programme as well as aid the country to better absorb the ESI funds and maximise their potential. Malta notes that from experience in implementing ERDF/ CF and ESF OPs ESI regulatory requirements are not substantially differentiated on the basis of the size of the programme but on the nature of the operations that are being supported. This results in higher administrative costs in percentage terms for the ESF which is not reflected in absolute terms. In fact, the two OPs implemented under the 2007-2013 programming period have similar number of mainstream beneficiaries which require the same level of administrative capacity and the same regulatory obligations both in terms of monitoring and communication activities. In addition, evaluation requirements at OP level have limited distinction between the level of required activities especially when it comes to the evaluations carried out during the course of the programme.

A critical factor in the absorption of the ESF TA allocation is the amount of funds dedicated to manage and implement aid schemes. The 2007-2013 experience demonstrated that despite the same level of obligations, ESF aid schemes have a high level of fragmentation in terms of implementation, payment process and monitoring. This fragmentation has placed considerable strain on the administrative capacity which resulted in delays to process payments to beneficiaries. This called for substantial commitment to be taken by Government to support the implementation of the schemes through national funds. In this context, the Managing Authority intends to further support the implementation of aid schemes through technical assistance to mitigate against such delays in the future.

³⁰³ This amount excludes the transfer to the European Territorial Cooperation Goal.

³⁰⁴ Cohesion Fund excluding CEF.

³⁰⁵ 3% of TA from ERDF will cover the ERDF/CF Operational Programme.

³⁰⁶ Figures are based on the letter sent by the European Commission dated 13 June 2014. Reference ARES (2014) 1942543 regarding the flexibility between pillars for Malta. This figure is therefore exclusive of the amount transferred.

Table 1.46: The Share of ESF of Structural Funds (ERDF and ESF)

The share of ESF of Structural Funds (ERDF and ESF) (Art. 84(3) and Annex III quarter CPR)	
Share of ESF in the Structural Funds (ESF and ERDF) resources for the operational programmes for the Convergence and Regional competitiveness and employment objectives in the 2007-2013 programming period	19.9% ³⁰⁷
ESF minimum share in the Member State	21.6% ³⁰⁸
The share of ESF of the Structural Funds resources in the 2014-2020 programming period	21.6%

1.4.2 Indicative amount for support to climate change objectives

Article 8 of the Common Provisions Regulation requires Member States to provide information through the categories of expenditure weights indicating their relevance towards climate change in accordance with the methodology established in the Implementing Act. An estimate indicates the amount of circa €171,184,127 (21%)³⁰⁹ of EU support for climate change objectives. This figure also includes the 30% ring fencing amount for the environmental climate actions under the EAFRD. The actual amounts are defined at an Operational Programme level. In line with the template, this section will be automatically generated based on the information submitted at Operational Programme level.

³⁰⁷ This amount is based on the ESF share out of the 2007-2013 Structural Funds allocation as indicated in the calculations of the ESF minimum share which was agreed during Coreper on 26 June 2013.

³⁰⁸ Calculated in accordance with Annex IX of REGULATION (EU) No 1303/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006.

³⁰⁹ This indicative allocation is based on climate-related expenditure for all ESI Funds (€827,943,874).

1.5 Horizontal Principles

This section provides an overview of the application of horizontal principles and policy objectives for the implementation of the ESI funds covering the following:

- The Partnership Principle and multi-level governance;
- The promotion of Equality (gender, non-discrimination and accessibility);
- Sustainable Development; and
- Other Horizontal Objectives.

1.5.1 The Partnership Principle and multi-level governance

Coordinating Structures and Key Stages in the Preparation of the Partnership Agreement

The Authority responsible for coordinating the preparation of the Partnership Agreement is the Office of the Permanent Secretary within the Ministry for European Affairs and Implementation of the Electoral Manifesto.³¹⁰ A Programming Team, set up within the Ministry and consisting of officials from the EU Funds Programming Unit as well as the EU Funds – Policy Coordination Directorate, was set up to coordinate the required preparations.

The institutional framework required to implement the partnership and multi-level governance principle in respect of the 2014-2020 period was set up in April 2012. The framework, steered by the Office of the Permanent Secretary, consisted of an Inter-Ministerial Committee for Programming 2014-2020 (IMC) with representatives from line Ministries (covering all the ESI funds plus other government stakeholders) and supported by a number of Sectoral Sub-Committees that looked into different thematic objectives. The role of the Inter-Ministerial Committee was to provide strategic input and guidance into the programming process, supported by the Sectoral Sub-Committees.

The structure combined a bottom-up and top-down approach very much in line with the structure set up for the 2007-2013 period, although the new set-up was given a stronger strategic dimension through the overarching coordination of the Office of the Permanent Secretary. The 2014-2020 set-up also ensured increased co-ordination across policies and funds.

The Inter-Ministerial Committee included, amongst its core members, the Permanent Secretary responsible for EU Funds, as well as the Permanent Secretaries heading the Ministries responsible for Gozo, Resources and Rural Affairs, Finance, the Economy and Investment (and including Economic Policy, and Budget Affairs), and also Fair Competition, Small Business and Consumers, apart from the Head of the National Statistics Office. Moreover, other Ministries such as the Ministry for Education and Employment and the Ministry for Justice Dialogue and Family, amongst others, participated in this Committee depending on the Agenda.³¹¹

Seven (7) Sectoral Sub-Committees were set up in November 2012 with a view to providing input and support to the Inter-Ministerial Committee in its role of providing strategic input and guidance to the 2014-2020 programming process. Each Sectoral Sub-Committee was chaired by the Permanent

³¹⁰ Until March 2013, the Office of the Permanent Secretary responsible for coordinating the preparation of the Partnership Agreement was located within the Office of the Prime Minister. After the General Elections of March 2013 and a reshuffle of ministerial portfolios, this Office is now located within the Ministry for European Affairs & Implementation of the Electoral Manifesto (MEAIM).

³¹¹ The relevant entities and departments were involved in the preparation of the Partnership Agreement through their respective Line Ministry.

Secretary responsible for the respective policy area, and included a representative from relevant public sector organisations, the socio-economic partners, civil society groups and non-governmental organisations with an interest in the particular policy area. Civil society was engaged in the discussion and analysis in the respective policy areas either through direct contributions delivered in session or through their participation in focus groups where these were set up by the Sectoral Sub-Committees.

The Sectoral Sub-Committees each tackled the main strategic areas set out in the thematic objectives listed under Article 9 of the Common Provisions Regulation. The Sectoral Sub-Committees covered the following thematic areas:

- Accessibility (including ICT and e-accessibility);
- Growth and Competitiveness (including research and innovation and support to SMEs);
- Education and Employment (including institutional capacity and efficient public administration);
- Social Inclusion (including combating poverty);
- Environment and Climate Change (including risk prevention and resource efficiency and energy-efficiency);
- Agriculture (including rural development) and Fisheries (including relevant maritime policy issues); and
- Gozo (Regional Dimension).³¹²

Partners involved in the Consultation Process

The key formal structures within which social dialogue and public consultations take place in Malta were used as the basis for selecting the stakeholders that would participate in the Sectoral Sub-Committees, notably the Malta Council for Economic and Social Development (MCESD) and the Malta EU Steering and Action Committee (MEUSAC).

The Malta Council for Economic and Social Development (MCESD) is composed of the main socio-economic partners in Malta representing the main employer bodies, the main trade unions and civil society as well as the Government. The Council is considered to be the official structure through which social dialogue takes place in Malta. It serves as a consultative and advisory body to Government on matters of economic and social policy. In fact, key documents such as the national budget, the National Reform Programme (NRP) report and key legislation are discussed and formal feedback is given to Government. Similarly, though with a different mandate, the Malta EU Steering and Action Committee (MEUSAC) facilitates discussion between Government and civil society on draft EU legislation and policies, as well as on the transposition of EU directives. MEUSAC is responsible for engaging civil society in the EU decision making process and for actively supporting NGOs and local councils in their participation in EU programmes and funding.

Stakeholder participation in the Sectoral Sub-Committees went beyond these two umbrella organisations in an effort to ensure as wide a consultation as possible. In some cases, due to the diversity of the stakeholders and the multifaceted nature of the thematic issues being discussed (e.g. in the case of climate change and the island region of Gozo); it was agreed that different sets of stakeholders would be invited according to the subject matter being discussed. Such an approach ensured that the key stakeholders present for each meeting were those with a direct interest in the subject matter.

³¹²The Ministry for Gozo was also represented in each of the other six Sectoral Sub-Committees. The aim was to ensure that in each Sectoral Sub-Committee the Gozo dimension was also taken into consideration at the sectoral level.

Actions taken to facilitate a wide involvement and active participation by partners

Meetings of the Sectoral Sub-Committees were held on a regular basis. This approach was undertaken with a view to providing stakeholders with sufficient time for internal consultation and to provide consolidated feedback. In some cases (e.g. agriculture), the feedback given by the participants in session was immediately inputted on a screen for all to view and discuss.

To assist in the discussions, experts from outside the Sectoral Sub-Committees were often invited to deliver a presentation on a specific subject matter. For example, experts on financial instruments were invited to address the Growth and Competitiveness Sectoral Sub-Committee, whereas a foreign expert was invited to give a presentation to the Agriculture and Fisheries Sectoral Sub-Committee on the changes in the new Common Agricultural Policy and how these could impact the future programming.

This first phase of the consultation process was concluded in February 2013, following which each Sectoral Sub-Committee put forward its main recommendations / proposals. These recommendations / proposals were also presented to the Inter-Ministerial Committee. Between March and May 2013, the Programming Team within the Ministry for European Affairs and Implementation of the Electoral Manifesto undertook an extensive assessment of the inputs provided through both the Inter-Ministerial Committee and the Sectoral Sub-Committees. The results of this assessment were finalised in June 2013 and presented to line Ministries during a high-level meeting that was chaired by the Deputy Prime Minister and Minister for European Affairs & Implementation of the Electoral Manifesto. Following this inter-governmental consultation, the second phase of the consultation process was launched through a public consultation document on the Programming of EU Funds 2014-2020. The public consultation document set out the socio-economic analysis as well as the strategic direction covering also the funding priorities.

The public consultation process kicked off in July 2013. A first consultation session was held with the Malta Council for Economic and Social Development (MCESD) on 22 July 2013, during which the public consultation document was presented to the Council by the Office of the Permanent Secretary within the Ministry for European Affairs and Implementation of the Electoral Manifesto. This was followed by a discussion which actively engaged all of the economic and social partners and who were able to put forward their views on the document. At the end of the session, members of the MCESD were presented with a hard copy of the public consultation document and invited to submit their formal feedback by 6 September 2013.

During July 2013, two public consultation sessions with the general public were held in Malta (24 July 2013) and in Gozo (29 July 2013). Both sessions were advertised in the general media and were very well-attended by the general public, civil society and the private sector (the latter covering a number of sectors to include: transport, building & manufacturing, telecoms service providers, hotels & restaurants, sports, theatre, consultancy and banking). Each session started with a presentation of the public consultation document by the Office of the Permanent Secretary within the Ministry for European Affairs and Implementation of the Electoral Manifesto and was then followed by a 'Question & Answer' session, whereby the attending public was given the opportunity to put forward its views as to what should or could be included in the Partnership Agreement.

Hard copies of the public consultation document were circulated to all participants attending these public consultation sessions. Furthermore, a dedicated web link providing background information on the programming process and the public consultation document was also set up (reference:

<http://www.eufunds20142020.gov.mt/>).³¹³ The web link also provided readers with FAQs (frequently asked questions). Participants in the consultation process, both at the level of the MCESD as well as the general public, were encouraged to make written submissions through an email address info.eufunds@gov.mt by 6 September 2013.

Forty-three (43) interventions were made during these three consultation sessions and twenty-two (22) written submissions were made through electronic mail. During the consultation period, upon request from the partners, two presentations on the public consultation document were also delivered to the Building Industry Consultative Council (23 August 2013) and to the Sustainable Development Network³¹⁴ (4 September 2013).

Main results and added value of the consultation with partners

The principle of partnership and multi-level governance was fully applied, taking into account the realities of Malta as well as its institutional and legal frameworks. The involvement of civil society, also through the establishment of structures such as the Sectoral Sub-Committees, the focus groups and the public consultation sessions, where civil society could contribute towards the consultation process, was also assured. The aim was to involve the relevant institutional bodies, the business sector, citizens and civil society at large actively in the discussions.

The public consultation process was overall deemed as a success, in particular for the value-added that the involvement of the socio-economic partners and civil society brings to the programming process, particularly in identifying concerns and common lines of intervention. Past and current experience has shown that such involvement brings added value in terms of expertise and insight and, equally importantly, it creates collective commitment and broader ownership of the programming process and the programme itself. The possibilities for networking, sharing of knowledge and making contacts between different stakeholders during these consultation sessions should also be underlined as an added value of the consultation process.

The main concerns, comments and recommendations raised during the consultation process reflected the interests of the groups or organisations that were represented in these discussions. Concerns were voiced with respect to the need to create employment and growth opportunities (especially for youths, the tourism sector and Gozo), the capacity/training required to compile project applications and manage projects, the need to simplify the application process (simpler applications and on line applications were proposed) and the difficulty for NGOs and local councils to access adequate financing. The need to address vulnerable groups such as children, the disabled and the elderly was also mentioned. Some recommendations were also put forward such as the importance of dovetailing the NRP and CSR processes, and other national strategies, with the programming and planning of the 2014-2020 Cohesion policy funding.

A number of common lines of intervention were also noted during the assessment that the Programming Team conducted during September 2013, as it mapped out the main results of the consultation process against the strategic direction that was set out in the public consultation document. In brief, the following areas of intervention emerged from the consultation: enhancing competitiveness (examples included: increased access to finance for SMEs, more investment in research also through post-doctoral programmes, collaborations between the private sector and research institutes, investment in ICT and the revival of traditional trades); promoting the use of renewables (examples included: making public buildings more energy-efficient and the upgrading of

³¹³ Following a restructuring of the Ministry website after the end of the public consultation period, this page may now be accessed on <http://eufunds.gov.mt/en/Information/Pages/Partnership-Agreement.aspx>.

³¹⁴ The Sustainable Development Network has been set up by virtue of the Sustainable Development Act, 2011. The objective of the Act (available online at <https://secure2.gov.mt/tsdu/sdleg>) is to mainstream sustainable development across the workings of Government, to raise awareness of sustainable development issues and practices across society and to promote the adoption thereof.

skills and research in materials); promoting resource efficiency (examples included: the rehabilitation of old buildings and the better management of resources especially water); and improved education/training for employability (examples included: addressing the need of re-skilling in a number of areas and at all levels and the better recognition and strengthening of apprenticeships).

The list of partners involved in the consultation process can be found in **Annex A**.

1.5.2 The promotion of equality between men and women, non-discrimination and accessibility (with reference to Art. 7 CPR)

Malta is committed to ensuring that the principles of equality, non-discrimination and accessibility as set out in Article 7 of the Common Provisions Regulation are taken into account and promoted in the implementation of the ESI funds. In accordance with Article 5 of the Common Provisions Regulation, the relevant entities responsible for promoting equality, non-discrimination and accessibility were involved in the consultation process of the Partnership Agreement and will continue to be consulted during the preparation and implementation (including evaluation and monitoring) of the programmes.

National arrangements for the promotion of equality, non-discrimination and accessibility

The Ministry for Social Dialogue, Consumer Affairs and Civil Liberties is responsible for social dialogue, civil liberties, equality and anti-discrimination policies and the integration of migrants,³¹⁵ amongst others. The Ministry has embarked on a number of initiatives to further promote civil rights and equal opportunities. Particularly, the Ministry is undertaking an active role in the promotion of family-friendly measures within the public sector. In addition, complementary measures aimed at improving gender equality particularly in the labour market are also being implemented. Such measures include the directory for professional women which will enable the better identification of qualified women for decision-making positions, amongst others.

The National Commission for the Promotion of Equality (NCPE)³¹⁶ and the National Commission for Persons with Disability (NCPD)³¹⁷ are strategic partners within the Ministry in the promotion of equality, non-discrimination and accessibility at the national and local level. The activities undertaken by both of these entities include awareness-raising campaigns, providing assistance and support, research, exchange of best practice and collaborations with local and international entities.

Approach to ensure the promotion of equality, non-discrimination and accessibility in the implementation of the ESI funds

Efforts and initiatives undertaken during the previous programming period to ensure the involvement of the relevant entities responsible for promoting equality, non-discrimination and accessibility in the various stages of implementation of the ESI funds will continue under the future programmes in accordance with national practice. Such initiatives will cover the preparation and implementation (including evaluation and monitoring) of the programmes.

The participation of the relevant entities³¹⁸ responsible for promoting equality and non-discrimination in the various stages of implementation of the ESI Funds will be assured through their participation in the Monitoring Committee(s) of the relative Operational Programme(s) in accordance with the terms of references of these committees.

³¹⁵ Actions for migrants will be primarily supported through National and other EU initiatives such as the Asylum and Migration Fund (where health and psychological care as well as advice and assistance on health related issues can be supported). It is not excluded, however, that certain actions funded under the Structural Funds may directly or indirectly also target this cohort.

³¹⁶ The Equality for Men and Women Act is available online at: https://msdc.gov.mt/en/NCPE/Documents/Home/Welcome/chp_456_updated_2012.pdf.

³¹⁷ The Equal Opportunities Act section within the KNPD website may be found at: <http://www.knpd.org/legislation/eoa.html>.

³¹⁸ Entities include relevant Line Ministries, public entities and civil society.

The role of the selected partners in the preparation of the Progress Report (as defined in Article 52 of the Common Provisions Regulation)

The partners will be involved in the preparation of the Progress Report as defined under Article 52 through already established structures, notably the Malta Council for Economic and Social Development (MCESD). During the first semester of 2017 (and 2019 respectively), it is envisaged that a draft Progress Report will be presented to the Malta Council for Economic and Social Development and a reasonable time-table set for consultation with the relevant partners within this forum.

1.5.3 Sustainable Development

Malta is committed towards achieving a sustainable and healthy environment which is considered fundamental in order to attract investment, create jobs and improve standards of living. The use of economic instruments which implement the polluter pays principle provides a means of reaching these goals in a manner that complements traditional command and control measures and other measures such as education and voluntary approaches.

Malta has implemented the Polluter Pays Principle (PPP) through the implementation of two main types of economic instruments. The first type refers to instruments whereby producers and consumers are charged at the point where pollution is caused, such as the introduction of an eco-contribution tax on a number of commodities including plastic bags, batteries, television sets and white goods. The second type of instruments are implemented on the principle of 'user pays' such as the reform in vehicle registration and the implementation of an annual circulation tax to reflect environmental performance. Government has undertaken an in-depth analysis of the polluter pays principle which was finalised in January 2014. The outcome of this analysis is set out in the Waste Management Plan for the Maltese Islands 2014-2020³¹⁹ which was approved in January 2014 after an extensive consultation process. The Plan puts forward proposals to increase waste separation at source through the introduction of a separate system for the organic fraction from domestic and commercial sources, together with improvements on waste collection systems to further reduce dependency on landfills.

Malta also transposed the EU Environmental Liability Directive whereby this directive establishes a framework of environmental liability based on the polluter pays principle, with the aim of avoiding and remedying environmental damage. This allows the operator to acquire a 'permit defence' which exempts operators from liability where the operator shows that the damage was caused by an action which was authorised through an environmental permit.

Government also provides various incentives for citizens to save money whilst contributing to the protection of the environment, all of which contributes to the implementation of the PPP. Incentives include the opportunity of selling photovoltaic energy to Enemalta, the main provider of energy generation and distribution in the Maltese Islands; refunds upon returning Liquefied Petroleum Gas cylinders; refunds on the purchase of solar water heaters and electric cars; and savings on excise tax when consuming biodiesel.

Air Quality

The national Air Quality Action Plan 2010 sets out short term and medium term measures required in order to minimise exceedances of Particulate Matter 10. Policies and measures focus mainly on the road transport, being the greatest contributor to local air quality. The implementation of the Action Plan is being carried out particularly through the public transport reform which has led to the introduction of green bus fleets thus restricting the circulation of Euro III buses, increased park and

³¹⁹Available online on: <http://msdec.gov.mt/en/Document%20Repository/Waste%20Management%20Plan%202014%20-%202020%20-%20Final%20Document.pdf> (accessed on 17 February 2014).

ride facilities and the introduction of other forms of transport namely the installation of a vertical lift in Valletta and the introduction of inner harbour maritime transport. Malta also introduced measures to promote greener vehicles and fuels particularly the use of bio fuels and LPG. As part of the Malta's ongoing efforts to improve air quality, Malta is currently reviewing the existing plan. Air quality will be given due consideration in the interventions funded through ESI funds, particularly for transport, whereby applicants will be required to demonstrate at application stage, their commitment towards ensuring improved air quality and monitoring of emissions.

Sustainable Water Management

The national strategy in the field of water resources management is set out in the Water Catchment Management Plan 2010-2015.^{320,321} The Water Catchment Management Plan establishes two strategic thrusts: the first is directed towards quantitative aspects of water management whilst the second relates to demand management measures. The Water Catchment Management Plan also outlines how the principle of recovery of cost of water services from the different water users as defined in the Water Framework Directive has been applied in Malta with due regard to social, environmental and economic effects as stipulated by the Directive³²².

Climate change mitigation and adaptation

Climate change mitigation and adaptation will be considered as part of the horizontal theme of sustainable development in the preparation and implementation of actions.³²³ In this regard, the approach adopted under the 2007-2013 programme(s) whereby applicants are required to demonstrate that they have considered sustainable development issues³²⁴ at all stages during the design of the project will be maintained. Sustainable development covers economic growth, social cohesion and the protection of the environment (including disaster resilience and risk prevention), which will be taken into account throughout the life of the supported activity. Applicants must also demonstrate how the project has been structured to ensure that sustainable development issues will be mainstreamed throughout the project's aims and operation.

As illustrated under section 1.3, a holistic approach in addressing climate change during the 2014-2020 programming period, both in terms of infrastructural requirements as well as other softer measures including studies, simulation models, campaigns, the promulgation of new practices in agriculture and indigenous research, will be adopted. The development of human capital in this area, particularly through support by the ESF will also be supported.

1.5.4 Horizontal Policy Objectives

Over and above the application of the partnership, equality (gender, non-discrimination and accessibility) and sustainable development horizontal principles, the following cross-cutting policy objectives are also being considered as relevant for the Programmes that Malta will be implementing through the European Structural and Investment Funds (ESI):

Climate Change mitigation and adaptation

³²⁰ Available online on: <http://www.mepa.org.mt/file.aspx?f=5832> (accessed on 17 February 2014).

³²¹ It is to be noted that the Water Strategic Plan for 2012-2016 is the strategic plan of the Water Services Corporation, which is the public utility responsible for the management of water services in Malta.

³²² The 2nd Water Catchment Management Plan (2016-2021) is being compiled in line with the implementation of the Water Framework Directive.

³²³ This is a horizontal objective that will be part of the project selection criteria to be eventually adopted by the Monitoring Committee(s) of the ESI Funds, once these are constituted and in accordance with the provisions of the Regulations.

³²⁴ Applicants are encouraged to make specific reference to the Sustainable Development Act (available online at <https://secure2.gov.mt/tsdu/sdleg>). The aim of the Sustainable Development Act (CAP.521), amongst others, with a view to mainstream sustainable development across the workings of Government and to raise awareness on sustainable development issues and practices across society.

Climate change, both mitigation and adaptation, remain a priority for Malta and will be taken into account during the 2014-2020 programming period. Interventions to implement the appropriate mitigation and adaptation measures, including infrastructural, education and research initiatives, will continue under the 2014-2020 period. The impact of climate change on agriculture will be direct, given the direct dependence of the sector on climate; the adjustment of farming methods and systems to cope with the effects of a changing climate will be promoted including through investment in the protection of ecosystems and biodiversity. Investments in infrastructure aimed at adapting to climate change, including the sustainability of fisheries, marine and coastal observation systems, as well as risk prevention (including risk management and disaster resilience) through flood relief infrastructure, will also be considered.

Climate change mitigation and adaptation will be considered as part of the horizontal theme of sustainable development in the preparation and implementation of actions.³²⁵ In this regard, the approach adopted under the 2007-2013 programme(s) whereby applicants are required to demonstrate that they have considered sustainable development issues at all stages of the design of the project will be maintained. The principles of sustainable development will also target the objectives of climate change mitigation and adaptation, in line with the principle of simplification and minimisation of administrative burden, including climate proofing as relevant.

Addressing future demographic change

Demographic changes pose economic, budgetary and social challenges that can potentially impact the country's growth potential. The challenges resulting from demographic change, including those related to an ageing society, an increasing migrant population but also those aimed to facilitate the inclusion of all age groups into the work force; will be taken into account in the 2014-2020 programming process. Interventions to introduce more family-friendly measures, investments in education and training, ICT, research as well as up-skilling and re-skilling in important economic sectors will be pursued. Securing a healthy and productive workforce is also a key strategic objective for Malta and investments in health infrastructure (including e-services) will also be promoted. The approach adopted to address this challenge will be a holistic one whereby demographic variables will be mainstreamed, as applicable, and in combination with more specific policy actions.

³²⁵ This is a horizontal objective that will be part of the project selection criteria to be eventually adopted by the Monitoring Committee(s) of the ESI Funds, once these are constituted and in accordance with the provisions of the regulations.

1.6. List of Programmes

Table 1.47 within this section will be generated automatically by the SFC based on the information encoded in relation to the Operation Programmes. This table provides indicative figures which will be amended upon the submission of the Operational Programmes. The list of Operational Programmes through which the Partnership Agreement will be implemented are:

Cohesion Policy: Operational Programme I addressing the competitiveness needs of Malta as outlined in Thematic Objectives 1 to 4, 6-7, 9 and 10 within the Common Provisions Regulation. This will be financed through ERDF and CF;

Cohesion Policy: Operational Programme II addressing human capital and the need for a more inclusive society. This OP³²⁶ will address Thematic Objectives 8 to 11 and will be financed through ESF;

Cohesion Policy: Stimulate Private Sector Investment for economic growth (SME Initiative). This OP will address Thematic Objective 3;

European Agricultural Fund for Rural Development: Rural Development Programme addressing the needs of the agricultural sector; and

European Maritime and Fisheries Fund: Operational Programme for Malta.

³²⁶ It is not excluded that part of the operations under this Operational Programme will be implemented through Joint Action Plans, or as part of a pilot project, as per article 104 of the Common Provisions Regulation (EU Regulation 1303/2013).

Table 1.47 – List of Programmes

Programme Titles	ESI Fund	Total (in €)	2014 (in €)	2015 (in €)	2016 (in €)	2017 (in €)	2018 (in €)	2019 (in €)	2020 (in €)
Fostering a competitive and sustainable economy to meet our challenges	ERDF ³²⁷	369,353,997	36,697,720	52,732,727	53,788,305	54,864,789	55,962,783	57,082,715	58,224,958
Stimulate Private Sector Investment for economic growth	ERDF	15,000,000	-	15,000,000	-	-	-	-	-
Fostering a competitive and sustainable economy to meet our challenges	CF ³²⁸	217,742,109	29,073,581	29,780,219	30,489,732	31,150,428	31,766,417	32,452,438	33,029,294
Investing in human capital to create more opportunities and promote the wellbeing of society	ESF ³²⁹	105,893,448	14,243,250	14,528,404	14,819,227	15,115,809	15,418,318	15,726,870	16,041,570
Malta - Rural Development Programme	EAFRD ³³⁰	97,326,898	13,880,143	13,965,035	13,938,619	13,914,927	13,893,023	13,876,504	13,858,647
European Maritime and Fisheries Fund – Operational Programme for Malta	EMFF ³³¹	22,627,422	3,101,540	3,141,162	3,169,876	3,221,253	3,296,208	3,318,746	3,378,637
	Total	827,943,874	111,996,234	114,147,547	116,205,759	118,267,206	120,336,749	122,457,273	124,533,106

³²⁷ Figures are provided based on Table 2 indicated within the letter sent by the European Commission dated 20 December 2013. Reference ARES (2013) 3779289. This amount excludes the allocation for the European Territorial Cooperation Goal.

³²⁸ Cohesion Fund excluding CEF. Figures are provided based on Table 2 indicated within the letter sent by the European Commission dated 20 December 2013. Reference ARES (2013) 3779289.

³²⁹ Figures are provided based on Table 2 indicated within the letter sent by the European Commission dated 20 December 2013. Reference ARES (2013) 3779289.

³³⁰ Figures are based on the letter sent by the European Commission dated 13 June 2014. Reference ARES (2014) 1942543 regarding the flexibility between pillars for Malta.

³³¹ Figures are based on the letter regarding the Breakdown of the EMFF allocation in shared management that was sent by the European Commission and dated 12 June 2014. Reference ARES (2014) 1921757.

1.10 - Information on the Allocation related to the performance reserve

1	2	3	4	5	6	7	8
			Amounts excluded for the purposes of the calculation of the performance reserve.				
Fund	Category of Region	Total Union Support (EUR)	Matching ESF support to YEI (EUR)	CAP transfers	Union Support subject to the performance reserve (EUR)	Performance Reserve (EUR)	Performance Reserve as a share of the Union support subject to the reserve
ERDF	Transition region	384,353,997 ³³²	-	-	384,353,997	23,061,240	6%
ESF	Transition region	105,893,448	-	-	105,893,448	6,353,606	6%
CF	NA	217,742,109 ³³³	-	-	217,742,109	13,064,527	6%
EAFRD	NA	97,326,898 ³³⁴	-	-	97,326,898	5,839,614	6%
EMFF	NA	22,627,422 ³³⁵	-	-	22,627,422	1,357,645	6%
TOTAL (All funds)		827,943,874			827,943,874	49,676,632	6%

³³² This amount excludes the transfer to the European Territorial Cooperation Goal.

³³³ Cohesion Fund excluding CEF.

³³⁴ Figures are based on the letter sent by the European Commission dated 13 June 2014. Reference ARES (2014) 1942543 regarding the flexibility between pillars for Malta.

³³⁵ Figures are based on the letter regarding the Breakdown of the EMFF allocation in shared management that was sent by the European Commission and dated 12 June 2014. Reference ARES (2014) 1921757.

Section 2

02. Arrangements to ensure the effective implementation of Article 15(1)(B) of the Common Provisions Regulation

2.1 Arrangements to ensure coordination between the ESI Funds, National Funding instruments as well as the European Investment Bank

A coordinated and complementary approach in the programming and implementation process of the ESI funds is necessary with a view to maximising the benefits of the implementation of these funds as set out in the Common Strategic Framework. This section will outline how Malta intends to coordinate the various funds, namely ESI funds and other EU and National funding instruments as well as the EIB.

2.1.1 A description of the arrangements to ensure coordination between ESI Funds and with other Union and relevant national funding instruments.

Coordination between European Structural and Investment (ESI) Funds and other Union and National funding instruments will be assured through the coordination mechanisms set up under the 2007-2013 programmes in line with existing institutional frameworks. These coordination mechanisms will be maintained and, where necessary, optimised to facilitate synergies between the different programmes, but also with a view to avoiding duplication of effort.

The areas of intervention where ESI Funds will be used in a complementary manner include: research, development and innovation (such as interventions in RTD infrastructure that will be complemented by training initiatives for example post-doctoral programmes), social inclusion (including investment in an integrated approach aimed at fostering economic growth and the creation of jobs), climate change (infrastructural initiatives for mitigation and adaptation will be complemented by research and training) and transport (measures to minimise the impact of transport on climate change, underpinned by the necessary infrastructures, will be introduced) amongst others.

Infrastructural and research investment implemented through the ERDF and CF will be complemented by softer interventions and measures with a view to strengthen the knowledge and the creation of jobs within the various sectors. In this regard, complementary measures under the ESF are envisaged in the area of research and innovation and in the ICT sector. Under the EAFRD research, knowledge development and transfer will be addressed namely through the European Innovation Partnership (EIP) and cooperation actions. This will address areas such as support for pilot projects, and for the development of new products, practices, processes and technologies in agriculture.

Infrastructural investments and financial support will also be complemented by measures fostering entrepreneurship at a societal and educational level through the ESF. Complementary capacity building interventions are also envisaged to strengthen the knowledge and skills in the low carbon economy and to foster the creation of green jobs. Under sustainable urban development, complementary soft measures are also necessary to holistically address the needs and challenges of families living in identified urban areas. Similarly, infrastructural investment through the ERDF in the health and social sectors will be complemented by ESF related measures to ensure integrated interventions towards vulnerable target groups. Investment in education funded by the ERDF will also be complemented by measures under the ESF to address the challenges posed by early school leavers and low participation in tertiary education.

The funding priorities for the ERDF and CF will seek to complement Malta's priority areas within the Rural Development plan for 2014-2020. Complementary actions in water management, particularly to mitigate agricultural impact on water resource management, to promote the harvesting of rainwater,

the conservation and rehabilitation of valley systems and the provision of alternative sources of water are being envisaged. Actions in the field of waste management such as transforming animal waste into bio-energy as well as interventions aimed at generating energy from renewable sources under EAFRD will complement interventions in the waste sector funded by the ERDF and CF. Complementarity is also envisaged through actions aimed at shifting towards a lower carbon based economy through measures to improve production efficiency. Complementarity between the ERDF, CF and EAFRD is also envisaged through actions aimed at conserving and protecting the natural capital and improving the sustainability of rural communities through rural, cultural and tourism activities that contribute towards enhanced quality of life and economy of rural areas.

In addition, initiatives under the first pillar of the Common Agricultural Policy will seek to complement rural development measures implemented under the EAFRD. First pillar interventions under CAP will in fact provide direct income support to farmers through greening payments that will be directed towards agricultural practices that are beneficial for the climate and the environment. These greening measures may include crop diversification, permanent grassland and ecological focus areas. These initiatives will, amongst others, aim to encourage farmers to protect and enhance the environment of their farmland. Malta has typical characteristics with regards to small farms, where the majority of small farmers applying for aid under the Single Payment Scheme account for around 5,000 farmers who cultivate holdings less than 2ha in size. Micro and small farmers receive low-value entitlements under Pillar I notwithstanding that they are still obliged to respect the same obligations as larger farmers. The EAFRD will complement the greening payments provided under Pillar I through the agri-environmental-climate measures, organic farming and areas with natural constraints which on their part compensate farmers to adopt an environmental service.

The priorities identified for the ERDF and CF will complement national priorities for the fisheries sector identified through the EMFF. In this regard, complementarity will be sought in the following areas including: the enhancement of competitiveness and economic sustainability of small-scale fisheries whilst at the same time contributing towards the reduction of the environmental impact of fishing and its ancillary industry; and investment to promote smart, green aquaculture and sustainability fisheries and interventions to encourage diversification of traditional fishing activities and enable new opportunities for business. Interventions funded through ERDF and CF will also complement actions under the EMFF in areas related to the integrated maritime policy with a particular focus on the protection of the marine environment and biodiversity and the adaptation to the adverse effect of climate change on coastal areas.

Interventions undertaken under the ESF will also seek to complement Malta's priorities in respect of the EAFRD and EMFF programmes for 2014-2020. Complementary actions are envisaged in the valorisation of human capital particularly to support research capacity for the development of research in various sectors such as water and waste management and related technologies. Complementarity is also envisaged in promoting training in sectors to sustain the rural and fisheries economy. In particular, EAFRD will provide support in specialised ICT skills specifically earmarked for farmers, such as training programmes on the use and application of specialised software for herd management, milk recording, breeding and selection programmes, feed mix and rationalisation, nutrient management, crop planning and landscape management and agronomic practices.

Government will seek to maximise the potential synergies between different EU funded initiatives. Efforts will be undertaken to complement relevant interventions under different programmes in a number of areas including:

- European Globalisation Fund, the Employment and Social Innovation Programme and the Fund for European Aid to the Most Deprived in the promotion of employment / entrepreneurship, education and training and social inclusion;

- Synergies with ERASMUS + as well as the Creative Europe programmes. The infrastructural interventions envisaged in the promotion of the educational and cultural heritage sectors will provide a more solid platform for participation in these programmes;
- CEF with a view to complement as appropriate interventions envisaged for funding under the European Regional Development Fund and Cohesion Fund;
- COSME, Horizon 2020 and SME Initiative in support of priority investments and initiatives; and
- LIFE Programme particularly for climate change mitigation and adaptation initiatives;

Based on the successful experience under the 2007-2013 programming period, Government will continue to ensure coordination between the relevant line Ministries and entities responsible for the implementation of projects under these programmes and the respective Managing Authority responsible for the management and implementation of the ESI Funds through the Inter Ministerial Coordination Committee (see section below on Coordination Structures) in order to ensure complementarity between the different actions and funds.

Coordination between ESI Funds and other Union and National funding instruments

Preparation of Programmes

At the programming level, coordination between the ESI Funds and other Union and National funding instruments was ensured through the Inter-Ministerial Committee for Programming 2014-2020 (IMC)³³⁶. The framework, steered by the Office of the Permanent Secretary within the Ministry for European Affairs and Implementation of the Electoral Manifesto, consisted of an Inter-Ministerial Committee for Programming 2014-2020 (IMC) with representatives from line Ministries (covering all of the ESI funds) and supported by a number of Sectoral Sub-Committees that looked into different thematic objectives.

The Inter Ministerial Committee for Programming 2014-2020 included, amongst its core members, the Permanent Secretary responsible for EU Funds for the 2014-2020 ESI Programmes; the Permanent Secretary responsible for Finance and the Director Budget Affairs within the Ministry for Finance as the link between Cohesion Policy, the National Reform Programme and National Budget Initiatives; as well as the Director General Economic Policy within the Ministry for Finance as the link between Cohesion Policy and the macro-economic situation in Malta. The Permanent Secretary responsible for rural development and agriculture, as the link between Cohesion Policy, the European Agriculture Fund for Rural Development (EAFRD) and the Common Agricultural Policy's 1st and 2nd pillars (as relevant), was also part of the core group of the IMC.

The role of the Inter-Ministerial Committee was to provide strategic input and guidance into the programming process, supported by the Sectoral Sub-Committees which tackled the main strategic areas set out in the thematic objectives listed under Article 9 of the Common Provisions Regulation. Each Sectoral Sub-Committee was chaired by the Permanent Secretary responsible for the respective policy area, and included a representative from relevant public sector organisations, the socio-economic partners, civil society groups and non-governmental organisations with an interest in the particular policy area.

Management of Programmes

The programmes for the Structural and Cohesion Funds, the EMFF and the EAFRD³³⁷ are coordinated and managed by the Planning and Priorities Coordination Division (for the Structural and Cohesion Funds) and the Funds and Programmes Division (for the EMFF and the EAFRD and the Territorial Cooperation Programmes), within the Ministry for European Affairs and Implementation of the

³³⁶ Refer to Section 1.5.1, concerning the arrangements for the Partnership Principle.

³³⁷ As of January 2014, the programme for the EAFRD is being managed and coordinated by the Funds and Programmes Division within the Ministry for European Affairs & Implementation of the Electoral Manifesto.

Electoral Manifesto.³³⁸ The centralised system which is in place for the implementation of the ESI Funds and other funding initiatives (including the Connecting Europe Facility)³³⁹ ensures coordination at the national level of the different programmes and related initiatives. This approach also minimises the risk of duplication of efforts.

Annex B sets out the Management and Coordination structures for the ESI Funds.³⁴⁰

Coordination Structures

For the 2014-2020 programming period, coordination between the ESI Funds and other Union and National funding instruments will be ensured through the framework of the Inter Ministerial Coordination Committee (IMCC) already set up under the 2007-2013 period.³⁴¹ As necessary, the existing structures will be optimised to take account of the different Union instruments that will be launched in the 2014-2020 period.

The aim of the IMCC is to maximise resources whilst reducing the risk of overlap and/or duplication of effort by providing direction on the demarcation between different funds and programmes, undertaking ad hoc consultation where potential overlaps are identified and exchanging information about any changes required to the individual programmes and that could have an impact, by way of overlap, on other programmes. The IMCC also provides a forum for the sharing of knowledge of any new funds.

The IMCC is expected to meet on a bi-annual basis. Members on the IMCC include representatives from the managing authorities, the intermediate bodies, national contact points for the European Territorial Cooperation programmes,³⁴² responsible authorities for the migration and asylum programmes and national contact points for community programmes, such as LIFE+ and Horizon2020. Other *ad hoc* technical experts, to cover also the Common Agricultural Policy's 1st and 2nd pillar initiatives as relevant, may be asked to participate in meetings of the IMCC (or parts thereof) so as to give clarifications and presentations on particular issues which might be required. If the need arises, the IMCC may also appoint *ad hoc* sub-committees to deal with issues of a very specific nature.

Mechanisms to assist beneficiaries use the funds in a complementary way

Advice to potential applicants and beneficiaries on the opportunities of support available through the different funds may be obtained from a common information help desk that is jointly serviced by the Planning and Priorities Coordination Division and the Funds and Programmes Division within the Ministry for European Affairs and Implementation of the Electoral Manifesto and which covers all of the ESI funds.

The help desk, already functioning under the 2007-2013 programme, will be expanded to address all ESI funds with a view to offer prospective applicants, beneficiaries and the general public a direct line of communication (through email and other media) with the Managing Authority(s) on issues of general interest as well as more specific information on a one-to-one basis. The practice of issuing manuals and guidance documents targeting beneficiaries and horizontal stakeholders will also continue, as these prove to be useful tools in assisting beneficiaries in the use and management of the Funds. The

³³⁸ The intermediate bodies will be determined at the level of the Operational Programme.

³³⁹ The coordination of CEF will be undertaken by the Ministry for the European Affairs and the Implementation of the Electoral Manifesto through the Planning & Priorities Coordination Division and the Funds and Programmes Division.

³⁴⁰ It is to be noted that staffing levels will be optimised in light of the detailed administrative capacity assessment exercise that is currently ongoing and is expected to be finalised in 2014 (see Section 2.5).

³⁴¹ During the 2007-2013 programming period two Inter-Ministerial Coordination Committees (IMCC) were set up to ensure coordination between the Structural and Cohesion Funds and other Union instruments.

³⁴² The National Coordinator for Interreg III Programmes (Italia-Malta, ARCHIMED, MEDOCC and South Zone Programmes) and the National Focal Point for the European Territorial Cooperation Programmes (ETC) 2007-2013 are located within the Funds and Programmes Division (Ministry for European Affairs and Implementation of the Electoral Manifesto) with the exception of the ESPON programme which is managed and coordinated by the EU Funds – Policy Coordination Directorate (Ministry for European Affairs and Implementation of the Electoral Manifesto).

help desk and the guidance manuals (as applicable) will also provide information and advice concerning EU programmes (i.e. to include the centralised programmes) more generally.

Collaboration with the European Investment Bank (EIB)

During the 2007-2013 programming period, Malta participated in a number of European Investment Bank (EIB) initiatives, such as the Joint European Resources for Micro to Medium Enterprises (JEREMIE). For the 2014-2020 programming period, Malta will seek to maximise the use of public funds to leverage private investment where possible. In this regard, Malta will continue to seek opportunities for the leverage of EIB funding through various financial and other instruments which will be available in the 2014-2020 programming period.

2.3 A summary of the assessment of the fulfilment of applicable ex-ante conditionalities in accordance with Article 17 and Annex V for which national bodies are responsible and of the actions to be taken, and the timetable for their implementation, where ex-ante conditionalities are not fulfilled.

Malta carried out an assessment on the fulfilment of all ex-ante conditionalities that are applicable to meet the objectives of the Partnership Agreement for the efficient use of European funds for 2014-2020 in accordance with Regulation (EU) No: 1303/2013. The twenty-two (22) thematic ex-ante conditionalities which are considered to be applicable at this stage can be divided into three categories:

1. Eight (8) conditionalities that have been fulfilled, (Digital Growth, Energy (RES), Waste, Active Labour Market Policies, EAFRD (GAEC, Fertilisers, National Standards) and Administrative Efficiency);
2. Seven (7) conditionalities that have been partially fulfilled (R&I (S3), SBA, Energy Efficiency, Poverty, Health, Early School Leaving and Lifelong Learning);
3. Seven (7) conditionalities that are not fulfilled (R&I (Budgeting), Risk Prevention and Risk Management, Water, Transport, Higher Education and Vocational Education and Training).

The fourteen (14) thematic ex-ante conditionalities which have been partially fulfilled or not fulfilled are being planned to be fulfilled by the relevant ministries between 2014 and December 2016 in line with the respective action plans.

In the case of the seven (7) general ex-ante conditionalities, Malta has fulfilled five (5) of these while the Public Procurement general ex-ante conditionality will be fulfilled by 2014 in line with the respective action plan. The general ex-ante conditionality on statistical systems and result indicators will be assessed at the level of the operational programmes which will therefore include the relevant self-assessment.

2.4 Performance Framework

Given the size and specific characteristics of the Maltese territory, it comes to no surprise that Malta has a very limited number of Operational Programmes for the management of the ESI Funds. In fact, the Managing Authorities relevant to the implementation of the ESI funds fall within the remit of the Ministry for European Affairs and Implementation of the Electoral Manifesto (MEAIM), These are the:

- Planning and Priorities Coordination Division (PPCD) acting as the Managing Authority for both ERDF and CF as well as ESF; and
- Funds and Programmes Division (FPD) acting as the Managing Authority for both EAFRD as well as EMFF.

Adopting a Consistent Approach

The drafting of the Partnership Agreement, including the implementation of the Performance Framework is coordinated centrally by MEAIM, through the EU Funds Programming Unit. This approach has been adopted, with a view to ascertain a consistent and coherent approach amongst all the Managing Authorities whilst taking into account feedback received from both Divisions.

The indicators, milestones and targets will be developed by the relevant Managing Authority in collaboration with the competent authorities such as the National Statistics Office and other experts within the respective Line Ministries as appropriate for each Fund. In this regard, Malta will in the main maximise the utilisation of common indicators which will be complemented with programme-specific indicators according to the needs of the programmes. The determination of performance indicators will be in line with the regulatory requirements for the new programming period. Within this context, the EU Funds Programming Unit will provide the necessary guidance to Managing Authorities for determining indicators, milestones and targets including the provision of guidance in relation to the performance framework.

In addition, the Ministry will embark on a comprehensive training programme targeting both the Managing Authorities as well beneficiaries. This training programme is aimed at providing a consistent understanding of the implementation of the performance framework including how data collection pertaining to indicators, milestones and targets is to be collected. The training programme will be complemented with guidance documents for both beneficiaries and persons working within the Monitoring and Evaluation Units within the MAs. This approach will in turn contribute towards reliable, consistent and measurable data which can be easily used for the necessary reporting, comparison and aggregation.

Early Detection of Performance Framework related issues

The monitoring of the performance framework system will be based on the provision of guidelines aiming to ensure an appropriate understanding of the framework. This approach will contribute towards ensuring consistency in particular during the data collection stage. The successful implementation of the Performance Framework is dependent on a thorough monitoring process of the milestones, targets and indicators. Within this context, the MAs will strengthen the Monitoring and Evaluation function with a view to regularly monitor the progress registered during the various stages of the implementation. The monitoring process will include day-to-day monitoring through the IT information system; progress project reports on a bi-annual basis, updates during quarterly Ministerial Project Steering Committees as well as High Level Monitoring Meetings which are held on a needs basis. In addition, the MAs will undertake a Performance On-the Spot Check to verify the data provided in relation to milestones, targets and indicators. This approach will ensure both data consistency as well as enable the MAs to identify issues in relation to the implementation of the performance framework at the earliest thus providing the possibility to take timely corrective actions.

2.5 Reinforce the administrative capacity of the authorities involved in the management and control of the programmes and, where appropriate, of the beneficiaries, as well as, where necessary, a summary of the actions to be taken for this purpose

During the implementation of the 2007-2013 programming period stakeholders involved in the management, control and implementation of EU funds recognised the importance of ascertaining that an adequate amount of human resource capacity is deployed within the system. The adequacy of human resources will continue to remain a priority during the 2014-2020 period. Furthermore, the strengthening, and consolidation of expertise within the relevant entities including public procurement, environmental permitting³⁴³ and beneficiaries will remain a priority.

The Mid-Term evaluation for Structural and Cohesion Funds highlighted the importance to continue reinforcing the administrative capacity during the new programming period through:

- an ongoing assessment of the administrative capacity in relation to the implementation of Programmes; and
- the updating and implementation of the training strategy with a view to factoring the developments emanating from the new programming period.

In this regard, Maltese authorities embarked into undertaking a detailed assessment of the capacity and expertise within the entities involved in the management and control of European funds. This assessment, which is expected to be finalised in 2014, takes into account the lessons learnt from the previous programming period as well as relevant findings within previous evaluations. This exercise will enable Malta to identify whether the adequate capacity is in place and identify areas where the necessary human resources need to be recruited,³⁴⁴ with a view to strengthen the management system and address new challenges posed by the programme(s) including climate change related issues^{345,346} as well as the management and implementation of the performance framework which will put additional pressure on the evaluation capacity currently available in the Managing Authority(s) and which needs to be strengthened. Recruitment in relation to the management, monitoring and control of the funds is expected to be financed through technical assistance and complemented with national funds.

Recruitment in critical areas is only the first step towards ensuring the efficient and effective management of the funds. Investment in the development of skills and expertise in this field remains of fundamental importance. Such development will be undertaken on the basis of a training strategy which will address the needs of all stakeholders including beneficiaries utilising European funds. It is expected that both on the job and off the job training will be provided to relevant stakeholders. In the case of off the job training, training is envisaged both locally and abroad including active participation in conferences. Based on the experience of the 2007-2013 programming period, training envisaged will include project management, Cost Benefit Analysis, ICT training pertaining to the database managing the funds, evaluation, monitoring, etc.

³⁴³ Resources for public procurement and environmental permitting procedures will be further enhanced during the 2014-2020 programming period. The entities responsible for these procedures notably the Department of Contracts within the Ministry of Finance and the Malta, Environment & Planning Authority within the Parliamentary Secretariat for Planning and Simplification of Administrative Processes (Office of the Prime Minister) will be reinforcing their capacity by setting up dedicated teams responsible for handling EU-related projects. Targeted training for staff assigned to these teams is also envisaged. The overarching aim will be to speed up the procedures with a view to achieving timely absorption of funds.

³⁴⁴ It is to be noted that a significant number of officials is currently being recruited by the Managing Authority(s). It is planned that by Quarter 4 of 2016, the staff complement across the Managing Authority(s) will be increased by 20%.

³⁴⁵ Training on climate change related issues for stakeholders involved in the management and implementation of the programmes will also be considered under OPI.

³⁴⁶ The development of national environmental monitoring infrastructure and capacity, also through the Structured Implementation and Information Framework (SIIF) concept, may also be pursued in the programme.

Such an approach will consolidate the skills available amongst existing stakeholders as well as provide the necessary competences to new staff members within the authorities and beneficiaries. The development of the training strategy as well as its implementation is expected to be financed through Technical Assistance and complemented with national funds. The aim of the strategy is to outline the objectives that need to be achieved and set out an action plan of how these objectives will be reached.

Furthermore, given the technical nature of the dossiers covered through the ESI funds, Malta will seek to obtain ad hoc expertise in technical areas, such as energy, amongst others with a view to obtaining the necessary assurances in the implementation of the programmes. The appropriate procurement solutions will be adopted in order to obtain the required expertise in these fields. Such interventions will be financed through Technical Assistance.

For the Structural and Cohesion Funds, technical assistance will be programmed through a priority axis under the ERDF and the ESF as provided for in the OP template. In the case of the EMFF and the EAFRD, technical assistance will be programmed in accordance with the implementing arrangements set out in the respective templates of these programmes. Technical Assistance will support the implementation of the programme(s) at the level of the Managing Authority particularly through the provision of training to beneficiaries including NGOs and civil society.

Authorities and bodies responsible for Management, Control and Audit³⁴⁷

Based on the management structures already in place under the 2007-2013 programmes and in accordance with Title I of Part Four of the Common Provisions Regulation establishing the principles of management and control systems, the relevant authorities and bodies responsible for carrying out the management, control and audit functions of the ESI Funds will be as follows:

Managing Authority

The Planning and Priorities Coordination Division within the Ministry for European Affairs and Implementation of the Electoral Manifesto is entrusted with the management and overall coordination of the Structural and Cohesion Funds (European Regional Development Fund (ERDF), European Social Fund (ESF) and the Cohesion Fund (CF))³⁴⁸; whilst the Funds and Programmes Division within the Ministry for European Affairs and Implementation of the Electoral Manifesto is entrusted with the management and overall coordination of the European Maritime and Fisheries Fund (EMFF) and the European Agricultural Fund for Rural Development (EAFRD).

The Managing Authority(s) will be responsible to develop the necessary manuals of procedure that will detail the processes, controls and approaches, roles and responsibilities and entities involved in the delivery of the programme(s). In accordance with the Common Provisions Regulation and the fund specific regulations, the Managing Authority(s) shall be responsible for all publicity and information activities, the launching of calls for proposals, the evaluation and selection of projects and measures for support and their contracting with beneficiaries. Monitoring and evaluation at project and programme level will also be the responsibility of the Managing Authority(s).

Both Divisions are set up in line with the institutional, legal and financial systems of Malta and shall be responsible for managing and implementing the Operational Programme(s) in accordance with the principle of sound financial management.

³⁴⁷ Also see section 2.1 regarding the arrangements to ensure the coordination between the ESI Funds, national funding and other EU instruments as well as Annex B.

³⁴⁸ The Planning and Priorities Coordination Division will also be responsible for managing and coordinating the Fund for European Aid to the most Deprived (FEAD).

Certifying Authority

The European Union (Paying Authority) Directorate within the Ministry of Finance is entrusted with the certification of the declarations of expenditure and applications for payment in relation to the priorities of the Operational Programme(s) before they are submitted to the European Commission.

The European Union (Paying Authority) Directorate is set up in line with the established national procedures of the Government of Malta and will carry out the tasks and functions of a Certifying Authority in accordance with the institutional, legal and financial systems of Malta.

Audit Authority

The Internal Audit and Investigations Directorate (IAID), within the Office of the Prime Minister, is entrusted with verifying the effective functioning of the management and control system of the relative Operational Programme(s).

The Internal Audit and Investigations Directorate is set up in line with established national procedures of the Government of Malta and is functionally independent of the Managing Authority and the Certifying Authority and will carry out its functions of Audit Authority in accordance with the institutional, legal and financial systems of Malta.

Effective and Proportionate Anti-fraud Measures

In line with Article 125 paragraph 4 of Part IV of the Common Provisions Regulation (Regulation (EU) No 1303/2013); as regards the financial management and control of the Operational Programme(s), the Managing Authority(s) shall put in place effective and proportionate anti-fraud measures taking into account already existing mitigating controls as well as the identified risks.

2.6 Summary of the Actions Planned to achieve a reduction in the administrative burden for beneficiaries

The need to continue to streamline the processes involved in management and control systems of EU funds and the further reduction in administrative burden for beneficiaries is evident through the findings of assessments that have been carried out during the 2007-2013 period. To this effect, Malta is committed to implement further simplification measures that will reduce the administrative requirements and burden on the beneficiaries as well as, as far as possible, the average time taken to undertake key programme management processes.

Actions planned include measures at application stage, project selection phase, procurement, horizontal simplification measures and measures in relation to the IT systems. Measures planned include:

Application stage:

- Provision of assistance to applicants in filling the relevant application across the five funds particularly to NGOs, Local Councils, civil society, farming and fishing communities etc.;
- The possibility of ongoing open calls will be considered where appropriate particularly for calls under the Rural Development Programme; and
- Consolidating of Applications through Integrated Project Proposals tapping different measures under the Rural Development Programme in one single application form.

Project selection stage:

- Speeding up of the project selection through streamlined processes and greater involvement of experts.

Procurement:

- Assess the possibility of increasing the threshold for Departmental Tenders;
- Phased rolling-out of the E-procurement system;³⁴⁹
- The introduction of Procurement managers in Line Ministries to speed up procurement processes;
- Provision of assistance to NGO and civil society for tender drafting; and
- Development of procurement templates for NGO's and civil society.

Simplification measures

- The use of simplified costs has proven to be a positive experience under ESF. This will be further analysed and introduced where possible in other funds.

IT system

- Introduction of e-forms at application stage; and
- Facilitate the implementation process through the enhancement of IT-enabled systems

The plan for implementation is outlined in **Table 2.01** below.

³⁴⁹E-procurement (including e-access and e-submission) is already in place and will continue to be developed further over the next programming period. Malta is already in a position to meet the provisions of the revised directives in terms of e-procurement considering that all public tenders with an estimated value exceeding the EU thresholds can and, in 99% of the cases, are being published as electronic tenders. E-procurement is currently being financed through national funds.

Table 2.01 – Planned Actions to Reduce Administrative Burden

Action	Target Date
Application Stage	
<ul style="list-style-type: none"> Provision of assistance to applicants in filling the relevant application across the five funds particularly to NGOs, Local Councils, civil society, farming and fishing communities etc. 	Quarter 4 2014
<ul style="list-style-type: none"> The possibility of ongoing open calls will be considered where appropriate particularly for calls under the Rural Development Programme. 	Quarter 4 2014
<ul style="list-style-type: none"> Consolidating of Applications through Integrated Project Proposals tapping different measures under the Rural Development Programme in one single application form. 	Quarter 4 2014
Project Selection Stage	
<ul style="list-style-type: none"> Speeding up of the project selection through streamlined processes and greater involvement of experts. 	Quarter 4 2014
Procurement	
<ul style="list-style-type: none"> Phased rolling-out of the E-procurement system. 	Ongoing
<ul style="list-style-type: none"> The introduction of Procurement Managers in Line Ministries to speed up procurement processes. 	Quarter 1 2014
<ul style="list-style-type: none"> Assess the possibility of increasing the threshold for Departmental Tenders. 	Quarter 4 2014
<ul style="list-style-type: none"> Provision of assistance to NGO and civil society for tender drafting. 	Quarter 1 2015
<ul style="list-style-type: none"> Development of procurement templates for NGOs and civil society. 	Quarter 1 2015
Simplification Measures	
<ul style="list-style-type: none"> The use of simplified costs has proven to be a positive experience under ESF. Extend the use of simplified cost option methods through further analysis and assess the possibility to introduce simplified cost options where possible in other funds. 	Quarter 4 2016 ³⁵⁰
IT System	
<ul style="list-style-type: none"> Introduction of e-forms at application stage. 	Quarter 4 2014
<ul style="list-style-type: none"> Facilitate the implementation process through the enhancement of IT-enabled systems. 	Ongoing

³⁵⁰ Standard Cost Options utilised under the 2007-2013 period will continue to be utilised during the 2014-2020 period from the first call for project applications. However, Malta will explore possibilities as to expand these standard cost options which are expected to be in place by no later than Q4 2016.

Section 3

03. Integrated approach towards territorial development

As demonstrated by the situation analysis under **Section 1.1**, Malta's territorial profile is dictated by its size, open economy, high population density, lack of economies of scale, peripherality to mainland Europe, dependence on imports and export concentration. Malta's peripheral position conditions its development in terms of access to markets and innovation and also brings about permanent limitations on what can be achieved on the ground with regard to certain policy areas.

The specific characteristics of a Member State must be taken into account when designing development strategies and will also condition the type of strategy and development tools that will be required to address such specificities. This implies a mechanism which allows each territory to bring its own challenges, constraints or limitations as well as potentials to the forefront of any policy discussion. This process also has to remain flexible and dynamic so as to continue to be relevant to the territory in the longer term.

The territorial dimension should be integrated into existing impact assessment procedures without increasing the administrative burden, particularly in the case of a small island state as Malta. For a successful implementation of territorial strategies to take place key methods and tools, adapted to the needs of the territory, need to be employed in a holistic manner.

3.1 Integrated approach to the use of ESI funds for the territorial development of specific sub-regional areas

In the 2014-2020 programming period, the application of the integrated approach to territorial development will continue to be necessary through a tailor made approach that is specific to the circumstances of Malta and reflects its territorial profile. The integrated approach will be implemented through the various Operational Programmes across all of the ESI funds as described in **Sections 3.1.1 – 3.1.6**.

3.1.1 Community-led local development (CLLD)

Given the size and specific characteristics of the territory, Malta believes that in line with the principle of simplification as well as the reduction of administrative burden it will not utilise the Community-Led Local Development (CLLD) approach in the implementation of the concerned European Structural and Investment Funds (ESI).³⁵¹

Based on the experience acquired under the 2007-2013 Rural Development Programme, Malta will continue to apply the CLLD approach for interventions under the 2014-2020 European Agricultural Fund for Rural Development (EAFRD) for interventions designated as LEADER local development. Malta is planning to allocate 5% of its total fund allocation for Malta's Rural Development Programme for 2014-2020 for this purpose.

Community-Led Local Development/LEADER approach under Malta's Rural Development Programme for 2014-2020

Malta intends to utilise the CLLD/LEADER approach for the delivery of actions that will promote social inclusion, poverty reduction and economic development in rural areas. The CLLD/LEADER approach will be used as a key delivery method for interventions aimed to "strengthen the wider rural economy

³⁵¹ According to Article 32(1), the concerned ESI funds include the European Regional and Development Fund (ERDF), the European Social Fund (ESF) and the European Maritime and Fisheries Fund (EMFF).

and quality of life". These interventions will also contribute towards the achievement of thematic objectives 3 (SMEs) and 9 (social inclusion) of the Common Provisions Regulation.

Actions supported under this priority area will aim to stimulate new business activity and help support rural incomes and standard of living. The focus areas of intervention will include: farm diversification, cultural and natural heritage, social inclusion, cooperation & knowledge transfer and actions that will emanate from the Local Development Strategies. Actions will target Local Councils, NGOs and other rural actors/stakeholders that have an interest in rural development and that operate within the designated territory to include farmers, non-governmental organisations, small and medium sized enterprises, local councils, civil society and others.

Community-Led Local Development (CLLD)/LEADER will target rural areas as per the definition that will be adopted in Malta's Rural Development Programme for 2014-2020. As for the territory to be covered no changes to the current designated areas are envisaged and Malta will build upon the experience achieved through the existing three Local Action Groups (LAGs) that cover all of the rural areas within their boundaries. The size of the existing three Local Action Groups (two in Malta: Majjistral Action Group Foundation and GAL Xlokk Foundation and one in Gozo: Gozo Action Group Foundation) covers approximately 287 km² with an average population of 260,635 inhabitants. The population limit of 150,000 inhabitants/LAG will not be exceeded. The same rural area definition will apply and thus no change in the size and boundary of territories, including of a demographic nature, is anticipated.

The administrative set up to be used for CLLD/LEADER will be based on the framework that is already in place for the 2007-2013 period. The Local Action Groups (LAGs) will be responsible for drafting and implementing the Local Development Strategies (LDSs) in line with Malta's Rural Development Programme for 2014-2020 and in line with the guidelines provided by the Managing Authority. Each LDS will be designed to reflect the specific needs of the designated territory it covers. The Local Action Groups will be composed of representatives from the public and private local socio economic sectors. Preparatory support will be provided to the Local Action Groups for animation activities with the objective of preparing the Local Development Strategies.

3.1.2 Integrated territorial investments (ITI)

Given the size and specific characteristics of the territory, Malta believes that in line with the principle of simplification, as well as the reduction of administrative burden, it will not utilise the Integrated Territorial Investment (ITI) approach in the implementation of the European Structural and Investment (ESI) funds.

Government has adopted a horizontal approach towards the development of the island of Gozo. This methodology will ascertain the integration of the realities of Gozo in all sectoral strategies thus contributing towards a holistic approach across the whole territory. In this regard, arrangements to implement territorial investments in Gozo for the 2014-2020 period will be based on the framework that is in place for the current programming period whereby some 10% of Malta's national allocation for the European Regional Development Fund, the European Social Fund and the Cohesion Fund will be earmarked to address the specific needs of Gozo. This approach has in fact yielded the desired results during the 2007-2013 period.

With regards to the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF) for the 2014-2020 period; Gozo's needs will be addressed through the priorities set out inside the respective Programmes on which Gozitan stakeholders were consulted.

In order to address the territorial challenges, particularly Gozo's economic and social specificities as well as the handicaps arising from the combined effects of its double insularity, its environmental fragility, its small population size as well as its inherent limited resources; a tailor made approach specific to the needs of Gozo is required with the aim of bolstering the island's economic activity whilst protecting the inherent and distinctive natural features that distinguish the island.

This approach also takes account of the administrative structure (centralised system) that is in place for the implementation of the ESI Funds in Malta. This will ensure a more efficient use of resources and increased coordination between the regional and national levels.

In the framework of the territorial cooperation programmes (see section 3.1.4), it is not excluded that Maltese partners may join or be part of an ITI or an EGTC (European Grouping of Territorial Cooperation) as a participating Member State.

3.1.3 Sustainable urban development, including the principles for identifying the urban areas where integrated actions for sustainable urban development are to be implemented and an indicative allocation for these actions under the ERDF at national level.

Malta remains by far the most densely populated Member State within the European Union, with an average of 1,320 persons/km², compared to an overall average of 116.6 persons/km² for the EU.³⁵² In particular, the Northern and the Southern Harbour³⁵³ Districts are the two most densely populated districts in Malta³⁵⁴ with a population density amounting to 4,997 persons/km² and 3,026 persons/km²³⁵⁵ respectively. Within this context, a real need to address the specific characteristics of the Maltese urban fabric exists.

The Maltese Islands have a rich urban fabric which is particularly concentrated around the Harbour area. The sustainable use of land and spatial planning is one of Malta's most pressing priorities. Residential development is the largest user of developed land, with a sizeable vacancy rate especially in historical areas. Many of the older and more valuable parts of the urban fabric are in a state of decay requiring focused intervention with a view to creating an environment which is more attractive and conducive to generate economic activity and ameliorate the well being of citizens.

Although urban areas differ in characteristics and challenges, there are nevertheless a number of principles which are fundamental when identifying urban areas where integrated actions for sustainable urban development are mostly needed. These include the level of unemployment in the towns and cities located within the urban area, the at-risk-of-poverty rate, the level of economic activity, environmental needs and social challenges which communities face in their everyday life.

On this basis Malta will be allocating 5% of its ERDF resources, as displayed in **Table 3.01** below, which may also be supported through the ESF, to implement integrated sustainable urban development interventions in identified urban areas. Such interventions will be based on integrated urban development strategies and will be implemented under a specific priority axis of the operational programme. Such priority axis will support investment priorities falling under the scope of Thematic Objective 6³⁵⁶ and Thematic Objective 9.³⁵⁷

The principles for identifying the urban areas where integrated actions for sustainable urban development are to be implemented are as follows:

- A high level of unemployment;
- A high at-risk of poverty rate and where social problems are more pronounced; and
- The level of economic activity in particular the potential to attract commercial activity, revamp cultural heritage and create niches within the tourism sector will also be key factors in the identification of urban areas.

An integrated approach

Malta shall prepare integrated urban development strategies as necessary and establish the strategic and implementation framework within which sustainable urban development actions shall be selected and implemented in accordance with article 7 sub-paragraph 4 of the ERDF regulation, taking into account Malta's specific territorial situation and therefore the institutional and legal frameworks already in place at the national/regional and local level.

³⁵² Demographic review 2010, National Statistics Office 2011.

³⁵³ Cospicua, Fgura, Floriana, Ħal-Luqa, Ħaż Żabbar, Kalkara, Marsa, Paola, Santa Luċija, Senglea, Tarxien, Valletta, Vittoriosa and Xgħajra.

³⁵⁴ Census of population and Housing 2011.

³⁵⁵ Ibid.

³⁵⁶ Conserving, protecting, promoting and developing natural and cultural heritage and taking action to improve the urban environment, to revitalise cities, regenerate and decontaminate brownfield sites(including conversion areas) reduce air pollution and promote noise reduction measures.

³⁵⁷ Providing support for physical, economic and social regeneration of deprived communities in urban areas.

The National Authority responsible for urban planning in Malta is the Malta Environment and Planning Authority (MEPA). MEPA is responsible for urban planning at both the national and local level. The implementation of urban plans, at both the national and local level, is undertaken by central Government.

A sub-regional or regional body responsible for implementing sustainable urban strategies within the meaning of article 7 (4) of the ERDF Regulation, does not exist in Malta. Within this context, Government shall entrust the Ministry for European Affairs and Implementation of the Electoral Manifesto (MEAIM) with the development of appropriate integrated sustainable urban development strategies. MEAIM will be tasked by the Managing Authority with the selection of operations in accordance with article 7 sub-paragraph 4 of the ERDF Regulation.

In this regard, MEAIM will be assisted by a Coordination Committee for Sustainable Urban Development which will include representatives of the Local Councils responsible for the urban areas targeted by the Integrated Sustainable Urban Development Strategy and representatives from relevant Line Ministries, the Managing Authority (the Planning and Priorities Coordination Division) and the Malta Environment and Planning Authority. The composition of the committee will assure the implementation of the partnership principle and multi-level governance as envisaged in article 5 of the Common Provisions Regulation. It will also ensure the successful implementation of such actions.

For the scope of actions it is envisaged that these will cover environmental (including climate change and, as applicable, green infrastructures), demographic and social challenges affecting these areas. In accordance with article 7 sub-paragraph (2) sustainable urban development actions shall be undertaken through a specific priority axis. Government recognises that a multi-faceted approach is necessary to holistically address the needs of the identified urban communities and it is envisaged that two thematic objectives will be pursued in this regard. Thematic objective 6 has been identified with a particular focus on the improvement of the urban environment and the revitalisation of cities and the preservation of cultural heritage; whilst thematic objective 9 will focus on social housing and community needs. The revitalisation of cities and the regeneration of communities are not solely limited to the upgrading of the urban environment (wherein the promotion of energy efficiency in buildings will also be promoted) but also require complementary interventions to boost economic activity in the area. This needs to be complemented by investment in the social aspect of the community by addressing social and educational challenges. In accordance with article 98 of the CPR, joint support from the Funds under the IGJ goal will also be considered.

Table 3.01: The indicative allocation at national level to integrated actions for Sustainable Urban Development under the ERDF

Fund	The indicative allocation at national level to integrated actions for sustainable urban development	Proportion of the total allocation to the Fund (%)
ERDF ³⁵⁸	€19,217,700	5

³⁵⁸ In line with Article 98 (2) of the Council Regulation (EU) No 1303/2013, Government has decided to avail of the possibility to finance ESF complimentary actions subject to the limit of 10 % of European funds for Sustainable Urban Development.

3.1.4 The main priority areas for cooperation, under the ESI Funds: the European Territorial Cooperation.

European Territorial Cooperation (ETC) is an important instrument through which regional and local stakeholders are able to look beyond geographical borders for opportunities to create networks for information exchange and exchange best practice. In line with the objectives of the European Territorial Goal and of the respective Programmes, these cooperation programmes may also contribute towards the delivery of the targets and objectives of smart, sustainable and inclusive growth as set out in the Europe 2020 strategy.

Main Priority Areas for Cooperation for 2014-2020

The European Regional Development Fund will support cross-border, transnational and interregional cooperation under the European Territorial Cooperation Goal. In this regard, Malta will continue to participate in Operational Programmes under all three strands of cooperation as follows:

- Cross border cooperation with Italy;
- Transnational cooperation between EU Member States in the Mediterranean; and
- Inter-regional cooperation in the European Union among all Member States.

In view of the above, Malta has actively participated in the Task Forces / Joint Programming Committees set up by the Italy-Malta, MED, Interreg Europe, Interact III and ENI CBC MED Programmes with a view to identifying the thematic objectives of the future ETC programmes. The Funds and Programmes Division, which is the National Authority responsible for coordinating Malta's participation in the Territorial Cooperation Programmes and the ENI CBC Med Programme, attended these meetings and contributed towards the respective discussions.

The identification and agreement of these thematic objectives was undertaken jointly amongst the participating Member States and the Participating Countries based on a consultation process whereby all participating Countries were asked to identify the most relevant Thematic Objectives vis-à-vis their respective territories. The list of Thematic Objectives was eventually narrowed down to the selected Thematic Objectives based on these discussions.

Malta's priority areas for the ETC programmes for 2014-2020, will seek to complement Malta's Funding Priorities identified within the Partnership Agreement. Areas identified include:

- the promotion of business investment in research and innovation as well as the development of links between enterprise, research and development centres and the higher education sector;
- enhancing competitiveness of SMEs and supporting entrepreneurship development and capacity building for business creation;
- supporting actions for the shift towards a low carbon economy including the reduction in greenhouse gas emissions by businesses and households from energy consumption and transport and to promote energy efficiency innovative solutions for public buildings and end users taking into account the specificities of Mediterranean territories;
- protecting the environment with due attention given to the impact of human activities and environmental changes such as the reduction of water resources and climate change and the protection of biodiversity, ecosystems and sustainable use of Natura 2000 sites. Some of the above mentioned Programmes shall also address issues pertaining to cultural heritage;

- promoting climate change adaptation³⁵⁹ and developing activities in relation to interconnections between economic development and urbanisation ; and
- the valorisation of human capital.³⁶⁰

The above mentioned priority areas, as identified by Malta and its partners under the cooperation programmes for 2014-2020, will complement the actions and projects to be financed under the mainstream ERDF and ESF programmes. Over and above these thematic areas, Malta may also propose a number of other thematic areas as relevant to the respective programmes. Opportunities to actively participate in sea basin cooperation type of actions will also be explored, including the possibility to participate in multilateral cooperation platforms contributing towards exploring sea basin cooperation type of actions and achieving an improved environmental status including de-pollution of coasts, wastewater management, integrated coastal zone management plans and maritime spatial planning. As applicable, the TEN-T guidelines and the priorities identified under the CEF will be taken into consideration when implementing ETC programmes.

Malta aims to continue to build upon past experience in territorial cooperation whilst putting an increased emphasis on the territorial dimension including the issue of Islands and how to address challenges relating to size, insularity and remoteness.

Cooperation outside the ETC goal

With regards to ESF transnational cooperation, the same system as in the current programme will be maintained whereby transnational cooperation will be considered as a horizontal priority across all priority axes. It is also planned that the ESF will support EURES activities in relation to recruitment and the related information, advice and guidance services at national and cross-border level in line with the ESF Regulation.

For cooperation under LEADER, and based on the positive experience of the pilot actions (for transnational cooperation) implemented under the 07-13 programme, it is envisaged that such cooperation measures will also be pursued in the 2014-2020 programme.

Under the Investment for Growth and Jobs goal, this cooperation will be considered in the case of projects other than infrastructural ones as the latter are not envisaged by the 2014-2020 programme.

³⁵⁹ Malta strongly argued for the inclusion of Thematic Objective 5, which deals specifically with climate change, under the Med programme, however, this TO was not selected by the programme. This said, climate change initiatives may still be addressed under the Med Programme by means of two investment priorities, namely Investment Priority 4c: Supporting energy efficiency, smart energy management and renewable energy use in public infrastructures, including in public buildings and in the housing sector and Investment Priority 4e: Promoting low-carbon strategies for all types of territories in particular for urban areas, including the promotion of sustainable multi-modal urban mobility and mitigation relevant adaptation measures. Similar actions may also be carried out under the Interreg Europe Programme, specifically under Thematic Objective 6.

³⁶⁰ This information may be updated based on discussions which are currently being undertaken at Programme Level.

3.1.5 Addressing the specific needs of the Malta Communities and its target groups at the highest risk of discrimination or social exclusion

In line with the EU 2020 target of reducing the number of people at risk of poverty or exclusion by at least 20 million in the EU, Malta is committed to contribute towards fighting this battle with the aim to lift around 6,560 people out of poverty by the target date. With a small territory of one geographical region at NUTs II level, split into two NUTS III regions which are then subdivided into six districts (Local Administrative Units – LAU1 as per **Figure 3.01**) as shown in **Table 3.02** below, Malta has approximately 99,000 people at-risk-of-poverty or social exclusion across the island.

As indicated in the table below, an analysis of the at-risk-of-poverty rate by district shows that although the highest rate in 2012 is registered in the Western Region (at 15.6%), followed by the Southern Harbour Area (15.4%), the differences between the regions is not alarming. However, when one analyses the localities within the regions on the basis of persons receiving supplementary allowances, it shows that the localities with the highest incidence are found in the Southern Harbour Area with the highest locality (Valletta) registering 18.7% followed by Floriana at 16.1%. The localities with the lowest number (less than 4%) of persons receiving supplementary allowances are found across the Northern, Westerns, South Eastern and North Harbour Districts. However, it is also important to point out that pockets of poverty are still found within these areas, for example in the Northern District, Hamrun (at 13.5%) ranks sixth in the percentage of beneficiaries receiving supplementary allowances.³⁶¹

Table 3.02 – Persons at-risk-of-poverty by district in 2012 (%)

	Southern Harbour	Northern Harbour	South Eastern	Western	Northern	Gozo and Comino	Total
Males	14.4	14.6	13.4	14.8	14.9	14.3	14.4
Females	16.5	15.7	14.1	16.5	14.8	14.5	15.5
Total	15.4	15.1	13.8	15.6	14.8	14.4	15.0
Before social transfers ³⁶²	39.6	40.5	32.5	33.9	31.0	40.5	36.8

According to the statistics on income, social inclusion and living conditions in Malta, poverty is highly predominant among persons living in households with dependent children (with two adults and three or more dependent children), persons living in single parent households and unemployed people. Moreover households with elderly people present also lower income levels.³⁶³ These categories bring together children, youths, elderly, women, people with disabilities, the working poor and the unemployed as the main target groups which raise particular concerns when it comes to poverty and social exclusion related matters.

³⁶¹ Source: SABS (Sistema għall-Amministrazzjoni tal-Benefiċċji Soċjali) Database 2011.

³⁶² Including old age and survivor's benefits.

³⁶³ National Statistics Office (2010), *Statistics on income, social inclusion and living conditions*.

Figure 3.01 – Malta: Statistical division – Local Administrative Units (LAU)



Source: Malta in Figures 2012 – NSO 2012

a. Children and Youth

With an at-risk-of-poverty rate of 29.8% in 2012, children (less than 15 years) have the highest risk of being poor. Youth (16-24 years), with a rate of 21.4%, are also of particular concern, more so when one analysis the rate of increases between 2007 and 2012 for this indicator. In fact, an increase of 6.3 percentage points within the 2007-2012 period was registered as indicated in **Table 3.03** below. This concern is also relevant for children where an increase of 6.8 percentage points was registered for the same reference period.

Table 3.03 – People at-risk-of-poverty or social exclusion by age in Malta³⁶⁴

Year	2007	2008	2009	2010	2011	2012
0-15	23.0	23.8	25.6	23.9	25.1	29.8
16-24	15.1	13.8	16.7	20.5	21.9	21.4
25-54	15.8	15.3	17.3	17.8	19.6	19.3
55-64	26.2	25.9	22.9	21.8	21.9	23.1
65+	23.1	26.4	23.2	21.5	21.5	21.5

Delving into the at-risk-of-poverty rate for children by the highest level of education of their parents clearly denotes that the higher the educational attainment level of the parents, the less the likelihood that the child will face poverty and social exclusion problems. In fact, Eurostat figures show that the rate of at-risk-of-poverty in Malta in 2012 stood only at 3.3% for those children whose parents have an education attainment level of 5 and 6 (first and second stage of tertiary education), while those having 0 to 2 education attainment level (pre-primary, primary and lower secondary education) had an at-risk-of-poverty rate of 49.3%.

The same trend is experienced for young people (18-24) having lower levels of education attainment. In 2012, the at-risk-of poverty rate for young people having pre-primary, primary or lower secondary education stood at 29.6%, whilst for those attaining first and second stage of tertiary education registered a rate of 3.8% (refer to **Table 3.04**). A trend worth noting in the table below is that whilst the at-risk-of-poverty rate for those attaining an education level of ISCED Level 0-2 has doubled over the 2007-2012 period, for those attaining ISCED Levels 5 and 6, the rate was more than halved. This issue is further compounded by the problem of early school leaving, increasing NEET rates and increasing youth unemployment which are analysed in more detail in Section 1.1 of this document. This calls for concerted efforts to tackle children and youth through an integrated approach which upholds the child's wellbeing throughout its life as this reinforces the social fabric which helps to combat inter-generational poverty and exclusion.

³⁶⁴ Eurostat.

Table 3.04 – Young people (18-24) at-risk-of-poverty or social exclusion by Education Level in Malta³⁶⁵

Year	2007	2008	2009	2010	2011	2012
ISCED Level 0-2	15.2	16.8	22.8	26.5	28.5	29.6
ISCED Level 3-4	11.5	7.8	10.3	15.0	15.5	16.5
ISCED Level 5-6	9.0	9.0	5.6	10.2	8.0	3.8

b. Women

Analysing the at-risk-of-poverty rate by gender indicates that the rate for females is higher both on an EU-27 level and also in Malta. Eurostat figures show that in 2012, Malta had a rate of 24.3% for females and 21.9% for males, with the rate of males registering a higher rate of increase over than that for females. However, when analysing the at-risk-of-poverty rate before social transfers (pensions included in social transfers), single females represent the cohort with the third highest rate of 85.3% in 2012. Single persons with dependent children, who are very often females, also registered a high at-risk-of-poverty rate before social transfers at 69.0% in 2012.

These issues are compounded with the high inactivity rate of women in Malta, which in 2012 stood at 52.2% when compared to the EU-27 rate of 34.4%. The rate of males is at par with that at EU level and both stood at 22.0% in 2012. Although the rate of female inactivity in Malta has been decreasing over the years, between 2007 and 2012 a decrease of 9.2 percentage points was registered, it still leaves a considerable pool of females not engaging themselves in an economic activity (which implies lower work intensity within the family) and therefore not getting a direct income as a result of such an economic activity. This calls for reinforced policies and measures to integrate women in the labour market, including the childcare support, with dignity income levels to promote the respective social inclusion and prevent social exclusion

c. The Elderly

In 2012, Eurostat figures show that the at-risk-of-poverty or social exclusion rate stood at 21.9% for people aged 65 years and over. Although, this registers a decrease over the 2007 rate of 23.1%, it worth noting that it is higher than the rate registered in 2010 (21.5%). Delving deeper into the at risk of poverty rate before social transfers (pensions included in social transfers), it transpires that the category of 1 adult of 65 years or over marks the highest rate at 96.1% in 2012, followed with the category of 2 adults with at least one aged 65 years or over with a rate of 86.0% in 2012 (Eurostat). It is worth noting, though, that when pensions are excluded from social transfers the rate goes down to 23.4% in 2012.

Statistics on material deprivation revealed that 15.8% of persons aged 65-plus, who experience at-risk-of-poverty lifestyles, declared that they could not afford to eat a meal that includes meat, chicken, fish (or vegetarian equivalent) every second day, while 18.7% could not afford to keep their home adequately warm (**Table 3.05**). Some 18.9% had 'leaking roof, damp walls/floors/foundation, or rot in window frames or floor', whilst as much as 43.9 and 46.6% experienced 'noise from neighbours or from the street' and 'pollution, crime or other environmental problems' respectively. This demonstrates that issues surrounding at-risk-of-poverty lifestyles stretch further than 'bread and butter' issues.

³⁶⁵ Eurostat.

Table 3.05 – Persons aged 65+ at-risk-of-poverty by various household characteristics (2010)

Item	Capacity to afford	Persons at-risk-of-poverty		All persons	
		No.	% total	No.	% total
Paying for one week annual holiday away from home	Yes	3,180	29.5	24,820	41.4
	No	7,570	70.5	35,100	58.6
Eating a meal with meat, chicken, fish every second day	Yes	8,760	84.2	53,370	89.4
	No	1,650	15.8	6,310	10.6
Unexpected financial expenses (of €450 and over)	Yes	7,040	67.0	42,860	71.8
	No	3,460	33.0	16,880	28.2
Keeping home adequately warm	Yes	8,550	81.3	50,800	85.0
	No	1,960	18.7	8,950	15.0
Problems with dwelling	Have problem	No.	% total	No.	% total
Leaking roof, damp walls/floors, or rot in wooden frames	Yes	2,050	18.9	10,780	17.9
	No	8,810	81.1	49,410	82.1
Dwelling too dark/not enough light	Yes	1,050 ³⁶⁶	9.7 ³⁶⁷	4,500	7.5
	No	9,810	90.3	55,690	92.5
Noise pollution	Yes	4,770	43.9	20,350	33.8
	No	6,090	56.1	39,840	66.2
Pollution, grime or other environmental problems	Yes	5,060	46.6	28,420	47.2
	No	5,810	53.4	31,770	52.8
Crime, violence or vandalism	Yes	770 ³⁶⁸	7.1 ³⁶⁹	5,640	9.4
	No	10,100	92.9	54,550	90.6

As explained in Section 1.1 (b), the employment rate of the elderly, despite registering good progress, still lacks behind the EU-27 rate, which calls for further action which instils an active participation in the labour market, yielding economic benefits. In this regard, an Active Ageing Policy in under development and a working group is dealing with the Pensions System Reform, also to comply with the Country Specific Recommendation addressing this issue.

d. People with Disabilities

In 2008, 11,532 persons, or 3% of the total population in Malta, were registered with the National Commission for Persons with Disability (KNPD) as having a disability. 54% of persons with disabilities were males whilst 29% of the total number is classified within the older age groups, particularly amongst persons aged 75 and over. According to the Survey on Income and Living Conditions (SILC), in 2008 there were 5,750 persons aged between 16 and 64, whose self-defined economic status was reported as being permanently disabled and/or unfit to work. The average annual disposable income of these persons was of €8,582, which is 25% lower than the average annual disposable income of all persons living in private households in 2008. In this regard, a strategy regarding people with disabilities is currently under development.

In 2008, the number of persons with a disability registering under Part I of the unemployment register totalled 299. This showed an increase of circa 9% from 2007. In terms of education, 4% of persons with disabilities had achieved a tertiary level of education (Census 2005) whilst 58% of persons aged 15 and over having a disability stopped studying after achieving, at most, a primary level of education.

³⁶⁶ Under-represented figures are estimates based on 20-50 counts. Source: NSO, (2012).

³⁶⁷ Ibid.

³⁶⁸ Ibid.

³⁶⁹ Ibid.

The unemployment register shows that people with disabilities are among those with highest rates of unemployment (always above 75% for all groups). The types of registered disabilities registered by KNPD in 2008 are included in **Table 3.06** below.

Table 3.06 – Type of registered disabilities (2008)

Type of impairment	Age group			
	0-16	17-59	60+	Total
Physical	298	2,619	4,884	7,801
Psychological	157	624	385	1,166
Intellectual	377	1,317	490	2,184
Hearing	73	419	636	1,128
Visual	56	430	750	1,236
More than one	232	919	1,133	2,284

e. Unemployed People and the Working Poor

In Malta, unemployment is mainly a concern for those attaining low levels of education. When compared to the 2012 unemployment rate for Malta (6.4%), the level of unemployment is more striking for those attaining pre-primary, primary and lower secondary education (ISCED Level 0-2) with a rate of 9.3%. Those attaining ISCED levels of 3-4 and 5-6 have a lower unemployment rate of 4.8% and 2.2% respectively (Eurostat, 2012 data).

The relationship between the level of education and employment prospects have also a direct consequence on the at-risk-of-poverty rate, as outlined in **Table 3.07** below. In fact, persons with low levels of education attainment face a considerable higher at-risk-of-poverty rate when compared with those having higher levels of education. In fact, Eurostat figures denote that whilst people who have a low level of education (ESCED Level 0-2) registered an at risk of poverty rate of 27.1% in 2012, those attaining ISCED Levels 3-4 and 5-6 have a lower at risk of poverty rate which in 2012 stood at 13.0% and 5.9% respectively. Worth noting is the increasing trend in the at-risk-of-poverty rate registered for those attaining less than ISCED Level 4 which is provided in **Table 3.07** below. The Employment and Training Corporation (ETC) data also indicates that the majority of registered unemployed persons have a low level of education.

Table 3.07 – People at risk of poverty or social exclusion by education level in Malta³⁷⁰

Year	2007	2008	2009	2010	2011	2012
ISCED Level 0-2	22.8	23.3	24.3	24.0	25.3	27.1
ISCED Level 3-4	9.9	8.6	8.6	11.4	12.1	13.0
ISCED Level 5-6	6.7	4.7	5.4	7.4	6.9	5.9

The working poor are also considered as one of the target groups that need specific and targeted attention since low wages have an impact on in-work poverty. In fact, Eurostat figures denote an in-

³⁷⁰ Eurostat.

work-at-risk-of poverty rate for those achieving low levels of education. In 2012, this rate stood at 9.9% for those attaining a low level of education, whilst those attaining ISCED level 5-6 registered a rate of only 0.1%. Both rates are considerable below the EU-27 rate which stood at 17.8% in 2011 for ISCED level 0-2 and 4.0% for ISCED level 5-6. Despite this difference when compared to the EU level, the trend is very close therefore delineating the need for action to improve educational attainment levels for people to move out from the risk of poverty. When comparing the various households, one notes that in-work poverty is mainly striking for single persons with dependent children with a rate of 13.2% in 2012, followed by households with dependent children at 9.2%.

Integrated approach to address the specific needs

The complexity and multidimensionality of the problems related with poverty and social exclusion identified above require holistic approaches in which the different dimensions and specificities of the problems can be tackled. Malta aims to address the needs of the different target groups through an outreach approach, presenting tailored solutions in which the target groups themselves have to play a key role. The outreach approach will be disseminated by the different districts in Malta. The aim of adopting this approach is to ensure that the needs of the different target groups are addressed. Furthermore, the specific challenges and the level of concentration of poverty and social exclusion of the different regions are also tackled.

On the basis of a pilot project, that will encompass regional networks in all areas corresponding to the LAUs and additionally in sub-areas with high concentration of problems, Government aims to widen this structure to provide a holistic approach which empowers the target groups, whilst building capacity for the community and civil society in order to improve their participation in the services delivery. This approach calls for collaboration and networking among different stakeholders that can guarantee the required outreach and range of necessary competences.

The aim is to establish Family Resource Centres within the different districts which will be supported through the creation of sub-networks, also in particular areas with high concentration of social and economic problems in order to offer individualized support to the target groups in need. These sub-areas will be identified/confirmed using a participative approach. The Family Resource Centres will work as “one stop shops” delivering *integration of information/screening systems* to reduce duplication, providing the basis for a holistic, personalised approach to service delivery; *integration of employment services with social assistance and health services and enabling services; and improving vertical and horizontal coordination*³⁷¹ in the Government to improve overall service delivery.

The main advantages of this type of bottom-up approach are that local actors have a better knowledge of local challenges that need to be addressed and the resource and opportunities available. This gives local actors a greater sense of ownership and commitment towards combating poverty and social exclusion in the area, including outreach towards those that are hard to reach. A key success factor is to invest in capacity and team building with the objective of developing trustful relationships among stakeholders and gain the support of local structures with the necessary experience and expertise. Moreover, it would also reduce administrative costs through synergies and better use of resources with limited overlaps, whilst also achieving social investment through more effective and efficient social services by promoting the proximity of the services to the people in need. The drive towards this approach meets directly the recommendation of the Commission in its “Social Investment Package”: *“The specific poverty-alleviating effects of various services should always be*

³⁷¹ COMMISSION SWD - Evidence on Demographic and Social Trends, Social Policies' Contribution to Inclusion, Employment and the Economy *Accompanying the document* - COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS
Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014-2020.

borne in mind when planning reforms of service-providing systems. Investing in **enabling services**, including through Structural funds, and ensuring their accessibility and affordability and at the same time ensuring efficacy, can improve quality of life for different categories of disadvantaged people”.³⁷²

Government, recognises that needs vary from one individual to another and therefore it believes that despite the similarities of the issues at stake, each family situation requires targeted investment in order to promote a life cycle approach beginning with measures targeting children and covering the whole households with holistic approaches. Such approach shall also adopt a preventive methodology to mitigate the rise in poverty levels.

An anti-poverty strategy is being developed, on the basis of a very participative process, which encompasses the approach identified above in order to be able to respond effectively towards eradication of poverty and social exclusion in Malta.

The implementation of this strategy³⁷³ will use funding under the European Social Fund complemented by further financing from the ERDF notably for investing in health, social and education infrastructure, as well as support for physical and economic regeneration of deprived urban and rural communities and from the Fund for European Aid to the Most Deprived (FEAD), namely to meet the needs of those most deprived. These investments will impact the social policy modernisation through shifting to community based care and integrated housing policies.

Table 3.08 – The role and the contribution of ESI Funds in the implementation of the integrated approach to address the specific needs of target groups at highest risk of discrimination or social exclusion

	Short description of the needs	ESI Funds that will be used (ERDF, ESF, CF, EAFRD, EMFF, YEI)	Main types of planned actions which are part of the integrated approach	Programme
Children, Youth (including young people in institutional care), Women (including victims of domestic violence), Elderly (65+), Persons with disability (including persons with mental health difficulties), Long term unemployed, Working Poor	Communities in poverty or risk of poverty needing integrated approaches based on empowering and social investment. Need of addressing the local community problems with tailored solutions and collaboration of local actors.	ERDF	Develop bottom up approaches to community regeneration in which the communities take responsible for the renovation and maintenance of their own dwellings. Encourage community based approached in the provision of health and social facilities.	Community Regeneration. Family Resource Centres.

³⁷² Ibid.

³⁷³ The strategy will address all vulnerable groups including women, children, elderly, migrants, disabled, etc.

	<p>Need of building up a network or quality service providers which are community based that will allow a better outreach.</p> <p>Child poverty.</p> <p>Lack of child care facilities to single mothers that can increase their income situation.</p> <p>Elderly in loneliness and needing social care to keep independent living.</p> <p>Lack of active ageing alternatives in terms of extension of labour life but also of activities for the community.</p>		<p>Provide adequate facilities and resources to the most vulnerable groups.</p> <p>Support measures to promote a healthy lifestyle</p>	
<p>Children, Youth (including young people in institutional care), Women (including victims of domestic violence), Elderly (65+), Persons with disability (including persons with mental health</p>	<p>Communities in poverty or risk of poverty needing integrated approaches based on empowering and social investment.</p> <p>Need of addressing</p>	ESF	<p>Empower the different target groups to prevent the dependency and extend as much as possible the independent living.</p> <p>Stimulate</p>	<p>Family Resource Centres.</p> <p>Parenting training schemes with income support.</p> <p>Creation of social</p>

<p>difficulties), Long term unemployed, Working Poor</p>	<p>the local community problems with tailored solutions and collaboration of local actors.</p> <p>Need of building up a network or quality service providers which are community based that will allow a better outreach.</p> <p>Child poverty.</p> <p>Lack of child care facilities to single mothers that can increase their income situation.</p> <p>Elderly in loneliness and needing social care to keep independent living.</p> <p>Lack of active ageing alternatives in terms of extension of labour life but also of activities for the community.</p>		<p>parenting competencies development to foster the stability of the families.</p> <p>To develop capacity building for NGOs in order to build a network of quality service providers reaching the specific needs and locations.</p> <p>To provide the necessary quality services according to the specific needs of each individual and of the communities.</p> <p>To stimulate interaction of generations (children, youth and elderly) as a factor of stabilisation of the families.</p> <p>To support the individuals to create their own sources of income within the development of the communities.</p>	<p>enterprises (in different forms) to ensure new sources of income for the individuals and the community.</p> <p>Stimulating independent living for people with disabilities.</p> <p>Stimulating independent living for elderly people.</p> <p>Intergenerational relationships reinforced.</p>
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			<p>Holistic and integrated assistance (profiling, self-assessment and individual action plans) to the families based on the collaboration of all relevant actors that shall be involved in tackling the individual problems.</p>	
Other target groups	<p>Communities in poverty or risk of poverty needing integrated approaches based on empowering and social investment</p> <p>Need of addressing the local community problems with tailored solutions and collaboration of local actors.</p> <p>Need of building up a network or quality service providers which are community based that will allow a better outreach.</p> <p>Child poverty.</p> <p>Lack of child care</p>	ERDF/ESF	<p>Other target groups as may be determined during the course of the programme.</p>	

	<p>facilities to single mothers that can increase their income situation.</p> <p>Elderly in loneliness and needing social care to keep independent living.</p> <p>Lack of active ageing alternatives in terms of extension of labour life but also of activities for the community.</p>			
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The needs of the specific geographical areas/ target groups will be better understood once the LEAP project (including the social development centres and family resource centres), which has recently been launched, is in full operation and will thus provide Malta with a better understanding of the actual priority needs that need to be addressed at grass root level.

3.1.6 An integrated approach to address specific needs of geographical areas which suffer by severe and permanent natural or demographics handicaps as defined in Article 174 of the TFEU

*Territorial challenges facing Gozo*³⁷⁴

As illustrated in previous sections of the document³⁷⁵ Gozo is situated in the north-west of mainland Malta, and is the second largest island of the Maltese archipelago. The island covers a land area of just 67 km² and a population of approximately 31,000. This makes Gozo (including Comino) one of the smallest NUTS III regions in Europe in terms of population size.

Gozo's insularity and peripherality is even more accentuated than that of Malta. Gozo's economy is heavily dependent on Malta for its economic development in various sectors such as the domestic and manufacturing industry, tourism – notably internal tourism, and agriculture. The fact that there is no permanent link or an air link and that the current, sole, ferry link is subject to occasional suspensions due to bad weather has acted as an obstacle to investment flowing to Gozo. Critical infrastructural limitations, such as a lack of redundancy in ICT connectivity with Malta, render Gozo a far less attractive destination for local and foreign direct investment.

The social and economic context of Gozo, whilst in many instances similar to Malta, has specific characteristics that need to be addressed through an integrated and tailor made approach. Gozo's economy, particularly due to the constraints of double insularity, is primarily underpinned by craft, food processing, light manufacturing, agricultural and internal tourism economic activity.

Gozo's share of Gross Value Added dropped from 5.96% in 2000 to 5.54% in 2010. The decline occurred gradually over the years, and may be interpreted to mean that mainland Malta developed more rapidly than Gozo in certain value-added services, such as financial services. Although Gozo's economy grew, Malta's economy grew at a faster rate, with the consequence that the share of the Gozitan economy declined. It is pertinent to note that Gozo did not have the infrastructure to support specific, fast-growing and high value added services such as ICT infrastructure.

By contrast, its promotion as an eco-island means that Gozo has sustained a relatively higher share and dependence on agriculture and fishing when compared to Malta. In 2010, the agriculture and fishing constituted 4.4% of the island's Gross Value Added (GVA), well above the 1.6% contribution of this sector to the Maltese GVA. In fact, Gozo accounts for 23% of the total organic land in the Maltese Islands, which covers 26 hectares.

The main productive sectors in Gozo are the following:

- Construction Sector: Employment in Gozo fell from 994 in 2007 to 888 in 2012 – a decrease of 10.7% (106 persons). The GVA in Gozo reflects the national trend which contracted by 2.1%. The contribution of the construction industry to the Regional GVA for Gozo fell from 0.42% to 0.36% over the said period;
- Wholesale and Retail Sector: Employment in Gozo increased from 1,122 in 2007 to 1,332 in 2012 – an increase of 18.7% (210 persons). The GVA in Gozo reflects the national trend as it increased by 13.8%;
- Tourism Sector: Employment in Gozo decreased by 2.9% from 719 in 2007 to 698 in 2012. The average length of stay in Malta was 6.1 nights, while in Gozo and Comino, it averaged 3.5 nights. The number of arrivals of resident tourists in Gozo decreased from 37,164 to

³⁷⁴ This section has been compiled on the basis of statistics sourced from the National Statistics Office.

³⁷⁵ This section should be read in conjunction with section 1.1.3 relating to the territorial profile and development needs of Gozo, as well as section 3.1.2 relating to the arrangements to implement territorial investments in Gozo.

33,372, whilst that of non-resident tourists also decreased from 40,366 to 34,778 over the said period. Hotel occupancy levels in Gozo stood at 43% in 2010 compared to a national average of 58%; and

- Financial and Insurance Services Sector: Between 2007 and 2012, employment in Gozo increased by 48 jobs and the sector expanded by 12.9%. This seems to indicate that Gozo is not significantly benefiting from the growth potential of this 'new' economy sector and that employment in this sector primarily consists of local intermediaries operating for the Gozitan domestic market. The GVA in Gozo reflects the national trend as it increases by 31.4%, whilst the contribution to the Total Economy GVA rose in Gozo marginally from 1.12% to 1.27%.

Over the past decade there have been several depletions in the Gozitan manufacturing sector and related employment has fallen although the traditional activities (to cover crafts and cottage industries as well as the artisanal food industry) employment are thriving, contributing to the rurality of the island in a much more pronounced manner than Malta. The contribution of these activities to the Gozitan economy is not significant although they are considered to be an important link in the chain of local and artisanal food production.

Gozo has the second lowest average household disposable income - second only to the Southern Harbour district in Malta. According to NSO figures, the average household disposable income for Gozo increased from €18,429 in 2007 to €20,414 in 2010 – an increase of 10.8%. It is also pertinent to underline that in 2009, with an at-risk-of-poverty rate of 17%, Gozo stood as the second highest district when compared to the value for 2010, which was 14.7%, placing Gozo as the second lowest district.

Almost 2,900 Gozitan students graduated from the University of Malta in the 20 year period from 1990 to 2010 of which over 750 achieved degrees in education, twice the amount of graduates in science and technology. The figures for total graduates as a proportion of the total population compares favourably when taken against the national average – in fact, in 2010 it accounted for 9% of the total student body of the University of Malta.³⁷⁶ The rate of Early School Leavers in Gozo was 19.4% in 2012 which compares with the national average that stood at 22.6%.

It is pertinent to underline that approximately 20% of the Gozitan employed population (circa 2,000) works in Malta. Indeed, the permanent and severe handicaps that have to date inhibited Gozo from participating in the knowledge economy and in value added manufacturing and services has contributed towards a significant brain drain from the island where over 40% of Gozitans who work in Malta are graduates, while only 15% of those who work in Gozo have attained a University degree.³⁷⁷ This number would be even higher if it were not for a number of initiatives that have allowed Gozitans to return to work in Gozo in recent years, including the transfer of back-office activities in the public sector and in financial services. Of this cohort of people, an estimated 1,200 commute on a daily basis between the two islands in order to work.³⁷⁸

A distinctive feature of Gozitan employment is the perceptibly higher proportion of self-employment in comparison to Malta. Employment and Training Corporation (ETC) administrative data for 2010 (annual average) put this proportion at 17.2% of the Gozitan work force against 11.7% with regard to the Maltese counterpart. Furthermore, the proportion of public-sector employment vis-à-vis Gozitan employment was 38.3% in 2010, considerably higher than the national proportion of public-sector workers which stood at 27.8% in 2010, and the respective share in Malta, at 27.1% in the same year.

³⁷⁶ A human resource strategy for the Island region of Gozo, Ernst and Young, 2011

³⁷⁷ Ibid

³⁷⁸ Ibid

Demographic trends

The population in Gozo remained relatively stable between 2007 and 2011 (31,289 in 2007; 31,432 in 2008; 31,301 in 2009; and 31,419 in 2010) in comparison to Malta which increased from 379,001 in 2007 to 386,545 in 2011. Within this context, it is worth noting that Gozo has a more elderly population than mainland Malta. In fact, the 2011 Preliminary Report on the Census of Population and Housing identifies that the average age of the Maltese population in Gozo increased from 39.5 years of age in 2005 to 41.6 years of age in 2011; when compared to the average age of 40.4 years of age in 2011 of persons living in Malta (38.4 years of age in Malta in 2005).

In addition, the number of persons of live births in Gozo increased between 2007 and 2009 – from 260 to 305. Thereafter, however, the number of live births in Gozo fell to 274 in 2011. The number of live births between 2007 and 2011, thus, saw a marginal increase of 14 births – or an increase of 5.4%. Although over the said period live births in Gozo increased, the rate of increase is significantly lower than that in Malta – which over the same period increased by 384 – or 10.6%.³⁷⁹

There are a number of factors that are contributing towards the increasing trend in the elderly population in Gozo in relation to that of mainland Malta. Gozo's economy has not been able to exploit the opportunities arising from the fast-growing and high value-added services when compared to mainland Malta in particular due to the constraints of double insularity. Despite the high levels of tertiary education attained by Gozitans, this has resulted in a significant migration of young persons to Malta to take up careers in for example knowledge-based enterprises. The pressure of commuting daily between the two islands is also resulting in more Gozitans opting for permanent residence in Malta.

The impact on the elderly population of Gozo as a result of the permanent migration of young educated Gozitans to Malta is further exacerbated by a higher rate of Gozitan migrants who return home to retire after a lifetime working overseas. Combined together these factors are leading towards an upward trend in the ageing population of Gozo which is exceeding that of mainland Malta and which is putting additional pressure on the socio-economic development of Gozo.

A tailor made approach specific to the needs of Gozo

In order to address the territorial challenges of Gozo, particularly its socio-economic specificities as well as the handicaps arising from the combined effects of its double insularity, its environmental fragility, its small population size as well as its inherent limited resources; a tailor made approach specific to the needs of Gozo is required with the aim of bolstering the island's economic activity whilst protecting the inherent and distinctive natural features that distinguish the island. In this regard, from a strategic perspective, Government intends to sustain its horizontal approach within national and sectoral strategies whereby strategies factor in the needs of the Gozo with a view to adopt a holistic approach towards the needs of the territory.

The arrangements to implement territorial investments in Gozo for the 2014-2020 period will be based on the framework that is in place for the current programming period whereby 10% of Malta's national allocation for the European Regional Development Fund, the European Social Fund and the Cohesion Fund will be earmarked to address the specific needs of Gozo.

With regards to the EAFRD and the EMFF for the 2014-2020 period, Gozo's needs will be addressed through the priorities set out inside the respective programmes on which Gozitan stakeholders were consulted.

³⁷⁹ Pg 3, Gozo in Figures, 2007-2011, National Statistics Office, Malta, 2012

Addressing the territorial challenges of Gozo

Under the 2014-2020 programming, Gozo's territorial challenges will be addressed through strategic investments across all of the ESI funds targeting: road and transport infrastructure (in line with the TEN-T guidelines and the priorities identified under the CEF facility) with a view to improving accessibility of the island, enhancing competitiveness and fostering an environment which is conducive to economic growth and job creation, and providing the necessary educational and training opportunities. Furthermore, the ESI Funds are envisaged to contribute towards maximising the competitive edge of the island through investment in the environment particularly in the natural and cultural heritage. The objective of these investments is to address Gozo's permanent natural handicaps in particular its double insularity, peripherality and economic dependence on mainland Malta.

National arrangements for the integrated approach to development in Gozo

Government intends to continue to implement a horizontal approach within national and sectoral policies whereby strategies factor in the needs and specific characteristics of the island of Gozo with a view to adopting a holistic and integrated approach towards the development needs of Gozo.

In addition, the Government will develop an integrated territorial development strategy for Gozo³⁸⁰, which will identify the specific development needs and investment priorities for Gozo for 2014-2020. This strategy will be developed in line with the partnership principle and will be completed by the end of 2015. EU funding and programme interventions under the 2014-2020 programmes will be implemented in line with this strategy. It will articulate an integrated strategy for Gozo with a view to reap synergies and ensure a co-ordinated approach for measures and initiatives in Gozo, thus contributing towards the maximization of economic, social and environmental benefits to the island.

At Cabinet level, the Ministry for Gozo is responsible for implementing and promoting initiatives on the territory that will address the socio-economic development of Gozo, whilst protecting the inherent and distinctive natural features that distinguish the island. The Ministry's structure, which includes units tasked with the implementation of national policies within the local context as well as others which aim to identify targeted policies for Gozo, ensures a coordinated approach for the implementation of the relevant measures.

The Gozo Regional Committee (GRC) is a strategic partner in contributing towards the socio-economic development of the island. The GRC aims to promote the advancement, sustainability and enhancement of all aspects of the island of Gozo and represents stakeholders from a cross section of Gozitan society including representatives from the business, tourism and local community as well as trade unions, employers' organisations and civil society. The Ministry for Gozo is also represented on the GRC.

The Gozo Regional Committee is also a member of the Malta Council for Economic and Social Development (MCESD) and the Core Group of the Malta EU Steering and Action Committee (MEUSAC) which are the key formal structures through which social dialogue and public consultations are undertaken at a national level in Malta.³⁸¹ The MCESD serves as a consultative and advisory body to Government on matters of economic and social policy; whilst MEUSAC is responsible for engaging civil society in the EU decision making process and for actively supporting NGOs and local councils in their participation in EU programmes and funding.

³⁸⁰ Given the size and territorial characteristics of the territory, Malta believes that in line with the principle of simplification, as well as the reduction of administrative burden, it will not utilize the Integrated Territorial Investment (ITI) approach in the implementation of the European Structural and Investment funds.

³⁸¹ See section 1.5.1 for information regarding the Partnership Principle and multi-level governance.

The participation of the Ministry for Gozo in the various stages of implementation of the ESI Funds is further assured through the Ministry's participation in the Monitoring Committee(s) of the relative Operational Programme(s) in accordance with the terms of references of these committees.

Section 4

04. Assessment of the existing systems for electronic data exchange, and a summary of the actions planned to gradually permit all exchanges of information between beneficiaries and authorities responsible for management and control of programmes to be carried out by electronic data exchange

During the 2007-2013, three electronic data exchange systems were set up for the management of the funds, namely the:

1. Structural Funds Database (SFD07-13) managing Structural and Cohesion Funds and projects as well as acting as a financial control mechanism to enable the smooth processing of payments;
2. European Fisheries Fund Database (EFF07-13) for the management of the European Fisheries Fund and Projects; and
3. Integrated Administration and Control System (IACS) for the management of the European Agricultural Fund for Rural Development (EAFRD).

In the case of the European Fisheries Fund platform, this is similar to the SFD07-13; hence, for the purpose of this section, the assessment undertaken for the SFD07-13 is also applicable to the EFF Database.

Structural and Cohesion Funds and the European Fisheries Fund Databases

The current Structural Funds Database (SFD07-13) and the EFF Database are web-enabled information management and monitoring systems, developed for Government with a view to manage the Structural and Cohesion Funds and the European Fisheries Fund respectively. The assessment which follows is applicable to both databases in view that these operate on a similar platform.

The different authorities and stakeholders involved in the electronic data exchange namely: the Managing Authority, Treasury, Certifying Authority, Audit Authority, Line Ministries, Intermediary Bodies and Beneficiaries³⁸² with the exception of beneficiaries benefitting from Aid schemes, access a common application/database. The access to the common application/database is based on internet technologies, thus making the system available 24/7 (with the exception of maintenance). The communication channel for the secure transfer of data is processed via Hypertext Transfer Protocol Secure (HTTPS). Authentication and authorisation mechanism within the meaning of Directive 1999/93/EC is executed in practice by assigning unique credentials to each user required by the common application/database. Once users are authenticated by the common application/database with the unique credentials, a session ID is assigned by the system. All transactions carried out by the user within the session are linked to the session ID, together with a version number and timestamp. Authorisation is applied on both the functionality and the data user that he/she has access to. During the Authorisation process, users will be granted access to specific functionality e.g. no access, read only, read write etc.; moreover users will only be granted access to relevant data³⁸³ being stored in compliance with retention rules defined in Article 140 of Regulation (EU) No 1302/2013.

In the context of the local environment and in view of the above, no synchronisation is required with national, regional and local computer management systems. Thus no interoperability between

³⁸² This system is not accessible to beneficiaries of Aid Schemes under Article 107 of the TFEU.

³⁸³ The collection and storage of microdata is in line with the Data Protection Act: ³⁸³; available from http://ec.europa.eu/justice/policies/privacy/docs/implementation/malta_en.pdf

different authorities involved in the electronic data exchange is required, as data is already shared through the common application/database at national level.

Similarly, with a view to facilitate the implementation by Beneficiaries the 'only once' encoding principle is already being applied on the operation life cycle, from the signature of the grant agreement to Beneficiaries³⁸⁴ payment claim with the exception of beneficiaries benefitting from Aid schemes. Subject to the privilege granted by the common application/database authorisation process on both functionality and data, data can be viewed by different authorities and stakeholders involved in the electronic data exchange. Moreover the same data does not need to be entered twice by different authorities and stakeholders involved in the electronic data exchange. Furthermore, certain data required within a form can be filled in and/or validated from data already available within the system. This will simplify the beneficiaries' payment claim process and other data process through the system. Original documents can be scanned and uploaded in the common application/database. These principles will be extended to beneficiaries benefitting from Aid Schemes during the 2014-2020 programming period.

The database is divided into different levels, each level accessed by the relevant stakeholder. These include:

- Senior Management within the relevant authorities responsible from the respective Operational Programme and Priority Axis levels;
- Project Managers that deal with the Projects and Components levels;
- Project Leaders that oversee the Commitments, Contracts and Invoices levels; and
- Viewing rights to other stakeholders dependent on their role within the system.

The database is accessible both through an application and a browser-based version. In the main, the application is used for the inputting of financial data at the level of the Managing Authority, while the browser-based version incorporates additional modules namely: Generation of Financial Reports, the generation of Statements of Expenditure (SOE) and Indicators.

Application

- Programme Level (managed by the Managing Authority)
 - Details for each Operational Programme;
 - List of Priority Axis under each respective Programme;
 - Financial Components (amounts allocated); and
 - Documentation pertaining to each Programme.
- Project Level (managed by the Managing Authority)
 - Details for each project including the start and end date of the project, the status of the project and under which Priority Axis it falls;
 - Financial Plan of the project specifying the amount committed to that project and how that amount is classified (Public Eligible, VAT Eligible, etc);
 - Authorised persons responsible for the project; and
 - Project-related documentation.
- Component³⁸⁵ Level (managed by the Managing Authority)
 - Different components are created for each project;

³⁸⁴ This system is not accessible to beneficiaries of Aid Schemes under Article 107 of the TFEU.

³⁸⁵ The Activities approved under a project.

- Details for each component are inserted including the description and the status of the component; and
 - Financial plan specifying the amount allocated to that component.
- Commitments (inserted by the Beneficiary)
 - The beneficiary inserts commitment according to the contracts planned under the project;
 - Details of the commitment including the date of the commitment and its status; and
 - Financial plan indicating the amount allocated to that commitment.
- Contracts³⁸⁶ (inserted by the Beneficiary)
 - The beneficiary inserts the contract details including the Project, Component and Commitment related to that contract, contract reference, description and status;
 - Financial plan of the contract where the beneficiary enters the amount of the contract;
 - Guarantees are inserted, if applicable; and
 - Contract Documentation where any contract related documentation is uploaded.
- Invoices (inserted by the Beneficiary)
 - Invoice details inserted by the beneficiary, including the description, reference and bank account details of the supplier;
 - Financial plan of the invoice where the beneficiary enters the amount of the invoice;
 - Invoice documentation where the actual invoice and supporting documents are uploaded;
 - Payment Authorisation lists the stakeholders which need to certify that invoice and the status of the payment authorisation (complete or pending);
 - Invoice Status Certificate (ISC): a draft copy if it is not yet endorsed, an uploaded copy of the original if it is endorsed by the authorisation parties; and
 - Any adjustments including the details and the financial plan for each.

Browser Version

- Statement of Expenditure³⁸⁷ (SOE).
- Users can generate, upload and reprint SOE by Project, SOE by Priority Axis and SOE by Fund.

Taking into account the requirements of the Common Provisions Regulation as well as the draft Fiche on e-Cohesion,³⁸⁸ Government has tasked the national IT Agency (MITA) with a view to undertaking an in depth assessment of the current system including its technical characteristics.³⁸⁹ Based on this assessment, the following are the main areas identified:

- **Official correspondence** (e.g. project change request) is not stored on the SFD (2007-2013) / EFF Database. In view to enhance the current system, Malta plans to put in place a messaging and notification system within the MIS to be developed for the programming period 2014-2020;
- **Non financial reporting and updates** are usually done through electronic means. Updates are requested mainly on the tendering and contracting process as well as progress of indicators. An *ad hoc* module to monitor progress in terms of contracting needs to be developed. In addition, the current module for monitoring indicators will continue to be

³⁸⁶ A major ICT investment was the implementation of the e-Procurement System in 2012, facilitating access to public tender documents and simplifying submission of bids.

³⁸⁷ The Statement of Expenditure is the process whereby funds paid through national funds for approved project by the Managing Authority or the Commission (in the case of Major Projects) are claimed back from the Commission.

³⁸⁸ Implementing act on the rules concerning electronic information exchange with beneficiaries ("e-Cohesion")

³⁸⁹ These include data integrity and confidentiality; authentication of the sender; storage; secure transfer of data; system availability during and outside standard office hours; accessibility by the Member States and the Beneficiaries; protection of privacy of personal data.

enhanced, particularly in view of the development needs *vis-à-vis* the performance framework;

- **Outcome of Checks** by the Managing Authority as well as reports by the Audit Authority are sent in electronic format. The module related to the reporting of checks and audits needs to be enhanced with a view to enabling beneficiaries and auditees to react to reports prepared by the relevant authorities in electronic format;
- In the case of **Aid Schemes**, data is placed on excel sheets and is shared internally within the Intermediary Body. This data is then checked by the Managing Authority during checks and Audits and upon specific requests. An *ad hoc* module to cater for the requirements of Intermediate Bodies and beneficiaries of Aid Schemes under Article 107 of the TFEU needs to be developed;
- **Beneficiaries benefiting from Aid Schemes** submit payment claims and supporting documents in hard copy through traditional mail or delivered by hand. There is no online facility for beneficiaries to process such documentation. A module to cater for the needs and requirements of beneficiaries of Aid Schemes needs to be developed; and
- There is currently no **automatic transfer of data between the SFD 2007-2013 and the SFC 2007-2013**. Malta intends to link both systems for the programming period 2014-2020.

Planned Actions

In order to address the areas outlined above, the following actions have been planned:

- **Official correspondence:** Messaging and notification system within the MIS are to be developed for the programming period 2014-2020 and will be in place in 2014;
- **Monitoring progress in terms of contracting:** An *ad hoc* module to monitor progress in terms of contracting will be developed and be in place by 2015. In addition, by 2014, the current module for monitoring indicators will continue to be enhanced, particularly in view of the development needs *vis-à-vis* the performance framework;
- **Reporting of checks and audits:** By 2015, the module related to the reporting of checks and audits will be enhanced with a view to enabling beneficiaries and auditees to react to reports prepared by the relevant authorities in electronic format;
- **Intermediate Bodies and beneficiaries of Aid Schemes:** by the time calls for application by the Intermediate bodies are issued, an *ad hoc* module to cater for the requirements of Intermediate Bodies and beneficiaries of Aid Schemes under Article 107 of the TFEU will be developed;
- **Online facility for beneficiaries under the Aid Schemes:** by 2014, a module to cater for the needs and requirements of beneficiaries of Aid Schemes will be developed; and
- **Automatic transfer of data between the SFD 2014-2020 and the SFC 2014-2020:** a year after that the Commission provides visibility of the requirement for the link to happen, this automatic transfer facility will be developed.

Electronic Data Exchange

Malta is committed to implement the necessary electronic data exchange system by 31 December 2015. In line with Article 122(3) of the CPR, beneficiaries will have the possibility to opt at grant agreement stage, whether or not they intend to utilise the facility of electronic exchange of data. This facility is expected to contribute towards the reduction of administrative burden. In this regard, enhancements to the current system will include the following functionalities:

Function		
	Managing Authority	Beneficiaries
Interactive and/or pre-filled forms by the system	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Automatic calculations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Automatic embedded controls	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
System generated alerts	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
On-line status tracking	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Availability of all the history of the file.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

European Agricultural Fund for Rural Development

For the 2007-13 management of the European Agricultural Fund for Rural Development (EAFRD), the Agriculture and Rural Payments Agency (ARPA) was set up with the responsibility for the disbursement of CAP payments. ARPA makes use of an Integrated Administration and Control System (IACS) established in accordance with Article 15 of Council Regulation 73/2009.

IACS is a fully Integrated system with access rights segregated by function and is made up of a:

- Farmer register, which contains the details of the beneficiaries;
- Controls module, used for the management of control samples, inspection data and outcomes of inspections;
- Land Parcel Identification System (LPIS), consisting of an agricultural land register and related physical /environmental information which is linked to the Farmer register;
- Contracts and Guarantees modules, that generates and manages project contracts and guarantees;
- Entitlement Register, which consists of a register of entitlements related to the Single Payment Scheme under the European Agriculture Guarantee Fund;
- Ranking and Extraction modules, that are used to rank applications both for the selection of projects to be awarded for funding and to select projects for control;
- Commitment Register, which records all ongoing EAFRD project commitments;
- Reporting module; and
- Applications and Dossiers modules, which generate applications with a view to facilitating submission.

IACS is a centralised, web-based accessed system and provides the required control access to stakeholders. There are various levels of access rights depending on the function within ARPA and the type of stakeholder. The ARPA has several functions:

- **Front Office:** responsible for the maintenance of the Farmer register, receipt of application through a specific module and for the provision of information to beneficiaries. Staff has read/write access to the Farmer register and applications modules and read access to the LPIS, Control System, Entitlement Register and Commitment Register;
- **Authorisation Units:** responsible for the administrative checks, creation and management of contracts and the authorisation of payments in relation to European Agriculture Guarantee Fund (EAGF) and EAFRD. Staff have read or read/write access in relation to their respective area and their role and read only access to the controls module. The unit responsible for EAFRD can only view projects and payments related to the unit and vice versa for the EAGF;
- **Control Unit:** responsible for the LPIS, a system to register agricultural land and for on-the-spot checks. LPIS users have read/write access to the LPIS module. Inspectors can input the data in the control system, generate the outcomes of the controls and print control reports. The head of unit and risk analysis coordinator has access to the ranking module;
- **Payments Unit:** responsible for the execution of authorised payments uploaded in the Payments module. The staff has read/write access to process payments to the beneficiaries and to the guarantees module; and
- **Accounting Unit:** responsible for the handling of assigned revenue (Debtor's Management) and financial reporting. The staff has read/write access to the debtors management module and reporting module.

All the staff within the Agency has read only access to the Farmer register and LPIS whereas the Head of Units have read access to all the modules and reporting facilities. Other stakeholders include: Managing Authority for Rural Development, which is responsible for the drafting and monitoring of the Rural Development Plan (RDP), the Certifying Body, Local Action Groups (LAGs) set up to implement the LEADER and local strategies under the RDP and beneficiaries. Particularly:

- The Managing Authority for Rural Development has read only access to the Farmer register, LPIS, contracts and commitment register and reporting module.
- The Certifying Body is given *ad-hoc* read-only access depending on the audit being performed.
- Local Action Groups have access to the applications and contracts modules in respect to the measures within their remit.
- The Beneficiaries have read-only access to their details in their Farmer register, applications and LPIS.

IACS was deployed in 2008 after which a number of enhancements/changes have been made by the Paying Agency to upgrade and maintain the software with upcoming EU programmes, Directives and Regulations in the light of the local scenario. The IACS system also caters for both Pillar 1 and Pillar 2 schemes under Common Agricultural Policy whereby the system:

- Supports fully automated processes, where every action is performed within the IT system;
- Provides data repository and e-archiving facility for all the documentation related to the aid concerned; and
- Provides online access to users and beneficiaries through secure passwords and controlled access.

The following is a list of forms that can be submitted by beneficiaries that are related to the management of the Land Based Measures³⁹⁰ under Pillar I and Pillar II:

³⁹⁰ The Land Based Measures Unit is responsible for the administration of the entitlement and commitment registers related to area based schemes, conduct administrative checks and authorise payments related to area based measures (LFA, Agri-environment and Single Payment Scheme).

- **Application Campaign (submission of payment claim):** Through the applications module, the applicants have the facility to register online to gain access to the system and submit online the payment claim for the land based measures, under which the concerned claimant has a commitment;
- **Submission of a bank payment form:** The current system allows beneficiaries to change the bank payment details by compiling and submitting the bank payment form at the Front Office of the Paying Agency. The document is scanned and uploaded in IACS by the Front Office staff;
- **Objection Forms:** Currently, a beneficiary submits a paper based application to enquire or object³⁹¹ to a decision taken by the Paying Agency. In order to comply with the 2020 requirements, the system should be enhanced to allow the online submission of objections within IACS;
- **Request transfer of parcels:** The present system allows the Paying Agency to manage the on-line requests between Front Office and Back Office;
- **Outcome of Controls:** The system contains all the details of the controls; however the module is limited to the use of the administration; and
- **Payments:** Payments are effected through bank transfers and the system is equipped with a module where beneficiaries can view the payments effected by the Paying Agency.

Based on an internal assessment taking into account the business requirements of the CAP 2014-2020 and Article 14(2)(b) (CPR), the following needs have been identified:

- **Request for Force Majeure:** within the current system, no functionality exists for beneficiaries to make request to waive off penalties when there is a breach of contract for reasons beyond their control. Within this context, an enhancement to the current system to allow farmers to submit online request for force majeure and upload relevant documentation is required;
- **Request for termination of contract:** This functionality is presently carried out manually; however all the necessary documentation is uploaded and updated accordingly within the system;
- **Progress Reports:** Progress reports are submitted manually. Hence, there is a need to provide Beneficiaries with the possibility to have a facility to submit online the progress reports and upload relevant documentation;
- **Contract Management:** At present, requests for changes to the contracts (for example, a beneficiary wants to change a deliverable under a line item) are performed by presenting a written request. It is planned that such requests for changes are to be provided within IACs to be submitted directly online;
- **Payment Claims:** This module is being used by the Authorising Units to manage investment type measures. In order to provide this functionality to the beneficiary, a number of small enhancements need to be carried out to ensure that the data provided is valid and correct;
- **Notification Portal:** The current system does not provide a notification portal whereby a beneficiary can check whether any action is needed from his / her part;
- **Outcome of Controls:** Currently, write access is provided to Inspection staff whilst read only access is provided to authorisation units with regards to the details of controls effected on beneficiaries. The ease of use by farmers is being further studied;
- **Transfer of parcels³⁹²:** To date, farmers do not have the opportunity to submit a request to transfer a parcel (field) to other farmers via IACS. The ease of use by farmers and take-up of the already existing on-line service is being further studied; and

³⁹¹ The objection can be submitted through the www.servizz.gov.mt portal, which is outside IACS platform.

³⁹² This is a very common request as farmers often tend to exchange parcels.

- **Objection Forms:** Currently, a beneficiary submits a paper based application to enquire or object to a decision taken by the Paying Agency.

Planned Actions

The following actions are planned to be developed to implement the new requirements arising from the proposed CAP legislative proposals. The enhancements will take into consideration the IT system requirements in relation to the electronic data exchange:

- **Request for Force Majeure:** a new development will be in place by 2014 to allow farmers to submit online request for force majeure and upload relevant documentation;
- **Request for termination of contract:** a new enhancement will be in place by 2014 so that this functionality is carried directly in IACS;
- **Progress Reports:** A new development will be in place by 2014 so that beneficiaries have the facility to submit online the progress report and upload relevant documentation;
- **Contract Management:** A new enhancement will be in place by 2014 so that request for changes to the contract are performed within IACS to be submitted on-line;
- **Payment Claims:** In order to enable beneficiaries to manage investment type measures, a number of small enhancements to the existing module will be in place by 2014, to ensure that the data provided is valid and correct;
- **Notification Portal:** New development for a portal in Farmer Registry, where notifications will be posted to beneficiaries, is envisaged to be in place by 2014;
- **Outcome of Controls:** An enhancement on existing module will be in place by 2014 to provide access to the beneficiaries of details of controls;
- **Transfer of parcels:** An enhancement on existing module will be in place by 2014 through which farmers will be given the opportunity to submit a request to transfer a parcel (field) to other farmers via IACS;

Objection Forms: Currently, a beneficiary submits a paper based application to enquire or object to a decision taken by the Paying Agency. In order to comply with the 2020 requirements, by 2015, the system will be enhanced to allow the online submission of objections directly within IACS.

Annex A:
**List of Partners involved in Public
Consultations**

(a) competent urban and other public authorities	(b) economic and social partners	(c) relevant bodies representing civil society, including environmental partners, NGOs, and bodies responsible for promoting social inclusion, gender equality and non-discrimination
Agency for the Welfare of Asylum Seekers Aġenzija Żgħażaġħ Air Malta Armed Forces of Malta Building Industry Consultative Committee Building Regulations Office Civil Protection Department Commissioner for Children Commissioner on Domestic Violence Council for the Teachers' Profession Department of Agriculture Department of Culture Department of Industrial and Employment Relations Department of Social Welfare Centre Employment and Training Corporation Enemalta Corporation European Direct Information Centre European Union Programmes Agency Fisheries Control Directorate Foundation for Educational Services Foundation for Information Technology Accessibility Freedom of Information Office Foundation for Social Welfare Services Foundation for Tomorrow's Schools Gozo Channel Company Ltd	Chamber of Engineers Confederation of Malta Trade Unions Egg Producers' Organisation Forum Unions Maltin General Retailers and Traders Union General Workers Union Gozo Business Chamber Koperattiva Nazzjonali tas-Sajd Koperattiva Produtturi tal-Ħalib Koperattiva ta' min Irabbi l-Majjali Malta Chamber of Architects Malta Chamber of Commerce, Enterprise and Industry ³⁹⁴ Malta Chamber of Pharmacists Malta Chamber of Scientists Malta Developers Association Malta Employers' Association Malta Hotels and Restaurants Association Malta Insurance Association Malta Poultry Producers' Organisation Malta Union of Midwives and Nurses Malta Union of Teachers Malta Viticulture Producer Organisation Medical Association of Malta Union Ғaddiema Magħqudin	Alternattiva Demokratika Aquaculture Sector Anti-Poverty Forum Archdioceses of Malta and Gozo Association of Car Importers Malta Association of Insurance Brokers Association of Ship Agents Assoċjazzjoni tal-Bdiewa Book Publishers Association Chamber of Advocates Church Schools Din l-Art Ғelwa EKOSkola Euromed Connect Coop Farmers' Central Co-operative Society Federated Association of Travel and Tourism Federation for Hunting and Conservation Fish4Tomorrow Fisheries Cooperatives Flimkien għall-Ambjent Aħjar Fondazzjoni Belt Victoria Fondazzjoni Wirt Artna Foundation Medical Services Genista Research Foundation Malta Għaqda Koperattiva tas-Sajd

³⁹⁴ The ICT & Telecom Industries as well as user groups and utilities in this sector were represented through the Malta Chamber of Commerce, Enterprise and Industry and the Malta Communications Authority.

(a) competent urban and other public authorities	(b) economic and social partners	(c) relevant bodies representing civil society, including environmental partners, NGOs, and bodies responsible for promoting social inclusion, gender equality and non-discrimination
<p>Grand Harbour Regeneration Corporation Guardian of Future Generations Health Department Heritage Malta Housing Authority International Maritime Law Institute Institute for Tourism, Travel and Culture Institute for Waste Management Kordin Grain Terminal Kunsill Malti għall-Isport Kunsill Nazzjonali tal-Ilsien Malti Kunsill Studenti Universitarji Local Councils (Malta & Gozo)</p> <ul style="list-style-type: none"> - Balzan Local Council - Birkirkara Local Council - Birżebbuġa Local Council - Fontana Local Council - Għajnsielem Local Council - Għarb Local Council - Għasri Local Council - Għaxaq Local Council - Gudja Local Council - Gżira Local Council - Kerċem Local Council - Marsaskala Local Council - Marsaxlokk Local Council - Mellieħa Local Council - Msida Local Council - Mqabba Local Council 		<p>Għaqda Produtturi tal-Laħam tal-Fniek Għaqda Produtturi tat-Tadam Gozo NGOs Association Gozo Tourism Association Hospice Malta Independent Schools Inspire IT Students' Association Junior Chamber International Kummissjoni Ambjent Light Pollution Awareness Group Local Action Groups Malta Association for Private Training Providers Malta Association of Physiotherapists Malta Aviation Business Council Malta Band Club Association Malta Bankers Association Malta Basketball Association Malta Business Bureau (MBB) Malta Dental Technology Association Malta Energy Efficiency and Renewable Energies Association Malta Federation of Professional Associations Malta Fishing Forum (MFF) Malta Maritime Law Association Malta Motorsport Federation Malta Powerboat Association Malta Shortsea Promotion Centre Malta Society for the Blind</p>

(a) competent urban and other public authorities	(b) economic and social partners	(c) relevant bodies representing civil society, including environmental partners, NGOs, and bodies responsible for promoting social inclusion, gender equality and non-discrimination
<ul style="list-style-type: none"> - Paola Local Council - Pembroke Local Council - Qala Local Council - Qormi Local Council - Qrendi Local Council - San Pawl il-Baħar Local Council - Swieqi Local Council - Tarxien Local Council - Valletta Local Council - Xagħra Local Council - Xgħajra Local Council - Xewkija Local Council - Żebbuġ (Gozo) Local Council - Żejtun Local Council - Żurrieq Local Council <p>Local Councils Association Lotteries and Gaming Authority Malta Aquaculture Research Centre Malta College of Arts, Science and Technology Malta Communications Authority³⁹³ Malta Competition and Consumer Affairs Authority Malta Council for Science and Technology Malta Enterprise Malta Environment and Planning Authority Malta EU Steering Action Committee</p>		<p>Malta Tourism Society Malta Water Association Malta Yachting Association National Association of Pensioners National Council for Women Malta National Youth Council Nature Trust Parents' Association Partit Laburista Partit Nazzjonalista Peace Laboratory Private Schools Association Recreational Fishing Organization Representative of Environmental NGOs Richmond Foundation Siġġiewi Basketball Club SKOP (Solidarjetà u Kooperazzjoni) Solidarity Overseas Services (SOS) Malta Xagħra Parish Office</p>

³⁹³ The ICT & Telecom Industries as well as user groups and utilities in this sector were represented through the Malta Chamber of Commerce, Enterprise and Industry and the Malta Communications Authority.

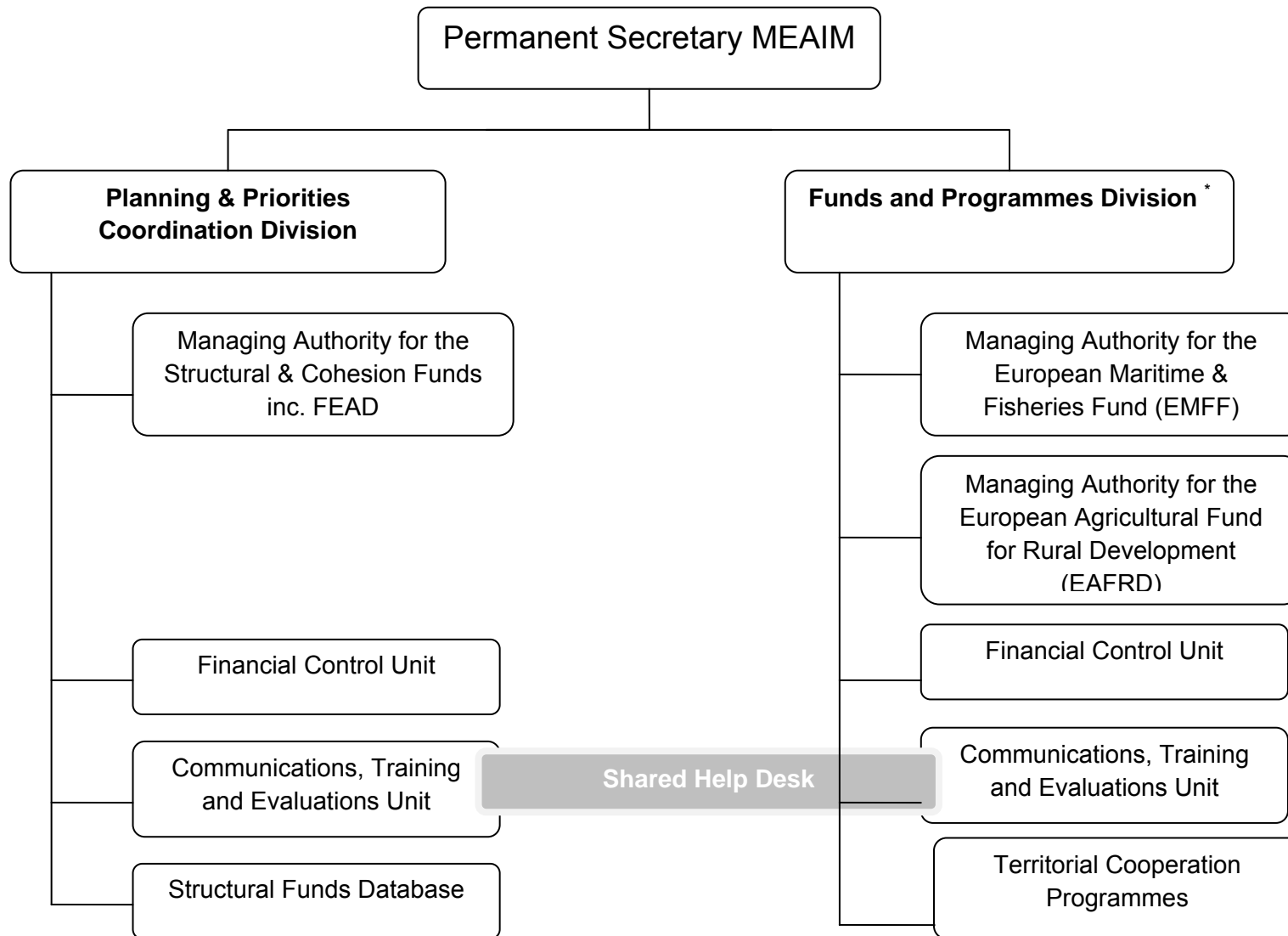
(a) competent urban and other public authorities	(b) economic and social partners	(c) relevant bodies representing civil society, including environmental partners, NGOs, and bodies responsible for promoting social inclusion, gender equality and non-discrimination
<p>Malta Financial Services Authority Malta Freeport Corporation Malta Freeport Terminal Malta Information and Technology Agency Malta Intelligent Energy Management Agency Malta International Airport Malta Libraries Malta Oil Tanking Ltd Malta Qualifications Recognition Information Centre Malta Statistics Authority Malta Tourism Authority Managing Authority (EAFRD) Ministry for Education and Employment Ministry for Energy and the Conservation of Water Ministry for European Affairs and Implementation of the Electoral Manifesto Ministry for Finance Ministry for Gozo Ministry for Health Ministry for Home Affairs and National Security Ministry for Social Dialogue, Consumer Affairs and Civil Liberties Ministry for Sustainable Development, Environment and Climate Change Ministry for the Economy, Investment and Small Business Ministry for the Family and Social Solidarity Ministry for Tourism Ministry for Transport & Infrastructure</p>		

(a) competent urban and other public authorities	(b) economic and social partners	(c) relevant bodies representing civil society, including environmental partners, NGOs, and bodies responsible for promoting social inclusion, gender equality and non-discrimination
<p>National Archives National Book Council National Commission for Further and Higher Education National Commission for Persons with Disability National Commission for Promotion of Equality National Employment Authority National Pensioners Organization National Statistics Office Occupational Health and Safety Authority Office of Manager Airport Security Parliamentary Secretariat for Local Government Parliamentary Secretariat for Research, Innovation, Youth and Sport Paying Agency (MSDEC) Planning and Priorities Co-ordination Division Police (Cyber Crime) Public Broadcasting Services Sptar Ġenerali Ġhawdex State Aid Monitoring Board Sustainable Development Network Transport Malta University of Malta</p> <ul style="list-style-type: none"> - Computing Services Centre (CSC) - Department of Social Policy and Social Work - Institute for Sustainable Energy - Junior College - Project Support Office - Research, Innovation and Development Trust <p>Valletta Freeport Terminal</p>		

(a) competent urban and other public authorities	(b) economic and social partners	(c) relevant bodies representing civil society, including environmental partners, NGOs, and bodies responsible for promoting social inclusion, gender equality and non-discrimination
Veterinary Regulation Division WasteServ Malta Ltd Water Services Corporation		

Annex B:

Management & Coordination Structure for the ESI Funds within the Ministry for European Affairs and Implementation of the Electoral Manifesto (MEAIM)



* The FPD is also responsible for the following funds: EEA/Norway Financial Mechanism, Swiss-MT Cooperation Programme, EU Solidarity Fund, EU Globalisation Fund, NER300, Instrument for Pre-Accession, CEF centralised. The FPD is also the Responsible Authority for the SOLID funds and the National Authority responsible for EU programmes

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Annex C:
Applicable ex-ante conditionalities

2.3. A summary of the assessment of the fulfilment of applicable ex-ante conditionalities in accordance with Article 19 and Annex XI at national level and, in the event that the applicable ex-ante conditionalities are not fulfilled, of the actions to be taken, the bodies responsible, and the timetable for implementation of those actions

(i) Table: A summary of the assessment of the fulfilment of applicable ex-ante conditionalities at national level.

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partial{	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
T01.1-Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well performing national or regional R&I systems.	Partially	1. A national or regional smart specialisation strategy is in place that:	Yes	National Research and Innovation Strategy 2020 (June 2014) Refer to the following link: http://www.mcst.gov.mt/all/about-us/national-research-and-innovation-strategy-2020 and to Annex 1: National Research and Innovation Strategy 2020 The initially selected economic activities and R&I fields will be monitored and updated in line with the RIS3 monitoring mechanisms which will be set up as part of the envisaged Action plan through the entrepreneurial discovery process.	
T01.1-Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well performing national or regional R&I systems.	Partially	2. is based on a SWOT or similar analysis to concentrate resources on a limited set of research and innovation priorities;	Yes	A SWOT analysis has been undertaken as part of the preparation of the new R&I Strategy: refer to page 13 of Annex 1: National Research and Innovation Strategy 2020 Furthermore, the Strategy includes the rationale for each area chosen: refer to pages 20 to 23 of Annex 1: National Research and Innovation Strategy 2020	More information on the SWOT Analysis and the elimination/prioritisation process should be available in Prof. Luke Georghiou's reports which are a very important source of information since he was engaged specifically to guide Malta in undertaking its entrepreneurial discovery process.

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partial{	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
				The elimination/prioritisation process is being reflected in Pillar (Goal) 3 of the new Strategy (Page 20 of Annex 1: National Research and Innovation Strategy 2020)	
T01.1-Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well performing national or regional R&I systems.	Partially	3. outlines measures to stimulate private RTD investment;	No		<p>The Strategy indicates the type of actions needed to stimulate private RTD investment, both in building an enabling environment for R&I and in the identified smart specialisation themes. (pages 16-17 and pages 22-23 of Annex 1: National Research and Innovation Strategy 2020)</p> <p>The Strategy document, specifically in the introduction to Pillar (Goal) 3 on page 20, contains a description of the entrepreneurial discovery process, including how the private sector was involved. More information on the entrepreneurial discovery process can be found on pages 6-7 of the Peer Review Report (Annex 2) as well as in Prof. Luke Georghiou's reports. In addition, it is important to point out that one of the issues that Malta was commended upon specifically during the peer review was the way it had undertaken the entrepreneurial discovery process through wide stakeholder engagement (see page 14 of the Peer Review Report (Annex 2)).</p>

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T01.1-Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well performing national or regional R&I systems.	Partially	4. contains a monitoring mechanism.	No		A monitoring mechanism and a governance structure are included in the Strategy (pages 24-25 of Annex 1: National Research and Innovation Strategy 2020) Pages 24 and 25 of the National R&I Strategy 2020 provide information about identified indicators and targets, future work on more adequate indicators, as well as the governance structure (namely the Core Steering Group including its component members as well as the planned biennial focus groups to retain active engagement with the private sector). Further information will be provided in the R&I Action Plan being developed.
T01.1-Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well performing national or regional R&I systems.	Partially	5. A framework outlining available budgetary resources for research and innovation has been adopted.	No		The R&I Action Plan is currently being developed.
T02.1-Digital growth: A strategic policy framework for digital growth to stimulate affordable, good quality and interoperable ICT enabled	Yes	1. A strategic policy framework for digital growth, for instance, within the national or regional smart specialisation strategy is in	Yes	Digital Malta Strategy 2014-2020 https://digitalmalta.gov.mt/en/Pages/Content/DMDownload.aspx	

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private and public services and increase uptake by citizens, including vulnerable groups, businesses and public administrations including cross border initiatives.		place that contains:			
T02.1-Digital growth: A strategic policy framework for digital growth to stimulate affordable, good quality and interoperable ICT enabled private and public services and increase uptake by citizens, including vulnerable groups, businesses and public administrations including cross border initiatives.	Yes	2. budgeting and prioritisation of actions through a SWOT or similar analysis consistent with the Scoreboard of the Digital Agenda for Europe;	Yes	<p>Refer to Chapter 2 (analysis) and Pages 24, 28, 30 and 34 (actions): downloadable from: https://digitalmalta.gov.mt/en/Pages/Content/DMDownload.aspx</p> <p>The Strategy is being supplemented with a Programme of Initiatives (POI) which will be drafted on a year-to-year basis. The Digital Malta and the POI for 2014 are compiled and available on http://digitalmalta.gov.mt/ website.</p> <p>An indicative annual ICT budget of €40 million is being earmarked for the duration of the strategy.</p>	
T02.1-Digital growth: A strategic policy framework for digital growth to stimulate affordable, good quality and interoperable ICT enabled private and public services and increase uptake by citizens, including vulnerable groups, businesses and public administrations including cross	Yes	3. an analysis of balancing support for demand and supply of ICT should have been conducted;	Yes	<p>Refer to Chapter 2 - The Local ICT Landscape: Challenges and Opportunities, of: https://digitalmalta.gov.mt/en/Pages/Content/DMDownload.aspx</p>	

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border initiatives.					
T02.1-Digital growth: A strategic policy framework for digital growth to stimulate affordable, good quality and interoperable ICT enabled private and public services and increase uptake by citizens, including vulnerable groups, businesses and public administrations including cross border initiatives.	Yes	4. indicators to measure progress of interventions in areas such as digital literacy, e-inclusion, e-accessibility, and progress of e-health within the limits of Article 168 TFEU which are aligned, where appropriate, with existing relevant sectoral Union, national or regional strategies;	Yes	<p>Refer to Chapter 11 of: https://digitalmalta.gov.mt/en/Pages/Content/DMDownload.aspx</p> <p>For 2014, The Digital Agenda for Europe targets are adopted for the Digital Malta Strategy that can be accessed at: https://digitalmalta.gov.mt/en/Pages/Content/DMPerformance.aspx</p> <p>Performance Indicators can be accessed at: https://digitalmalta.gov.mt/en/Pages/Content/DMPerformance.aspx</p>	
T02.1-Digital growth: A strategic policy framework for digital growth to stimulate affordable, good quality and interoperable ICT enabled private and public services and increase uptake by citizens, including vulnerable groups, businesses and public administrations including cross border initiatives.	Yes	5. assessment of needs to reinforce ICT capacity-building.	Yes	<p>Referred in Chapter 10 of: https://digitalmalta.gov.mt/en/Pages/Content/DMDownload.aspx</p>	

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G1-The existence of administrative capacity for the implementation and application of Union anti-discrimination law and policy in the field of ESI Funds.	Yes	1. Arrangements in accordance with the institutional and legal framework of Member States for the involvement of bodies responsible for the promotion of equal treatment of all persons throughout the preparation and implementation of programmes, including the provision of advice on equality in ESI fund related activities.	Yes	<p>The National Commission for the Promotion of Equality (NCPE) is an independent, government funded body set up, by virtue of Chapter 456 of the Laws of Malta in January 2004. Refer to link:</p> <p>http://www.hsph.harvard.edu/population/womenrights/malta.women.03.pdf</p> <p>The NCPE works to ensure that Maltese society is a society free from any form of discrimination based on:</p> <p>(i) sex/gender and family responsibilities, sexual orientation, age, religion or belief, racial or ethnic origin, and gender identity in employment; banks and financial institutions, as well as education; and</p> <p>(ii) racial / ethnic origin and gender in the provision of goods and services and their supply.</p> <p>Refer to link:</p> <p>https://secure3.gov.mt/socialpolicy/equal_opp/equality/welcome/front_pg</p> <p>The NCPE provides advice on Equal Opportunities Legislation in Malta to applicants applying for EU funds as well as guidance on how best to integrate equal opportunities in projects.</p> <p>The NCPE works closely with the Managing Authority and attends information sessions held when a Call for Project Applications is launched. NCPE will continue to</p>	

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				<p>be a key stakeholder in the preparation and implementation of the programmes as well as being actively involved on the Monitoring Committee particularly in relation to anti discrimination issues.</p> <p>For Disability a separate body is responsible for these arrangements – National Commission For Persons with Disability (Please refer to General Ex-ante conditionality 3 on Disability)</p> <p>NCPE offers training to various groups in society. Requests for training are discussed with the interested organisation/group being in the private and public sector as well as NGO's, Civil Society Organisations and Educational Institutions to ensure that the training provided addresses their needs.</p>	
G1-The existence of administrative capacity for the implementation and application of Union anti-discrimination law and policy in the field of ESI Funds.	Yes	2. Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of Union anti discrimination law and policy.	Yes	<p>A Training Plan has been drawn up by NCPE, which it will be implementing together with the relevant Authorities staff, focusing on anti-discrimination, at the start of Programming Period for all current officers and to all newly engaged officers responsible for ESI funding Programmes 2014-2020 across the Public Service.</p> <p>Various types of training are provided to the authorities involved in ESI funds, namely:</p> <ul style="list-style-type: none"> •Ad hoc training provided at the authority / entity's request •One-to-one meetings with applicants, beneficiaries or consultancy firms upon their request 	

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				<p>•Through the EU-funded project entitled Gender Mainstreaming – in Practice (GMIP), specific training was given on the horizontal policy of equal opportunities to government departments and public sector organizations which are potential beneficiaries of ESI funds.</p> <p>For Disability a separate body is responsible for these arrangements – National Commission for Persons with Disability (Please refer to General Ex-ante conditionality 3 on Disability)</p>	
G2-The existence of administrative capacity for the implementation and application of Union gender equality law and policy in the field of ESI Funds.	Yes	1. Arrangements in accordance with the institutional and legal framework of Member States for the involvement of bodies responsible for gender equality throughout the preparation and implementation of programmes, including the provision of advice on gender equality in ESI Fund-related activities.	Yes	<p>The National Commission for the Promotion of Equality (NCPE) is an independent, government funded body set up by virtue of Chapter 456 the Laws of Malta in January 2004. http://www.hsph.harvard.edu/population/womenrights/malta.women.03.pdf</p> <p>The NCPE as the equality body provides the necessary arrangements throughout the preparation and implementation of programmes. The NCPE works closely with the Managing Authority and attends information sessions held when a Call for Project Applications is launched. NCPE will continue to be a key stakeholder in the preparation and implementation of the programmes as well as being actively involved on the Monitoring Committee particularly in relation to gender equality.</p>	

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				The NCPE provides advice and guidance to applicants and beneficiaries on the implications and application of gender equality in their projects. NCPE developed publications and tools to further support applicants and beneficiaries. These tools are available on https://secure3.gov.mt/socialpolicy/equal_opp/equality/projects/in_practice	
G2-The existence of administrative capacity for the implementation and application of Union gender equality law and policy in the field of ESI Funds.	Yes	2. Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of Union gender equality law and policy as well as on gender mainstreaming.	Yes	<p>According to the Training Plan, the NCPE will be delivering training to the relevant Authorities' staff focusing on EU gender equality at the start of Programming Period for all current officers and to all newly engaged officers responsible for ESI funding Programmes 2014-2020 across the Public Service.</p> <p>Furthermore, the NCPE offers training to various groups in society. Requests for training are discussed with the interested organisation/group being in the private and public sector as well as NGO's, Civil Society Organisations and Educational Institutions to ensure that the training provided addresses their needs.</p> <p>Various types of training are provided to the authorities involved in ESI funds, namely:</p> <ul style="list-style-type: none"> •Ad hoc training provided at the authority / entity's request •One-to-one meetings with applicants, beneficiaries or consultancy firms upon their request •Through the EU-funded project entitled Gender Mainstreaming – in Practice (GMIP) , specific training was given on the horizontal policy of equal opportunities to government departments and public sector 	

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partial{	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
				organisations, many of which are beneficiaries of EU funds. In view of this and in conjunction with the Office of the Prime Minister, a circular was issued. OPM Circular No. 15/2012 Gender Mainstreaming in Practice: https://secure3.gov.mt/socialpolicy/admin/contentlibrary/uploads/MediaFile/circular.pdf	
G3-The existence of administrative capacity for the implementation and application of the United Nations Convention on the rights of persons with disabilities (UNCRPD) in the field of ESI Funds in accordance with Council Decision 2010/48/EC.	Yes	1. Arrangements in accordance with the institutional and legal framework of Member States for the consultation and involvement of bodies in charge of protection of rights of persons with disabilities or representative organisations of persons with disabilities and other relevant stakeholders throughout the preparation and implementation of programmes.	Yes	<p>The functions of the National Commission Persons with Disability (NCPD) are prescribed in Article 22 of the Equal Opportunities Act (http://www.knpd.org/legislation/ea.html) which came into effect on the 1st October 2000.</p> <p>The Equal Opportunities Act is divided into various sections, with Section III stating that there can be no discrimination made against people on the basis of their disability. These sections are grouped under 5 main headings which are:</p> <ol style="list-style-type: none"> 1. Employment; 2. Education; 3. Access (physical); 4. The provision of goods, facilities or services; 5. Accommodation (housing). <p>Heading no. 6 under this same act provides information on exemptions. Additionally it safeguards persons with disability from discrimination in relation to insurance.</p>	

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				<p>The National Commission for Persons with Disability organises campaigns to raise awareness about the capabilities and contributions of persons with disability and combat prejudices or harmful behaviour in their regard stemming from stereotypes. It provides assistance and support to persons with disability and their families to empower them to address the difficulties they face in their everyday life. The NCPD also works to identify the needs of persons with disabilities, their families and voluntary bodies working in the field of disability and promote policies, encourage research and best practice as well as collaborate with local and international entities in order to achieve these goals. It is also responsible to monitor government initiatives addressing their needs, suggest changes in laws and coordinate initiatives taken by different departments. Refer to link: http://www.knpd.org/</p> <p>Furthermore, the NCPD established the Equal Opportunities Compliance Unit (refer to http://www.knpd.org/pubs/pdf/fs09%20Equal%20Opportunities%20Compliance%20Unit.pdf) within its Secretariat, charged with promoting equality of opportunity and implementing the provisions of the Equal Opportunities Act (Persons with Disability), thus empowered to investigate acts of discrimination on the basis of disability.</p> <p>Following the ratification of the United Nations Conventions for the Rights of Persons with Disability, the NCPD was appointed as the independent mechanism. The Focal Point for UNCRPD was appointed within the Ministry for Family and Social Solidarity.</p>	

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				<p>The NCPD provides assistance and guidance for applicants of EU funds on all disability related aspects of the implementation of the ESI Funds, including accessibility, equality of opportunities and non-discrimination issues raised in their projects. In particular for infrastructural projects the NCPD vets these projects for accessibility based on the 'Access for All – Design Guidelines' (refer to link: http://www.knpd.org/legislation/accessforall.html) at the permitting stage..</p> <p>The UNCRPD obliges both the Focal Point and the Independent Mechanism to work directly with representative organisations of persons with disabilities in their work related to the UNCRPD. The NCPD has set up a Disabled Persons' Advisory Committee in this regard (p.37 of Working Towards the Implementation of the UNCRPD - Report by the National Commission Persons with Disability (NCPD) - Malta) found at: http://www.knpd.org/pubs/pdf/Implementation_UNCRPD%20Report%20201303.pdf.</p> <p>The Focal Point is involved in weekly meetings within the Parliamentary Secretariat for Disability and Active Ageing. The Focal Point has ongoing meetings with various NGO's involved in this sector, and is also in consultation with the Consultative Council for Rights of People with Disabilities – Soċjeta Ġusta. The Focal Point has also identified representatives from each Ministry to asses and monitor efficient implementation of the</p>	

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				UNCRPD.	
G3-The existence of administrative capacity for the implementation and application of the United Nations Convention on the rights of persons with disabilities (UNCRPD) in the field of ESI Funds in accordance with Council Decision 2010/48/EC.	Yes	2. Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of applicable Union and national disability law and policy, including accessibility and the practical application of the UNCRPD as reflected in Union and national legislation, as appropriate.	Yes	The National Commission Persons with Disability, NCPD (refer to link http://www.knpd.org/legislation/coa.html) will continue to deliver training to the relevant Authorities' staff focusing on Malta's obligations in relation to disabled people's rights and, specifically, the UN Convention on the Rights of Persons with Disabilities and the Equal Opportunities (Persons with Disability) Act (Cap. 413). The training is planned to continue taking place during 2014.	
G3-The existence of administrative capacity for the implementation and application of the United Nations Convention on the rights of persons with disabilities (UNCRPD) in the field of ESI Funds in accordance with Council Decision 2010/48/EC.	Yes	3. Arrangements to ensure monitoring of the implementation of Article 9 of the UNCRPD in relation to the ESI Funds throughout the preparation and the implementation of the programmes.	Yes	<p>The Equal Opportunities Act aims towards a goal of “a society where all disabled people can participate fully as equal citizens.” It puts into force the legal rights and obligations affecting disabled persons. These cover the areas of employment, education, access, goods and services, housing and insurance. Furthermore, the National Commission Persons with Disability (NCPD) has been appointed as the Independent mechanism for UNCRPD. The NCPD has set up a Disabled Persons' Advisory Committee to fulfil the obligations under Articles 4, 33.3 and 33.2, of the UNCRPD.</p> <p>A monitoring mechanism for the implementation of Article 9 of UNCRPD covering the whole cycle of ESI Funds has been set up between the NCPD and the MA involving three main tasks:</p>	

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				<p>1. Beneficiaries are invited to consult the NCPD during the drafting of the project application, ahead of the submission of the project proposal to the MA to ensure that activities take into consideration the needs of disabled persons at the design stage of the project activities;</p> <p>2. The MA will ask the beneficiaries to consult the NCPD formally once projects are approved so that an agreement is in place on how the needs of disabled persons are being taken into consideration within the project activities. This will serve as an action plan of the initiatives that will be implemented during the implementation of the project. It is to be noted that in Malta, the NCPD already provides assistance and guidance for applicants of EU funds on all disability related aspects of the implementation of the ESI Funds, including accessibility, equality of opportunities and non-discrimination issues raised in their projects. In particular, for infrastructural projects, the NCPD vets these projects for accessibility based on the ‘Access for All – Design Guidelines’ (refer to link: http://www.knpd.org/legislation/accessforall.html) at the permitting stage through the normal planning process;</p> <p>3. At closure of the project, the NCPD will evaluate how the commitments taken at selection stage were implemented during the implementation. Such evaluation will also serve the purpose of continual improvement through the assessment of how future projects can better incorporate the needs of disabled persons for continual improvement.</p> <p>In addition, the NCPD also established the Equal</p>	

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				<p>Opportunities Compliance Unit (refer to http://www.knpd.org/pubs/pdf/fs09%20Equal%20Opportunities%20Compliance%20Unit.pdf) within its Secretariat, charged with promoting equality of opportunity and implementing the provisions of the Equal Opportunities Act (Persons with Disability), and thus empowered to investigate acts of discrimination on the basis of disability. When a written complaint is received:</p> <ul style="list-style-type: none"> - An acknowledgement is sent. - The Unit considers the complaint. If the complaint cannot be justified, the applicant will be advised in writing together with possible alternative remedies. - If the complaint can be justified and prima facie discrimination has occurred, the Unit will investigate the complaint. - A notice of complaint will be sent to the defendant asking for further comments. This will help the Unit reach a provisional view. - If the complaint is considered justified, the defendant will be asked to submit a proposal including a timeframe, indicating how and when the modifications needed to eliminate discrimination can be in place. - The Unit uses mediation procedures to negotiate a speedy and equitable solution. - If all this fails, the NCPD will be obliged to proceed with legal action through the Arbitration Centre or through the Courts. - NCPD strives first and foremost for an amicable solution. 	

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G4-The existence of arrangements for the effective application of Union public procurement law in the field of the ESI Funds.	Partially	1. Arrangements for the effective application of Union public procurement rules through appropriate mechanisms.	Yes	<p>Malta has a horizontally and vertically centralised public procurement organisation. The Department of Contracts (DOC) is the single centralised public procurement institution for most functions on the national level (refer to www.contracts.gov.mt). A few tasks are carried out by other institutions and contracting authorities on the local level. The central role carried out by the Department as advisor to other contracting authorities and entities on public procurement is considered the main strength of the Maltese system.</p> <p>Public Procurement in Malta is regulated through three legislative documents these being:</p> <ul style="list-style-type: none"> • S.L.174.04, which can be downloaded from the following link: http://justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=9532&l=1 • S.L.174.06, which can be downloaded from the following link : http://justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=9534&l=1 • S.L.174.08 which can be downloaded from the following link: http://justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=11764&l=1 <p>The DOC is responsible for developing standard procedures and routines, for developing a procurement policy, for the preparation of guidelines and instructions, the national contribution to EU advisory committees, the</p>	

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				Maltese Public Procurement Network participation (PPN), the preparation of an annual report to the government on the functioning of the public procurement system, the collection of statistical and other data, the permission of less competitive procedures, the use of exceptions, extensions, the use of the accelerated procedures, and advising the government on public procurement policy.	
G4-The existence of arrangements for the effective application of Union public procurement law in the field of the ESI Funds.	Partially	2. Arrangements which ensure transparent contract award procedures.	Yes	<p>The DOC's main function is its role as a Central Government Authority for all tenders with an estimated value exceeding €120,000. An exception to this is to be found in the case of Schedule 3 entities whereby authorities listed in schedule 3 of S.L. 174.04 (refer to link above) administer their own procurement in line with the procurement regulations. Tenders which have an estimated value less than €120,000 are administered by the Contracting Authority which carries the procurement in question.</p> <p>The evaluation of each call for tenders is carried out by an ad hoc evaluation committee that is appointed to carry out such evaluations. In administering the tendering process and in particular the award of each call for tenders as well as the requests for clarification by the respective evaluation committees, the DOC is supported by the General Contracts Committee (GCC). The role and the functions of the GCC as well as their procedures are regulated by regulation 11 of S.L.174.04 (refer to link under G4.1). A similar body exists for Departmental Tenders i.e. tenders which have an estimated value of less than €120,000. Both the GCC and the Departments Contract Committee (DCC) are created in terms of Regulation 9 of S.L.174.04 (refer to link under G4.1).</p>	

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				In Malta any aggrieved bidder can lodge an appeal in front of the Public Contracts Review Board (PCRB). This board is independent and autonomous of any contracting authority. Furthermore bidders who are not satisfied with the decision of the PCRB have the benefit of a further appeal in front of the Court of Appeal of Malta in its superior Jurisdiction. The functions of the PCRB are to be found in regulations 21 83, 84, and 85 of S.L. 174.04 (refer to link under G4.1).	
G4-The existence of arrangements for the effective application of Union public procurement law in the field of the ESI Funds.	Partially	3. Arrangements for training and dissemination of information for staff involved in the implementation of the ESI funds.	Yes	<p>On a regular basis the DOC carries out training of Public Officers in collaboration with the Government's Training Agency, the CDRT (Centre for Development, Research and Training). This training usually covers local legislation. Furthermore officers from the Department of Contracts are also regularly sent abroad to attend training sessions.</p> <p>The Department of Contracts is proceeding with the implementation of the e-procurement strategy and has implemented a full blown e-procurement system aimed at increasing the efficiency and transparency of the procurement process in Malta as well as increasing the exposure to greater market of tenders published by the Department of Contracts. It also facilitates the bidding process resulting in significant reduction of the administrative burden for economic operators. This system is being followed up by the launching of a fully fledged electronic Public Procurement Solution which apart from including the services of the former, allows for the submission of tenders online in a safe and secure manner.</p> <p>In coordination with the Centre for Development, Research and Training (CDRT), the Department formally</p>	

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				<p>started to deliver hands-on training to Contracting Authorities related to e-procurement which was focused on the procurement procedures in practice. Besides hands-on training to Contracting Authorities, the Department held hands-on workshops for Economic Operators in respect of each call for tenders.</p> <p>The DOC make use of its website in the dissemination of information relating to public procurement since under the heading “resources” the DOC uploads reference material and the circulars it publishes.</p>	
G4-The existence of arrangements for the effective application of Union public procurement law in the field of the ESI Funds.	Partially	4. Arrangements to ensure administrative capacity for implementation and application of Union public procurement rules.	No		<p>The Pre-Contracts section caters for all administrative procedures, from the publication of the tender notice to the signature of the contract. The Post-Contracts unit caters for any issues arising during the implementation of the contract, including litigation. The Secretariat to the General Contracts Committee is responsible for vetting the evaluation reports and requests for clarifications prior to their submission to the Committee.</p> <p>Officers from the Department of Contracts are sent abroad to attend training sessions.</p> <p>Following an organisation review by the Management Efficiency Unit in 2013, the Department of Contracts is in the process of increasing the staff complement in parallel with a restructuring of the</p>

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					<p>department itself.</p> <p>The Department of Contracts has a pool of procurement managers. A number of procurement managers shall also be deployed within line ministries to assist and guide Contracting Authorities in relation to EU-funded procurement.</p>
G5-The existence of arrangements for the effective application of Union State aid rules in the field of the ESI Funds.	Yes	1. Arrangements for the effective application of Union State aid rules.	Yes	<p>The State Aid Monitoring Board (SAMB) is the competent national authority responsible for all State aid issues in Malta. The terms of reference of the Board include amongst others, the assessment of proposed State aid measures in Malta; to provide advice about the compatibility of proposed aid measures as well as amendments of existing ones with the applicable state aid Acquis; assist in the identification and implementation of appropriate capacity building concerning State aid and act as the pertinent body concerning all State aid issues in Malta.</p> <p>Established legally by virtue of Articles 57 and 58 of the Business Promotion Act (Cap 325 of the Laws of Malta) the Board also established its rules of procedure entitled 'State Aid Monitoring Regulations' (Legal Notice 210 of 2004) which rules were revised in 2004 in view of Malta's accession to the EU. These rules outline the procedures with regards to the notification obligations regarding new aid, the treatment of non-notified aid and suspension provisions as well as the recovery of unlawful aid in line with the directly applicable EU Council Regulation (EC)</p>	

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				<p>No 659/1999 of 22 March 1999 laying down detailed rules for the application of Articles 93 of the EC Treaty, as may be amended.</p> <p>The rules of procedure also establish the reporting obligations to SAMB by State aid grantors of aid granted, including de minimis measures and block exempted initiatives. The SAMB also keeps regular contact with key State aid grantors and in the case of EU Funds with the respective managing Authorities and Intermediate Bodies (IB). Moreover, meetings are held with prospective State aid grantors and other bodies to provide the necessary guidance on state aid matters. Assistance is also provided in the formulation by State aid grantors and IBs of scheme guidelines and manuals intended to provide potential applicants and beneficiaries with details on the implementation of such state aid measures.</p> <p>This process facilitates compliance with the provisions of applicable rules and Regulations from formulation till implementation stage of State aid schemes. The Board furthermore carries out the necessary notifications with the European Commission for the approval of State aid schemes.</p> <p>Furthermore the SAMB also acts as the national contact point on State aid issues involved in EU funded projects. Moreover, there is a formal arrangement between the SAMB and the Managing Authority (MA) whereby the SAMB provides support, through expertise and advice, to the MA throughout the Programmes implementation</p>	

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				period on issues relating to State aid emanating from related EU Directives and national legislation.	
G5-The existence of arrangements for the effective application of Union State aid rules in the field of the ESI Funds.	Yes	2. Arrangements for training and dissemination of information for staff involved in the implementation of the ESI funds.	Yes	<p>The State Aid Monitoring Board (SAMB) is the competent national authority responsible for all State aid issues in Malta. The staff is supported to participate and attend specialised State aid courses organised by international institutions. This continued training of the technical staff enables the Board to remain updated with the latest developments in State aid acquis and jurisprudence.</p> <p>The SAMB also seeks to disseminate knowledge and provide its technical expertise in the area of State aid to any prospective beneficiaries interested in applying for EU funds under all the EU Programmes administered in Malta, including the European Social Fund, the European Regional Development Fund, the European Fisheries Fund as well as the Solidarity Funds.</p> <p>For this reason the SAMB holds on a needs basis a number of bilateral meetings with officials involved in the application of State aid rules in order to provide specific and focused guidance in relation to a proposed measure. Furthermore, SAMB participates in the information sessions organised specifically by the respective Managing Authority for project calls in order to provide guidance and</p>	

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				<p>assistance with regards to State aid issues that may arise in the application process.</p> <p>During these information sessions participants are encouraged to discuss their ideas and projects with the SAMB in order to ascertain from an early stage whether their proposed project would involve any State aid implications.</p> <p>Moreover, in the case of Cohesion and Structural Funds there is a formal arrangement between the SAMB and the relevant Managing Authority whereby the SAMB provides support, through expertise and advice, to the MA throughout the Programmes implementation period on issues relating to State aid emanating from related EU and national legislation.</p> <p>The SAMB also assists and provides its technical State aid support to entities affected by State aid rules. Assistance is provided amongst others to intermediate bodies who implement EU funded State aid schemes to ensure from the drafting stage of the proposed scheme full compliance with the applicable State aid acquis.</p> <p>The Board also holds technical bilateral meeting on a needs and request basis, with other local entities responsible for auditing and certifying the implementation of funds.</p>	

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				<p>The SAMB also guides the State aid grantors so that the necessary checks are carried out to ensure that undertakings in difficulty are excluded from benefiting from aid measures.</p> <p>Over the past months, the SAMB participated in Multilateral Meetings and Advisory Committees on State aid that have been organised by the European Commission in the process of review of the State aid acquis as part of the State aid Modernisation initiative. State aid granting entities in Malta have been involved in the consultation processes. Engaging these entities in the consultation processes ensured adequate awareness of the changes being proposed to the current State aid rules. Malta has confirmed its acceptance to the appropriate measures proposed by the European Commission under the newly adopted rules. The SAMB will assist all granting authorities to bring their existing State aid schemes in line with the newly adopted State aid rules.</p> <p>As the national central authority responsible for State aid, the SAMB gathers the necessary information on State aid measures. The transparency requirement of setting up a State aid website will met be by June 2016. Moreover, active steps are being taken to ensure compliance with ex post evaluation requirements, also through external expertise.</p>	

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G5-The existence of arrangements for the effective application of Union State aid rules in the field of the ESI Funds.	Yes	3. Arrangements to ensure administrative capacity for implementation and application of Union State aid rules.	Yes	<p>The Board acts as the national authority responsible for State aid matters in Malta. Being the national contact point in the area of State aid in Malta, provides its advice on the implementation and application of EU State aid rules in Malta.</p> <p>The Board ensures to maintain at all times the appropriate administrative capacity necessary to provide its function. Furthermore, the staff is supported to participate and attend specialised training and to participate in conferences held abroad by foreign institutions. Such experiences not only ensure that the officers keep abreast with the latest developments in this field but also gives the opportunity for networking with colleagues from other State aid offices in other Member States. With regards the application of EU State aid rules, the SAMB actively participates in Multilateral Meetings and Advisory Committees on State aid that organised by the European Commission in the process of review of State aid acquis.</p> <p>The SAMB also keeps regular contact with key State aid grantors. Meetings are held with existing and prospective State aid grantors to inform such grantors of the latest developments in the Acquis in this area, including any change in EU regulations, the applicable reference and discount rate as revised periodically by the European Commission, and information about any landmark</p>	

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				<p>Commission decision or Court judgement. The Board also assists State aid grantors with the drafting of new State aid measures and carries out the necessary notifications with the European Commission for the approval of State aid schemes</p> <p>The SAMB also participates in other bilateral fora in Malta to disseminate general information concerning State aid issues.</p> <p>Furthermore, in order to enhance and substantiate its own resources, the Board is subscribed to specialised State aid Journals and has over the years gathered its own internal resources of publications on this specific area of competition law.</p>	
G6-The existence of arrangements for the effective application of Union environmental legislation related to EIA and SEA.	Yes	1. Arrangements for the effective application of Directive 2011/92/EU of the European Parliament and of the Council (EIA) and of Directive 2001/42/EC of the European Parliament and of the Council (SEA).	Yes	<p>Malta has transposed the provisions of the Strategic Environmental Assessment (SEA) Directive through the SEA Regulations of 2010 (Legal Notice 497 of 2010) - http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=11579&l=1 The current SEA Focal Point (FP) was appointed in March 2011. The SEA FP is the Competent Authority for the Strategic Environmental Assessment Regulations 2010 and is appointed in accordance with Part III of the Regulations.</p> <p>Detailed information about the SEA process is also available online (vide: https://secure2.gov.mt/SEA/home?l=1).</p>	

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				<p>Malta has transposed the Environmental Impact Assessment (EIA) Directive through the Environmental Impact Assessment Regulations, 2007 (Legal Notice 114 of 2007) And Environmental Impact Assessment (Amendment) Regulations, 2011 (Legal Notice 438 of 2011). Refer to links below:</p> <p>Legal Notice 114 of 2007 - http://www.mepa.org.mt/lpgdocuments/LNs/LN114%20english.pdf</p> <p>Legal Notice 438 of 2011 - http://www.mepa.org.mt/file.aspx?f=7116</p> <p>As per normal procedure, the current (national) EIA regulations are updated from time to time in response to identified areas for improvement and will eventually have to be revised to take into account the revisions to the EIA Directive which are currently being discussed through the Ordinary legislative procedure.</p> <p>With respect to the EIA Directive, the Competent Authority (Malta Environment and Planning Authority) has a dedicated team dealing with EIAs, which coordinates and administers EIAs on a daily basis. The EIA team is always available to give advice on application of the EIA legislation.</p> <p>Detailed information about the EIA process is also available online (vide http://www.mepa.org.mt/permitting-ea-main)</p> <p>Maltese legislation, through the MEPA Act (Article 40 and 41 of Act No. X of 2010)</p>	

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				<p>http://www.mepa.org.mt/LpDocumentDetails?syskey=1260 , establishes the necessary arrangements to provide access to justice for the public concerned, including non-governmental organizations (NGOs) in relation to all environmental legislation including SEA and EIA processes. This is addressed primarily through the Planning and Environmental Tribunal and, to a lesser extent (depending on the legal merits of the case), the Courts of Justice.</p>	
G6-The existence of arrangements for the effective application of Union environmental legislation related to EIA and SEA.	Yes	2. Arrangements for training and dissemination of information for staff involved in the implementation of the EIA and SEA Directives.	Yes	<p>The SEA Focal Point organised a one day information conference aimed at public employees and NGOs in order to build the necessary capacity in respect of SEA.</p> <p>In addition, the Centre for Development Research and Training is organising 4 seminars which deal with sustainable development and in which SEA is discussed. This training is also aimed at public employees.</p> <p>The SEA Focal Point will seek to provide an annual training event for all interested stakeholders.</p> <p>With respect to the EIA Directive, systematic training (i.e. training other than on-the-job briefing/mentoring) is ongoing and involves:</p> <ul style="list-style-type: none"> • participation in both EU-level and other overseas training seminars and conferences on environmental assessments, in particular those regarding the implementation of directives & conventions on environmental assessment (e.g. SEA, EIA, and Habitats 	

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				<p>Directives) or matters ancillary thereto.</p> <ul style="list-style-type: none"> phased overseas exposure of staff to other EU Member States so as to broaden the Unit's current knowledge, ideas and practical experience in environmental assessments. organisation of targeted training courses in Malta, also involving overseas experts. 	
G6-The existence of arrangements for the effective application of Union environmental legislation related to EIA and SEA.	Yes	3. Arrangements to ensure sufficient administrative capacity.	Yes	<p>The SEA Focal Point (FP) is the competent authority on SEA. The SEA FP is composed of a chair person and the two members as established by Article 15 (2) of the Strategic Environmental Assessment Regulations of 2010.</p> <p>In a decentralised setup, the SEA Focal Point is effectively and efficiently managing its authority through the close collaboration with Ministries which are responsible for first line decision making on the need or otherwise of a SEA for their plans and projects. The SEA FP provides the necessary guidance on application of the SEA legislation. Detailed information about the SEA process is also available online (vide: https://secure2.gov.mt/SEA/home?l=1)</p> <p>With respect to the EIA Directive, the Competent Authority (Malta Environment and Planning Authority) has a dedicated team dealing with EIAs, which coordinates and administers EIAs on a daily basis. Whilst the EIA team is always available to give advice on application of</p>	

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				<p>the EIA legislation, it adopts a systematic mechanism for EIAs whereby when a development proposal is submitted in sufficient detail, it is screened by MEPA. Once it is determined that the proposal is likely to have significant environmental effects or otherwise falls under the requirements of the EIA Regulations, the developer is requested to undertake an EIA. At this stage the Terms of Reference (TOR) for the study are formulated by MEPA. The TOR will determine the content of the EIA report. Consultants collect data and prepare reports within their respective discipline based on the TORs, where impacts are identified and mitigation measures are proposed. The findings are then incorporated in a comprehensive EIA, which is reviewed and assessed by MEPA. The public and other stakeholders are consulted during the review stage and their opinion taken into account in decision-making. The EIA process feeds into the overall decision-making process whereby a decision is taken with regard to a proposed development permit application. Should the development be approved, this would be subject to specified conditions and post-permit monitoring. This mechanism ensures that for all proposed developments, MEPA would be in a position to predict, analyse and interpret significant environmental impacts, with the ultimate aim of achieving environmentally sound and sustainable decision making.</p> <p>EIA process: http://www.mepa.org.mt/permitting-ea-main</p> <p>Capacity building (including training as discussed above) is ongoing as part of the annual government's capacity</p>	

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				building exercise.	
T03.1-Specific actions have been carried out to underpin the promotion of entrepreneurship taking into account the Small Business Act (SBA).	Partially	1. The specific actions are: measures have been put in place with the objective of reducing the time and cost involved in setting-up a business taking account of the targets of the SBA;	No		<p>In October 2011, a Business First Concept Paper (Annex 3) was published, followed by the setting up of the Business First Unit in January 2012 by Malta Enterprise, to aid and facilitate the setting up of a business in Malta.</p> <p>Business First is a one stop shop for businesses in Malta with the aim of facilitating the day-to-day operations of local enterprises while supporting their growth and successful operation.</p> <p>Business First is particularly useful for SMEs and even more so for start-up companies, which often face extra administrative burden due to their lack of familiarity with the business environment. Refer to the following link: http://www.businessfirst.com.mt/en</p> <p>To fulfil its commitments - which amongst others include a stipulated delivery timeframe which in most cases does not exceed 10 working days - Business First has entered into a number of service</p>

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					<p>agreements with various departments and entities. The full list of services is available on the dedicated website www.businessfirst.com.mt. A helpline is also available on telephone number 144.</p> <p>On the costs, it depends on the type of business that is to be set up:</p> <ul style="list-style-type: none"> • for a sole trader/self employed person, there are no costs at all to set up one's own business: a VAT no. (free of charge) is what this entails; • companies will need to be registered with the Malta Financial Services Authority (MFSA)
T03.1-Specific actions have been carried out to underpin the promotion of entrepreneurship taking into account the Small Business Act (SBA).	Partially	2. The specific actions are: measures have been put in place with the objective of reducing the time needed to get licenses and permits to take up and perform the specific activity of an enterprise taking account of the targets of the SBA;	Yes	A specific tool within Malta Enterprise's Client Relationship Management (CRM) system keeps check of active applications. These active applications are categorized in those that are in progress, those awaiting missing info and those awaiting additional info. Furthermore, the tool also shows those applications that may experience delays in their processing time. The CRM system also identifies which department/entity is in breach. Thus, start-ups are continuously being encouraged to make use of the services of Business First as this guarantees that their application is monitored and overseen in order to be processed within the SBA timeline of 3 months. In case a start-up applies and the 3 month period is coming to a close, Business First alerts the authority in question, chases up the matter and facilitates resolution.	

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				<p>Since not all start ups seek assistance from business first, on a national level, each Department / Ministry has identified a focal point. The liaison officer is a direct contact between Business First and Departments/ Ministries and this new set-up enhances direct communication and addresses problematic issues which may be causing a delay in issuing a particular licence, permit, etc. Through this ongoing enhanced co-ordination between all entities and Ministries involved, adherence with the SBA targets is on track.</p> <p>Furthermore on 1 November 2012, LN 349/12 came into force: http://justiceservices.gov.mt/DownloadDocument.aspx?app=lp&itemid=23954&l=1. This legal notice revised the way by which trade licences were issued and moved away from the requirement of submitting applications for a trade license for most sectors. Therefore the sectors that are not connected with health or food shall no longer need to apply for a licence but simply notify the Trade Department.</p> <p>The Legal Notice states that a license should be issued or rejected within 10 days. Moreover the Legal Notice (Article 10(1)) also introduces the concept that licenses are automatically renewable subject to the conditions of the license being respected.</p>	
T03.1-Specific actions have been	Partially	3. The specific actions are: mechanism is in	No		

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carried out to underpin the promotion of entrepreneurship taking into account the Small Business Act (SBA).		place to monitor the implementation of the measures of the SBA which have been put in place and assess the impact on SMEs.			
T01.2-Research and Innovation infrastructure. The existence of a multi annual plan for budgeting and prioritisation of investments.	No	1. An indicative multi-annual plan for budgeting and prioritisation of investments linked to Union priorities, and, where appropriate, the European Strategy Forum on Research Infrastructures (ESFRI) has been adopted.	No		The R&I Action Plan is currently being developed.
T04.1-Actions have been carried out to promote cost effective improvements of energy end use efficiency and cost effective investment in energy efficiency when constructing or renovating buildings.	Partially	1. The actions are: measures to ensure minimum requirements are in place related to the energy performance of buildings consistent with Article 3, Article 4 and Article 5 of Directive 2010/31/EU of the European Parliament and of the Council;	No		<p>Energy Performance of Building Regulations:</p> <p>http://www.buildupskillsmalta.com/pdf/LN%20376%2012%20Energy%20Performance%20of%20Buildings%20Regulations.pdf</p> <p>Malta has established two methodologies for calculating the energy performance of buildings. Both methodologies are in conformity with Annex I of Directive 2010/31/EU. The following references are being provided:</p> <ul style="list-style-type: none"> • Energy Performance Rating of Dwellings in Malta - Annex 4; • Simplified Building Energy Model for Malta User Guide (Annex 5)

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					<p>and Technical manual (Annex 6).</p> <p>Report on cost optimal levels of minimum energy performance requirements for residential buildings – Annex 7, for elemental components in residential buildings - Annex 8 – and for new and existing office buildings – Annex 9. The Cost Optimality Reports have been carried out in conformity with Annex 1 of the Commission delegated regulation No 244/2012.</p> <p>Further work is needed In order to address the gap between current requirements and the updated cost-optimal levels.</p> <p>Present minimum requirements are in Technical Guidance doc F</p> <p>http://www.bicc.gov.mt/bicc/files_folder/Cons%20Fuel%20Energy%20Doc%20F%20new.pdf</p>
T04.1-Actions have been carried out to promote cost effective improvements of energy end use efficiency and cost effective	Partially	2. The actions are: measures necessary to establish a system of certification of the energy performance of buildings consistent with Article 11 of Directive 2010/31/EU;	No		The measures necessary to establish this system of certification as required by Article 11 (1) of the Directive is transposed by means of Articles 12 (1) and

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investment in energy efficiency when constructing or renovating buildings.					<p>(2) of the Energy Performance of Buildings Regulations, 2012 (Legal Notice 376 of 2012 - http://www.buildupskillsmalta.com/pdf/LN%20376%2012%20Energy%20Performance%20of%20Buildings%20Regulations.pdf), which reads as follows:</p> <p>(1) The Building Regulation Office shall provide all necessary measures to establish and maintain a system of registration of the EPC. The EPC shall include the EPB and reference values such as minimum energy performance requirements, in order to make it possible for owners or tenants of the building or building unit to compare and assess its energy performance.</p> <p>(2) The EPC may include additional information such as the annual energy consumption for non-residential buildings and the percentage of energy from renewable sources in the total energy consumption.</p> <p>The above is the legal basis of the system of certification which concerns residential and non-residential buildings. All Energy Performance Certificates issued are registered in a central database administered by the Building Regulation Office. Annex 10 shows a specimen of the Energy Performance Certificate for dwellings whilst Annex 11 shows a specimen of the Energy Performance</p>

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					<p>Certificate for non-residential buildings.</p> <p>Information on legislative framework and Energy Performance Certification in Malta can be found on https://secure2.gov.mt/epc/News-Details?nid=18&l=1</p> <p>Updating of Energy Performance Certificate to ensure its compliance with the provisions of Article 11 of the EPBD</p>
T04.1-Actions have been carried out to promote cost effective improvements of energy end use efficiency and cost effective investment in energy efficiency when constructing or renovating buildings.	Partially	3. The actions are: measures to ensure strategic planning on energy efficiency, consistent with Article 3 of Directive 2012/27/EU of the European Parliament and of the Council;	Yes	<p>The National Energy Efficiency Action Plan (NEEAP) was published in 2008 and subsequently reviewed in 2011 and 2014. Refer to Annex 12 for the 2014 version which is the latest updated document vis-a-vis energy efficiency. The link to this document is here below:</p> <p>http://ec.europa.eu/energy/efficiency/eed/neeap_en.htm (NEEAP 2014)</p>	
T04.1-Actions have been carried out to promote cost effective improvements of energy end use efficiency and cost effective investment in energy efficiency when constructing or renovating buildings.	Partially	4. The actions are: measures consistent with Article 13 of Directive 2006/32/EC of the European Parliament and of the Council on energy end-use efficiency and energy services to ensure the provision to final customers of individual meters in so far as it is technically possible, financially	Yes	<p>Metering and Billing are regulated under the Energy Efficiency and Cogeneration Regulations, 2014 L.N. 196 of 2014, Article 11, which can be found at:</p> <p>http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lp&itemid=26107&l=1</p>	

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		reasonable and proportionate in relation to the potential energy savings.		<p>Further information about billing, including on how these show current actual prices and actual consumption of energy; comparisons of the final customer's current energy consumption with consumption for the same period in the previous year, can be found on the Automated Revenue management services (ARMS) Ltd website - https://www.smartutilities.com.mt/wps/portal/Public%20Area/armsHelp/Help.ContactUs!/ut/p/c4/04_SB8K8xLLM9MSSzPy8xBz9CP0os3hmf99gQxPTADNnM38LA09HH_cAT1IMXYxMXI_3g3BL9gmxHRQCUscYB/ and from: http://www.enemalta.com.mt/enemaltastorage/images/files/arms/your%20residential%20electricity%20and%20water%20bill%20has%20changed%20-%20ar.pdf.</p> <p>Information about energy efficiency improvement measures is available from the Enemalta website on the following webpage: http://www.enemalta.com.mt/index.aspx?cat=7.</p> <p>Smart meters are being rolled out and the roll-out is expected to be completed by 2014.</p>	
T05.1-Risk prevention and risk management: the existence of national or regional risk assessments for disaster management taking into account	No	1. A national or regional risk assessment with the following elements shall be in place:	No		A national risk assessment for disaster management is being developed

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climate change adaptation					
T05.1-Risk prevention and risk management: the existence of national or regional risk assessments for disaster management taking into account climate change adaptation	No	2. a description of the process, methodology, methods, and non-sensitive data used for risk assessment as well as of the risk-based criteria for the prioritisation of investment;	No		A national risk assessment for disaster management is being developed
T05.1-Risk prevention and risk management: the existence of national or regional risk assessments for disaster management taking into account climate change adaptation	No	3. a description of single-risk and multi-risk scenarios;	No		A national risk assessment for disaster management is being developed
T05.1-Risk prevention and risk management: the existence of national or regional risk assessments for disaster management taking into account climate change adaptation	No	4. taking into account, where appropriate, national climate change adaptation strategies.	No		A national risk assessment for disaster management is being developed
T06.1-Water sector: The existence of a) a water pricing policy which provides adequate incentives for users to use water resources efficiently and b) an adequate contribution of the different water	No	1. In sectors supported by the ERDF, the Cohesion Fund and the EAFRD, a Member State has ensured a contribution of the different water uses to the recovery of the costs of water services by sector consistent with the first indent of Article 9(1) of	No		Malta's water pricing is established by the Water Supply regulations (vide: http://mra.org.mt/wp-content/uploads/2012/08/3.Water-Supply-Regulations.pdf). These are established in line with Malta's water policy (refer to

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uses to the recovery of the costs of water services at a rate determined in the approved river basin management plan for investment supported by the programmes.		Directive 2000/60/EC having regard, where appropriate, to the social, environmental and economic effects of the recovery as well as the geographic and climatic conditions of the region or regions affected.			<p>Annex 14) and the River Basin Management Plan, which has been renamed the Water Catchment Management Plan (WCMP – Annex 15) for the Maltese Islands downloadable from: http://www.mepa.org.mt/file.aspx?f=5832, both of which take into consideration the tenets of the Water Framework Directive.</p> <p>Malta is currently developing its 2nd River Basin Management Plan (RBMP) according to the requirements of the Water Framework Directive. Further measures are currently being considered in the frame of the development of Malta's second River Basin Management Plan.</p>
T06.1-Water sector: The existence of a) a water pricing policy which provides adequate incentives for users to use water resources efficiently and b) an adequate contribution of the different water uses to the recovery of the costs of water services at a rate determined in the approved river basin management plan for investment supported by the programmes.	No	2. The adoption of a river basin management plan for the river basin district consistent with Article 13 of Directive 2000/60/EC.	No		<p>Malta's River Basin Management Plan (2009-2015) outlines measures targeting different water management issues for implementation http://www.mepa.org.mt/file.aspx?f=5832</p> <p>Progress of implementation of the Programme of Measures under the Water Framework Directive was reported to the Commission in January 2013 (Annex 16).</p> <p>Malta is currently developing its 2nd River</p>

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					<p>Basin Management Plan (2016-2020) which will update the current RBMP according to the requirements of the Water Framework Directive.</p> <p>Following the enactment of Legal Notices 254 of 2008, 255 of 2008 and 241 of 2010 concerning illegal abstraction, a plan is being implemented to install meters on boreholes. The installation of Multi jet meters for boreholes (including on all significant commercial and industrial boreholes used for self-abstraction purposes and groundwater sources used for agricultural purposes) will be completed by second quarter 2015.</p> <p>To date all significant commercial and industrial boreholes used for self-abstraction purposes have been metered whilst around 1,300 borehole meters have been installed out of a total of 3,500 agricultural boreholes. This in order to enable the implementation of measures identified in Annex 6 of the WFD for the better management of ground water abstraction.</p> <p>EAFRD:</p>

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					<p>With respect to EAFRD, Malta notes that during the 1st River Basin Management Plan, Malta implemented a metering programme on all significant groundwater abstraction sources (as described above). The implementation of this measure is a necessary precursor to all other management measures which will need to be taken within the frame of the 2nd River Basin Management Plan to ensure the efficient and sustainable use of groundwater resources; and without which, the implementation of such management measures would not have been technically possible.</p> <p>In view that the Water Framework Directive requires Member States to take account of the principle of recovery of the costs of water services, and delineates the applicability of this Article to water services as defined under Article 2(38), Malta reiterates its commitment to fully implement the provisions of Article 9 of the Water Framework Directive.</p> <p>With respect to water use related to the agricultural sector, Malta undertakes that as required by Article 9 of the Water Framework Directive, Malta's 2nd River Basin Management Plan (RBMP) will take account of the principle of recovery of</p>

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					<p>costs of water services. Malta thus confirms that due consideration to the Commission requirement will form part of the 2nd River Basin Management Plan and the same timeframes to the development of the RBMP therefore apply.</p> <p>Malta also notes that the principal scope of the Water Framework Directive is the achievement of the Directive's Environmental Objectives as outlined under Article 4, and in particular with regards to the above issue, the achievement of good quantitative status through the optimisation of the efficient use of water.</p>
T06.2-Waste sector: Promoting economically and environmentally sustainable investments in the waste sector particularly through the development of waste management plans consistent with Directive 2008/98/EC, and with the waste hierarchy.	Yes	1. An implementation report as requested by Article 11(5) of Directive 2008/98/EC has been submitted to the Commission on progress towards meeting the targets set out in Article 11 of Directive 2008/98/EC.	Yes	Malta submitted the report on the implementation of Directive 2008/98/EC of the European Parliament and of the Council on waste as per Annexes 17 and 18.	
T06.2-Waste sector: Promoting economically and environmentally sustainable investments in the waste sector particularly through the development of waste management	Yes	2. The existence of one or more waste management plans as required under Article 28 of Directive 2008/98/EC;	Yes	In January 2014, the waste management plan for the Maltese Islands covering up to 2020 has been published in which a resource management approach towards the management of waste is being presented: refer to Chapters	

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plans consistent with Directive 2008/98/EC, and with the waste hierarchy.				1, 2 and 3 of http://msdec.gov.mt/en/Document%20Repository/Waste%20Management%20Plan%202014%20-%202020%20-%20Final%20Document.pdf	
T06.2-Waste sector: Promoting economically and environmentally sustainable investments in the waste sector particularly through the development of waste management plans consistent with Directive 2008/98/EC, and with the waste hierarchy.	Yes	3. The existence of waste prevention programmes, as required under Article 29 of Directive 2008/98/EC;	Yes	Chapter 4 of the Waste Management Plan for the Maltese Islands: A Resource Management Approach 2014-2020 available on: http://msdec.gov.mt/en/Document%20Repository/Waste%20Management%20Plan%202014%20-%202020%20-%20Final%20Document.pdf also includes a Waste Prevention Programme outlining measures to meet a series of targets aimed towards reducing the generation of waste and increase source separation as well as promoting recycling and reduce landfilling.	
T06.2-Waste sector: Promoting economically and environmentally sustainable investments in the waste sector particularly through the development of waste management	Yes	4. Necessary measures to achieve the targets on preparation for re-use and recycling by 2020 consistent with Article 11(2) of Directive 2008/98/EC have been adopted.	Yes	Measures can be found in Chapter 3 of the Waste Management Plan for the Maltese Islands: A resource management approach 2014-2020, launched in January 2014 (refer to link):	

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plans consistent with Directive 2008/98/EC, and with the waste hierarchy.				http://msdec.gov.mt/en/Document%20Repository/Waste%20Management%20Plan%202014%20-%202020%20-%20Final%20Document.pdf	
T07.1-Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks.	No	1. The existence of a comprehensive transport plan or plans or framework or frameworks for transport investment which complies with legal requirements for strategic environmental assessment and sets out:	No		A national transport strategy covering all relevant transport modes (road, public transport, sea, and air) is being prepared.
T07.1-Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks.	No	2. the contribution to the single European Transport Area consistent with Article 10 of Regulation (EU) No .../2013 of the European Parliament and of the Council, including priorities for investments in:	No		A national transport strategy covering all relevant transport modes (road, public transport, sea, and air) is being prepared.
T07.1-Transport: The existence of a	No	3. the core TEN-T network and the	No		A national transport strategy covering all

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comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks.		comprehensive network where investment from the ERDF and the Cohesion Fund is envisaged; and			relevant transport modes (road, public transport, sea, and air) is being prepared.
T07.1-Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks.	No	4. secondary connectivity;	No		A national transport strategy covering all relevant transport modes (road, public transport, sea, and air) is being prepared.
T07.1-Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves	No	5. a realistic and mature pipeline for projects for which support from the ERDF and the Cohesion Fund is envisaged;	No		A national transport strategy covering all relevant transport modes (road, public transport, sea, and air) is being prepared.

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connectivity to the TEN T comprehensive and core networks.					
T07.1-Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks.	No	6. Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline.	No		A national transport strategy covering all relevant transport modes (road, public transport, sea, and air) is being prepared.
T08.1-Active labour market policies are designed and delivered in the light of the Employment guidelines.	Yes	1. Employment services have the capacity to, and do, deliver: personalised services and active and preventive labour market measures at an early stage, which are open to all jobseekers while focusing on people at highest risk of social exclusion, including people from marginalised communities;	Yes	<p>The Employment and Training Cooperation (ETC) is a public Corporation set up by the Employment and Training Cooperation Act http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=8814 (Chapter 343) in 1990. It is a corporate body with a distinct legal personality.</p> <p>ETC through active labour market measures intervenes early with jobseekers :</p> <p>Jobseekers' Advisory Services through which the jobseeker is assisted through occupational guidance services, personal action planning, referral to training courses and work exposure schemes, and recommendations of employment opportunities.</p>	

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				<p>Employment Support for Persons with Disability - ETC services offered by employment advisors for persons with disability include ad hoc training courses 'tailor made' to accommodate the particular needs of the clients; intellectually disabled clients and those suffering from mental illnesses can also benefit from specialised training through cooperative agreements the ETC has with both the Inspire and Richmond Foundations . ETC also have specialist employment advisers who focus on the particular needs of the disadvantaged groups. Job Coaching and Learning Support Assistance are offered to Registered Disabled Persons Jobseekers in case they need further assistance on the work place or during the training courses. Refer to link below:</p> <p>http://etc.gov.mt/Category/3/43/Persons_in_Disadvantaged_Situations.aspx</p> <p>Other measures include:</p> <ul style="list-style-type: none"> • Community Work Scheme (active since 2009) • Bridging the Gap Scheme (active since 2007) • Enhancing Employability through Training (active since 2012) • Average Wage Training Allowance (active since 2011) • Job Bridge Programme (active since 2013) • Employment Support for Persons with Disability (ongoing) • INT Entrepreneurship Scheme (active since 	

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				<p>2011)</p> <p>Reference to all these schemes is made in the National Reform Programme of 2012 and 2013. (see links below)</p> <p>http://ec.europa.eu/europe2020/pdf/nd/nrp2012_malta_en.pdf</p> <p>http://mfin.gov.mt/en/home/popular_topics/Documents/National%20Reform%20Programme/2013/National%20Reform%20Programme%202013.pdf</p> <p>The ‘Making Work Pay’ initiative has been launched in February 2014, which aims to move people from social assistance into employment: http://education.gov.mt/makingworkpay</p> <p>Information on the services provided by ETC can also be accessed through ETC’s annual reports (refer to section 6 and 9 of the annual report of 2011).</p> <p>ETC Annual Report 2011 Section 6 http://ws.eures.com.mt/AnnualReport2011/sections/06/index.php</p> <p>ETC Annual Report 2011 - Section 9 http://ws.eures.com.mt/AnnualReport2011/sections/09/index.php</p>	

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				<p>The National Employment Policy, launched in May 2014 also addresses this criterion through Section 4.5.5, Section 6.3.3 (From Passive to Possible Welfare), Section 9.6 (NEETs from Vulnerable Backgrounds) Point 7, Section 7.3.3 – Traineeships and Apprenticeships, and Chapter 11 http://education.gov.mt/employment/Documents/EMPLOYMENT%20POLICY%20DOC%20sml.pdf</p>	
T08.1-Active labour market policies are designed and delivered in the light of the Employment guidelines.	Yes	2. Employment services have the capacity to, and do, deliver: comprehensive and transparent information on new job vacancies and employment opportunities taking into account the changing needs of the labour market.	Yes	<p>ETC website contains a collection of vacancies which can be accessed by jobseekers. It also contains a section from where one can download research studies commissioned by ETC in relation to labour market needs and trends at a local and European level. This page includes action plans, strategy reports and guides to jobseekers, employers and employees.</p> <p>ETC website – Vacancies: https://secure.etc.gov.mt/Jobseeker/JobSearch/JobSearch.aspx http://etc.gov.mt/Category/3/16/Working%20in%20Europe.aspx</p> <p>In 2012 and 2013, the Employment and Training Corporation (ETC) conducted research to capture labour market trends and forecast the skills and competences needed in the industry. ETC is presently discussing the</p>	

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				<p>framework to be used for the development of future periodic forecasting surveys, together with a study on the existing skills available in the labour market. Even though, past studies are not published; however they are used as an evidence-base to assist in the design of schemes. They are also used as a basis for discussion with stakeholders, with the aim of improving the services offered within an inter-agency approach.</p> <p>Reference to this can be found in ETC's annual reports (refer to section 6 and 7 of the annual report of 2011)</p> <p>http://ws.eures.com.mt/AnnualReport2011/sections/06/index.php</p> <p>http://ws.eures.com.mt/AnnualReport2011/sections/07/index.php</p> <p>ETC also initiated collaboration with the European Centre for the Development of Vocational Training (CEDEFOP) in the undertaking of forecasting exercises.</p> <p>Research to capture labour market trends and forecast skills and competences needed in the industry:</p> <p>http://etc.gov.mt/Category/5/22/Research-and-Reports.aspx</p> <p>Chapter 2, Section 5.1, 5.2 and 7.3.4 show analysis of labour market trends.</p>	

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				http://education.gov.mt/employment/Documents/EMPLOYMENT%20POLICY%20DOC%20sml.pdf	
T08.1-Active labour market policies are designed and delivered in the light of the Employment guidelines.	Yes	3. Employment services have set up formal or informal cooperation arrangements with relevant stakeholders.	Yes	<p>Jobs+, MCAST, ETC Apprenticeship and traineeship schemes - Section 4.5.3 of National Employment Policy</p> <p>E-Skills Malta Foundation gathers representatives from Education, MITA, Malta Enterprise, Malta Communications Authority, Lotteries and Gaming Authority, ETC, Chamber of Commerce, Enterprise and Industry - Section 4.5.5 of National Employment Policy</p> <p>http://education.gov.mt/employment/Documents/EMPLOYMENT%20POLICY%20DOC%20sml.pdf</p> <p>http://www.mcast.edu.mt/MainMenu/Full-TimeCourses/Apprenticeships.aspx</p>	
T09.1-The existence and the implementation of a national strategic policy framework for poverty reduction aiming at the active inclusion of people excluded from the labour market in the light of the Employment guidelines.	Partially	1. A national strategic policy framework for poverty reduction, aiming at active inclusion, is in place that:	No		<p>The Strategy is currently being developed.</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>

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T09.1-The existence and the implementation of a national strategic policy framework for poverty reduction aiming at the active inclusion of people excluded from the labour market in the light of the Employment guidelines.	Partially	2. provides a sufficient evidence base to develop policies for poverty reduction and monitor developments;	Yes	<p>A Framework for Poverty reduction and for Social inclusion, 2014-2024 (Annex 19) was launched in the form of a green paper for public consultation.</p> <p>Analysis of existing strategies, structures and commitments can be found in Chapter 3 and in depth evidence of current socio-economic situation can be found in Chapter 4 of the Green paper.</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>	
T09.1-The existence and the implementation of a national strategic policy framework for poverty reduction aiming at the active inclusion of people excluded from the labour market in the light of the Employment guidelines.	Partially	3. contains measures supporting the achievement of the national poverty and social exclusion target (as defined in the National Reform Programme), which includes the promotion of sustainable and quality employment opportunities for people at the highest risk of social exclusion, including people from marginalised communities;	Yes	<p>A Framework for Poverty reduction and for Social inclusion, 2014-2024 (Annex 19) was launched in the form of a green paper for public consultation .</p> <p>Sections 4.5 and 4.6 and Chapter 11 Policy Options and Alternatives of the Green Paper</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>	
T09.1-The existence and the implementation of a national	Partially	4. involves relevant stakeholders in combating poverty;	Yes	A Framework for Poverty reduction and for Social inclusion, 2014-2024 (Annex 19) was launched in the form	

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strategic policy framework for poverty reduction aiming at the active inclusion of people excluded from the labour market in the light of the Employment guidelines.				<p>of a green paper for public consultation.</p> <p>Section 1.4, Methodology and Consultation Process Section 1.5 on page 18 of the Green paper</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>	
T09.1-The existence and the implementation of a national strategic policy framework for poverty reduction aiming at the active inclusion of people excluded from the labour market in the light of the Employment guidelines.	Partially	5. depending on the identified needs, includes measures for the shift from institutional to community based care;	Yes	<p>A Framework for Poverty reduction and for Social inclusion, 2014-2024 (Annex 19) was launched in the form of a green paper for public consultation.</p> <p>Section 11.3.3 Health point 2 Improve and widen community care;</p> <p>Section 11.3.4 Employment point 1,2 encourage job creation for the disadvantaged and facilitate the formation of cooperatives and micro-enterprises; expand the community worker scheme;</p> <p>Section 11.3.7 Social Welfare Services points 3,4 and 5 Ensure early identification and intervention, seek to decrease the number of children in institutions, expand and upgrade community care and outreach services; and</p>	

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				<p>Section 12.2 Harmonisation of policies: promotion of “personalised services that reach the community in a more effective manner” of the Green paper.</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>	
T09.1-The existence and the implementation of a national strategic policy framework for poverty reduction aiming at the active inclusion of people excluded from the labour market in the light of the Employment guidelines.	Partially	6. Upon request and where justified, relevant stakeholders will be provided with support for submitting project applications and for implementing and managing the selected projects.	Yes	<p>A Framework for Poverty reduction and for Social inclusion, 2014-2024 (Annex 19) was launched in the form of a green paper for public consultation.</p> <p>Funding Programmes pages 22 and 23 - Section 3.3 of the Green paper.</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>	
T09.3-Health: The existence of a national or regional strategic policy framework for health within the limits of Article 168 TFEU ensuring economic sustainability.	Partially	1. A national or regional strategic policy framework for health is in place that contains:	No		The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.
T09.3-Health: The existence of a national or regional strategic policy	Partially	2. coordinated measures to improve access	Yes	National Health Systems Strategy for Malta 2014-2020	

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framework for health within the limits of Article 168 TFEU ensuring economic sustainability.		to health services;		<p>(NHSS) has been published (Annex 20)</p> <p>https://ehealth.gov.mt/HealthPortal/chief_medical_officer/overview.aspx</p> <p>Chapter 7:</p> <ul style="list-style-type: none"> • Overall Objective 1 <p>Health and well-being throughout life</p> <ul style="list-style-type: none"> • Overall Objective 3 <p>A joint effort to ensure continuity of care</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>	
T09.3-Health: The existence of a national or regional strategic policy framework for health within the limits of Article 168 TFEU ensuring economic sustainability.	Partially	3. measures to stimulate efficiency in the health sector, through deployment of service delivery models and infrastructure;	Yes	<p>National Health Systems Strategy for Malta 2014-2020 (NHSS) has been published (Annex 20)</p> <p>https://ehealth.gov.mt/HealthPortal/chief_medical_officer/overview.aspx</p> <p>Chapter 7:</p> <ul style="list-style-type: none"> • Overall Objective 2 <p>Ensuring equity within a dynamic health system</p> <ul style="list-style-type: none"> • Overall Objective 4 	

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				<p>Working towards a sustainable health system</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>	
T09.3-Health: The existence of a national or regional strategic policy framework for health within the limits of Article 168 TFEU ensuring economic sustainability.	Partially	4. a monitoring and review system.	No		<p>A Health Systems Performance Assessment (HSPA) tool is being developed as the monitoring framework for the NHSS The indicators for monitoring the performance of the local public health system have been chosen and prioritised following extensive consultation with a number of stakeholders. The conceptual framework behind the HSPA has now been revisited and refocussed following these consultations and the data collection for the compilation of a first assessment is already underway.</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>
T09.3-Health: The existence of a national or regional strategic policy framework for health within the limits of Article 168 TFEU ensuring	Partially	5. A Member State or region has adopted a framework outlining available budgetary resources on an indicative basis and a cost-effective concentration of resources on	No		The budgetary framework for the NHSS is being developed. The drawing up of the budgetary framework could not start before the finalisation of the strategy following the extensive feedback received

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economic sustainability.		prioritised needs for health care.			<p>during the consultation phase.</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>
T10.1-Early school leaving: The existence of a strategic policy framework to reduce early school leaving (ESL) within the limits of Article 165 TFEU.	Partially	1. A system for collecting and analysing data and information on ESL at relevant levels is in place that:	No		<p>A comprehensive data collection framework in line with strategic action 2.4 of the Strategic Plan for the Prevention of Early School Leaving in Malta is being developed.</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>
T10.1-Early school leaving: The existence of a strategic policy framework to reduce early school leaving (ESL) within the limits of Article 165 TFEU.	Partially	2. provides a sufficient evidence-base to develop targeted policies and monitors developments.	No		<p>Data pertinent to ESL is collected by different departments within the Ministry for Education and Employment, including:</p> <ul style="list-style-type: none"> • An exit survey to collect data about students leaving courses at post secondary level (on an annual basis – Annex 21); • E1 Platform where every student's attendance and performance attending compulsory education are recorded (applicable to state schools only however there is the plan to extend to non

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					<p>state schools);</p> <ul style="list-style-type: none"> Tracer study for collecting data about students finishing compulsory education is prepared annually. Tracer Studies for the years 2011 and 2012 can be found in Annexes 22 and 23 respectively. <p>Hence, the need was felt to develop a comprehensive data collection framework in line with strategic action 2.4 of the Strategic Plan for the Prevention of Early School Leaving in Malta.</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>
T10.1-Early school leaving: The existence of a strategic policy framework to reduce early school leaving (ESL) within the limits of Article 165 TFEU.	Partially	3. A strategic policy framework on ESL is in place that:	Yes	<p>ESL strategy available online at: http://education.gov.mt/ESL/Documents/School%20Leaving%20in%20Malta.pdf</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in</p>	

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
				place.	
T10.1-Early school leaving: The existence of a strategic policy framework to reduce early school leaving (ESL) within the limits of Article 165 TFEU.	Partially	4. is based on evidence;	Yes	<p>Chapter 1 of the Strategic Plan for the prevention of Early School leaving in Malta provides the context of ESL in Malta</p> <p>Chapter 2 reflects the measures to meet the challenge of Early School Leaving through cross sectoral, cooperation and monitoring.</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>	
T10.1-Early school leaving: The existence of a strategic policy framework to reduce early school leaving (ESL) within the limits of Article 165 TFEU.	Partially	5. covers relevant educational sectors including early childhood development, targets in particular vulnerable groups that are most at risk of ESL including people from marginalised communities, and addresses prevention, intervention and compensation measures;	Yes	<p>The strategic plan is based on three pillars for action including prevention (Chapter 3), intervention (Chapter 4) and compensation (Chapter 5). Chapter 6 of the Strategic Plan provides a matrix identifying the strategic actions through key performance indicators that will be used to monitor the implementation of this strategy.</p> <p>http://education.gov.mt/ESL/Documents/School%20Leaving%20in%20Malta.pdf</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>	

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
T10.1-Early school leaving: The existence of a strategic policy framework to reduce early school leaving (ESL) within the limits of Article 165 TFEU.	Partially	6. involves all policy sectors and stakeholders that are relevant to addressing ESL.	Yes	<p>Consultations were held with the Malta Council for Economic and Social Development (MCESD). Conferences were organised and stakeholders were invited to deliver their views. Following a public consultation, the finalised strategic plan has been published during 2014. Strategic Actions 2.1, 2.2, and 2.3 would bring together stakeholders from within and from outside the Ministry for Education and Employment, including employers, trade unions, civil society and NGOs.</p> <p>http://education.gov.mt/ESL/Documents/School%20Leaving%20in%20Malta.pdf</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>	
T10.2-Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	No	1. A national or regional strategic policy framework for tertiary education is in place with the following elements:	No		<p>A Strategic Policy Framework is currently being updated.</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>
T10.2-Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education	No	2. where necessary, measures to increase participation and attainment that:	No		Currently, the national strategic policy framework for tertiary education is the 'Further and Higher Education Strategy 2020' accessible at:

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
attainment, quality and efficiency within the limits of Article 165 TFEU.					<p>http://www.ncfhe.org.mt/uploads/filebrowser/Further_and_Higher_Education_Strategy_2020.pdf</p> <p>This strategy which was published in 2009 is being reviewed to reflect developments in the local and international contexts.</p> <p>A working committee has been set up and is responsible for drafting the updated strategy which will be published during 2014.</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>
T10.2-Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	No	3. increase higher education participation among low income groups and other under-represented groups with special regard to disadvantaged people, including people from marginalised communities;	No		<p>Further and Higher Education Strategy 2020' accessible at:</p> <p>http://www.ncfhe.org.mt/uploads/filebrowser/Further_and_Higher_Education_Strategy_2020.pdf</p> <p>Measures in pages 45-46 of the current 'Further and Higher Education Strategy 2020' aim to increase participation attainment.</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>The following actions have been taken to this effect:</p> <p>A supplement to the Student Maintenance Grant is paid to students with financial difficulties.</p> <p>See: http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=9879 and http://www.um.edu.mt/_data/assets/pdf_file/0007/168964/347.pdf</p> <p>Supplementary grants are also available to residents of Gozo following full-time undergraduate programmes in Malta:</p> <p>http://www.gozo.gov.mt/gozportal/ministry_for_gozo/departments/dcusts/subsidies.aspx</p> <p>Supplementary grants are also applicable for scholarship holders of Malta Government Scholarship schemes:</p> <p>See: http://education.gov.mt/en/education/myScholarship/Pages/default.aspx</p> <p>The actual fulfilment of criteria will be</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					reassessed at the level of the OPs, once the strategic frameworks are in place.
T10.2-Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	No	4. reduce drop-out rates/improve completion rates;	No		<p>Further and Higher Education Strategy 2020' accessible at: http://www.ncfhe.org.mt/uploads/filebrowser/Further_and_Higher_Education_Strategy_2020.pdf.</p> <p>Priorities 1 and 4 and recommended measures on pages 36-39 of the current strategy aim to increase participation and attainment levels.</p> <p>Various measures are in place to discourage drop-out from and encourage attainment in further and higher education:</p> <p>The Student Maintenance Grant is paid to students only if they make satisfactory progress in their studies. Funds have to be returned if students absent themselves; fail examinations; or discontinue their studies.</p> <p>See: http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=9879</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>Similar regulations apply for the scholarships offered for undergraduate and postgraduate studies by the Government of Malta.</p> <p>See: http://education.gov.mt/en/education/myScholarship/Pages/default.aspx</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>
<p>T10.2-Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.</p>	<p>No</p>	<p>5. encourage innovative content and programme design;</p>	<p>No</p>		<p>Further and Higher Education Strategy 2020' accessible at: http://www.ncfhe.org.mt/uploads/filebrowser/Further_and_Higher_Education_Strategy_2020.pdf</p> <p>Objective 3 and Priority 6 of the current strategy aim to make Malta a centre of excellence in education and research. In 2012, three legal notices on licensing, accreditation and quality assurance were launched, see: http://www.ncfhe.org.mt/content/home-about-us-legislation/5668869/</p> <p>These provide the regulatory framework of the National Council For Further and</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>Higher Education (NCFHE) to carry out its mission to maintain, uphold, enhance and improve standards in further and higher education in Malta. These regulations endorse the 2012 European Regulations for Further and Higher Education, including the European Standards for Guidelines and Quality Assurance in the Higher Education Area and the European Quality Assurance Reference Framework for Vocational Education and Training (EQAVET).</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>
<p>T10.2-Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.</p>	<p>No</p>	<p>6. measures to increase employability and entrepreneurship that:</p>	<p>No</p>	<p>Further and Higher Education Strategy 2020' accessible at: http://www.ncfhe.org.mt/uploads/filebrowser/Further_and_Higher_Education_Strategy_2020.pdf</p> <p>Priority 2 of the current strategy aims to increase enrollment of students in areas identified as priority areas for Malta's economic development.</p>	<p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					strategic frameworks are in place.
T10.2-Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	No	7. encourage the development of "transversal skills", including entrepreneurship in relevant higher education programmes;	No		<p>Further and Higher Education Strategy 2020' accessible at: http://www.ncfhe.org.mt/uploads/filebrowser/Further_and_Higher_Education_Strategy_2020.pdf</p> <p>Priority 2 of the current strategy aims to increase enrollment of students in areas identified as priority areas for Malta's economic development.</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>
T10.2-Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	No	8. reduce gender differences in terms of academic and vocational choices.	No		<p>Further and Higher Education Strategy 2020' accessible at: http://www.ncfhe.org.mt/uploads/filebrowser/Further_and_Higher_Education_Strategy_2020.pdf</p> <p>The aim of the current strategy is to achieve a general increase in participation and attainment in further and higher education.</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.
T11.1-The existence of a strategic policy framework for reinforcing the Member State's administrative efficiency including public administration.	Yes	1. A strategic policy framework for reinforcing a Member State's public authorities' administrative efficiency and their skills with the following elements are in place and in the process of being implemented:	Yes	<p>This strategic policy framework is being presented in four separate documents, namely:</p> <p>1. Strategy and Action Plan 2014-2020: Better Governance (Annex 27) addressing:</p> <ul style="list-style-type: none"> • Criteria 1: Analysis and strategic planning of legal, organisational and/or procedural reform actions; and • Criteria 6: Development of procedures and tools for monitoring and evaluation. <p>2. Strategy and Action Plan 2014-2020: Development of Quality Management Systems (Annex 28) addressing:</p> <ul style="list-style-type: none"> • Criteria 2: Development of Quality Management Systems. <p>3. Strategy and Action Plan 2014-2020: Integrated actions for simplification and rationalisation of administrative processes (Annex 29) addressing:</p> <ul style="list-style-type: none"> • Criteria 3: Integrated actions for simplification and rationalisation of administrative procedures. 	

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
				<p>4. Human Resources and Skills Development Strategic Policy Framework – A Way Forward for 2014-2020 (Annex 30) addressing:</p> <ul style="list-style-type: none"> • Criteria 4: Development and implementation of human resources strategy and policies • Criteria 5: Development of Skills <p>• In particular, the reinforcing of the judiciary sector is being addressed within the above-mentioned strategies, as explained hereunder.</p>	
T11.1-The existence of a strategic policy framework for reinforcing the Member State's administrative efficiency including public administration.	Yes	2. an analysis and strategic planning of legal, organisational and/or procedural reform actions;	Yes	<p>Strategy and Action Plan 2014-2020: Better Governance (Annex 27) - Refer to Page 46 showing the mapping between strategic initiatives and pertinent assessment criteria, all needs are being addressed by one or more strategic initiatives.</p> <p>The judiciary sector is being referred to in pages 5 (Executive Summary) and:</p> <p>1. In Part II (Current State of Play) of Annex 27 (page 14), there is a specific section on “the Judicial System and the Justice Sector”, including a bullet</p>	

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
				<p>explaining what the justice reform will involve (last bullet on page 15);</p> <p>2. In Part II (Current State of Play) of Annex 27 (page 30), there is a section on “Government Direction” in which the justice component is mentioned as one being included in the simplification exercise;</p> <p>3. In Part III (Strategy and Action Plan for Good Governance) of Annex 27 (page 38), measure 1.6 under Strategic Objective 1 addresses the implementation of the reform in the justice sector to reduce court case duration and backlog of cases.</p> <p>An indicative budget allocation, to be sourced from both ESI and other funds, in the range of €9 million is being earmarked, including a justice component share in the range of €1 million.</p>	
T11.1-The existence of a strategic policy framework for reinforcing the Member State's administrative efficiency including public administration.	Yes	3. the development of quality management systems;	Yes	<p>Strategy and Action Plan 2014-2020: Development of Quality Management Systems (Annex 28).</p> <p>Refer Page 22 showing the mapping between strategic initiatives and pertinent assessment criteria, all needs are being addressed by one or more strategic initiatives.</p>	

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
				The judiciary sector is being referred to in pages 4 (Executive Summary), 13 (Government Direction), 15 (SWOT), 16 and 24 (Measure 1.5 under Strategic Objective 1) of Annex 28.	
T11.1-The existence of a strategic policy framework for reinforcing the Member State's administrative efficiency including public administration.	Yes	4. integrated actions for simplification and rationalisation of administrative procedures;	Yes	<p>Strategy and Action Plan 2014-2020: Integrated actions for simplification and rationalisation of administrative processes (Annex 29)</p> <p>Through a table being presented on Page 20 of Annex 29 showing the mapping between strategic initiatives and pertinent assessment criteria, all needs are being addressed by one or more strategic initiatives.</p> <p>The judiciary sector is being referred to in pages 11 (Government Direction) and 16 (Measure 1.1(h) under Strategic Objective 1) of Annex 29.</p>	
T11.1-The existence of a strategic policy framework for reinforcing the Member State's administrative efficiency including public administration.	Yes	5. the development and implementation of human resources strategies and policies covering the main gaps identified in this field;	Yes	Human Resources and Skills Development Strategic Policy Framework – A Way Forward for 2014-2020 (Annex 30)	

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
T11.1-The existence of a strategic policy framework for reinforcing the Member State's administrative efficiency including public administration.	Yes	6. the development of skills at all levels of the professional hierarchy within public authorities;	Yes	Human Resources and Skills Development Strategic Policy Framework – A Way Forward for 2014-2020 (Annex 30)	
T11.1-The existence of a strategic policy framework for reinforcing the Member State's administrative efficiency including public administration.	Yes	7. the development of procedures and tools for monitoring and evaluation.	Yes	<p>Strategy and Action Plan 2014-2020: Better Governance (Annex 27) - Refer to Page 46 showing the mapping between strategic initiatives and pertinent assessment criteria, all needs are being addressed by one or more strategic initiatives.</p> <p>The judiciary sector is being referred to in pages 5 (Executive Summary) and:</p> <ol style="list-style-type: none"> 1. In Part II (Current State of Play) of Annex 27 (page 14), there is a specific section on “the Judicial System and the Justice Sector”, including a bullet explaining what the justice reform will involve (last bullet on page 15); 2. In Part II (Current State of Play) of Annex 27 (page 30), there is a section on “Government Direction” in which the justice component is mentioned as one being included in the simplification exercise; 3. In Part III (Strategy and Action Plan for Good Governance) of Annex 27 (page 38), measure 1.6 under Strategic Objective 1 addresses the implementation of the reform in the justice sector to reduce court case duration and backlog of cases. 	

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
T04.3-Actions have been carried out to promote the production and distribution of renewable energy sources.	Yes	1. Transparent support schemes, priority in grid access or guaranteed access and priority in dispatching, as well as standard rules relating to the bearing and sharing of costs of technical adaptations which have been made public are in place consistent with Article 14(1), Article 16(2) and 16(3) of Directive 2009/28/EC of the European Parliament and of the Council.	Yes	<p>Electricity Market Regulations, (Legal Notice 166/2011 as amended – Subsidiary Legislation 423.22). – http://mra.org.mt/wp-content/uploads/2012/08/22.Electricity-Market-Regulations.pdf and/or http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=10685</p> <p>The National Renewable Energy Action Plan 2010 and 2011 can be found on http://www.ebb-eu.org/legis/ActionPlanDirective2009_28/national_renewable_energy_action_plan_malta_en.pdf (NREAP 2010)</p> <p>http://www.buildup.eu/publications/22827 (NREAP 2011)</p> <p>Feed in Tariffs Regulations 422/2010 as amended - SL 423.46: http://justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=11430&l=1</p> <p>Information about the support measures available to investors in RES is available on the Malta Resource Authority website (http://mra.org.mt/support-schemes/). This includes both grant schemes and Feed in tariffs as amended from time to time.</p> <p>Rules in relation to the sharing of costs of technical adaptations are in line with the Electricity Supply</p>	

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
				<p>regulations (423.01). Refer to the below link: http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=10667</p> <p>The costs of connecting PV systems, Micro Wind and Combined Heat & Power Plant are available on the application forms downloadable from the ARMS Ltd website https://www.smartutilities.com.mt/wps/portal/Public%20Area/ARMS.PublicArea.UsefulDownloads/ARMS.publicArea.Downloads!/ut/p/c5/hY1LDoIwAETP4gk6tKW4RYSCVT7FtrJpWBhCluDCeH5LXKszycf0hHnuX-NQ_8cl7m_k5Z0wiqdCCQ-R5GoGNlIx2a31xQ8cPwqbCTDlAdHoKANQHO_rmBqhoz9aV_WP2E9YVijpAeZly7BD9uoOoMWif3wX_srxxeFIHm6TDfymFqM5bB5A2w1GVM!/dl3/d3/L0IDUmlTUSEhL3dHa0FKRnNBL1lCUMZ3QSEhL210/</p>	
T04.3-Actions have been carried out to promote the production and distribution of renewable energy sources.	Yes	2. A Member State has adopted a national renewable energy action plan consistent with Article 4 of Directive 2009/28/EC.	Yes	<p>The National Renewable Energy Action Plan 2010 and 2011 can be found on http://www.ebb-eu.org/legis/ActionPlanDirective2009_28/national_renewable_energy_action_plan_malta_en.pdf (NREAP 2010)</p> <p>http://www.buildup.eu/publications/22827 (NREAP 2011).</p> <p>Measures in the NREAP to achieve the national overall targets for 2020 have been considered as adequate since the interim targets for 2011-2012 in accordance with the RES Directive 2009/28/EU and the NREAP trajectory for</p>	Although Malta managed to meet its 2011-2012 interim RES target and is on track to meet the 2013-2014 target, a review of the original National Renewable Energy plan was still necessary in order to reflect advances in RES technology, take stock of studies performed since 2010, and to ensure that the most cost effective options are selected.

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				2012 have been achieved as indicated in Annex 13.	
T07.3-Other modes of transport, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure: the existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on inland waterways and maritime transport, ports, multimodal links and airport infrastructure, which contribute to improving connectivity to the TEN T comprehensive and core networks and to promoting sustainable regional and local mobility.	No	1. The existence of a section on inland-waterways and maritime transport, ports, multimodal links and airport infrastructure within the transport plan or plans or framework or frameworks which:	No		A national transport strategy covering all relevant transport modes (road, public transport, sea, and air) is being prepared.
T07.3-Other modes of transport, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure: the existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on inland waterways and maritime transport, ports, multimodal links and airport infrastructure, which contribute to	No	2. complies with legal requirements for strategic environmental assessment;	No		A national transport strategy covering all relevant transport modes (road, public transport, sea, and air) is being prepared.

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
improving connectivity to the TEN T comprehensive and core networks and to promoting sustainable regional and local mobility.					
T07.3-Other modes of transport, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure: the existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on inland waterways and maritime transport, ports, multimodal links and airport infrastructure, which contribute to improving connectivity to the TEN T comprehensive and core networks and to promoting sustainable regional and local mobility.	No	3. sets out a realistic and mature project pipeline (including a timetable and budgetary framework);	No		A national transport strategy covering all relevant transport modes (road, public transport, sea, and air) is being prepared.
T07.3-Other modes of transport, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure: the existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on inland waterways and maritime transport, ports, multimodal links and airport infrastructure, which contribute to	No	4. Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline.	No		A national transport strategy covering all relevant transport modes (road, public transport, sea, and air) is being prepared.

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
improving connectivity to the TEN T comprehensive and core networks and to promoting sustainable regional and local mobility.					
T10.4-The existence of a national or regional strategic policy framework for increasing the quality and efficiency of VET systems within the limits of Article 165 TFEU.	No	1. A national or regional strategic policy framework is in place for increasing the quality and efficiency of VET systems within the limits of Article 165 TFEU which includes measures for the following:	No		<p>An overarching framework comprising VET provision in Malta and the quality and efficiency of VET systems is being developed during 2014.</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>
T10.4-The existence of a national or regional strategic policy framework for increasing the quality and efficiency of VET systems within the limits of Article 165 TFEU.	No	2. to improve the labour market relevance of VET systems in close cooperation with relevant stakeholders including through mechanisms for skills anticipation, adaptation of curricula and the strengthening of work-based learning provision in its different forms;	No		<p>In 2011 a Malta Skills Audit report/VET provision Trend Report was carried out. This report makes reference to the Skills+ project analysing the skills required by the industry (page 6, Chapter 1) and the legislative and management framework for Malta (Chapter 4); refer to Annex 25.</p> <p>In 2012 and 2013, the Employment and Training Corporation (ETC) conducted research to capture labour market trends and forecast the skills and competences needed in the industry. ETC is presently discussing the framework to be used for the development of future periodic forecasting surveys, together with a study</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>on the existing skills available in the labour market. Even though past studies are not published; they are used as an evidence-base to assist in the design of schemes. They are also used as a basis for discussion with stakeholders, with the aim of improving the services offered within an inter-agency approach (Reference to Ex ante conditionality 8.1).</p> <p>The ETC administers the Apprenticeship Scheme based on the dual system of vocational training; a combination of on-the-job and off-the-job training. Two nationally-funded apprenticeship schemes at MQF (Malta Qualifications Framework) levels 3 and 4 are currently available - the Technician Apprenticeship Scheme (TAS) and the Extended Skill Training Scheme (ESTS). Ongoing measures are being carried out to increase and strengthen the apprenticeships offered,</p> <p>http://www.mcast.edu.mt/MainMenu/Full-TimeCourses/Apprenticeships.aspx</p> <p>MCAST is currently updating its VET curricula. This process is supported by continuous and regular dialogue with stakeholders including industry, business and nongovernmental (NGO) sectors. Inputs from the various official sources and stakeholders are transposed into</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>actionable plans in order to improve relevance of VET curricula with respect to labour market needs addressing skill requirements. Various ESF projects that are supporting this process.</p> <p>MCAST is also collaborating closely with ETC in order to take the necessary measures for the strengthening of work-based learning and its provision in different forms. This is being done by conducting discussions with employers including SMEs and large companies to redefine the competences and occupational standards of VET programmes that are currently on offer and for new programmes.</p> <p>An Alternative Learning Programme (ALP) has been launched by the Ministry of Education and Employment to facilitate the transition from compulsory schooling to further education or employment. This programme aims to equip young people, who are highly at-risk of becoming early school leavers, with employability skills through a work-based learning approach.</p> <p>The Institute of Tourism Studies offers curriculum which is developed following continuous consultation with key</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>stakeholders in the tourism and hospitality industry. The main objective of such meetings, and regular contact with industry, is to anticipate the skills and competencies required by ITS graduates to successfully enter the employment market. Furthermore, all courses offered by the Institute of Tourism Studies include compulsory components of international trade practice, both locally and abroad (to promote mobility).</p> <p>Regular collaboration with the Employment and Training Corporation, and other key stakeholders such as the Malta Hotels and Restaurants Association takes place, to ensure that skills gaps are identified and changes to the curriculum are carried out. In October 2013, the Institute also launched a new foundation course in tourism enterprise. This is a three year course based on a combination of taught and practical out of class experiences. This course is being offered in collaboration with the Malta Enterprise and the ETC; and amongst other units, the course strongly promotes the aspect of youth entrepreneurship.</p> <p>Reference: http://its.edu.mt/EN.ITS_Prospectus.aspx</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					strategic frameworks are in place.
T10.4-The existence of a national or regional strategic policy framework for increasing the quality and efficiency of VET systems within the limits of Article 165 TFEU.	No	3. to increase the quality and attractiveness of VET including through establishing a national approach for quality assurance for VET (for example in line with the, European Quality Assurance Reference Framework for Vocational Education and Training) and implementing the transparency and recognition tools, for example European Credit system for Vocational Education and Training. (ECVET).	No		<p>In the Education (Amendment) Act 2012, Malta established the National Commission for Further and Higher Education (NCFHE) with the following responsibilities:</p> <ul style="list-style-type: none"> - implementing the Malta Qualification Framework for Lifelong Learning (Legal Notice 294/2012) - validating Non-formal and Informal Learning (Legal Notice 295/2012) - and licensing, accrediting and quality assuring all further and higher institutions, among them VET institutions (Legal Notice 296/2012) <p>Legal Notices Available online on: http://www.ncfhe.org.mt/content/home-about-us-legislation/5668869/</p> <p>The latter Legal Notice sets the necessary standards and criteria for institutions to obtain their license. The Legal Notice also provides details on how quality assurance should be regulated through the setting up of a Quality Assurance Committee which would have the power to set Quality Assurance standards and criteria to</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>regulate the licences.</p> <p>Malta has developed its National Qualifications Framework alongside the principles of the European Qualifications Framework (EQF) which has meant that it has incorporated elements of evaluation and review in VET as a result. For instance, all VET providers must now have an internal quality assurance policy which is reviewed by external verifiers and they follow national document recommendations on Quality Assurance.</p> <p>The Malta Qualifications Recognition Information Centre is responsible for the recognition of foreign qualifications. They also provide statements on the levels of the qualifications framework and provide statistics on further and higher education in Malta and VET.</p> <p>The NCFHE is now responsible for the quality assurance of further and higher education. The NQF sets standards which are then translated into requirements for accreditation of all courses and providers following a set of agreed standards and criteria. A manual for the conversion methodology (ECVET Conversion Manual link http://www.ecvetmalta.org.mt/uploads/file/browser/ECVET%20Conversion%20manu)</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>al.pdf) which can be used for the conversion of other courses by other VET training institutions, nationally as well as at European level was published by NCFHE in 2013.</p> <p>MCAST has taken a leading role, together with NCFHE and other local VET providers, to establish a national approach for QA in order to increase the quality and effectiveness of VET through the MALTA EQAVET and ECVET EU funded projects. MCAST has adopted the main deliverable of the EQAVET project, namely the indicators identified in the EQAVET Manual (Annex 26) based on the EQAVET Six Building Blocks and the EQAVET Quality Cycle indicators providing guidance to VET providers on how to create a quality assurance system compliant with European standards as a tool for improving quality through the measurement of the effectiveness and attractiveness of VET. MCAST has adopted the main deliverable of the ECVET project, namely the ECVET Manual, as a tool for converting qualifications into the ECVET system in order to address mobility of Learners, permeability across educational institutions in the context of Life Long Learning.</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>MCAST constantly consults with industry in relation to the effectiveness of its programmes. The Quality Assurance Office has also implemented an online employer satisfaction survey (http://www.surveymonkey.com/s/mcast_employer_survey), which seeks to obtain information from employers about MCAST graduates.</p> <p>All units that form the ITS curriculum have been translated into ECVET/ECTS systems, and utilizing learning outcome based approaches.</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>
T10.3-Lifelong learning (LL): The existence of a national and/or regional strategic policy framework for lifelong learning within the limits of Article 165 TFEU.	Partially	1. A national or regional strategic policy framework for lifelong learning is in place that contains measures:	No		The (draft) National Lifelong Learning Strategy 2020 for Malta (Annex 24) has been developed on best practices on LL in other EU jurisdictions and current market research. It includes relevant links and references to the Strategic Framework for European Cooperation in Education and Training (ET2020).

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
					<p>The Lifelong Learning Strategy identifies a set of Basic Principles that cut across all components of the Lifelong Learning Strategy. It adopts a pyramid structure approach as follows:</p> <ol style="list-style-type: none"> 1) The Vision provides the over-riding guideline for the lifelong learning strategy. 2) Five Strategic Objectives support the Vision. A number of strategic benchmarks serve as planned key performance indicators for the implementation of the Lifelong Learning Strategy. 3) Ten Strategies support at least one of the five Strategic Objectives. Each strategy identifies the current challenges and proposes a set of measures. 4) Forty Indicative Programmes (equivalent to detailed Measures) support at least one of the ten Strategies. Indicative programmes can form the basis for future action plans. Each programme is associated with one of the following action types: Structure; Policy; Vocational Education and Training (VET); Open Education Resources (OER) and Quality. <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
T10.3-Lifelong learning (LL): The existence of a national and/or regional strategic policy framework for lifelong learning within the limits of Article 165 TFEU.	Partially	2. to support the developing and linking services for LL, including their implementation and skills upgrading (i.e. validation, guidance, education and training) and providing for the involvement of, and partnership with relevant stakeholders ;	Yes	<p>Strategies 2, 3, 5 and supporting Programmes 13 to 18 are measures to better connect and value learning acquired in different tracks (e.g. Vocational Education and Training and higher education) and settings (formal, non-formal, informal learning) and to improve guidance.</p> <p>Strategy 1 and supporting Programmes 1, 3, 4 and 5 are measures to integrate different LL services.</p> <p>Strategy 1 and supporting Programmes 1, 2, 3, 4, 5, 6, 20, 22, 23, 24, 25 and 29 are measures to support lifelong learning implementation and skills upgrading.</p> <p>Strategies 1, 4, 5 and 9 and supporting Programmes 1, 2, 5, 6, 7, 8, 9, 11, 14, 15, 16, 17, 19, 21 and 23 represent arrangements to promote partnership and the involvement of relevant stakeholders, including the social partners.</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>	
T10.3-Lifelong learning (LL): The existence of a national and/or regional strategic policy framework for lifelong learning within the limits of Article 165 TFEU.	Partially	3. for the provision of skills development for various target groups where these are identified as priorities in national or regional strategic policy frameworks (for example young people in vocational training, adults, parents returning to the labour market, low	Yes	Strategies 6, 7 and 8 and supporting Programmes 5, 10, 11, 12, 20, 23, 25, 30, 31, 32, 33, 34, 36, 37, 38 and 39 are measures for the provision of skills development for target groups where these are identified as priorities (women, marginalised communities and older people)	

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
		skilled and older workers, migrants and other disadvantaged groups, in particular people with disabilities);		The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.	
T10.3-Lifelong learning (LL): The existence of a national and/or regional strategic policy framework for lifelong learning within the limits of Article 165 TFEU.	Partially	4. to widen access to LL including through efforts to effectively implement transparency tools (for example the European Qualifications Framework, National Qualifications Framework, European Credit system for Vocational Education and Training, European Quality Assurance in Vocational Education and Training);	Yes	Strategies 6, 7 and 8 and supporting Programmes 10, 11, 23, 30, 31, 32, 33, 34, 36, 37, 38 and 39 are measures to open up learning institutions to under-represented groups. Strategies 3 and 4 and Programmes 18, 22, 23, 24, 26, 27, 28 are measures to effectively implement transparency tools. The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.	
T10.3-Lifelong learning (LL): The existence of a national and/or regional strategic policy framework for lifelong learning within the limits of Article 165 TFEU.	Partially	5. to improve the labour market relevance of education and training and to adapt it to the needs of identified target groups (for example young people in vocational training, adults, parents returning to the labour market, low-skilled and older workers, migrants and other disadvantaged groups, in particular people with disabilities).	Yes	Strategies 2 and 6 and Programmes 5, 6, 7, 8, 13, 14, 15, 16 and 17 are measures to ensure a close coordination between employment and education and training policies and strategies Strategies 2 and 4 and Programmes 5, 6, 7, 8 and 13 are measures to support the monitoring of education and training outcomes in terms of employability and transition of graduates, including a system for data collection.	

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
				<p>Strategies 1, 2, 3 and 6 and and Programmes 1, 2, 4, 5, 7, 8, 18, 28 and 29 are measures to ensure a good transfer of information on labour market needs and provide a better match between those needs and the development of knowledge, skills and competences.</p> <p>Strategy 2 and Programmes 5, 6, 7, 8, 13, 14, 15, 16, 17 and 18 are measures to support a demand oriented VET system.</p> <p>Strategy 4 and Programmes 1, 22, 26 and 27 are measures to improve teachers' and trainers' competences are in place.</p> <p>Strategies 1 and 4 and Programmes 5, 6, 8, 9, 13, 16, 18, 19, 21, 24, 28, 29 and 32 are measures to analyse participation in education and training by socio-economic groups.</p> <p>Strategies 6, 7, 8 and 9 and Programmes 5, 13, 16, 17, 21, 23, 31 and 33 are measures to tackle the under-representation emerging from the analysis of current participation levels.</p> <p>The Lifelong Learning Strategy identifies women, migrants and disabled persons as priority target groups.</p>	

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
				<p>Strategies 6, 7 and 8 and Programmes 5, 10, 16, 17, 21, 23, 31, 32, 33, 34, 36, 37, 38 and 39 are measures to assure that education and training provisions are adapted to the specific needs of these priority groups.</p> <p>The actual fulfilment of criteria will be reassessed at the level of the OPs, once the strategic frameworks are in place.</p>	
T05.2-Good Agricultural and Environmental Conditions (GAEC): standards for good agricultural and environmental condition of land referred to in Chapter I of Title VI of Regulation (EU) No 1306/2013 are established at national level	Yes	1. GAEC standards are defined in national law and specified in the programmes;	Yes	Schedule III of LN207 of 2009- Cross compliance related to EU Aid applications in terms of the Paying Agency (Amended) Regulations. (link: http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lp&itemid=20911&l)	The Ministry for Sustainable Development, Environment and Climate Change will be updating the pertinent national legislation to comply with the new Regulations as from 2015.
T06.3-Minimum requirements for fertilisers and plant protection products: minimum requirements for fertilisers and plant protection products referred to in Article 28 of Chapter I of Title III of Regulation (EU) No 1305/2013 are defined at national level	Yes	1. minimum requirements for fertilisers and plant protection products referred to in Chapter I of Title III of Regulation (EU) 1305/2013 are specified in the programmes;	Yes	<p>LN321 of 2011 – Nitrates Action Programmes Regulations 2011.</p> <p>(Link: http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lp&itemid=22459&l)</p> <p>LN358 of 2009 – Plant Protection Products regulations.(Link: http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lp&itemid=21079&l)</p>	The Ministry for Sustainable Development, Environment and Climate Change will be updating the pertinent national legislation to comply with the new Regulations as from 2015.

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled)(reference to the strategies, legal acts or other relevant documents incl. references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text)	Explanation
T06.4-Other relevant national standards: relevant mandatory national standards are defined for the purpose of Article 28 of Chapter I of Title III of Regulation (EU) No 1305/2013	Yes	1. relevant mandatory national standards are specified in the programmes;	Yes	LN77 of 2013 – Nitrates action Programme (Amended) Regulations. (link: http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lp&itemid=24707&l=) LN78 of 2013- Protection of water against pollution caused by nitrates from agricultural sources regulations. (Link: http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lp&itemid=24708&l=1)	The Ministry for Sustainable Development, Environment and Climate Change will be updating the pertinent national legislation to comply with the new Regulations as from 2015.

(ii) Table: For the applicable general and thematic/fund specific ex-ante conditionalities at national level for which national bodies are responsible and which are completely or partially unfulfilled, indication of the bodies responsible for their fulfilment, the actions to be taken at national level to fulfil these ex-ante conditionalities, and the timeframe for the implementation of such actions (tables).

Applicable general ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
G4. The existence of arrangements for the effective application of Union public procurement law in the field of the ESI Funds.	4. Arrangements to ensure administrative capacity for implementation and application of Union public procurement rules.	Further strengthening of human resource capacity In order to fulfil this ex-ante conditionality, the following action plan is being followed: • Fill position of Director	31-Dec-2014	Department of Contracts, Ministry for Finance

Applicable general ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>(Operations) - completed</p> <ul style="list-style-type: none"> • Recruitment of 8 Senior Managers assisting the 3 Directors and Director General - 31 October 2014 • Recruitment of 14 Procurement Managers to complement the existing Procurement Managers - 31 October 2014 • Recruitment of an Architect & Civil Engineer and Legal Officer to assist the Senior Management - 31 October 2014 <p>In terms of training the Department has developed a training plan for a career in public procurement. The initiatives are three-fold:</p> <ol style="list-style-type: none"> 1. There is the ongoing on-the-job training where new recruits are mentored over a period of 6 to twelve months. This is complimented by off-the-job training, mainly in the form of formal training delivered by staff from the DoC in liaison with Government's training arm, CDRT, on public procurement regulations, procedures and processes and nowadays very much on e - 		

Applicable general ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>procurement.</p> <p>2. Early next year the DoC intends to avail of EU technical assistance funds to carry out training on the introduction of the new EU Directives. This will be targeted to all Public sector Employees.</p> <p>3. Furthermore, a medium to long term initiative is being developed whereby, in collaboration with MCAST and CDRT, the DoC shall be offering public officers in grades below scale 7 the possibility to read for a Diploma in Procurement and Supply. The successful completion of this Diploma will enable participants to apply for future calls for Procurement Officers thus slowly but steadily building a cadre of public officers with the necessary knowledge and skills to perform the procurement functions in an efficient and effective manner.</p>		

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
T01.1. Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well performing	3. outlines measures to stimulate private RTD investment;	The R&I Action Plan is currently being developed. This R&I Action Plan will be the document which will identify measures, timeframes and budgets to operationalise the	30-Jun-2015	Ministry for Education and Employment (MEDE) Malta Council for Science and Technology (MCST)

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
national or regional R&I systems.		<p>National R&I Strategy. It will detail who will be doing what and when to implement the priorities in practice over the period 2014-2020. The first focus of the said Action Plan will be on the years 2015-2016, in order to avoid it becoming outdated quickly and to retain flexibility to update it over time. The Strategy itself also remains subject to updating since, as it was learned from the peer review exercise, smart specialisation is a continuous process. Hence the input from the Core and Steering Groups and the Focus Groups will lead to updates of the Strategy over time. This process will make it easier to timely respond to changes in the Strategy document.</p> <ul style="list-style-type: none"> • Preparation of the R&I Action Plan which will, amongst others, outline measures to stimulate private RTD investments - 31 March 2015 • Adoption of the measures to stimulate private RTD investments - 30 June 2015 		<ul style="list-style-type: none"> • Preparation of the R&I Action Plan which will, amongst others, outline measures to stimulate private RTD investments - MEDE • Adoption of the measures to stimulate private RTD investments - MEDE
T01.1. Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well performing national or regional R&I systems.	4. contains a monitoring mechanism.	The R&I Action Plan is currently being developed. This R&I Action Plan will be the document which will identify measures, timeframes and budgets to operationalise the National R&I Strategy. It will detail who will be doing what and	30-Jun-2015	<p>Ministry for Education and Employment (MEDE) / Malta Council for Science and Technology (MCST)</p> <ul style="list-style-type: none"> • Appointing the Core Group - MEDE • Appointment of the Steering Group - MEDE

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>when to implement the priorities in practice over the period 2014-2020. The first focus of the said Action Plan will be on the years 2015-2016, in order to avoid it becoming outdated quickly and to retain flexibility to update it over time. The Strategy itself also remains subject to updating since, as it was learned from the peer review exercise, smart specialisation is a continuous process. Hence the input from the Core and Steering Groups and the Focus Groups will lead to updates of the Strategy over time. This process will make it easier to timely respond to changes in the Strategy document.</p> <p>Preparation of the monitoring mechanism, including:</p> <ul style="list-style-type: none"> • Appointing the Core Group: composed of very senior officials from relevant Government Ministries, the Core Group is responsible for deciding on priorities for action as well as on timeframes, resources and budgets, on the basis of recommendations made by the Steering Group; - completed • Appointment of the Steering Group made up of, amongst others, research performing institutions, higher education institutions, business representatives, civil society and 		<p>The Core and Steering Groups will monitor and evaluate the implementation of the Strategy through the Action Plan: the first meetings shall be held in November 2014 and October 2014 respectively;</p> <ul style="list-style-type: none"> • Setting up an ongoing mechanism ensuring active participation of stakeholders: s - MEDE • Setting up an evidence gathering system: - MEDE • Developing roadmaps for specialisation areas: - MEDE <p>Adoption of the monitoring mechanism - MEDE</p>

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>administration representatives. The Steering Group will evaluate proposals for measures and agree on prioritisation, to be forwarded to the core group for final decision. - completed</p> <p>Within their respective but complementary mandates, the Core and Steering Groups will monitor and evaluate the implementation of the Strategy through the R&I Action Plan. The first meeting of the Steering Group will be held in October 2014 and that of the Core Group in November 2014. Both groups will continue to meet regularly to discuss and evaluate progress in the implementation of the agreed priorities and agree on any action in case of any delays or shortfalls.</p> <ul style="list-style-type: none"> • Setting up an ongoing mechanism ensuring active participation of all stakeholders through focus groups. These focus groups will provide a basis for further updates in the Action Plan. - 31 March 2015 • Setting up an evidence gathering system, to be discussed in the Core and Steering Groups and will be included in the R&I Action Plan; - 31 March 2015 • Developing roadmaps for specialisation areas: to be discussed in the Core and Steering Groups and will be included in the 		

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>R&I Action Plan. - 31 March 2015</p> <p>Adoption of the monitoring mechanism - 31 December 2015</p>		
<p>T01.1. Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well performing national or regional R&I systems.</p>	<p>5. A framework outlining available budgetary resources for research and innovation has been adopted.</p>	<p>The R&I Action Plan is currently being developed. This R&I Action Plan will be the document which will identify measures, timeframes and budgets to operationalise the National R&I Strategy. It will detail who will be doing what and when to implement the priorities in practice over the period 2014-2020. The first focus of the said Action Plan will be on the years 2015-2016, in order to avoid it becoming outdated quickly and to retain flexibility to update it over time. The Strategy itself also remains subject to updating since, as it was learned from the peer review exercise, smart specialisation is a continuous process. Hence the input from the Core and Steering Groups and the Focus Groups will lead to updates of the Strategy over time. This process will make it easier to timely respond to changes in the Strategy document.</p> <ul style="list-style-type: none"> • Collection of information on planned projects from all Ministries - completed • First round of 	<p>30-Jun-2015</p>	<p>Malta Council for Science and Technology (MCST) /Ministry for Education and Employment (MEDE)</p> <ul style="list-style-type: none"> • Collection of information on planned projects from all Ministries - MCST • First round of stakeholders meeting - MCST • Mapping of initiatives according to Strategy's action lines - MCST • Drafting of Terms of reference for Core Steering Group - MCST • Launch of national R&I strategy 2020 - MCST/MEDE • Appointment of Core Steering Group members - MEDE • Request for updated information re: measures, budgets, timelines, from stakeholders - MCST

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>stakeholders meeting - completed</p> <ul style="list-style-type: none"> • Mapping of initiatives according to Strategy's action lines - 31 October 2014 • Drafting of Terms of reference for Core Steering Group - completed • Launch of national R&I strategy 2020 - completed • Appointment of Core Steering Group members - completed • Request for updated information re: measures, budgets, timelines, from stakeholders - completed • First meeting with Ministries re: budgetary plans - 31 October 2014 • Second stakeholder meeting - 31 October 2014 		<ul style="list-style-type: none"> • First meeting with Ministries re: budgetary plans - MCST • Second stakeholder meeting - MCST/MEDE • Update of mapping exercise and preparation of first draft R&I Action Plan, including prioritisation and linkages with EU priorities - MCST • First Core Steering Group meeting - MCST/MEDE • Second meeting with Ministries to finalise budgetary planning - MCST • Third stakeholder meeting (if necessary) - MCST/MEDE • Review by the Core Steering Group set up under the National R&I Strategy 2020 - MCST/MEDE • Finalisation of multi-annual plan for budgeting and prioritization of investments - MCST

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<ul style="list-style-type: none"> • Update of mapping exercise and preparation of first draft R&I Action Plan, including prioritisation and linkages with EU priorities - 31 December 2014 • First Core Steering Group meeting - 31 October 2014 • Second meeting with Ministries to finalise budgetary planning - 30 November 2014 • Third stakeholder meeting (if necessary) - 31 December 2014 • Review by the Core Steering Group set up under the National R&I Strategy 2020 - 31 March 2015 • Finalisation of multi-annual plan for budgeting and prioritization of investments - 30 June 2015 		

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
T03.1. Specific actions have been carried out to underpin the promotion of entrepreneurship taking into account the Small Business Act (SBA).	1. The specific actions are: measures have been put in place with the objective of reducing the time and cost involved in setting-up a business taking account of the targets of the SBA;	<p>In order to fulfil this ex-ante conditionality, the following action plan is being followed:</p> <ul style="list-style-type: none"> - Revision of fee structure for registration of companies, in line with the SBA targets - 31 December 2015 	31-Dec-2015	Ministry for the Economy, Investment and Small Business
T03.1. Specific actions have been carried out to underpin the promotion of entrepreneurship taking into account the Small Business Act (SBA).	3. The specific actions are: mechanism is in place to monitor the implementation of the measures of the SBA which have been put in place and assess the impact on SMEs.	<p>In order to fulfil this ex-ante conditionality, the following action plan is being followed:</p> <ul style="list-style-type: none"> • Train and meet with entities and departments that legislate so as to go over the requirements and obligations of the SME Test - 31 December 2014 • Drafting of the Legal Notice that will bring in force the SME Test - 31 December 2014 • Publication of a legal notice to update current legislation and bring into force the SME Test - 31 March 2015 	31-Mar-2015	<p>Ministry for the Economy, Investment and Small Business</p> <p>The Small Business Act Implementation Unit was set up in 2012 within the Enterprise Policy Directorate, Ministry for Enterprise, Investment and Business by virtue of the SBA (Cap. 512). Current work of the Unit with respect to the SBA Malta involves vetting of user guidelines and explanatory notes accompanied by new legislation that affects the business environment. The unit is also working to put in place the SME test and the two month stand still period.</p>

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
T01.2. Research and Innovation infrastructure. The existence of a multi annual plan for budgeting and prioritisation of investments.	1. An indicative multi-annual plan for budgeting and prioritisation of investments linked to Union priorities, and, where appropriate, the European Strategy Forum on Research Infrastructures (ESFRI) has been adopted.	<p>The R&I Action Plan is currently being developed. This R&I Action Plan will be the document which will identify measures, timeframes and budgets to operationalise the National R&I Strategy. It will detail who will be doing what and when to implement the priorities in practice over the period 2014-2020. The first focus of the said Action Plan will be on the years 2015-2016, in order to avoid it becoming outdated quickly and to retain flexibility to update it over time. The Strategy itself also remains subject to updating since, as it was learned from the peer review exercise, smart specialisation is a continuous process. Hence the input from the Core Steering Group and the Focus Groups may lead to updates of the Strategy over time. This process will make it easier to timely respond to changes in the Strategy document.</p> <ul style="list-style-type: none"> • Collection of information on planned projects from all Ministries - completed • First round of stakeholders meeting - completed 	30-Jun-2015	<p>Malta Council for Science and Technology (MCST) /Ministry for Education and Employment (MEDE)</p> <ul style="list-style-type: none"> • Collection of information on planned projects from all Ministries - MCST • First round of stakeholders meeting - MCST • Mapping of initiatives according to Strategy's action lines - MCST • Drafting of Terms of reference for Core Steering Group - MCST • Launch of national R&I strategy 2020 - MCST/MEDE • Appointment of Core Steering Group members - MEDE • Request for updated information re: measures, budgets, timelines, from stakeholders - MCST • First meeting with Ministries re: budgetary plans - MCST

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<ul style="list-style-type: none"> • Mapping of initiatives according to Strategy's action lines - 31 October 2014 • Drafting of Terms of reference for Core Steering Group - completed • Launch of national R&I strategy 2020 - completed • Appointment of Core Steering Group members - completed • Request for updated information re: measures, budgets, timelines, from stakeholders - completed • First meeting with Ministries re: budgetary plans - 31 October 2014 • Second stakeholder meeting - 31 October 2014 • Update of mapping exercise and preparation of first 		<ul style="list-style-type: none"> • Second stakeholder meeting - MCST/MEDE • Update of mapping exercise and preparation of first draft R&I Action Plan, including prioritisation and linkages with EU priorities - MCST • First Core Steering Group meeting - MCST/MEDE • Second meeting with Ministries to finalise budgetary planning - MCST • Third stakeholder meeting (if necessary) - MCST/MEDE • Review by the Core Steering Group set up under the National R&I Strategy 2020 - MCST/MEDE • Finalisation of multi-annual plan for budgeting and prioritization of investments - MCST

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>draft R&I Action Plan, including prioritisation and linkages with EU priorities - 31 December 2014</p> <ul style="list-style-type: none"> • First Core Steering Group meeting - 31 October 2014 • Second meeting with Ministries to finalise budgetary planning - 30 November 2014 • Third stakeholder meeting (if necessary) - 31 December 2014 • Review by the Core Steering Group set up under the National R&I Strategy 2020 - 31 March 2015 • Finalisation of multi-annual plan for budgeting and prioritization of investments - 30 June 2015 		
T04.1. Actions have been carried out to promote cost effective improvements of energy end use efficiency and cost effective investment in energy efficiency when constructing or renovating	1. The actions are: measures to ensure minimum requirements are in place related to the energy performance of buildings consistent with Article 3, Article 4 and Article 5 of Directive 2010/31/EU	In order to review the minimum requirements for dwellings and non-dwellings, the following action plan is being proposed:	01-Jan-2016	Acting as the technical arm reporting to the Ministry for Transport and Infrastructure, the Building Regulations Office (BRO), Ministry for Transport and Infrastructure

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
buildings.	of the European Parliament and of the Council;	<ul style="list-style-type: none"> • Setting-up of a committee, to be chaired by the Building Regulation Office involving all relevant stakeholders in order to implement the action plan for the review of minimum requirements for dwellings and non-dwellings - completed • Public discussion process with stakeholders on the basis of the findings and implications of the report - 31 March 2015 • Drawing up of updated minimum technical requirements and relevant Legal Notice on basis of outcome of above consultations - 31 July 2015 • Promotional campaign with public and relevant stakeholders (estate agents, contractors etc.) including the holding of a seminar and publication/dissemination of promotion material - 31 December 2015 • Enter into force of new Minimum Technical Requirements - 		<ul style="list-style-type: none"> • Setting-up of a committee, to be chaired by the Building Regulation Office involving all relevant stakeholders in order to implement the action plan for the review of minimum requirements for dwellings and non-dwellings - MTI • Public discussion process with stakeholders on the basis of the findings and implications of the report - BRO • Drawing up of updated minimum technical requirements and relevant Legal Notice on basis of outcome of above consultations - BRO • Promotional campaign with public and relevant stakeholders (estate agents, contractors etc.) including the holding of a seminar and publication/dissemination of promotion material - BRO • Enter into force of new Minimum Technical Requirements - MTI/BRO

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		1 January 2016		
T04.1. Actions have been carried out to promote cost effective improvements of energy end use efficiency and cost effective investment in energy efficiency when constructing or renovating buildings.	2. The actions are: measures necessary to establish a system of certification of the energy performance of buildings consistent with Article 11 of Directive 2010/31/EU;	Updating of Energy Performance Certificate to ensure its compliance with the provisions of Article 11 of the EPBD	31-Dec-2015	Building Regulations Office (BRO)
T05.1. Risk prevention and risk management: the existence of national or regional risk assessments for disaster management taking into account climate change adaptation	1. A national or regional risk assessment with the following elements shall be in place:	<p>In order to fulfil this ex-ante conditionality, the following actions plan is being followed:</p> <ul style="list-style-type: none"> • Draft and Publish an Invitation to Tender for Interested Economic Operators to carry out the Risk Assessment - 31 October 2014 • Adjudication and Award of Tender – 31 December 2014 • Hold meetings with stakeholders and analyse the feedback received - 31 March 2015 • Formulation of the risk assessment document and finalisation - 31 December 2015 	31-Dec-2015	Civil Protection Department, Ministry for Home Affairs and National Security

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
T05.1. Risk prevention and risk management: the existence of national or regional risk assessments for disaster management taking into account climate change adaptation	2. a description of the process, methodology, methods, and non-sensitive data used for risk assessment as well as of the risk-based criteria for the prioritisation of investment;	<p>In order to fulfil this ex-ante conditionality, the following actions plan is being followed:</p> <ul style="list-style-type: none"> • Draft and Publish an Invitation to Tender for Interested Economic Operators to carry out the Risk Assessment - 31 October 2014 • Adjudication and Award of Tender – 31 December 2014 • Hold meetings with stakeholders and analyse the feedback received - 31 March 2015 • Formulation of the risk assessment document and finalisation - 31 December 2015 	31-Dec-2015	Civil Protection Department, Ministry for Home Affairs and National Security
T05.1. Risk prevention and risk management: the existence of national or regional risk assessments for disaster management taking into account climate change adaptation	3. a description of single-risk and multi-risk scenarios;	<p>In order to fulfil this ex-ante conditionality, the following actions plan is being followed:</p> <ul style="list-style-type: none"> • Draft and Publish an Invitation to Tender for Interested Economic Operators to carry out the Risk Assessment - 31 October 2014 	31-Dec-2015	Civil Protection Department, Ministry for Home Affairs and National Security

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<ul style="list-style-type: none"> • Adjudication and Award of Tender – 31 December 2014 • Hold meetings with stakeholders and analyse the feedback received - 31 March 2015 • Formulation of the risk assessment document and finalisation - 31 December 2015 		
T05.1. Risk prevention and risk management: the existence of national or regional risk assessments for disaster management taking into account climate change adaptation	4. taking into account, where appropriate, national climate change adaptation strategies.	<p>In order to fulfil this ex-ante conditionality, the following actions plan is being followed:</p> <ul style="list-style-type: none"> • Draft and Publish an Invitation to Tender for Interested Economic Operators to carry out the Risk Assessment - 31 October 2014 • Adjudication and Award of Tender – 31 December 2014 • Hold meetings with stakeholders and analyse the feedback received - 31 March 2015 • Formulation of the risk 	31-Dec-2015	Civil Protection Department, Ministry for Home Affairs and National Security

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		assessment document and finalisation - 31 December 2015		
T06.1. Water sector: The existence of a) a water pricing policy which provides adequate incentives for users to use water resources efficiently and b) an adequate contribution of the different water uses to the recovery of the costs of water services at a rate determined in the approved river basin management plan for investment supported by the programmes.	1. In sectors supported by the ERDF, the Cohesion Fund and the EAFRD, a Member State has ensured a contribution of the different water uses to the recovery of the costs of water services by sector consistent with the first indent of Article 9(1) of Directive 2000/60/EC having regard, where appropriate, to the social, environmental and economic effects of the recovery as well as the geographic and climatic conditions of the region or regions affected.	<p>Malta is currently developing its 2nd River Basin Management Plan (RBMP) according to the requirements of the Water Framework Directive.</p> <p>This process is currently on track, where the expected delivery of the plan is according to the timeframes required by the same Directive:</p> <ul style="list-style-type: none"> • (Draft) 2nd River Basin Management Plan - 20-December-2014 <p>Malta undertakes that as required by Article 9 of the Water Framework Directive, Malta's 2nd River Basin Management Plan (RBMP) will take into account the principle of recovery of costs of water services. The 2nd River Basin Management Plan will incorporate the pertinent economic analysis that will:</p> <p>(i) take account of the principle of recovery of costs of water services, including environmental and resource costs, and in accordance in particular with the polluter pays principle; and</p> <p>(ii) ensure an adequate contribution of the different water uses disaggregated into at least industry,</p>	31-Mar-2016	<p>Ministry for Energy and Health (MEH)</p> <p>Ministry for Sustainable Development , the Environment and Climate Change (MSDEC)</p> <p>Malta Environment and Planning Authority (MEPA)</p> <p>Malta Resources Authority (MRA)</p> <ul style="list-style-type: none"> • (Draft) 2nd River Basin Management Plan - Lead: MEH (SEWCU), Supporting Competent Authorities: MEPA, MRA • Public Consultation on (Draft) 2nd River Basin Management Plan - Lead: MEH (SEWCU), Supporting Competent Authorities: MEPA, MRA • Review of the (Draft) 2nd River Basin Management Plan - Lead: MEH (SEWCU), Supporting Competent Authorities: MEPA, MRA • Publication of 2nd River Basin Management Plan - Lead: MEH (SEWCU), Supporting Competent Authorities: MEPA, MRA • Submission of 2nd River Basin Management Plan through WISE - Lead: MEH (SEWCU), Supporting

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>households and agriculture in the recovery of the costs of water services. Amongst others, this economic analysis serve as basis to mitigate some of the relevant identified gaps.</p> <ul style="list-style-type: none"> • Public Consultation on (Draft) 2nd River Basin Management Plan - 30-September-2015 • Review of the (Draft) 2nd River Basin Management Plan - 30-November-2015 • Publication of 2nd River Basin Management Plan - 20-December-2015 • Submission of 2nd River Basin Management Plan through WISE - 30-March-2016 <p>The 2nd River Basin Management Plan will fulfil ALL the requirements outlined in Annex VII to the Water Framework Directive.</p>		<p>Competent Authorities: MEPA, MRA</p> <p>The 2nd River Basin Management Plan will fulfil ALL the requirements outlined in Annex VII to the Water Framework Directive.</p> <p>Specifically with regards to surface water bodies, being significant in terms of the protection of the ecosystems which they sustain, discussions are ongoing between the Maltese Authorities (MEPA) and DG Environment on the implementation of the Water Framework Directive.</p>

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>Specifically with regards to surface water bodies, being significant in terms of the protection of the ecosystems which they sustain, discussions are ongoing between the Maltese Authorities (MEPA) and DG Environment on the implementation of the Water Framework Directive. In terms of the requirements pertaining to surface waters (coastal and inland) the main deliverables Malta needs to prepare are:</p> <ol style="list-style-type: none"> 1. a monitoring programme for inland surface waters to reflect the outcome of baseline studies carried out between 2012-2014 for the 10 inland surface waters of ecological importance and update the coastal waters monitoring program to reflect the results of the 1st monitoring done between 2011-2013. The monitoring programmes will be presented in the 2nd RBMP; 2. an updated Programme of Measures reflecting progress undertaken to-date under the 1st RBMP as well as the outcome of the 1st cycle of data from baseline studies (inland waters) and monitoring (coastal waters). The updated PoM will be presented in the 2nd RBMP; 3. an Economic Assessment of Programme of Measures – currently at tendering 		

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		stage.		
T06.1. Water sector: The existence of a) a water pricing policy which provides adequate incentives for users to use water resources efficiently and b) an adequate contribution of the different water uses to the recovery of the costs of water services at a rate determined in the approved river basin management plan for investment supported by the programmes.	2. The adoption of a river basin management plan for the river basin district consistent with Article 13 of Directive 2000/60/EC.	<p>In the run-up to the delivery of the (Draft) 2nd River Basin Management Plan the following actions/supporting studies are foreseen and currently being undertaken:</p> <ul style="list-style-type: none"> • Assessment of the Quantitative and Qualitative Status of the Aquifer Systems - 31 October-2014 • Economic Analysis of Water Use (update) - Malta confirms that the economic analysis that is being undertaken as part of the 2nd River Basin Management Plan will take due consideration of ALL the requirements of Article 5 and Article 9 of the Water Framework Directive - 31 October 2014 • Assessment of the Climatic Characteristics of the Maltese River Basin District - 31-October-2014 • Consultation Meetings with key stakeholders - 31-October-2014 	31-Mar-2016	<ul style="list-style-type: none"> • Assessment of the Quantitative and Qualitative Status of the Aquifer Systems - MEH • Economic Analysis of Water Use (update) - Malta confirms that the economic analysis that is being undertaken as part of the 2nd River Basin Management Plan will take due consideration of ALL the requirements of Article 5 and Article 9 of the Water Framework Directive - MEH/MRA • Assessment of the Climatic Characteristics of the Maltese River Basin District - MEH • Consultation Meetings with key stakeholders - MEH/MEPA • Draft Programme of Measures - The Programme of Measures will include those measures necessary for the implementation of the provisions of Article 4 of the Water Framework Directive (Environmental Objectives). Measures to achieve Good Ecological and Chemical Status will also be included - MEH/MEPA • Economic Impact Assessment of the Draft Programme of Measures - MEH/MEPA • National Conference to launch the public consultation process on the Draft 2nd River Basin Management Plan - MEH

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<ul style="list-style-type: none"> • Draft Programme of Measures - The Programme of Measures will include those measures necessary for the implementation of the provisions of Article 4 of the Water Framework Directive (Environmental Objectives). Measures to achieve Good Ecological and Chemical Status will also be included - 31-December-2014 • Economic Impact Assessment of the Draft Programme of Measures - 31-December-2014 • National Conference to launch the public consultation process on the Draft 2nd River Basin Management Plan- 31-January-2015 • Draft Monitoring Programme for surface waters (update) - 31-March-2015 • Installation of Multi jet meters for boreholes (including on all significant commercial/industrial boreholes used for self-abstraction purposes and groundwater sources used for agricultural purposes) will be completed - 30 June 2015 		<ul style="list-style-type: none"> • Draft Monitoring Programme for surface waters (update) - MEPA • Installation of Multi jet meters for boreholes (including on all significant commercial/industrial boreholes used for self-abstraction purposes and groundwater sources used for agricultural purposes) will be completed - Water Services Corporation

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>These studies shall be used by Malta to fulfil its requirements under Article 13 of the Water Framework Directive and allow the development of the knowledge base required for addressing and fulfilling the requirements of Articles 4, 9 and 11 of the same Directive.</p>		
<p>T07.1. Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks.</p>	<p>1. The existence of a comprehensive transport plan or plans or framework or frameworks for transport investment which complies with legal requirements for strategic environmental assessment and sets out:</p>	<p>Malta is currently developing the national transport strategy and national transport master plan with the support of a new national transport model. This process is currently on track and is following this action plan:</p> <ul style="list-style-type: none"> • Procurement of Technical Assistance - completed • SEA Process – Compilation of the Screening Template - SEA required - completed – Preparation of a Scoping Report - 31 October 2014 – Preparation of the Environmental Report - 30 April 	<p>30-Sep-2015</p>	<p>As the technical regulator reporting to the Ministry for Transport and Infrastructure, the entity responsible for the development of the integrated Transport Plan is the Authority for Transport in Malta, also known as Transport Malta. This process is coordinated by the Integrated Transport Strategy Directorate within Transport Malta, Ministry for Transport and Infrastructure.</p> <ul style="list-style-type: none"> • Procurement of Technical Assistance - Integrated Transport Strategy Directorate within Transport Malta • SEA Process - Integrated Transport Strategy Directorate within Transport Malta • Data Collection - Integrated Transport Strategy Directorate within Transport Malta • National Transport Model - Integrated Transport Strategy Directorate within Transport Malta • Appropriate Assessment Screening - Integrated

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>2015</p> <ul style="list-style-type: none"> - Updated SEA Report, including consultation findings and recommendations - 30 June 2015 - Formulation of the Adoption Statement - 30 September 2015 • Data Collection - completed • National Transport Model - Scoping - completed - Tender Award - completed - Data Analysis - 31 October 2014 - Finalise (Base Year) Transport Model - 31 October 2014 - Finalise (Future Scenarios & Forecasts) - 31 January 2015 • Appropriate Assessment Screening - 31 December 2014 • Adopt Comprehensive Transport Plan - 31 March 2015 		<p>Transport Strategy Directorate within Transport Malta</p> <ul style="list-style-type: none"> • Adopt Comprehensive Transport Plan - Ministry for Transport and Infrastructure • Publish Comprehensive Transport Plan including SEA - Integrated Transport Strategy Directorate within Transport Malta • Adopt Comprehensive Transport Plan - Government (Cabinet)

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<ul style="list-style-type: none"> • Publish Comprehensive Transport Plan including SEA - 30 April 2015 • Adopt Comprehensive Transport Plan - 30 September 2015 		
<p>T07.1. Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks.</p>	<p>2. the contribution to the single European Transport Area consistent with Article 10 of Regulation (EU) No .../2013 of the European Parliament and of the Council, including priorities for investments in:</p>	<p>Malta is currently developing the national transport strategy and national transport master plan with the support of a new national transport model. This process is currently on track and is following this action plan:</p> <ul style="list-style-type: none"> • Procurement of Technical Assistance - completed • SEA Process <ul style="list-style-type: none"> - Compilation of the Screening Template - SEA required - completed - Preparation of a Scoping Report - 31 October 2014 - Preparation of the Environmental Report - 30 April 2015 - Updated SEA Report, 	<p>30-Sep-2015</p>	<p>As the technical regulator reporting to the Ministry for Transport and Infrastructure, the entity responsible for the development of the integrated Transport Plan is the Authority for Transport in Malta, also known as Transport Malta. This process is coordinated by the Integrated Transport Strategy Directorate within Transport Malta, Ministry for Transport and Infrastructure.</p> <ul style="list-style-type: none"> • Procurement of Technical Assistance - Integrated Transport Strategy Directorate within Transport Malta • SEA Process - Integrated Transport Strategy Directorate within Transport Malta • Data Collection - Integrated Transport Strategy Directorate within Transport Malta • National Transport Model - Integrated Transport Strategy Directorate within Transport Malta • Appropriate Assessment Screening - Integrated Transport Strategy Directorate within Transport Malta

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>including consultation findings and recommendations - 30 June 2015</p> <ul style="list-style-type: none"> - Formulation of the Adoption Statement - 30 September 2015 • Data Collection - completed • National Transport Model - Scoping - completed - Tender Award - completed - Data Analysis - 31 October 2014 - Finalise (Base Year) Transport Model - 31 October 2014 - Finalise (Future Scenarios & Forecasts) - 31 January 2015 • Appropriate Assessment Screening - 31 December 2014 • Adopt Comprehensive Transport Plan - 31 March 2015 • Publish Comprehensive 		<ul style="list-style-type: none"> • Adopt Comprehensive Transport Plan - Ministry for Transport and Infrastructure • Publish Comprehensive Transport Plan including SEA - Integrated Transport Strategy Directorate within Transport Malta • Adopt Comprehensive Transport Plan - Government (Cabinet)

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		Transport Plan including SEA - 30 April 2015 <ul style="list-style-type: none"> • Adopt Comprehensive Transport Plan - 30 September 2015 		
T07.1. Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks.	3. the core TEN-T network and the comprehensive network where investment from the ERDF and the Cohesion Fund is envisaged; and	Malta is currently developing the national transport strategy and national transport master plan with the support of a new national transport model. This process is currently on track and is following this action plan: <ul style="list-style-type: none"> • Procurement of Technical Assistance - completed • SEA Process – Compilation of the Screening Template - SEA required - completed – Preparation of a Scoping Report - 31 October 2014 – Preparation of the Environmental Report - 30 April 2015 – Updated SEA Report, including consultation findings and recommendations - 30 June 2015 	30-Sep-2015	As the technical regulator reporting to the Ministry for Transport and Infrastructure, the entity responsible for the development of the integrated Transport Plan is the Authority for Transport in Malta, also known as Transport Malta. This process is coordinated by the Integrated Transport Strategy Directorate within Transport Malta, Ministry for Transport and Infrastructure. <ul style="list-style-type: none"> • Procurement of Technical Assistance - Integrated Transport Strategy Directorate within Transport Malta • SEA Process - Integrated Transport Strategy Directorate within Transport Malta • Data Collection - Integrated Transport Strategy Directorate within Transport Malta • National Transport Model - Integrated Transport Strategy Directorate within Transport Malta • Appropriate Assessment Screening - Integrated Transport Strategy Directorate within Transport Malta • Adopt Comprehensive Transport Plan - Ministry

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<ul style="list-style-type: none"> - Formulation of the Adoption Statement - 30 September 2015 • Data Collection - completed • National Transport Model - Scoping - completed - Tender Award - completed - Data Analysis - 31 October 2014 - Finalise (Base Year) Transport Model - 31 October 2014 - Finalise (Future Scenarios & Forecasts) - 31 January 2015 • Appropriate Assessment Screening - 31 December 2014 • Adopt Comprehensive Transport Plan - 31 March 2015 • Publish Comprehensive Transport Plan including SEA - 30 April 2015 		<p>for Transport and Infrastructure</p> <ul style="list-style-type: none"> • Publish Comprehensive Transport Plan including SEA - Integrated Transport Strategy Directorate within Transport Malta • Adopt Comprehensive Transport Plan - Government (Cabinet)

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<ul style="list-style-type: none"> • Adopt Comprehensive Transport Plan - 30 September 2015 		
<p>T07.1. Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks.</p>	<p>4. secondary connectivity;</p>	<p>Malta is currently developing the national transport strategy and national transport master plan with the support of a new national transport model. This process is currently on track and is following this action plan:</p> <ul style="list-style-type: none"> • Procurement of Technical Assistance - completed • SEA Process – Compilation of the Screening Template - SEA required - completed – Preparation of a Scoping Report - 31 October 2014 – Preparation of the Environmental Report - 30 April 2015 – Updated SEA Report, including consultation findings and recommendations - 30 June 2015 – Formulation of the Adoption Statement - 30 September 	<p>30-Sep-2015</p>	<p>As the technical regulator reporting to the Ministry for Transport and Infrastructure, the entity responsible for the development of the integrated Transport Plan is the Authority for Transport in Malta, also known as Transport Malta. This process is coordinated by the Integrated Transport Strategy Directorate within Transport Malta, Ministry for Transport and Infrastructure.</p> <ul style="list-style-type: none"> • Procurement of Technical Assistance - Integrated Transport Strategy Directorate within Transport Malta • SEA Process - Integrated Transport Strategy Directorate within Transport Malta • Data Collection - Integrated Transport Strategy Directorate within Transport Malta • National Transport Model - Integrated Transport Strategy Directorate within Transport Malta • Appropriate Assessment Screening - Integrated Transport Strategy Directorate within Transport Malta • Adopt Comprehensive Transport Plan - Ministry for Transport and Infrastructure

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>2015</p> <ul style="list-style-type: none"> • Data Collection - completed • National Transport Model <ul style="list-style-type: none"> – Scoping - completed – Tender Award - completed – Data Analysis - 31 October 2014 – Finalise (Base Year) Transport Model - 31 October 2014 – Finalise (Future Scenarios & Forecasts) - 31 January 2015 • Appropriate Assessment Screening - 31 December 2014 • Adopt Comprehensive Transport Plan - 31 March 2015 • Publish Comprehensive Transport Plan including SEA - 30 April 2015 • Adopt Comprehensive 		<ul style="list-style-type: none"> • Publish Comprehensive Transport Plan including SEA - Integrated Transport Strategy Directorate within Transport Malta • Adopt Comprehensive Transport Plan - Government (Cabinet)

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		Transport Plan - 30 September 2015		
<p>T07.1. Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks.</p>	<p>5. a realistic and mature pipeline for projects for which support from the ERDF and the Cohesion Fund is envisaged;</p>	<p>Malta is currently developing the national transport strategy and national transport master plan with the support of a new national transport model. This process is currently on track and is following this action plan:</p> <ul style="list-style-type: none"> • Procurement of Technical Assistance - completed • SEA Process <ul style="list-style-type: none"> – Compilation of the Screening Template - SEA required - completed – Preparation of a Scoping Report - 31 October 2014 – Preparation of the Environmental Report - 30 April 2015 – Updated SEA Report, including consultation findings and recommendations - 30 June 2015 – Formulation of the Adoption Statement - 30 September 2015 • Data Collection - 	<p>30-Sep-2015</p>	<p>As the technical regulator reporting to the Ministry for Transport and Infrastructure, the entity responsible for the development of the integrated Transport Plan is the Authority for Transport in Malta, also known as Transport Malta. This process is coordinated by the Integrated Transport Strategy Directorate within Transport Malta, Ministry for Transport and Infrastructure.</p> <ul style="list-style-type: none"> • Procurement of Technical Assistance - Integrated Transport Strategy Directorate within Transport Malta • SEA Process - Integrated Transport Strategy Directorate within Transport Malta • Data Collection - Integrated Transport Strategy Directorate within Transport Malta • National Transport Model - Integrated Transport Strategy Directorate within Transport Malta • Appropriate Assessment Screening - Integrated Transport Strategy Directorate within Transport Malta • Adopt Comprehensive Transport Plan - Ministry for Transport and Infrastructure • Publish Comprehensive Transport Plan including

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>completed</p> <ul style="list-style-type: none"> • National Transport Model – Scoping - completed – Tender Award - completed – Data Analysis - 31 October 2014 – Finalise (Base Year) Transport Model - 31 October 2014 – Finalise (Future Scenarios & Forecasts) - 31 January 2015 • Appropriate Assessment Screening - 31 December 2014 • Adopt Comprehensive Transport Plan - 31 March 2015 • Publish Comprehensive Transport Plan including SEA - 30 April 2015 • Adopt Comprehensive Transport Plan - 30 September 2015 		<p>SEA - Integrated Transport Strategy Directorate within Transport Malta</p> <ul style="list-style-type: none"> • Adopt Comprehensive Transport Plan - Government (Cabinet)
T07.1. Transport: The existence of a comprehensive plan or plans or framework or frameworks for	6. Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project	Malta is currently developing the national transport strategy and	30-Sep-	As the technical regulator reporting to the Ministry for Transport and Infrastructure, the entity responsible for the

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
<p>transport investment in accordance with the Member States' institutional set up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN T comprehensive and core networks.</p>	<p>pipeline.</p>	<p>national transport master plan with the support of a new national transport model. This process is currently on track and is following this action plan:</p> <ul style="list-style-type: none"> • Procurement of Technical Assistance - completed • SEA Process – Compilation of the Screening Template - SEA required - completed – Preparation of a Scoping Report - 31 October 2014 – Preparation of the Environmental Report - 30 April 2015 – Updated SEA Report, including consultation findings and recommendations - 30 June 2015 – Formulation of the Adoption Statement - 30 September 2015 • Data Collection - completed 	<p>2015</p>	<p>development of the integrated Transport Plan is the Authority for Transport in Malta, also known as Transport Malta. This process is coordinated by the Integrated Transport Strategy Directorate within Transport Malta, Ministry for Transport and Infrastructure.</p> <ul style="list-style-type: none"> • Procurement of Technical Assistance - Integrated Transport Strategy Directorate within Transport Malta • SEA Process - Integrated Transport Strategy Directorate within Transport Malta • Data Collection - Integrated Transport Strategy Directorate within Transport Malta • National Transport Model - Integrated Transport Strategy Directorate within Transport Malta • Appropriate Assessment Screening - Integrated Transport Strategy Directorate within Transport Malta • Adopt Comprehensive Transport Plan - Ministry for Transport and Infrastructure • Publish Comprehensive Transport Plan including SEA - Integrated Transport Strategy Directorate within Transport Malta • Adopt Comprehensive Transport Plan -

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<ul style="list-style-type: none"> • National Transport Model – Scoping - completed – Tender Award - completed – Data Analysis - 31 October 2014 – Finalise (Base Year) Transport Model - 31 October 2014 – Finalise (Future Scenarios & Forecasts) - 31 January 2015 • Appropriate Assessment Screening - 31 December 2014 • Adopt Comprehensive Transport Plan - 31 March 2015 • Publish Comprehensive Transport Plan including SEA - 30 April 2015 • Adopt Comprehensive Transport Plan - 30 September 2015 		Government (Cabinet)
T09.1. The existence and the implementation of a national strategic policy framework for poverty reduction aiming at the active inclusion of people excluded from the labour market in the light of the	1. A national strategic policy framework for poverty reduction, aiming at active inclusion, is in place that:	<p>In order to fulfil this ex-ante conditionality, the following action plan is being followed:</p> <ul style="list-style-type: none"> • Public Consultation on 	31-Dec-2014	Ministry for the Family and Social Solidarity

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
Employment guidelines.		<p>the green paper - completed</p> <ul style="list-style-type: none"> Finalisation of the General Strategy framework and the respective operational procedures containing recommendations and policies, based on the feedback received during the public consultations on the green paper - 31 December 2014 		
T09.3. Health: The existence of a national or regional strategic policy framework for health within the limits of Article 168 TFEU ensuring economic sustainability.	1. A national or regional strategic policy framework for health is in place that contains:	<p>A Health Systems Performance Assessment (HSPA) tool is being developed as the monitoring framework for the NHSS - 31 December 2014</p> <p>The budgetary framework for the NHSS is being developed. The drawing up of the budgetary framework could not start before the finalisation of the strategy following the extensive feedback received during the consultation phase - 31 December 2014</p>	31-Dec-2014	<p>Overall responsibility is vested on the Ministry for Energy and Health.</p> <p>Responsibility and implementation will be carried out under the direction and stewardship of the Permanent Secretary responsible for Health within the Ministry for Energy and Health.</p>
T09.3. Health: The existence of a national or regional strategic policy framework for health within the limits of Article 168 TFEU ensuring economic sustainability.	4. a monitoring and review system.	<p>A Health Systems Performance Assessment (HSPA) tool is being developed as the monitoring framework for the NHSS.</p> <p>The indicators for monitoring the performance of the local public health system have been chosen and prioritised following extensive</p>	31-Dec-2014	<p>Overall responsibility is vested on the Ministry for Energy and Health.</p> <p>Responsibility and implementation will be carried out under the direction and stewardship of the Permanent Secretary responsible for Health within the Ministry for Energy and Health.</p>

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		consultation with a number of stakeholders. The conceptual framework behind the HSPA has now been revisited and refocused following these consultations and the data collection for the compilation of a first assessment is already underway.		
T09.3. Health: The existence of a national or regional strategic policy framework for health within the limits of Article 168 TFEU ensuring economic sustainability.	5. A Member State or region has adopted a framework outlining available budgetary resources on an indicative basis and a cost-effective concentration of resources on prioritised needs for health care.	<p>The budgetary framework for the NHSS is being developed. The drawing up of the budgetary framework could not start before the finalisation of the strategy following the extensive feedback received during the consultation phase. The interim actions can be summarised as follows:</p> <ul style="list-style-type: none"> • Draw up of Action Plan - completed • Development of Terms of Reference for an Economist/ Accountant to Assist with Drawing Up the Budgetary Framework - completed • Review Proposed Action Plan and present it for approval - 31 October 2014 • Contract Out Budgetary Framework - 31 October 2014 • Present Budgetary Framework to Permanent Secretary and Parliamentary Secretary (Health) - 30 November 2014 	31-Dec-2014	<p>Overall responsibility is vested on the Ministry for Energy and Health.</p> <p>Responsibility and implementation will be carried out under the direction and stewardship of the Permanent Secretary responsible for Health within the Ministry for Energy and Health.</p>

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<ul style="list-style-type: none"> • Present Action Plan and Budgetary Framework to Parliamentary Committee on Health - 30 November 2014 • Present to Cabinet - 31 December 2014 		
T10.1. Early school leaving: The existence of a strategic policy framework to reduce early school leaving (ESL) within the limits of Article 165 TFEU.	1. A system for collecting and analysing data and information on ESL at relevant levels is in place that:	<p>In order to fulfil this ex-ante conditionality, the following action plan is being followed:</p> <ul style="list-style-type: none"> • Meeting between ESL Unit and post-16 monitoring group working on exit survey - completed • Meeting between ESL Unit and the Psychosocial Services at the Department for Student Services within the Directorate for Educational Services to assess the scope, reliability and validity of the tracer study - completed • Meeting between the ESL Unit and the Director of the HR Department within the Directorate for Educational Services, and the Education Officer within the same Department, both responsible for the administration of the E1 Platform - completed • Meeting between the 	31-Dec-2014	Early School Leaving Monitoring (ESL) Unit, Office of the Permanent Secretary, Ministry for Education and Employment

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>ESL Unit and Director of the Quality Assurance Department within the Directorate for Quality and Standards in Education in order to assess what kind of information is being gathered by the QAD when it performs audits in schools from the non-state sector - 31 October 2014</p> <ul style="list-style-type: none"> • Meeting between the ESL Unit and the Director for Research and Development to analyse what kind of data is being gathered, analysed and disseminated by the Department in relation to compulsory education in Malta - 31 October 2014 • Meeting between the ESL Unit and the Chairperson of ETC - 31 October 2014 • The stock taking exercise is brought to a close. The ESL Unit analyses the information gathered from the preparatory stock taking exercise and prepares for a meeting between all the stakeholders involved in the gathering of data in line with Strategic Action 2.3 of the Strategic Plan for the Prevention of Early School Leaving in Malta - 31 October 2014 		

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<ul style="list-style-type: none"> • Setting up of working group that will assess and give direction - 31 October 2014 • The Monitoring system will be in place - 31 December 2014 		
T10.1. Early school leaving: The existence of a strategic policy framework to reduce early school leaving (ESL) within the limits of Article 165 TFEU.	2. provides a sufficient evidence-base to develop targeted policies and monitors developments.	<p>In order to fulfil this ex-ante conditionality, the following action plan is being followed:</p> <ul style="list-style-type: none"> • Meeting between ESL Unit and post-16 monitoring group working on exit survey - completed • Meeting between ESL Unit and the Psychosocial Services at the Department for Student Services within the Directorate for Educational Services to assess the scope, reliability and validity of the tracer study - completed • Meeting between the ESL Unit and the Director of the HR Department within the Directorate for Educational Services, and the Education Officer within the same Department, both responsible for the administration of the E1 Platform - completed 	31-Dec-2014	Early School Leaving Monitoring (ESL) Unit, Office of the Permanent Secretary, Ministry for Education and Employment

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<ul style="list-style-type: none"> • Meeting between the ESL Unit and Director of the Quality Assurance Department within the Directorate for Quality and Standards in Education in order to assess what kind of information is being gathered by the QAD when it performs audits in schools from the non-state sector - 31 October 2014 • Meeting between the ESL Unit and the Director for Research and Development to analyse what kind of data is being gathered, analysed and disseminated by the Department in relation to compulsory education in Malta - 31 October 2014 • Meeting between the ESL Unit and the Chairperson of ETC - 31 October 2014 • The stock taking exercise is brought to a close. The ESL Unit analyses the information gathered from the preparatory stock taking exercise and prepares for a meeting between all the stakeholders involved in the gathering of data in line with Strategic Action 2.3 of the Strategic Plan for the Prevention of Early 		

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>School Leaving in Malta - 31 October 2014</p> <ul style="list-style-type: none"> • Setting up of working group that will assess and give direction - 31 October 2014 • The Monitoring system will be in place - 31 December 2014 		
<p>T10.2. Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.</p>	<p>1. A national or regional strategic policy framework for tertiary education is in place with the following elements:</p>	<p>In order to fulfil this ex-ante conditionality, the following action plan is being followed:</p> <ul style="list-style-type: none"> • Setting up of FHE Policy Update Coordinating Team - completed • Finalisation of assessment of progress on achievement in relation to the targets set in the FHE Strategy 2020 - completed • Draft report presented to the coordinating team - completed • Gathering and collation of quantitative and qualitative data on the present state of provision of state and non-state FHE to feed into 	<p>31-Dec-2014</p>	<p>Working Committee within the National Commission for Further and Higher Education</p>

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>updated policy - completed</p> <ul style="list-style-type: none"> • Organization of a half-day working conference with stakeholders to present data on provision, report on progress of achievement of targets and to launch consultation process on policy recommendations - completed • Consolidation of outcome of conference in a draft policy document to be presented to the coordinating team - completed • Publication and dissemination of Final Policy Report on Higher Education – 2020 - 31 December 2014 		
T10.2. Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	2. where necessary, measures to increase participation and attainment that:	<p>In order to fulfil this ex-ante conditionality, the following action plan is being followed:</p> <ul style="list-style-type: none"> • Setting up of FHE Policy Update Coordinating Team - completed • Finalisation of assessment of progress on achievement in relation to the targets set in the FHE Strategy 2020 - completed 	31-Dec-2014	Working Committee within the National Commission for Further and Higher Education

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<ul style="list-style-type: none"> • Draft report presented to the coordinating team - completed • Gathering and collation of quantitative and qualitative data on the present state of provision of state and non-state FHE to feed into updated policy - completed • Organization of a half-day working conference with stakeholders to present data on provision, report on progress of achievement of targets and to launch consultation process on policy recommendations - completed • Consolidation of outcome of conference in a draft policy document to be presented to the coordinating team - completed • Publication and dissemination of Final Policy Report on Higher Education – 2020 - 31 December 2014 		
T10.2. Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	3. increase higher education participation among low income groups and other under-represented groups with special regard to disadvantaged people, including people from marginalised	<p>In order to fulfil this ex-ante conditionality, the following action plan is being followed:</p> <ul style="list-style-type: none"> • Setting up of FHE 	31-Dec-2014	Working Committee within the National Commission for Further and Higher Education

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
	communities;	<p>Policy Update Coordinating Team - completed</p> <ul style="list-style-type: none"> • Finalisation of assessment of progress on achievement in relation to the targets set in the FHE Strategy 2020 - completed • Draft report presented to the coordinating team - completed • Gathering and collation of quantitative and qualitative data on the present state of provision of state and non-state FHE to feed into updated policy - completed • Organization of a half-day working conference with stakeholders to present data on provision, report on progress of achievement of targets and to launch consultation process on policy recommendations - completed • Consolidation of outcome of conference in a draft policy document to be presented to the coordinating team - completed 		

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<ul style="list-style-type: none"> Publication and dissemination of Final Policy Report on Higher Education – 2020 - 31 December 2014 		
T10.2. Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	4. reduce drop-out rates/improve completion rates;	<p>In order to fulfil this ex-ante conditionality, the following action plan is being followed:</p> <ul style="list-style-type: none"> Setting up of FHE Policy Update Coordinating Team - completed Finalisation of assessment of progress on achievement in relation to the targets set in the FHE Strategy 2020 - completed Draft report presented to the coordinating team - completed Gathering and collation of quantitative and qualitative data on the present state of provision of state and non-state FHE to feed into updated policy - completed Organization of a half-day working conference with stakeholders to present data on provision, report on progress of achievement of targets and to launch consultation process on 	31-Dec-2014	Working Committee within the National Commission for Further and Higher Education

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>policy recommendations - completed</p> <ul style="list-style-type: none"> • Consolidation of outcome of conference in a draft policy document to be presented to the coordinating team - completed • Publication and dissemination of Final Policy Report on Higher Education – 2020 - 31 December 2014 		
<p>T10.2. Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.</p>	<p>5. encourage innovative content and programme design;</p>	<p>In order to fulfil this ex-ante conditionality, the following action plan is being followed:</p> <ul style="list-style-type: none"> • Setting up of FHE Policy Update Coordinating Team - completed • Finalisation of assessment of progress on achievement in relation to the targets set in the FHE Strategy 2020 - completed • Draft report presented to the coordinating team - completed • Gathering and collation of quantitative and qualitative data on the present state of provision of 	<p>31-Dec-2014</p>	<p>Working Committee within the National Commission for Further and Higher Education</p>

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>state and non-state FHE to feed into updated policy - completed</p> <ul style="list-style-type: none"> • Organization of a half-day working conference with stakeholders to present data on provision, report on progress of achievement of targets and to launch consultation process on policy recommendations - completed • Consolidation of outcome of conference in a draft policy document to be presented to the coordinating team - completed • Publication and dissemination of Final Policy Report on Higher Education – 2020 - 31 December 2014 		
T10.2. Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	6. measures to increase employability and entrepreneurship that:	<p>In order to fulfil this ex-ante conditionality, the following action plan is being followed:</p> <ul style="list-style-type: none"> • Setting up of FHE Policy Update Coordinating Team - completed • Finalisation of assessment of progress on achievement in relation to the targets set in the FHE Strategy 2020 	31-Dec-2014	Working Committee within the National Commission for Further and Higher Education

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>- completed</p> <ul style="list-style-type: none"> • Draft report presented to the coordinating team - completed • Gathering and collation of quantitative and qualitative data on the present state of provision of state and non-state FHE to feed into updated policy - completed • Organization of a half-day working conference with stakeholders to present data on provision, report on progress of achievement of targets and to launch consultation process on policy recommendations - completed • Consolidation of outcome of conference in a draft policy document to be presented to the coordinating team - completed • Publication and dissemination of Final Policy Report on Higher Education – 2020 - 31 December 2014 		
T10.2. Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and	7. encourage the development of "transversal skills", including entrepreneurship in relevant	In order to fulfil this ex-ante conditionality, the following action	31-Dec-2014	Working Committee within the National Commission for Further and Higher Education

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
efficiency within the limits of Article 165 TFEU.	higher education programmes;	<p>plan is being followed:</p> <ul style="list-style-type: none"> • Setting up of FHE Policy Update Coordinating Team - completed • Finalisation of assessment of progress on achievement in relation to the targets set in the FHE Strategy 2020 - completed • Draft report presented to the coordinating team - completed • Gathering and collation of quantitative and qualitative data on the present state of provision of state and non-state FHE to feed into updated policy - completed • Organization of a half-day working conference with stakeholders to present data on provision, report on progress of achievement of targets and to launch consultation process on policy recommendations - completed • Consolidation of outcome of conference in a draft policy document to be presented to 		

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>the coordinating team - completed</p> <ul style="list-style-type: none"> • Publication and dissemination of Final Policy Report on Higher Education – 2020 - 31 December 2014 		
<p>T10.2. Higher education: the existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.</p>	<p>8. reduce gender differences in terms of academic and vocational choices.</p>	<p>In order to fulfil this ex-ante conditionality, the following action plan is being followed:</p> <ul style="list-style-type: none"> • Setting up of FHE Policy Update Coordinating Team - completed • Finalisation of assessment of progress on achievement in relation to the targets set in the FHE Strategy 2020 - completed • Draft report presented to the coordinating team - completed • Gathering and collation of quantitative and qualitative data on the present state of provision of state and non-state FHE to feed into updated policy - completed • Organization of a half-day working conference with stakeholders to present data on 	<p>31-Dec-2014</p>	<p>Working Committee within the National Commission for Further and Higher Education</p>

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>provision, report on progress of achievement of targets and to launch consultation process on policy recommendations - completed</p> <ul style="list-style-type: none"> • Consolidation of outcome of conference in a draft policy document to be presented to the coordinating team - completed • Publication and dissemination of Final Policy Report on Higher Education – 2020 - 31 December 2014 		
<p>T07.3. Other modes of transport, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure: the existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on inland waterways and maritime transport, ports, multimodal links and airport infrastructure, which contribute to improving connectivity to the TEN T comprehensive and core networks and to promoting sustainable regional and local mobility.</p>	<p>1. The existence of a section on inland-waterways and maritime transport, ports, multimodal links and airport infrastructure within the transport plan or plans or framework or frameworks which:</p>	<p>Malta is currently developing the national transport strategy and national transport master plan with the support of a new national transport model. This process is currently on track and is following this action plan:</p> <ul style="list-style-type: none"> • Procurement of Technical Assistance - completed • SEA Process – Compilation of the Screening Template - SEA required 	<p>30-Sep-2015</p>	<p>As the technical regulator reporting to the Ministry for Transport and Infrastructure, the entity responsible for the development of the integrated Transport Plan is the Authority for Transport in Malta, also known as Transport Malta. This process is coordinated by the Integrated Transport Strategy Directorate within Transport Malta, Ministry for Transport and Infrastructure.</p> <ul style="list-style-type: none"> • Procurement of Technical Assistance - Integrated Transport Strategy Directorate within Transport Malta • SEA Process - Integrated Transport Strategy Directorate within Transport Malta • Data Collection - Integrated Transport Strategy Directorate within Transport Malta

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<ul style="list-style-type: none"> - completed - Preparation of a Scoping Report - 31 October 2014 - Preparation of the Environmental Report - 30 April 2015 - Updated SEA Report, including consultation findings and recommendations - 30 June 2015 - Formulation of the Adoption Statement - 30 September 2015 • Data Collection - completed • National Transport Model - Scoping - completed - Tender Award - completed - Data Analysis - 31 October 2014 - Finalise (Base Year) Transport Model - 31 October 2014 - Finalise (Future Scenarios & Forecasts) - 31 January 2015 • Appropriate Assessment 		<ul style="list-style-type: none"> • National Transport Model - Integrated Transport Strategy Directorate within Transport Malta • Appropriate Assessment Screening - Integrated Transport Strategy Directorate within Transport Malta • Adopt Comprehensive Transport Plan - Ministry for Transport and Infrastructure • Publish Comprehensive Transport Plan including SEA - Integrated Transport Strategy Directorate within Transport Malta • Adopt Comprehensive Transport Plan - Government (Cabinet)

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>Screening - 31 December 2014</p> <ul style="list-style-type: none"> • Adopt Comprehensive Transport Plan - 31 March 2015 • Publish Comprehensive Transport Plan including SEA - 30 April 2015 • Adopt Comprehensive Transport Plan - 30 September 2015 		
<p>T07.3. Other modes of transport, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure: the existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on inland waterways and maritime transport, ports, multimodal links and airport infrastructure, which contribute to improving connectivity to the TEN T comprehensive and core networks and to promoting sustainable regional and local mobility.</p>	<p>2. complies with legal requirements for strategic environmental assessment;</p>	<p>Malta is currently developing the national transport strategy and national transport master plan with the support of a new national transport model. This process is currently on track and is following this action plan:</p> <ul style="list-style-type: none"> • Procurement of Technical Assistance - completed • SEA Process – Compilation of the Screening Template - SEA required - completed – Preparation of a Scoping 	<p>30-Sep-2015</p>	<p>As the technical regulator reporting to the Ministry for Transport and Infrastructure, the entity responsible for the development of the integrated Transport Plan is the Authority for Transport in Malta, also known as Transport Malta. This process is coordinated by the Integrated Transport Strategy Directorate within Transport Malta, Ministry for Transport and Infrastructure.</p> <ul style="list-style-type: none"> • Procurement of Technical Assistance - Integrated Transport Strategy Directorate within Transport Malta • SEA Process - Integrated Transport Strategy Directorate within Transport Malta • Data Collection - Integrated Transport Strategy Directorate within Transport Malta • National Transport Model - Integrated Transport

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>Report - 31 October 2014</p> <ul style="list-style-type: none"> - Preparation of the Environmental Report - 30 April 2015 - Updated SEA Report, including consultation findings and recommendations - 30 June 2015 - Formulation of the Adoption Statement - 30 September 2015 <ul style="list-style-type: none"> • Data Collection - completed • National Transport Model <ul style="list-style-type: none"> - Scoping - completed - Tender Award - completed - Data Analysis - 31 October 2014 - Finalise (Base Year) Transport Model - 31 October 2014 - Finalise (Future Scenarios & Forecasts) - 31 January 2015 <ul style="list-style-type: none"> • Appropriate Assessment Screening - 31 December 2014 		<p>Strategy Directorate within Transport Malta</p> <ul style="list-style-type: none"> • Appropriate Assessment Screening - Integrated Transport Strategy Directorate within Transport Malta • Adopt Comprehensive Transport Plan - Ministry for Transport and Infrastructure • Publish Comprehensive Transport Plan including SEA - Integrated Transport Strategy Directorate within Transport Malta • Adopt Comprehensive Transport Plan - Government (Cabinet)

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<ul style="list-style-type: none"> • Adopt Comprehensive Transport Plan - 31 March 2015 • Publish Comprehensive Transport Plan including SEA - 30 April 2015 • Adopt Comprehensive Transport Plan - 30 September 2015 		
<p>T07.3. Other modes of transport, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure: the existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on inland waterways and maritime transport, ports, multimodal links and airport infrastructure, which contribute to improving connectivity to the TEN T comprehensive and core networks and to promoting sustainable regional and local mobility.</p>	<p>3. sets out a realistic and mature project pipeline (including a timetable and budgetary framework);</p>	<p>Malta is currently developing the national transport strategy and national transport master plan with the support of a new national transport model. This process is currently on track and is following this action plan:</p> <ul style="list-style-type: none"> • Procurement of Technical Assistance - completed • SEA Process – Compilation of the Screening Template - SEA required - completed – Preparation of a Scoping Report - 31 October 2014 	<p>30-Sep-2015</p>	<p>As the technical regulator reporting to the Ministry for Transport and Infrastructure, the entity responsible for the development of the integrated Transport Plan is the Authority for Transport in Malta, also known as Transport Malta. This process is coordinated by the Integrated Transport Strategy Directorate within Transport Malta, Ministry for Transport and Infrastructure.</p> <ul style="list-style-type: none"> • Procurement of Technical Assistance - Integrated Transport Strategy Directorate within Transport Malta • SEA Process - Integrated Transport Strategy Directorate within Transport Malta • Data Collection - Integrated Transport Strategy Directorate within Transport Malta • National Transport Model - Integrated Transport Strategy Directorate within Transport Malta

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<ul style="list-style-type: none"> - Preparation of the Environmental Report - 30 April 2015 - Updated SEA Report, including consultation findings and recommendations - 30 June 2015 - Formulation of the Adoption Statement - 30 September 2015 • Data Collection - completed • National Transport Model - Scoping - completed - Tender Award - completed - Data Analysis - 31 October 2014 - Finalise (Base Year) Transport Model - 31 October 2014 - Finalise (Future Scenarios & Forecasts) - 31 January 2015 • Appropriate Assessment Screening - 31 December 2014 • Adopt Comprehensive 		<ul style="list-style-type: none"> • Appropriate Assessment Screening - Integrated Transport Strategy Directorate within Transport Malta • Adopt Comprehensive Transport Plan - Ministry for Transport and Infrastructure • Publish Comprehensive Transport Plan including SEA - Integrated Transport Strategy Directorate within Transport Malta • Adopt Comprehensive Transport Plan - Government (Cabinet)

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		Transport Plan - 31 March 2015 <ul style="list-style-type: none"> • Publish Comprehensive Transport Plan including SEA - 30 April 2015 • Adopt Comprehensive Transport Plan - 30 September 2015 		
<p>T07.3. Other modes of transport, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure: the existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on inland waterways and maritime transport, ports, multimodal links and airport infrastructure, which contribute to improving connectivity to the TEN T comprehensive and core networks and to promoting sustainable regional and local mobility.</p>	<p>4. Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline.</p>	<p>Malta is currently developing the national transport strategy and national transport master plan with the support of a new national transport model. This process is currently on track and is following this action plan:</p> <ul style="list-style-type: none"> • Procurement of Technical Assistance - completed • SEA Process – Compilation of the Screening Template - SEA required - completed – Preparation of a Scoping Report - 31 October 2014 – Preparation of the Environmental Report - 30 April 	<p>30-Sep-2015</p>	<p>As the technical regulator reporting to the Ministry for Transport and Infrastructure, the entity responsible for the development of the integrated Transport Plan is the Authority for Transport in Malta, also known as Transport Malta. This process is coordinated by the Integrated Transport Strategy Directorate within Transport Malta, Ministry for Transport and Infrastructure.</p> <ul style="list-style-type: none"> • Procurement of Technical Assistance - Integrated Transport Strategy Directorate within Transport Malta • SEA Process - Integrated Transport Strategy Directorate within Transport Malta • Data Collection - Integrated Transport Strategy Directorate within Transport Malta • National Transport Model - Integrated Transport Strategy Directorate within Transport Malta • Appropriate Assessment Screening - Integrated

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>2015</p> <ul style="list-style-type: none"> - Updated SEA Report, including consultation findings and recommendations - 30 June 2015 - Formulation of the Adoption Statement - 30 September 2015 • Data Collection - completed • National Transport Model - Scoping - completed - Tender Award - completed - Data Analysis - 31 October 2014 - Finalise (Base Year) Transport Model - 31 October 2014 - Finalise (Future Scenarios & Forecasts) - 31 January 2015 • Appropriate Assessment Screening - 31 December 2014 • Adopt Comprehensive Transport Plan - 31 March 2015 		<p>Transport Strategy Directorate within Transport Malta</p> <ul style="list-style-type: none"> • Adopt Comprehensive Transport Plan - Ministry for Transport and Infrastructure • Publish Comprehensive Transport Plan including SEA - Integrated Transport Strategy Directorate within Transport Malta • Adopt Comprehensive Transport Plan - Government (Cabinet)

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<ul style="list-style-type: none"> • Publish Comprehensive Transport Plan including SEA - 30 April 2015 • Adopt Comprehensive Transport Plan - 30 September 2015 		
<p>T10.4. The existence of a national or regional strategic policy framework for increasing the quality and efficiency of VET systems within the limits of Article 165 TFEU.</p>	<p>1. A national or regional strategic policy framework is in place for increasing the quality and efficiency of VET systems within the limits of Article 165 TFEU which includes measures for the following:</p>	<p>In order to fulfil this ex-ante conditionality, the following action plan is being followed:</p> <ul style="list-style-type: none"> • High level consultation meeting with key stakeholders: MCAST, ETC, ITS, MEDE, DLLL, Director Early School Leaving and MCESD. Representatives to discuss in depth the detail of the key recommendations drafted by NCFHE. Feedback to be noted and amendments made as necessary - completed • A roundtable consultation to be held with members of stakeholders (both direct and indirect) to include the private sector, University representatives, Aгенzija Zghazagh, to discuss in more depth the recommended actions put forward by the key stakeholders - completed • NCFHE to undertake an extensive exercise to be able to 	<p>31-Dec-2014</p>	<p>National Commission for Further and Higher Education within the Ministry for Education and Employment</p>

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>finalise both the text within the said policy as well as to pin down concrete action measures and targets - completed</p> <ul style="list-style-type: none"> • Conclude the policy - 31 December 2014 		
<p>T10.4. The existence of a national or regional strategic policy framework for increasing the quality and efficiency of VET systems within the limits of Article 165 TFEU.</p>	<p>2. to improve the labour market relevance of VET systems in close cooperation with relevant stakeholders including through mechanisms for skills anticipation, adaptation of curricula and the strengthening of work-based learning provision in its different forms;</p>	<p>In order to fulfil this ex-ante conditionality, the following action plan is being followed:</p> <ul style="list-style-type: none"> • High level consultation meeting with key stakeholders: MCAST, ETC, ITS, MEDE, DLLL, Director Early School Leaving and MCESD. Representatives to discuss in depth the detail of the key recommendations drafted by NCFHE. Feedback to be noted and amendments made as necessary - completed • A roundtable consultation to be held with members of stakeholders (both direct and indirect) to include the private sector, University representatives, Agenzija Zghazagh, to discuss in more depth the recommended actions put forward by the key stakeholders - completed • NCFHE to undertake an extensive exercise to be able to finalise both the text within the said 	<p>31-Dec-2014</p>	<p>National Commission for Further and Higher Education within the Ministry for Education and Employment</p>

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>policy as well as to pin down concrete action measures and targets - completed</p> <ul style="list-style-type: none"> Conclude the policy - 31 December 2014 		
<p>T10.4. The existence of a national or regional strategic policy framework for increasing the quality and efficiency of VET systems within the limits of Article 165 TFEU.</p>	<p>3. to increase the quality and attractiveness of VET including through establishing a national approach for quality assurance for VET (for example in line with the, European Quality Assurance Reference Framework for Vocational Education and Training) and implementing the transparency and recognition tools, for example European Credit system for Vocational Education and Training. (ECVET).</p>	<p>In order to fulfil this ex-ante conditionality, the following action plan is being followed:</p> <ul style="list-style-type: none"> High level consultation meeting with key stakeholders: MCAST, ETC, ITS, MEDE, DLLL, Director Early School Leaving and MCESD. Representatives to discuss in depth the detail of the key recommendations drafted by NCFHE. Feedback to be noted and amendments made as necessary - completed A roundtable consultation to be held with members of stakeholders (both direct and indirect) to include the private sector, University representatives, Agenzija Zghazagh, to discuss in more depth the recommended actions put forward by the key stakeholders - completed NCFHE to undertake an extensive exercise to be able to finalise both the text within the said policy as well as to pin down 	<p>31-Dec-2014</p>	<p>National Commission for Further and Higher Education within the Ministry for Education and Employment</p>

Applicable thematic/Fund-specific ex-ante conditionalities at national level and which are unfulfilled or partially fulfilled	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible for fulfilment
		<p>concrete action measures and targets - completed</p> <ul style="list-style-type: none"> Conclude the policy - 31 December 2014 		
<p>T10.3. Lifelong learning (LL): The existence of a national and/or regional strategic policy framework for lifelong learning within the limits of Article 165 TFEU.</p>	<p>1. A national or regional strategic policy framework for lifelong learning is in place that contains measures:</p>	<p>In order to fulfil this ex-ante conditionality, the following action plan is being followed:</p> <ul style="list-style-type: none"> The (draft) strategy will be launched for public consultation, with the involvement of MCESD. Meetings with individual stakeholders will be held accordingly - 31 October 2014 Minister and Cabinet endorsement will follow - 31 December 2014 	<p>31-Dec-2014</p>	<p>Directorate for Life Long Learning (DLLL) within the Ministry for Education and Employment</p>