

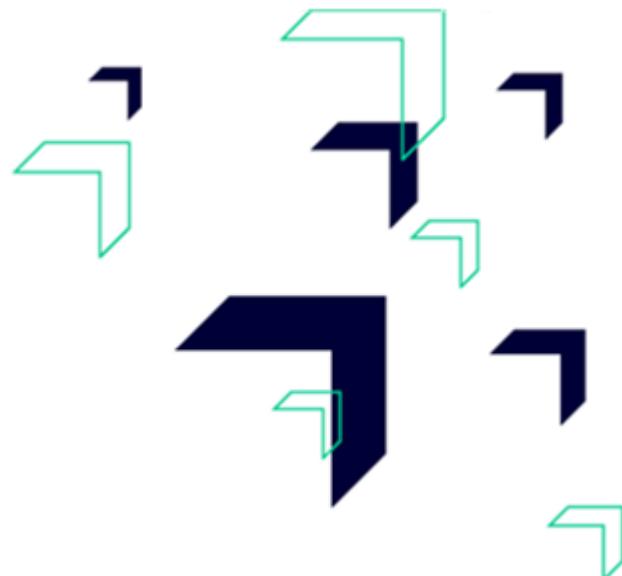


GOVERNMENT
OF MALTA



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Mid-term Review and proposed Programme modifications 2021-2027 Programmes (ERDF/CF/JTF)



Co-funded by
the European Union

Content Outline

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Introduction

Article 18

Mid-term review and flexibility amount

1. For programmes supported by the ERDF, the ESF+, the Cohesion Fund and the JTF, the Member State shall review each programme, taking into account the following elements:
 - (a) the new challenges identified in relevant country-specific recommendations adopted in 2024;
 - (b) the progress in implementing the integrated national energy and climate plan, if relevant;
 - (c) the progress in implementing the principles of the European Pillar of Social Rights;
 - (d) the socioeconomic situation of the Member State or region concerned, with special emphasis on territorial needs, taking into account any major negative financial, economic or social development;
 - (e) the main results of relevant evaluations;
 - (f) the progress in achieving the milestones, taking into account major difficulties encountered in the implementation of the programme;
 - (g) for programmes supported by the JTF, the assessment carried out by the Commission, pursuant to point (b) of Article 29(1) of Regulation (EU) 2018/1999.

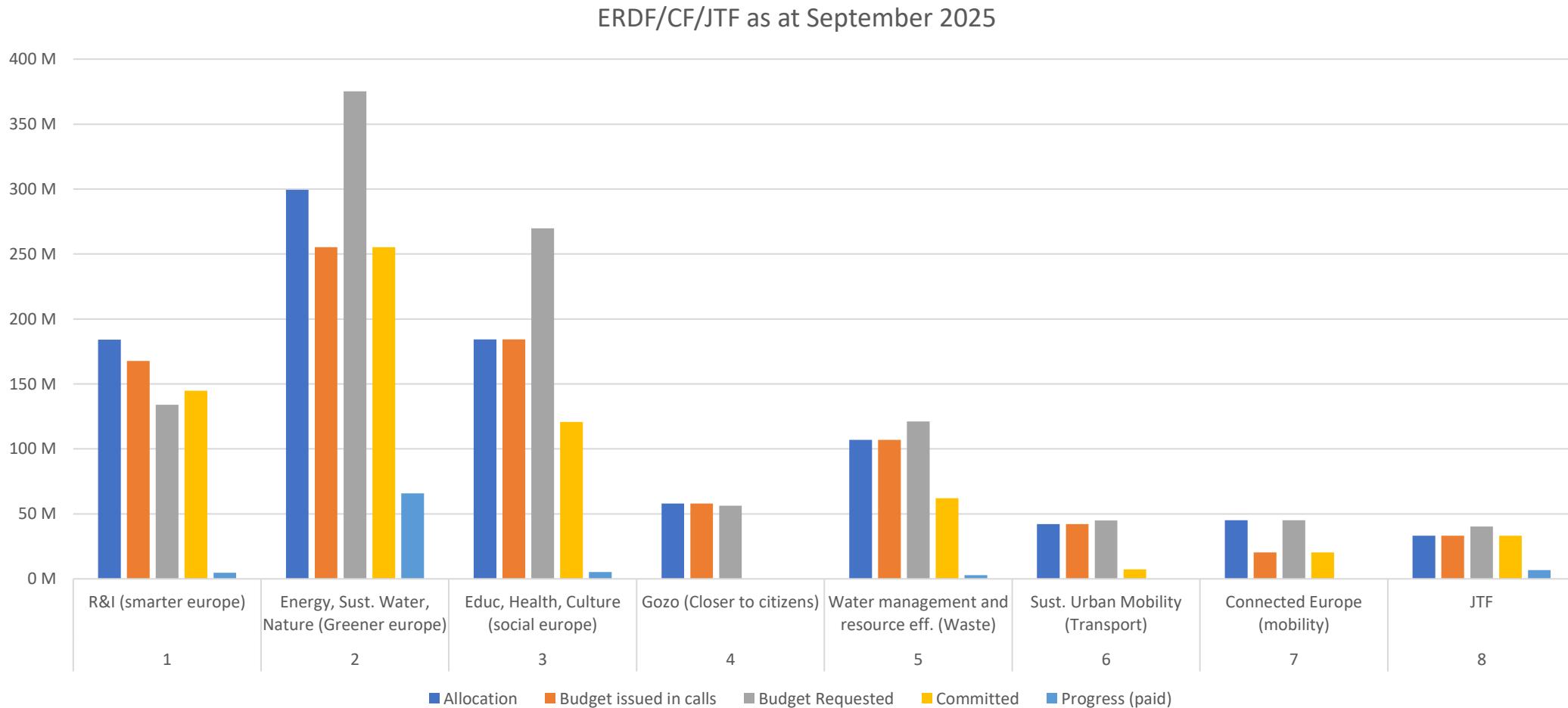
Purpose of MTR Process (Art 18 (3) – with amendment and Art 18 (4) – no amendment) is to **confirm or otherwise the Flexibility Amounts.**

ERDF/CF/JTF

The programme allocation is of **€648.3M** (EU share), of which **€94.5M** (EU share) are the **Flexibility Amount** (Tables 10 and 11).

ERDF/JTF/CF Programme at Priority level

State of play as at September 2025



Findings and Assessment (1)(a)

Art 18 (1)(a) – new challenges identified in relevant CSRs adopted in 2024 and in 2025

Country-Specific Recommendation (CSR)	Programme Contribution
2024 CSR 2 & 2025 CSR 2: Accelerate implementation of cohesion policy programmes	Despite late adoption, the programme is progressing well. Ongoing actions and updates demonstrate implementation intensity.
2025 CSR 3: Promote investment in research and innovation	R&D investment as % of GDP is declining due to rapid GDP growth, but nominal R&D spending and employment are rising, mainly from private investment. The programme supports public and private R&D, with calls launched. Private sector uptake remains limited; national schemes and tax incentives complement programme efforts.
2024 CSR 3 & 2025 CSR 5: Strengthen quality and labour market relevance of education and training; address skills shortages, low educational outcomes, and skills mismatch.	Programme supports investments in modernising and expanding education infrastructure, supporting diverse learning needs and inclusivity. Focus on VET, especially in high-demand sectors. Actions align with national strategies to ensure skills match economic and technological needs.
2024 CSR 4 & 2025 CSR 4: Accelerate deployment of renewable energy; improve energy efficiency in buildings; reduce energy demand.	Programme supports strategic investment in second Malta-Sicily interconnector, and key investments in battery energy storage systems, and financial instruments for green investments. Offshore RES investments delayed pending studies.
2024 CSR 4 & 2025 CSR 4: Address traffic congestion; improve public transport and soft mobility; reduce emissions from road transport.	Programme includes investments in sustainable, multimodal urban transport. Proposed project for Gozo aims inter alia to improve connectivity and promote active mobility.

Key conclusions of MTR

Milestones progress and flexibility amount:

Delays in milestone achievement is a reflection of delayed start, larger programmes, and new complexities, as applicable. Nonetheless programmes are expected to continue gaining momentum towards reaching the 2029 targets.

Observations made throughout MTR process are of:

- **Financial impact: Opportunities for re-allocation of funds, for which a Programme Modification is being presented as part of this same process.**
- Non-financial impact: These will be tackled at subsequent programme modifications.

The MTR proposed a number of recommendations which have a financial impact on the basis of the following nature of findings:

- similar/same interventions already available/planned through other funding routes/national funds
- significantly limited interest in take up
- the planned intervention/s implementation time-frames falling outside the Programme eligibility period.

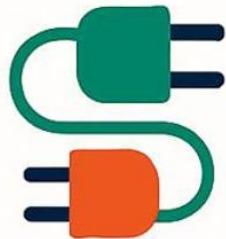
Overview of modifications (financial impact)

Priority	Fund	Specific Obj.	Current EU Share	Proposed EU Share	(-) Transfer	(+) Transfer
1	ERDF	SO1.1	€15M	€3M	- €12M	€ -
1	ERDF	SO1.3	€50.5M	€40.8M	- €9.7M	€ -
2	ERDF	SO2.1	€6M	€3M	- €3M	€ -
2	ERDF	SO2.2	€6M	€ -	- €6M	€ -
3	ERDF	SO4.5	€74.7M	€56.7M	- €18M	€ -
4	ERDF	SO5.1	€34.8M	€25.5M	- €9.3M	€ -
6	CF	SO2.8	€35.9M	€26.4M	- €9.5M	€ -
10	ERDF	SO2.12	€ n/a	€58M	€ -	€58M
11	CF	SO2.11	€ n/a	€9.5M	€ -	€9.5M
Sum of reallocations					-€67.5M	€67.5M

Priority 10: Strategic Energy infrastructure for a Resilient and Green Transition [ERDF]

SECURITY OF ENERGY SUPPLY

Security of energy supply through increased interconnection capacity is a critical area of investment for Malta, taking into account Malta's insularity with limited indigenous energy resources and increasing energy demand

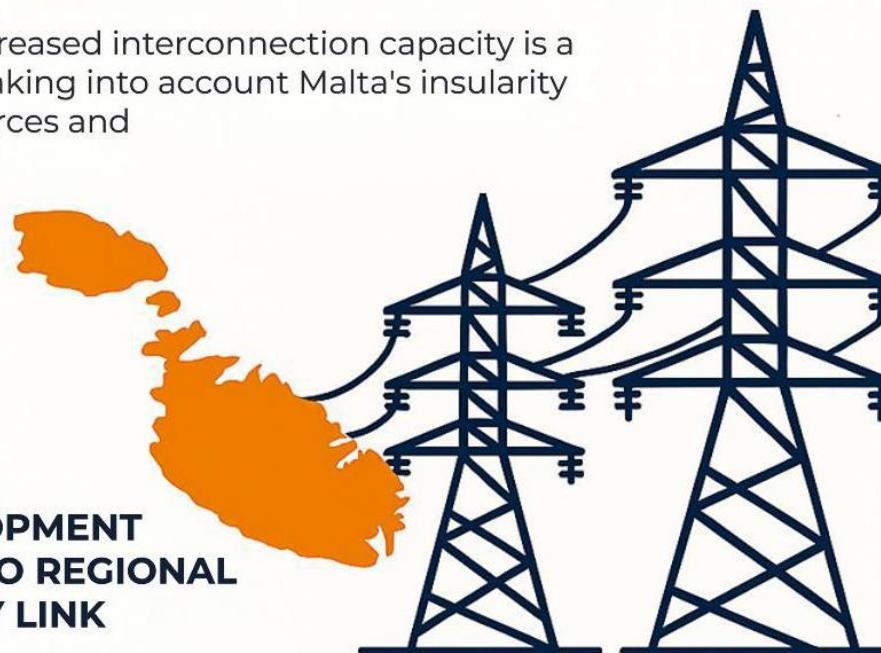


EXTENDING THE FINANCING FOR THE DEVELOPMENT OF A SECOND ELECTRICITY INTERCONNECTOR

This intervention is of strategic importance for Malta

DEVELOPMENT OF GOZO REGIONAL ENERGY LINK

Investment aims to support deploying energy connectivity between Malta and Gozo (Phase 1)



Remain above EU target



Contribute towards decarbonisation



Improves energy connectivity for Gozo

New Priority

An allocated budget of **€58 million [EU Share]** has been designated to support these initiatives.

New Co-financing rate

70% EU
30% Malta

**New regulation incentives as opposed to 60:40*

Priority 11: Promoting Access to Affordable and Sustainable housing [CF]

AFFORDABLE HOUSING

Malta's housing landscape has undergone significant transformation over the past decade, marked by property prices rising much faster than average wages. This dynamic has resulted in a pronounced affordability gap, particularly for middle-income households who increasingly find themselves priced out of both home ownership and rental markets.



AFFORDABLE AND SUSTAINABLE HOUSING REVOLVING GRANT MODEL

Enabling delivery of new energy-efficient dwellings at prices 25-40% below market rates



New Priority

An allocated budget of **€9.5 million [EU share]** has been designated to support this initiative.

New Co-financing rate

95% EU
5% Malta

**New regulation incentives as opposed to 85:15*



Next steps

Continue and finalise consultation with Commission to programme modification based on the mandate

Continue liaising with stakeholders for feedback required and to refine data on indicators specifically those effected by the modification

Do No Significant Harm assessment (in progress)

Strategically Environmental Assessment exercise (in progress)

Submit all relevant documentation via SFC in line with Art 18(3) of CPR before 31 December 2025 (in order to be able to access the flexibilities enabled through new regulation 2025/1914)