



**GOVERNMENT  
OF MALTA**



# **Public Consultation Document**

## **Social Climate Fund**

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## **List of Acronyms**

<b>Acronym</b>	<b>Full Name</b>
<b>AROP</b>	At-Risk-of-Poverty
<b>ARPT</b>	At-Risk-of-Poverty Threshold
<b>EU</b>	European Union
<b>EU-SILC</b>	European Union Statistics on Income and Living Conditions
<b>ETS</b>	Emissions Trading System
<b>EVs</b>	Electric Vehicles
<b>GDP</b>	Gross Domestic Product
<b>GHG</b>	Greenhouse Gas
<b>LPG</b>	Liquified Petroleum Gas
<b>NECP</b>	National Energy and Climate Plan
<b>NEI</b>	National Equivalised Income
<b>SAMM</b>	Structural Annualised Econometric Model for Malta
<b>SCF</b>	Social Climate Fund
<b>SCF Plan</b>	Social Climate Fund Plan
<b>SDG</b>	Sustainable Development Goal

## Section 1 - Introduction

## **1. INTRODUCTION**

The Social Climate Fund (SCF) is a cornerstone of the European Union (EU)'s strategy to ensure that no one is left behind in the journey toward climate neutrality by 2050. As part of the EU's ambitious "Fit for 55" package, designed to cut Greenhouse Gas (GHG) emissions by at least 55% by 2030 compared to 1990 levels, the SCF provides targeted support to vulnerable households, micro-enterprises, and transport users who face the greatest challenges during this transition.

Established by Regulation (EU) 2023/955, published in May 2023, the SCF<sup>1</sup> addresses the social repercussions of the EU's revised Emission Trading System (ETS) which now includes the building and road transport sectors.

In line with the SCF Regulation, EU Member States are required to prepare and submit a Social Climate Fund Plan (SCP) to the European Commission. These Plans detail the specific investments covering the period between 2026 and 2032. Malta has a total budget (EU+MT share) of approximately €60.5 million. In case the ETS established in accordance with Chapter IVa of Directive 2003/87/EC is postponed until 2028 pursuant to Article 30k of that Directive, the total budget of the plan shall be €50.8 million<sup>2</sup>.

Malta's Plan will focus on the following two (2) thematic components:

- Component 1: Buildings Sector; and
- Component 2: Transport Sector.

These thematic components are the result of stakeholder consultations, ensuring the plan is both targeted and inclusive. The overarching goal is to ease the financial burden on those most exposed to rising energy costs, while also enabling small enterprises to adapt and thrive in a low-carbon economy.

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<sup>1</sup> Official Journal of the EU, 'Regulation (EU) 2023/955 of the European Parliament and of the Council of 10 May 2023 establishing a Social Climate Fund and amending Regulation (EU) 2021/1060', <https://eur-lex.europa.eu/eli/reg/2023/955/oj/eng>.

<sup>2</sup> Both amounts include technical assistance.

## Section 2 - Socio-Economic Analysis

## **2. SOCIO-ECONOMIC AND SECTORAL ANALYSIS**

### **Path to a Low-Carbon Economy: Challenges and Opportunities**

Malta faces unique challenges in reducing carbon emissions due to its distinct geographic and economic characteristics. As the smallest state in Europe, Malta is also the most densely populated, with 1,766 people per square kilometre in 2023 - far above the EU-27 average of 109.3 people per square kilometre<sup>3</sup>. This high density, coupled with limited land area, often restricts possibilities for investment opportunities and sectoral growth.

Malta's geographic isolation from mainland Europe means it relies heavily on air and sea transport for connectivity. The country's dependence on imported goods also limits its control over emissions, as it must adapt to global supply chains. Additionally, a lack of natural resources further complicates its transition to a low-carbon economy<sup>4</sup>.

### **Progress in the Energy Sector**

Despite these challenges, Malta has made noteworthy progress toward climate neutrality, particularly through major reforms and investments in its energy sector. While Malta's per capita CO<sub>2</sub> emissions were relatively low at 3.99 tonnes in 2023<sup>5</sup>, its commitment to sustainability remains strong<sup>6</sup>, as outlined in the revised National Energy and Climate Plan (NECP).

Through several prominent milestones, Malta has shown its commitment towards developing the economy in a sustainable manner. One of these significant advancements was the phasing out of coal in the 1990s and the transition to oil-based electricity followed by the shift from heavy fuel oil to liquefied natural gas for power generation in 2015, as further elaborated in Malta's NECP<sup>7</sup>. These initiatives, coupled with other actions such as the closure of the Marsa

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<sup>3</sup> Eurostat, 'Population density', <https://ec.europa.eu/eurostat/databrowser/view/tps00003/default/table?lang=en>, (accessed on 18/02/2025)

<sup>4</sup> Malta's NECP, January 2025, [https://commission.europa.eu/publications/malta-final-updated-necp-2021-2030-submitted-2025\\_en](https://commission.europa.eu/publications/malta-final-updated-necp-2021-2030-submitted-2025_en).

<sup>5</sup> Climate Action Authority, April 2025, Malta's National Inventory Document of Greenhouse Gas Emissions and Removals, [https://cdr.eionet.europa.eu/mt/eu/govreg/inventory/envz\\_0jvw/Malta\\_GHGInv\\_1990-2023\\_NID\\_Apr2025\\_Final.pdf](https://cdr.eionet.europa.eu/mt/eu/govreg/inventory/envz_0jvw/Malta_GHGInv_1990-2023_NID_Apr2025_Final.pdf), (accessed on 18/02/2025).

<sup>6</sup> Malta's NECP, January 2025, [https://commission.europa.eu/publications/malta-final-updated-necp-2021-2030-submitted-2025\\_en](https://commission.europa.eu/publications/malta-final-updated-necp-2021-2030-submitted-2025_en).

<sup>7</sup> Ibid.

Power Station and the introduction of an electricity interconnector<sup>8</sup> with Sicily in 2015, have intensified the efficiency of power generation while lessening GHG emissions.

Over the years, Malta has experienced a major change in its electricity generation methods, moving away from heavy fuel and gas oil to a cleaner energy mix. In fact, the GHG emissions intensity of electricity generation at local power plants has been reduced by half since 2017, compared to previous years<sup>9</sup>. In absolute terms, GHG emissions from these plants have decreased by nearly 58% compared to 2012, with a reduction of almost 47% between 2014 and 2015<sup>10</sup>. Malta has diversified its energy sources for electricity production.

Malta's continued pursuit towards sustainability can also be seen through its commitment towards achieving the Sustainable Development Goals (SDGs), in particular SDG 7 – 'Ensure access to affordable, reliable, sustainable and modern energy for all'. According to the EU Statistics on Income and Living Conditions (EU-SILC) Survey, the share of population in Malta that was unable to keep their home adequately warm in 2019 was that of 7.8%, which is 6.5 percentage points less than the percentage registered in 2010<sup>11</sup>. Despite increased efforts and a reduction in the percentage, the EU-SILC 2023 shows that 6.8% of households could not afford to keep their home adequately warm in winter<sup>12</sup>, with 4.9%<sup>13</sup> of the respondents declaring that their household was in arrears on utility bills. In this context, tackling energy poverty – whilst supporting the green transition – plays a crucial role in improving access to affordable energy.

Considering the increasing energy demands, a factor that places significant strain on both the economy and society, energy-related vulnerabilities need to be addressed. The introduction of ETS2 adds further urgency, as it imposes new carbon pricing obligations on sectors previously not covered, potentially, without any government support, increasing costs for households and businesses. Therefore, ensuring energy security of supply, expanding and modernising the electricity grid, and accelerating the diversification of Malta's energy mix are all essential

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<sup>8</sup> Investments in a second interconnector, which shall be financed from the ERDF under the ERDF/CF/JTF 2021-2027 Programme, will increase the contribution towards Malta's energy security which is vital given the size and geographical location of the island.

<sup>9</sup> Malta's NECP, January 2025, [https://commission.europa.eu/publications/malta-final-updated-necp-2021-2030-submitted-2025\\_en](https://commission.europa.eu/publications/malta-final-updated-necp-2021-2030-submitted-2025_en).

<sup>10</sup> Ibid

<sup>11</sup> National Statistics Office Malta, Sustainable Development in Malta: Statistical Information on the 2030 Agenda in Malta – 2021, published on 16<sup>th</sup> December 2021, <https://nso.gov.mt/wp-content/uploads/SDG-2021.pdf>.

<sup>12</sup> Eurostat (2025), 'Inability to keep home adequately warm', [https://ec.europa.eu/eurostat/databrowser/view/ilc\\_mdcs01/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/ilc_mdcs01/default/table?lang=en) (accessed on 12/02/2025)

<sup>13</sup> Eurostat (2025), 'Arrears on utility bills', [https://ec.europa.eu/eurostat/databrowser/view/ilc\\_mdcs07/default/table](https://ec.europa.eu/eurostat/databrowser/view/ilc_mdcs07/default/table) (accessed on 12/02/2025).



components of the decarbonisation process. Looking ahead, Malta's growing population, expanding economy, electrification of transport, and digitalisation will significantly increase electricity demand. To meet these demands while staying on track with climate neutrality goals, further investment in strengthening Malta's electricity grid is required, particularly to expand operations and maintain grid stability in critical nodes.

## **Transport and climate realities**

The transport sector has a substantial contribution to net GHG emissions. In fact, in 2023, the highest contribution to net GHG emissions in Malta resulted from the energy sector at 31%, followed by the transport sector at 27%<sup>14</sup>. To actively facilitate the transition to greener transport, Malta has undertaken several different initiatives including incentivising the electrification of transport to ease the shift towards zero-emission vehicles, the expansion of electric vehicles (EVs) charging infrastructure and national free access to public transport offered to all holders of the 'Tal-Linja' card<sup>15</sup>.

The stock of licensed motor vehicles stood at 445,711 at the end of December 2024<sup>16</sup>. Out of the total, 259,339 motor vehicles (equivalent to 58.2%) had petrol-powered engines, whilst diesel-powered motor vehicles totalled to 156,230 (equivalent to 35.1%) and EVs together with plug-in hybrid motor vehicles accounted for 17,759 motor vehicles (equivalent to 4%) of the total<sup>17</sup>. Over the years, transport has been the second largest component of household expenditure including costs relating to the purchasing of motor vehicles and fuel<sup>18</sup>. Such expenditure constitutes an essential element in determining vulnerable transport users.

Three main factors can be used to explain the concept of transport poverty<sup>19</sup> which are availability, accessibility and affordability<sup>20</sup>. Vulnerable transport users encounter considerable

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<sup>14</sup> European Commission (2024), Climate Action Progress Report 2024, Country Profile Malta, [4c335e40-6961-4473-9cc0-5b6367f75a6e\\_en](#)

<sup>15</sup> Government of Malta, 'Free Public Transport', <https://infrastructure.gov.mt/free-public-transport/> (accessed on 13/02/2025).

<sup>16</sup> NSO (2025), NR018/2025 'Motor Vehicles: Q4/2024', <https://nso.gov.mt/transport/motor-vehicles-q4-2024/#:~:text=In%20the%20fourth%20quarter%20of,motor%20vehicles%20stood%20at%20445%2C711.> .

<sup>17</sup> Ibid.

<sup>18</sup> Central Bank of Malta (2018), 'Household Expenditure in Malta and the RPI Inflation Basket', Article published in the Quarterly Review 2018:3, pp. 33-40.

<sup>19</sup> Article 2 (2) of the SCF Regulation defines transport poverty as 'individuals' and households' inability or difficulty to meet the costs of private or public transport, or their lack of or limited access to transport needed for their access to essential socioeconomic services and activities, taking into account the national and spatial context'.

<sup>20</sup> European Commission (2024), 'Transport poverty: definitions, indicators, determinants and mitigation strategies', [https://employment-social-affairs.ec.europa.eu/transport-poverty-definitions-indicators-determinants-and-mitigation-strategies-final-report\\_en](https://employment-social-affairs.ec.europa.eu/transport-poverty-definitions-indicators-determinants-and-mitigation-strategies-final-report_en) (accessed on 13/02/2025).

difficulties in affording and accessing transportation, which impacts their capacity to wholly engage in socio-economic activities. Therefore, enhancing access to affordable and efficient transport options will enable Malta to better support these vulnerable groups, fostering a fair and inclusive transition for all.

### **Micro-enterprises**

Micro-enterprises play a crucial role in Malta's economy, so it is vital to ensure that these are not left behind in the green transition. Most business units, totalling 46,231 out of 49,929 enterprises, are micro-enterprises predominantly made up of self-employed individuals and small family businesses<sup>21</sup>.

As a fundamental pillar of the Maltese economy, micro-enterprises still face multiple challenges which affect their operations. These challenges arise due to the island's unique geographic and economic conditions relating to transportation costs<sup>22</sup>. While these challenges are faced by all business, micro-enterprises tend to be more severely impacted as these typically have narrow profit margins and the share of transport-related costs would be on the high side in relation to their expenses. Data indicates that all economic sectors, as classified by NACE or NACE groupings, consume fuel for both automotive and non-automotive purposes<sup>23</sup>. Approximately 70% of fuel consumed by enterprises in Malta is utilized for automotive purposes, while the remaining 30% is allocated for non-automotive uses within buildings, such as cooking, water heating, space heating, space cooling, and industrial processing.

These vulnerabilities highlight the need to incorporate climate resilience into business models, thus helping micro-enterprises endure and adapt to the effects of climate change and global environmental issues that could disrupt supply chains and market stability. Therefore, providing the necessary assistance to micro-enterprises to facilitate their transition to green operations through diverse financial incentives is important.

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<sup>21</sup> NSO (2024), NR 132/2024 'Structural Business Statistics: 2022', <https://nso.gov.mt/structural-business/structural-business-statistics-2022/> (accessed on 16/04/2025).

<sup>22</sup> Malta Chamber of SMEs (2021), 'Malta must address its insularity issues for Maltese businesses to be competitive', <https://www.smechamber.mt/wp-content/uploads/2021/09/Press-Release-10.09.21.pdf>

<sup>23</sup> Data provided by NSO following a specific request.

## Section 3 – Impact of ETS2 on Vulnerable Cohorts in Malta

### 3. IMPACT OF ETS2 ON VULNERABLE COHORTS IN MALTA

#### Definition of vulnerable cohorts for the purpose of the Social Climate Fund Plan

This Plan identifies three categories of target groups: vulnerable households, vulnerable transport users and vulnerable micro-enterprises.

Based on the 2021 Census, Malta reported a total of 215,691 households. In 2023<sup>24</sup>, 16.6% of the target population, fell below the at-risk-of-poverty threshold (ARPT) which is defined as representing 60% of the median national equivalised income (NEI). Households with dependent children have an at-risk-of-poverty rate of 17.9%, while those without dependent children have a rate of 15.7%. The financial strain is further exacerbated by the rising costs of living, with households spending over 9% of their income on housing-related expenses. This includes significant expenditures on electricity and rent, which account for 28% and 21.2% of total household expenditure in this category, respectively. Additionally, transport costs constitute a notable portion of household budgets, with households dedicating around 13% of their income to transport-related expenses whilst another 4.8% account for gas expenses, primarily for cooking and heating<sup>25</sup>. The combined impact of rising energy and transport costs affects the financial stability of lower-income households.

Persons living in households which are at-risk-of-poverty (AROP), that is households which fall below 60% of the median NEI are being considered **vulnerable households**. This latter definition is being applied within the SCF Plan, and based on EU-SILC 2023, this amounts to over 43,301 households.

A European Commission report<sup>26</sup> shows that some people in Malta face challenges with transport costs, excluding public transport, especially those on low incomes. Around 6.5% of people living in poverty cannot afford a car, compared to 2.1% of the general population<sup>27</sup>.

Even though public transport is free for all residents, accessibility remains a challenge, particularly for segments of the population, such as the elderly and those with mobility issues.

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<sup>24</sup> NSO (2024), “EU-SILC 2023: Salient Indicators”, <https://nso.gov.mt/living-conditions/eu-silc-2023-salient-indicators/#:~:text=The%20at-risk-of-poverty%20threshold%20when%20compared%20with%202022>.

<sup>25</sup> Household Budgetary Survey 2015, inflated with 2023 prices. Data provided by NSO following a specific request.

<sup>26</sup> European Union (2024), “Transport poverty – Definitions, indicators, determinants, and mitigation strategies – Final report”, <https://op.europa.eu/en/publication-detail/-/publication/0b300f5f-b125-11ef-acb1-01aa75ed71a1/language-en>

<sup>27</sup> Data provided by NSO following a specific request

To provide an appropriate support for the increases in transport costs resulting from ETS2, for the purposes of this Plan **vulnerable transport users** are being defined as those individuals who are 60 years or older and those who have limited mobility which are estimated at around 147,215 individuals<sup>28</sup>.

Regarding **vulnerable micro-enterprises**, national energy data shows that all NACE categories utilise and rely on fossil fuels for various purposes. Additionally, given the low profit margins associated with micro-enterprises and the indirect effects of transport costs within their value chains, all micro-enterprises in Malta are being classified as vulnerable, estimated at around 46,231<sup>29</sup> micro-enterprises.

### Impact of ETS2 on vulnerable cohorts

The ETS2 applies a price on the carbon emissions associated with buildings and road transport. This means that around 75% of the EU's emissions shall be covered by carbon pricing<sup>30</sup>. While this will deliver benefits in terms of emission reductions, there are several concerns, in absence of government support, of social cost of imposing a carbon price on fuels used in buildings and road transport.

In absence of any form of support, lowest income groups will be most impacted, as the burden of transport costs is relatively higher compared to higher income groups. This is also the case for Liquified Petroleum Gas (LPG). Vulnerable households are more likely to be relying on LPG for cooking and heating purposes. Gas expenses, which in Malta refers to LPG, while lower than transport expenditure, still represent 4.8% of the total. These amounts collectively contribute to the overall financial impact on vulnerable households.

As outlined in the European Commission's recent report on transport poverty, Malta has a high rate of transport poverty in view of its high dependence on private vehicles<sup>31</sup>. Nonetheless, when assessing the impact of ETS2 on transport users, it is evident that, without any form of

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<sup>28</sup>Data provided by NSO following a specific request .

<sup>29</sup> NSO (2024), "Structural Business Statistics: 2022", <https://nso.gov.mt/structural-business-statistics-2022/>

<sup>30</sup> Eleanor Scott (2025), Carbon Market Watch – U-turn on EU's Emissions Trading System for road transport and buildings carries huge environmental, social and economic price tag, <https://carbonmarketwatch.org/2025/01/24/u-turn-on-eus-emissions-trading-system-for-road-transport-and-buildings-carries-huge-environmental-social-and-economic-price-tag/>, (accessed on 01/04/2025).

<sup>31</sup> European Commission (2021), Transport poverty: definitions, indicators, determinants, and migration strategies, [https://employment-social-affairs.ec.europa.eu/document/download/4c180544-b1a1-455b-93df-d2b70f536596\\_en?filename=KE-01-24-003-EN-N.pdf](https://employment-social-affairs.ec.europa.eu/document/download/4c180544-b1a1-455b-93df-d2b70f536596_en?filename=KE-01-24-003-EN-N.pdf)

support, those considered as being AROP, older persons as well as people with a disability or mobility issues, face more barriers to transport accessibility and availability and will therefore be mostly affected by the introduction of ETS2.

Similarly, without any support, the impact of ETS2 will also affect enterprises that use fuel for industrial processing, spatial heating and cooling, cooking and road transport. These fuels include diesel, petrol, gasoil, fuel oil, and LPG, among others<sup>32</sup>. Businesses in Malta, particularly micro-enterprises, face a multitude of challenges that stem from the island's unique geographic and economic conditions. One of the most pressing issues is the high transportation costs associated with importing goods and raw materials. This results in higher per-unit costs for goods and services, further eroding their competitive edge.

Thus, micro-enterprises are earmarked for financial support under this Plan to transition to low or zero-emission transportation solutions. This transition is particularly vital for small businesses reliant on road transport for their operations. While households may be able to use public transport, most micro-enterprises cannot replace their commercial vehicles with mass transportation.

The investments under the SCF Plan are aimed to alleviate the burden on the most vulnerable households, transport users and micro-enterprises, ensuring that they are impacted way less than they would without such support.

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<sup>32</sup> Ministry for the Environment, Energy and Regeneration of the Grand Harbour (2024), “*Comprehensive Assessment on the potential for efficiency in heating and cooling in Malta*”, [https://energywateragency.gov.mt/wp-content/uploads/2025/01/20241011-Heating-and-cooling-Assessment\\_Final-Report.pdf](https://energywateragency.gov.mt/wp-content/uploads/2025/01/20241011-Heating-and-cooling-Assessment_Final-Report.pdf)

## Section 4 - Description of the Components

## **4. DESCRIPTION OF THE COMPONENTS**

### Introduction

The SCF Plan will support two main thematic components with the aim of targeting vulnerable households, vulnerable transport users and vulnerable micro-enterprises through targeted support measures, within the parameters and modalities of the applicable EU Regulation. This section provides an overview of the components, including the investments and indicative budget<sup>33</sup> earmarked under each component.

### Description of the components

#### **Component 1: Buildings Sector**

Interventions under this component seek to support vulnerable households residing in social housing owned by Government. Investments foreseen include:

1. Enhancing energy efficiency in Social Housing Estates by installing heat pump water heaters;
2. Retrofitting public social housing units to possibly achieve zero-energy status; and
3. Enhancing the electricity distribution network through investments in the grid

The aim of Energy Efficiency actions is to reduce energy consumption, improve energy efficiency, reduce costs and improve overall well-being of vulnerable households in social accommodation owned by Government.

Investment in the electricity distribution network<sup>34</sup> will complement efforts to increase energy efficiency for vulnerable cohorts identified under this plan but will also complement wider efforts to encourage the uptake of Renewable Energy actions and invest in the stability of the Maltese electricity grid.

These actions will not only mitigate the social and economic impact of ETS2 but also facilitate a faster and more resilient transition towards climate neutrality by 2050.

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<sup>33</sup> The budgets included in this Section reflect the timely start of the ETS2. In the event of a delayed start, budgets would be revised to reflect the total plan amount of EUR 50.8M.

<sup>34</sup> Investments in the grid may be complemented through national or other funding, as applicable.



**Target group:** vulnerable cohorts

The component has an indicative budget of circa €38.7 million (EU+MT share).

## **Component 2: Transport Sector**

This component includes the following investments:

### **1. Community transport services to vulnerable transport users**

This investment aims to enhance and expand the provision of free transport services at the community level. The goal is to provide all Local Councils with new EVs, as applicable, charging infrastructure, and a centralised booking system to ensure that every locality offers green community transport services for vulnerable transport users within their communities. This community transport initiative will build on existing services in some localities, improving access to essential needs and services while promoting active ageing among residents. Additionally, a centralised awareness campaign will be launched to promote the shared mobility service.

**Target group:** Vulnerable transport users

### **2. Enhancing the uptake of EVs amongst vulnerable micro-enterprises.**

Support will take the form of grant schemes aimed at incentivising micro-enterprises, to shift towards electric commercial vehicles. The scheme will provide a grant to cover the full estimated price differential between new EVs and internal combustion engine vehicles up to a specific ceiling. Support for charging infrastructure is also envisaged. A top up for scrappage is also being foreseen as applicable. This investment is foreseen to be implemented in line with the *de minimis* state aid regulation. In designing and implementing the scrappage scheme, particular attention will be given to Gozo, in line with the objective to accelerate Gozo's transition towards carbon neutrality.

**Target group:** Vulnerable micro-enterprises

The component has an indicative budget of circa €20.4 million (EU+MT share).

## Section 5 – Complementarity and Additionality of Funding

## **5. COMPLEMENTARITY AND ADDITIONALITY OF FUNDING**

Interventions foreseen under the plan are being programmed in complementarity with other EU funded and national measures.

In Malta, the Ministry responsible for EU Funds, coordinates the programming and implementation of all EU-funded Plans and Programmes<sup>35</sup>. This aims to ensure consistency and enhance synergies between funding programmes.

### **Component 1:**

*Interventions in relation to the renovation and energy efficiency actions in social housing units, and investment in the electricity grid*

Investments aimed at improving energy efficiency, enhancement of the electricity grid and advancing decarbonisation under Component 1 will build on initiatives supported through the European Regional Development Fund 2021-2027 Programme and the Recovery and Resilience Plan, namely support for energy efficiency in public and private buildings, as well as wider energy investments in the second interconnector and investments in the energy grid. The SCF investments under Component 1 will be targeted to vulnerable households across the Maltese islands, together with vulnerable households residing in social housing owned by Government.

### **Component 2:**

*Interventions in relation to the promotion of shared mobility measures within communities and supporting vulnerable micro-enterprises*

The shift towards greener mobility will build on actions supported under the Recovery and Resilience Plan, more notably EV schemes for individuals and enterprises, as well as the greening of the Public Service fleet. The SCF investments under this component will also complement the roll out of charging pillars and the enhancement of passageways and pedestrianisations under the Cohesion Fund. Moreover, complementarity is also foreseen with the European Social Fund+ 2021-2027 Programme in relation to the promotion of active ageing measures and support for skills in the green transition, amongst others. The SCF investments

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<sup>35</sup> The Planning and Priorities Coordination Division is responsible for the implementation of the Social Climate Fund Plan.

will be targeted towards vulnerable transport users and vulnerable micro-enterprises, as applicable.

## Section 6 – Impact

## 6. IMPACT<sup>36</sup>

### Simulation of the Impact of SCF Investments

The impact of investments in the buildings sector, infrastructural investment in energy and investment in equipment in the transport sector is assessed using the SAMM model (Structural Annualised Econometric Model for Malta).

The results are modelled through an increase in investment that is equivalent to the planned budget for the buildings and road transport components. Whilst the impact on the Gross Domestic Product (GDP) is marginal, also in view of the plan's budget, the assessment highlights a major short-term impact of investment spending.

<b>Scenario of Increased Investment Spending with SAMM</b>							(€ millions)
	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>TOTAL</b>
Investment by:							
Buildings Sector	0	4	6	6	7	4	<b>27</b>
Road Transport Sector	2	5	5	5	5	2	<b>24</b>
Energy Infrastructure	0	3	3	3	3	3	<b>15</b>
<b>TOTAL</b>	<b>2</b>	<b>12</b>	<b>14</b>	<b>14</b>	<b>15</b>	<b>9</b>	<b>66</b>

<b>Cumulative Impact (difference from base level)</b>						
	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
real GDP (%)	0.01	0.05	0.06	0.06	0.06	0.03
nominal GDP (%)	0.01	0.04	0.05	0.06	0.06	0.03
Investment Spending (%)	0.07	0.42	0.50	0.50	0.50	0.24
Household Consumption (%)	0.00	0.01	0.02	0.03	0.03	0.02
Imports (%)	0.01	0.04	0.05	0.05	0.05	0.03
Impact on real GDP (€ millions)	1	9	11	11	11	5
Impact on Investment (€ millions)	3	17	20	21	21	10
Impact on Consumption (€ millions)	0	1	2	2	2	1

<sup>36</sup> Assessments were carried out by the Economic Division within the Ministry for Finance.

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Impact on Imports (€ millions)	2	9	11	12	12	6
Employment (headcount)	4	23	35	44	44	35
Disposable Income (€ millions)	0	3	4	5	5	3
Inflation	0	0	0	0	0	0



## Section 7- Partnership

## **7. PARTNERSHIP**

Malta remains committed to upholding the principles of partnership and multi-level governance. In this spirit, a broad range of stakeholders, including non-governmental organisations, actively participated in the consultation process that shaped this document.

To ensure an inclusive and representative approach, multiple stakeholder consultations were held throughout 2024 and 2025. A key milestone was the consultation committee meeting convened in September 2024. This session brought together a diverse group of participants, including government bodies, public authorities responsible for local governance and urban policy, economic and social partners, civil society representatives, environmental organisations, and entities advocating for social inclusion, fundamental rights, youth, disability rights, gender equality, and non-discrimination.

Stakeholders were invited to attend and meaningfully contribute to the discussions. The session included the presentation of research findings related to the SCF Plan, along with a technical overview of EU funding mechanisms and the relevant regulatory framework. A focused working session followed, featuring targeted questions designed to spark dialogue and encourage active engagement. The list of stakeholders invited to contribute together with the presentations delivered and outcome of the consultation exercise may be accessed [here](#).

The insights and feedback gathered during these discussions were carefully considered and taken on board as appropriate, in the development of this public consultation document.

## Section 8 - Next Steps

## **7. NEXT STEPS**

This document outlines the foundation upon which the SCF Plan will be developed and constitutes an integral part of the public consultation process for EU funding plans and programmes.

The proposed investments aim to address the country's needs and challenges, in line with the parameters set out in the SCF Regulation. The investments identified also consider various initiatives under other EU funding instruments, as well as existing support schemes for vulnerable groups. The planned interventions adopt a balanced approach, targeting different vulnerable cohorts while combining temporary income support with long-term structural investments.

All stakeholders and the general public are invited to participate in this consultation process.

Interested parties are invited to put forward their views, suggestions and comments in reaction to this document by Wednesday, 25 June 2025, Noon.

Additional information may be viewed on <https://fondi.eu/public-consultations/> and feedback may be submitted on <https://publicconsultation.gov.mt>