

## Partnership Agreement - Article 10(6)

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1. Selection of policy objectives and the JTF specific objective

Reference: point (a) of Article 11(1) CPR

Table 1: Selection of policy objective and JTF specific objective with justification

Selected objective	Programme	Fund	Justification for selection of a policy objective or JTF-specific objective
<p>1. A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity</p>	<p>ERDF/CF/JTF Programme - Towards a smarter, well connected and resilient economy, a greener environment and an integrated society</p>	<p>ERDF</p>	<p>Fostering competitiveness amongst economic players requires a multifaceted approach focusing on Research and Innovation (R&amp;I), the digital economy and support towards small and medium-sized enterprises (SMEs).</p> <p>- Shifting towards an innovative economy:</p> <p>While Malta’s economy has progressed, Malta remains a moderate innovator[1]. As outlined in the 2020 Country Report on Malta[2], research and innovation activity by Maltese enterprises remains limited with Business R&amp;D intensity standing at only 0.33% of GDP in 2018. This is also evidenced in the low take up of R&amp;I schemes under the 2014-2020 ERDF/CF Operational Programme[3].</p> <p>Notwithstanding the challenges in this sector, between 2012 and 2019, Malta was amongst the Member States registering the highest performance increase in employment impacts, financial support and intellectual assets, amongst others. Within this context, Malta remains committed to continue supporting R&amp;I during the 2021-2027 period.</p> <p>Malta’s Smart Specialisation Strategy 2021-2027 (S3)[4] identifies six (6) smart specialisation areas where further support for R&amp;I development is foreseen as a means of fostering socio-economic development. The Strategy also identifies the need to support research infrastructure, promote the take up of advanced technologies within enterprises as well as promote partnerships, amongst others. The 2020 Country Report also outlines the need to invest in innovation as a means of sustaining Malta’s economic growth.</p> <p>Through support for R&amp;I under this PO, it is foreseen that ERDF resources will contribute towards increasing R&amp;I expenditure and innovative actions in the areas of smart specialisation, including through business investment and research infrastructure in R&amp;I.</p>

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			<p>- Fostering digital transformation:</p> <p>Malta ranks sixth (6th) out of 27 Member States in the 2021 Digital Economy and Society Index[5], showing overall successful advancements in the digital sector. Sustaining Malta’s success in this area remains important to continue fostering economic growth, recovery and sustainability. The Malta Digital Strategy 2022-2027, that is currently being developed, will provide the overarching policy for digital investments in Malta. Complementarity shall be ensured with the Recovery and Resilience Plan (RRP), the Digital Europe Programme and the Connecting Europe Facility investments on strengthening government digital systems and fostering digitalisation amongst the public and private sectors.</p> <p>In view of the changes brought about by the COVID-19 pandemic, 2020 registered an increase in 2.3% of enterprises which made sales through e-commerce when compared to 2019[6]. Likewise, Government’s online services have continued to increase. In this regard, there is the need for interventions to continue maximising e-services, and shift towards a digital economy, also to ensure a high degree of business continuity. ICT has been identified both as an area of specialisation but also as a horizontal enabler in the S3 2021-2027 due to its strategic relevance to small services-oriented economies.</p> <p>ERDF support shall aim to increase the provision of digital services, enhancing the efficiency of the public administration as well as increase enterprises benefitting from support for enhanced digitalisation.</p> <p>- Enhancing the Competitiveness of SMEs:</p> <p>SMEs are an integral part of the Maltese economy and a source of incubation for innovation. Micro-enterprises represent 97% of SMEs in Malta, having a crucial role in economic growth[7]. As evidenced in the preliminary findings of the ex-ante assessment on support required for enterprises under the 2021-2027 period, which is currently ongoing, market failures continue to necessitate support for start-ups and business growth.</p> <p>For enterprises to remain competitive, particularly in the face and aftermath of COVID-19, support is necessary to consolidate and reap the benefits of their investment, remain competitive and diversify. In view of the importance of enterprises for the Maltese economy, the barriers being faced need to be addressed, which include limited access to finance</p>

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			<p>as well as difficulties encountered in business development, amongst others.</p> <p>In this regard, ERDF support will be enabled through a combination of grant schemes and financial instruments, including under InvestEU. This will build on the success achieved under the 2014-2020 period which saw a substantial take up of both grants and financial instruments under JAMIE[8].</p> <p>Investment through this SO shall aim to increase accessibility to finance, increase the number of enterprises and start-ups benefitting from such ERDF support, as well as enhance business infrastructure with a view to provide holistic support for entrepreneurship and start-ups in particular.</p> <p>[1] European Innovation Scoreboard 2020, <a href="https://ec.europa.eu/docsroom/documents/42981">https://ec.europa.eu/docsroom/documents/42981</a></p> <p>[2] European Commission, Country Report Malta 2020, <a href="https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0517&amp;from=EN">https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0517&amp;from=EN</a></p> <p>[3] As at Q1 2022, only 5% of the originally foreseen support under R&amp;I schemes was committed.</p> <p>[4] ‘Malta’s Smart Specialisation Strategy 2021-2027’, <a href="https://mcst.gov.mt/wp-content/uploads/2022/01/RIS3-Strategy-2020-2027.pdf">https://mcst.gov.mt/wp-content/uploads/2022/01/RIS3-Strategy-2020-2027.pdf</a></p> <p>[5] European Commission, 'Digital Economy and Society Index (DESI) 2021 - Malta'.</p> <p>[6] NSO News Release 012/2021, p. 1, <a href="https://nso.gov.mt/en/News_Releases/Documents/2021/01/News2021_012.pdf">https://nso.gov.mt/en/News_Releases/Documents/2021/01/News2021_012.pdf</a></p> <p>[7] NSO News Release 081/2021, Chart 1, p.1, <a href="https://nso.gov.mt/en/News_Releases/Documents/2021/05/News2021_081.pdf">https://nso.gov.mt/en/News_Releases/Documents/2021/05/News2021_081.pdf</a></p> <p>[8] Annual implementation report for the Investment for growth and jobs goal, <a href="https://eufunds.gov.mt/en/Operational%20Programmes/Useful%20Links%20and%20Downloads/Documents/AIR%202018/AIR%20SMEi%202018.pdf">https://eufunds.gov.mt/en/Operational%20Programmes/Useful%20Links%20and%20Downloads/Documents/AIR%202018/AIR%20SMEi%202018.pdf</a></p>
2. A greener, low-carbon	ERDF/CF/JTF Programme	EMF AF CF	ERDF:

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<p>transitioning towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation risk prevention and management, and sustainable urban mobility</p>	<p>- Towards a smarter, well connected and resilient economy, a greener environment and an integrated society</p> <p>EMFAF Programme - Fostering sustainable blue investment in Maltese Fisheries and Aquaculture</p>	<p>ERDF</p>	<p>- Energy efficiency, renewable energy, energy grid and storage:</p> <p>The need for Malta to shift to increased energy efficiency (EE), increased energy storage capacity and energy security, mitigate climate change and environmental challenges remains important[1], whilst also striving to address Malta’s 2019 CSR 3 on low carbon, and Malta’s 2020 CSR 3 on green transition.</p> <p>- Energy efficiency:</p> <p>Malta’s National Energy and Climate Plan (NECP) 2030 identifies growing population as the main driver of energy consumption for the residential sector, as reflected by a higher number of households. The average energy consumption by households is expected to increase by 10% till 2030, while a 25% increase is projected in the number of dwellings[2]. This marked growth in pre-COVID population and GDP, as also accompanied by projected growth for the business and services sectors, presents challenges to restrain energy consumption.</p> <p>The production and consumption of energy is a key source of global emissions and is therefore a key target of national, regional and international policy as highlighted in Malta’s Low Carbon Development Strategy (LCDS)[3]. Based on the energy profiles of various sectors, Malta’s LCDS identifies buildings and the industry as the main sectors where EE measures are most relevant.</p> <p>Malta thus remains committed to address emission challenges in line with the above-mentioned strategies, including the National Strategy for R&amp;I in Energy and Water (2021-2030)[4]. Implemented measures in the residential and the industry sector shall promote energy efficiency and achieve energy savings[5]. Such measures shall contribute to the reduction in greenhouse gas emissions in line with the ambitions of the Green Deal and the REPowerEU initiative.</p> <p>- Renewable Energy:</p> <p>Malta’s demographic and economic projections together with geophysical realities, limited economies of scale, land use conflicts, limitations in relation to space/land, energy backup and energy generation capacity pose limitations to the</p>

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			<p>increase in RES uptake.</p> <p>Limitations are also faced in the deployment of large renewable energy batteries or extensive onshore renewable farms, including where certain technologies require a high-level minimum efficient scale. The adoption of new technologies at an early stage also impinges on the costs, which are often substantial when technologies are still being developed.</p> <p>Notwithstanding these challenges, the exploration of RES technology is deemed key in Malta’s decarbonisation journey. This need is also reflected in Malta’s Smart Specialisation Strategy 2021 – 2027 and the Low Carbon Development Strategy.</p> <p>As outlined in the National Reform Programme (2022), investments in the generation of renewable energy sources, primarily through national schemes, remain important whilst acknowledging that the amount of RES that can be harvested locally has inherent limitations.</p> <p>Support for RES initiatives, including pilot projects in offshore wind energy are foreseen.</p> <p>The implementation of pilot projects and innovative investments is expected to result in increased potential for the uptake of renewable energy aiming to contribute towards the European Green Deal ambitions, the transition towards climate neutrality by 2050 and the blue economy.</p> <p>- Energy grid and battery storage:</p> <p>During 2020, the electricity supply in Malta comprised: net generation from power plants (73.6%), supply from net imports (16.7%) and renewable sources (9.7%). Energy harvesting from renewable sources registered an increase of 20.5%, reaching 233.1 GWh in 2020. Most of the renewable energy (97.5%) was produced from photovoltaic panels. During 2020, a total of 419.8 GWh were imported through the interconnector. Malta has no indigenous energy sources that would provide a secure energy supply and is therefore reliant on imported fuels and electricity.</p>

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			<p>Energy demand is expected to continue to grow to 2040, due to increased economic activity, shift to further electrification and digitalisation. Increased energy demand will require higher deployment of RES, more reliance on electricity imports and a more flexible energy system which, amongst others, incorporates storage. By 2050 an additional ~3,000 GWh of electricity is required to meet the requirement for powering electric vehicles[6].</p> <p>In a do-nothing scenario, emissions from the Combined Cycle Gas Turbine (CCGT) plants would increase from 2020 to 2030 to meet the energy demand. In this regard, the introduction of a new electricity interconnector is required to ensure security of supply and meet supply demands as well as to curb emission increases which would otherwise be inevitable[7].</p> <p>Battery storage is also required in view of the intermittent nature of solar energy systems, whereby the ability to store energy will fully exploit the potential and use of RES generated locally.</p> <p>Investment will foster enhanced energy supply and security through smart energy grids and storage, and increased electricity interconnectivity. These investments shall also result in enhanced stability of Malta’s electricity grid and increased potential for RES deployment targeting Malta’s transition towards climate neutrality. Interventions shall complement clean energy investments under the Just Transition Plan (JTP) and the RRP.</p> <p>- Climate change adaptation and disaster risk prevention and resilience:</p> <p>Under the ERDF 2007 – 2013 programme, the National Flood Relief Project (NFRP) was implemented. This major project has been implemented with a fully-fledged storm water relief system and remains a relevant contributor towards fostering risk prevention measures on roads. Within this context, this specific objective is not being directly targeted. Nevertheless, interventions in roads, green infrastructure and biodiversity foreseen under ERDF will indirectly contribute towards enhanced risk prevention mechanisms. Interventions under the IT-MT Interreg Programme 2021-2027 will directly contribute towards risk management.</p> <p>Such efforts will be complemented by actions under EMFAF and other European Territorial Programmes aimed at preserving coastal areas and developing risk assessments, amongst others.</p>

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			<p>- Sustainable waste-water management:</p> <p>Malta's wastewater is treated through four key wastewater treatment plants. As noted in the draft National Investment Plan for the Water and Wastewater Sector 2022-2025, which is currently being developed[8], Malta's growing resident and visiting population is expected to generate higher volumes of wastewater in spite of efforts to maintain water use at high efficient levels[9]. Malta's wastewater treatment infrastructure will be able to handle 92k m<sup>3</sup>/day of wastewater and 739,000 p.e. by 2022. Nevertheless, it is estimated that in 2030 the volume of the daily average wastewater flow generated in the Malta South agglomeration, including wet weather flow (WWF) is between 76k and 98k m<sup>3</sup> with a higher-end limit of 117k. The combined treatment capacity of Ta' Barkat and Sant Antnin stands at 77k m<sup>3</sup>/day. These figures suggest that expansion, together with a reduction of seawater infiltration, is required[10].</p> <p>Furthermore, low lying coastal sewers are susceptible to seawater infiltration, leading to sub-optimal efficiencies in the collection network and wastewater treatment facilities due to the increased volume and salinity of wastewater. Seawater intrusion leads to higher energy employed for pumping and treating wastewater before its disposal at sea or eventual reuse[11].</p> <p>Investments are therefore required to ensure the development of sufficient collection and treatment to address projected demands and improve efficiencies. As also noted in the draft National Investment Plan for the Water and Wastewater Sector 2022-2025[12], wastewater collection networks and treatment facilities need to cater for peak flows, which have a highly variable temporal distribution.</p> <p>Investments implemented shall build on the 2014-2020 EU funded interventions and shall aim to address improved wastewater quality, supply, and sustainability of natural systems. Interventions shall result in enhanced energy efficiency in wastewater treatment. Generated water resources through interventions targeting the reuse of reclaimed water will complement Malta's efforts towards achieving the environmental objectives (Article 4) of the Water Framework Directive.</p> <p>- Nature protection and restoration, biodiversity and green infrastructure (GI):</p> <p>Malta's natural heritage is characterised by various habitats hosting a rich variety of flora and fauna with about 2,000 plant</p>

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			<p>species and 3,000 animal species recorded, with 85 endemic species. As noted in Malta’s draft National Biodiversity Strategy and Action Plan to 2030[13], the conservation of biodiversity, defined as the diversity within species, between species and of ecosystems, is considered of utmost importance, which stance is also reflected in the EU Biodiversity Strategy.</p> <p>Development and construction, alien and problematic species, and climate change exert pressures and threats on Malta’s biodiversity as identified in Malta’s State-of-the Environment Report (2018)[14] and the draft National Biodiversity Strategy and Action Plan to 2030.</p> <p>Climate change is also globally recognised as one of the five direct drivers of biodiversity loss. Taking into account the interdependence of climate change and biodiversity loss, addressing climate change and mitigating biodiversity loss is crucial in this regard. This is even more important considering the benefits provided by biodiversity in relation to ecosystem services as linked to human survival and good quality of life[15].</p> <p>The draft National Biodiversity Strategy and Action Plan to 2030 also reflects the need for coordinated and strategic application of nature-based solutions, including green infrastructure while ensuring ecosystem resilience and supporting urban biodiversity.</p> <p>ERDF support will aim to enhance Malta’s commitment and action towards the conservation of species and habitats, restoration of ecosystems and effective management of protected areas. Effectively these interventions aim to mitigate the loss of biodiversity in line with the Biodiversity Strategy and the Green Deal and in anticipation of the upcoming EU Nature Restoration Law. Green infrastructure interventions shall secure synergies with nature protection, water management, climate change adaptation and mitigation.</p> <p>CF:</p> <p>- Sustainable water management:</p> <p>Malta’s high population density puts a strain on water resources, and thus water scarcity remains at the forefront of</p>

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			<p>Government's priorities. As indicated in the draft National Investment Plan for the Water and Wastewater Sector 2022-2025 which is currently being developed, demographic and economic projections for Malta for the forthcoming years indicate an increasing resident and tourist population. By 2021, the desalination plant capacity was increased to 83k m3/day, with groundwater throughput capped at circa 48k m3/day, rendering a 134k m3/day combined production capacity. Likely peak demand is estimated at 139k m3/day when water savings are considered and 148k m3/day when water savings are not accounted for over the forecasting timespan. Thus, upgrades are needed to safeguard the security of supply and the water table beyond 2030 to meet future demand[16].</p> <p>The key challenge in the water sector is the lack of supply of fresh water in Malta, which poses a reliance on desalination activities which process is subject to several vulnerabilities in the highly trafficked Mediterranean Sea (including possible oil-spills).</p> <p>Malta also notes however that increased availability of water efficient technologies in the market can give rise to an effective decoupling effect between these demographic and economic drivers, and potable water requirements. As noted by ERA (2020)[17], continued investments in the optimisation of water production facilities are required to ensure the achievement of optimal operational levels.</p> <p>CF support shall therefore focus on measures addressing the optimisation of potable water distribution including through reducing water leakages and other interventions. Such measures aim to result in enhanced sustainable water management.</p> <p>- Promoting a circular economy:</p> <p>As stipulated in Malta's Long Term Waste Management Plan 2021-2030[18], Malta's annual municipal waste generated per capita is currently higher than most EU countries, at an average of 621kg[19]. Furthermore, whilst acknowledging that between 2012 and 2018 the collection of recyclables (including glass) increased from 7% to 14%[20], additional investment is required in order to reach Malta's 2030 target for ensuring that the preparing for re-use and the recycling is increased to a minimum of 60% by weight, amongst others[21].</p> <p>In recent years, progress has been made on waste separation and the sustainable management of organic and recyclable waste in line with previous investments. However, in complementarity with prevention measures being implemented</p>

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			<p>targeting food waste in line with Sustainable Development Goal 12.3 and the principles of the circular economy, the need to maximise on the recycling potential of organic waste also exists. As noted in Malta’s Long Term Waste Management Plan (2021), in order to address this need including the need to recover material from organic waste, the need exists for increased capacity and the development of additional facilities. This necessitates investment in new infrastructure for treating organic waste thus ensuring full circularity of the organic waste stream.</p> <p>Such initiatives will build on interventions undertaken during previous programming periods whilst complementing waste reforms implemented through the RRP.</p> <p>- Sustainable multimodal urban mobility:</p> <p>Malta’s small Island State limitations in relation to space and land use conflicts, economies of scale, high population density and urban agglomeration patterns, impinge on sustainable urban mobility. These challenges have resulted in increased reliance on private transport, where the stock of licensed vehicles stood at 414,669 registered at the end of March 2022 out of which 75.6 % were passenger vehicles.</p> <p>In order to complement actions undertaken in relation to facilitating the transition to carbon neutrality through the decarbonisation of transport and buildings, in line with Green Deal targets and Malta’s LCDS[22], enhanced focus is required on promoting the shift towards multimodal clean transport and in line with the National Transport Strategy 2050[23] and Transport Master Plan 2025, which is currently being reviewed.</p> <p>Clean urban transport infrastructure, including through passageways, walkways and the installation of alternative fuels infrastructure, amongst others, will aim to enable the reduction of emissions and congestion. Initiatives will build on the implementation of the Sustainable Urban Mobility Plan (SUMP) covering the Valletta Region (Northern and Southern Harbour Districts) under the RRP and will aim to reflect the ambitions of the New EU Urban Mobility Framework[24].</p> <p>These initiatives will encourage green modes of transport and will contribute to the needs identified in the 2019[25] and 2020[26] Country Reports as well as the EU's Green Deal whilst building on ERDF, Life+ Programme[27] and Italia-Malta Programme[28] 2014-2020 interventions.</p>

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			<p>These interventions together with decarbonisation efforts under the JTF and the RRP, amongst others, will aim to put Malta at the forefront of decarbonisation efforts.</p> <p>EMFAF:</p> <p>- Sustainable Blue Investment:</p> <p>The growth of the blue economy and its industries, including fisheries, tourism and maritime transport, aquaculture and marine biotechnology, pose economic opportunities and environmental challenges[29]. Whereas various actions have been undertaken in previous programming periods aiming to conserve fish stocks, maintain sustainable yields, increase the competitiveness of the local fishing and aquaculture industry, conserve the marine environment, and enhance data collection and control, challenges still remain.</p> <p>EMFAF support is necessary in order to strengthen the environmental and socio-economic sustainability of the fisheries sector whilst upholding active support for small-scale coastal fishers (SSCF) taking into account their specific needs and challenges. Small-scale coastal fishing constitutes about 90% of the Maltese fishing fleet[30].</p> <p>Fostering innovation opportunities, including in research related to process and/or product development under aquaculture, and improving the aquaculture sector's environmental performance in line with Malta's areas of Smart Specialisation remains key in order to promote growth, competitiveness and resilience.</p> <p>Furthermore, considering the state-of-play and the characteristics of the local, regional and EU context, addressing climate-neutrality, climate-change adaptation and mitigation is key. Ensuring good environmental status of the marine environment including through enhanced biodiversity protection, monitoring, management and restoration is equally important to ensure resilience of the sectors.</p> <p>To this end, due importance shall be given to actions contributing towards the European Green Deal, including the EU</p>

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			<p>Biodiversity Strategy, the Farm-to-Fork Strategy[31], the Common Fisheries Policy, the EU’s Nature Restoration Targets and the Strategic Guidelines for the Sustainable Development of EU Aquaculture[32]. Apart from addressing the socio-economic sustainability of the fisheries and aquaculture sectors, EMFAF shall support key actions enhancing conservation measures, data collection, control and enforcement activities, amongst others.</p> <p>The EMFAF Programme primarily shall target Priority 1 and Priority 2 of the EMFAF Regulation in an effort to reflect the main priorities at the national level within the fisheries and aquaculture sectors. Furthermore, cooperation actions may be supported across the programme[33]. These initiatives will take into account the sector’s needs and local characteristics, complementing ERDF and JTF operations, amongst others. Such a holistic approach is aimed to contribute towards Malta’s blue economy, mitigate the impacts of CO2 emissions and foster improved biodiversity and marine ecosystems.</p> <p>Support under EMFAF for Priorities 3 and 4 is not foreseen due to the small size of the sector in Malta, the small size of the EMFAF Programme and the local realities, amongst others, as further outlined in the EMFAF Programme.</p> <p>[1] European Commission, Country Report Malta 2019, SWD(2019) 1017 final.  [2] Energy and Water Agency, Malta’s National Energy and Climate Plan 2030 (2019), <a href="https://ec.europa.eu/energy/sites/ener/files/documents/mt_final_necp_main_en.pdf">https://ec.europa.eu/energy/sites/ener/files/documents/mt_final_necp_main_en.pdf</a>  [3] Ministry for the Environment, Climate Change and Planning, Malta Low Carbon Development Strategy (October 2021).  [4] National Strategy for R&amp;I in Energy and Water (2020, Malta) <a href="https://mk0energywaterabbylt.kinstacdn.com/wp-content/uploads/2020/06/National-Strategy-for-RI-in-Energy-and-Water-FINAL.pdf">https://mk0energywaterabbylt.kinstacdn.com/wp-content/uploads/2020/06/National-Strategy-for-RI-in-Energy-and-Water-FINAL.pdf</a>  [5] Ibid., p. 82.  [6] Ibid.  [7] Ibid.  [8] National Investment Plan for the Water and Wastewater Sector 2022-2025. Ministry for Energy, Enterprise, and Sustainable Development (draft document currently being finalised, 2022).  [9] Environment Resources Authority, Significant Water Management Issues in the Malta River Basin District (2020,</p>

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			<p>Malta) <a href="https://era.org.mt/wp-content/uploads/2020/08/Significant-Water-Management-Issues-Document_final-1.pdf">https://era.org.mt/wp-content/uploads/2020/08/Significant-Water-Management-Issues-Document_final-1.pdf</a></p> <p>[10] National Investment Plan for the Water and Wastewater Sector 2022-2025. Ministry for Energy, Enterprise, and Sustainable Development (draft document currently being finalised, 2022).</p> <p>[11] Ibid.</p> <p>[12] Ibid.</p> <p>[13] ERA, National Biodiversity Strategy and Action Plan to 2030 (2022, draft).</p> <p>[14] ERA, State of the Environment Report 2018: Summary Report, Malta.</p> <p>[15] ERA, National Biodiversity Strategy and Action Plan to 2030 (2022, draft).</p> <p>[16] National Investment Plan for the Water and Wastewater Sector 2022-2025. Ministry for Energy, Enterprise, and Sustainable Development (draft document currently being finalised, 2022).</p> <p>[17] Ibid.</p> <p>[18] ERA, 2021. Long Term Waste Management Plan 2021-2030</p> <p>[19] Ibid, p. 12.</p> <p>[20] Ibid, p. 31.</p> <p>[21] Ibid, p. 29.</p> <p>[22] Malta Low Carbon Development Strategy, October 2021.</p> <p>[23] Transport Malta, National Transport Strategy 2050 Malta, 2016. <a href="https://www.transport.gov.mt/strategies/strategies-policies-actions/national-transport-strategy-and-transport-master-plan1343">https://www.transport.gov.mt/strategies/strategies-policies-actions/national-transport-strategy-and-transport-master-plan1343</a>.</p> <p>[24] European Commission, ‘The New EU Urban Mobility Framework’ (December 2021), <a href="https://transport.ec.europa.eu/system/files/2021-12/com_2021_811_the-new-eu-urban-mobility.pdf">https://transport.ec.europa.eu/system/files/2021-12/com_2021_811_the-new-eu-urban-mobility.pdf</a></p> <p>[25] European Commission, Country Report Malta 2019.</p> <p>[26] European Commission, Country Report Malta 2020.</p> <p>[27] Demo-EV Project.</p> <p>[28] PORT-PVEV Project.</p> <p>[29] According to the Communication on a new approach for a sustainable blue economy in the EU, EUR-Lex - 52021DC0240 - EN - EUR-Lex (europa.eu).</p>

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			<p>[30] Scientific, Technical and Economic Committee for Fisheries (STECF), The 2021 Annual Economic Report on the EU Fishing Fleet.</p> <p>[31] European Commission (2020). Farm to Fork Strategy: For a fair, healthy and environmentally friendly food system.</p> <p>[32] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Strategic Guidelines for the sustainable development of EU aquaculture, <a href="https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52013DC0229&amp;from=EN">https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52013DC0229&amp;from=EN</a>.</p> <p>[33] Regulation (EU) 2021/1139 of the European Parliament and of the Council of 7 July 2021 establishing the European Maritime, Fisheries and Aquaculture Fund and amending Regulation (EU) 2017/1004.</p>
3. A more connected Europe by enhancing mobility	ERDF/CF/JTF Programme - Towards a smarter, well connected and resilient economy, a greener environment and an integrated society	CF	<p>- Sustainable, climate resilient transport:</p> <p>Malta has a total of 112km of Trans-European Transport Network (TEN-T) road network with the total road network amounting to circa 2,410km, representing the densest road system in Europe[1]. Thus far, 62% of the core and 46% of the comprehensive TEN-T network have been completed or are being developed/imminently considered.</p> <p>Being the most densely populated country in Europe (1,595 people per km<sup>2</sup>) and having one of the largest increasing population rates in the EU[2], the need to have a robust transport infrastructure for improved competitiveness as well as a shift towards environmentally friendly and sustainable transport connections remains a main priority. Malta's high population density, small size, high degree of urbanisation, geophysical and topographical realities as well as its extensive cultural heritage sites, however, pose difficulties in the establishment of adequate, efficient and accessible transport modes. As a small island state, Malta is often faced with challenges usually found in larger cities, including congestion, resulting in high pressures on public infrastructure.</p> <p>In this context and noting the transition towards climate neutrality by 2050, investment is needed to enhance the internal transport system with the aim of increasing climate resilience and mitigating GHG emissions. Such investments would also contribute towards addressing Malta's 2019 CSR 3 on low carbon and sustainable transport, and Malta's 2020 CSR 3 on green transition.</p> <p>The TEN-T network has a prominent role in the development of a sustainable transport system resulting in reduced traffic congestion, reduced journey time and reduced GHG emissions. In this regard, interventions in TEN-T nodes, including</p>

Selected objective	Programme	Fund	Justification for selection of a policy objective or JTF-specific objective
			<p>links between land and sea as well as those enabling international transportation, are essential. Interventions will take into account the climatic, environmental and digital considerations in line with the parameters of the ERDF Regulation.</p> <p>Initiatives targeting the development of climate resilient, intelligent, secure, sustainable and intermodal TEN-T are key towards ensuring continued socio-economic growth. Interventions will be implemented in line with the needs identified in Malta’s National Transport Strategy (2050)[3] and Transport Masterplan (2025)[4] which is currently being updated. Such initiatives will also include port infrastructure. Initiatives will aim to provide the adequate and enabling infrastructure necessary to support the integration of transport systems, and to facilitate the use of collective transport, amongst others.</p> <p>Within this context, investments in transport will also complement clean energy/ low carbon interventions supported under the JTF Plan and the RRP, amongst others.</p> <p>[1] Transport Malta, National Transport Strategy 2050 Malta, 2016, <a href="https://www.transport.gov.mt/strategies/strategies-policies-actions/national-transport-strategy-and-transport-master-plan1343">https://www.transport.gov.mt/strategies/strategies-policies-actions/national-transport-strategy-and-transport-master-plan1343</a>.</p> <p>[2] European Commission (2021). Demography of Europe — statistics visualised, <a href="https://ec.europa.eu/eurostat/cache/digpub/demography/img/pdf/Demography-InteractivePublication-2021_en.pdf?lang=en">https://ec.europa.eu/eurostat/cache/digpub/demography/img/pdf/Demography-InteractivePublication-2021_en.pdf?lang=en</a>.</p> <p>[3] Transport Malta, National Transport Strategy 2050 Malta, 2016, <a href="https://www.transport.gov.mt/strategies/strategies-policies-actions/national-transport-strategy-and-transport-master-plan1343">https://www.transport.gov.mt/strategies/strategies-policies-actions/national-transport-strategy-and-transport-master-plan1343</a>.</p> <p>[4] Transport Malta, National Transport Master Plan 2025 Malta, 2016, <a href="https://transportmalta.wetransfer.com/downloads/c0ed2f41cbdb8b47a22ef7c932bbebaf20170327084338/cfb89a">https://transportmalta.wetransfer.com/downloads/c0ed2f41cbdb8b47a22ef7c932bbebaf20170327084338/cfb89a</a>.</p>
4. A more social and inclusive Europe implementing the European Pillar of Social	ERDF/CF/JTF Programme - Towards a smarter, well connected and resilient	ERDF ESF+	<p>ERDF:</p> <p>Despite the progress registered in employment rates, participation in tertiary education and life expectancy[1], investment in health, education, employment and social services to ensure sustained progress and increased accessibility of services remain important. Efforts in these sectors will contribute towards addressing the needs identified in the Country Reports on Malta for 2019[2] on inclusive education and training (CSR 3), and 2020[3] on the resilience of the health system (CSR 1) as well as regarding the quality of education and skills (CSR 2). Initiatives under this priority, which will be supported through both ERDF and ESF+ funds are foreseen to contribute towards Sustainable Development Goals (SDGs) 1, 2, 3, 4,</p>

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Rights	<p>economy, a greener environment and an integrated society</p> <p>ESF+ Programme - Fostering the socioeconomic wellbeing of society through the creation of opportunities for all and investment in human resources and skills</p>		<p>5 and 8, amongst others.</p> <p>- Enhancing Education Infrastructure:</p> <p>Malta’s ESL rate has declined considerably from 17 % in 2014 to 12.6% in 2020. Nevertheless, despite the provision of free education and existing financial support for students at post-secondary level, the ESL rate remains higher than the EU-27 rate of 9.9% in 2020[4]. Further progress in addressing ESLs remains a priority, as identified in the Early Leaving from Education and Training Policy (ELET), the Way Forward 2020 – 2030[5] and the Country Report for Malta (2020).</p> <p>The Education and Training Monitor for Malta (2019) highlights that an expanding population, and consequently an increase in student numbers, has become a challenge for existing school infrastructure, with a student population (compulsory schooling age, 5–16-year-olds) that is projected to increase by 12.7% between 2019 and 2025[6].</p> <p>The National Vocational Education and Training Policy[7] highlights the importance of making VET an attractive learning option while also fostering excellence, quality and relevance of the sector, amongst others. There is therefore a need to provide quality, accessible, adequately equipped, educational infrastructure.</p> <p>Within this context, ERDF investments in mainstream (primary and secondary) and VET education are expected to improve the quality, accessibility and variety of education provision, with the aim to reduce ESL rates and reduce skills mismatches.</p> <p>- Enhancing the Health and Social Systems:</p> <p>The Maltese healthcare system offers free universal health coverage to all those entitled to statutory provision, irrespective of an individual’s socioeconomic background or status. The large projected net migration inflows, in terms of the resident population, and the significant increase in the age dependency ratio expected over time[8], coupled with the development of more advanced technology, and the COVID-19 pandemic, have significantly increased the pressure on the local healthcare system, at various levels.</p>

Selected objective	Programme	Fund	Justification for selection of a policy objective or JTF-specific objective
			<p>The budgetary allocation for health expenditure has increased over the years[9], including the most recent plans by Government as expressed in the Budget for 2021, reflecting Government’s continuous commitment towards the provision of the best possible level of health services, including the introduction of new services and treatment centres, with an emphasis on mental health, and investment in digital technology[10].</p> <p>In view of the needs outlined above, the need for continuous investment remains critical, to build resilience in the health sector, complementing investments supported through the RRP and soft measures supported through ESF+.</p> <p>Interventions will aim to focus on mental health, fostering child development and prevention measures, and supporting integration of marginalised or vulnerable groups with a view to avoiding long term institutionalisation, amongst others. Interventions will be implemented in line with the ambitions of the Draft National Health Systems Strategy for Malta 2020-2030[11] and other relevant policies and will aim to foster digitalisation, resilience and sustainability of the health and social systems, while also supporting the transition from institutional to community-based care, as outlined in Annex D of Malta’s 2019 Country Report and the 2020 Country Report.</p> <p>- Culture and Tourism:</p> <p>Culture and tourism are predominant within the local socio-economic scene, as established in Malta’s National Tourism Policy[12] and as also evidenced by the contribution that these sectors make towards the economy which has been strongly impacted by the COVID-19 pandemic as well as towards improving social equalities and well-being. In this regard, support in culture and tourism will act as a means of community and area regeneration, bringing down inequalities. Such interventions will also aim to foster the valorisation of cultural assets and sustainable tourism by widening the cultural nodes and tourism offering.</p> <p>Efforts to improve Malta’s cultural tourism product shall link with Government’s strategy to improve quality along the value chain, reduce seasonality, holistically regenerate areas and helping to foster an improved social standing.</p> <p>ESF+:</p>

Selected objective	Programme	Fund	Justification for selection of a policy objective or JTF-specific objective
			<p>- Improving Employment Opportunities:</p> <p>Whilst Malta has high employment rates when compared to the EU average, investment in improving access to employment for all is needed to provide improved opportunities for job seekers and to address labour market challenges. Furthermore, as a consequence to the COVID-19 crisis, preliminary statistics indicate a year-on-year increase of 2,740 persons registering for employment – an increase of more than 150% in May 2020 over May 2019[13], also showing a steady decline from July 2020 to July 2021[14]. In December 2021, the number of persons registering for work stood at 1,167 decreasing by 1,598 when compared to the corresponding month in 2020. A positive trend can therefore be noted[15].</p> <p>Investment shall be aimed towards various target groups including youth, women, the long term unemployed, third country nationals and persons with a disability, with the aim of enhancing their opportunities and mobility within the labour market.</p> <p>- Strengthening Education quality and provision:</p> <p>The need to strengthen the quality of the education system, including through improved pedagogies, education pathways, including through digital tools, enhanced lifelong learning opportunities, supporting targeted inclusion measures and fostering the development of skills competences remains critical towards a holistic development of the education sector.</p> <p>Investment in the education and training systems, to make them more relevant and inclusive, is vital to be able to address an increasing number of students brought about by net migration flows, reduce early school leaving rates, ensure employability and cater for labour market needs. Such initiatives will be complemented by investments in compulsory school education facilities and VET facilities, under ERDF, whilst considering national policies on education and employment. Complementarity will be sought with RRP reforms which aim to improve integration and foster skills development, amongst others.</p> <p>- Reinforcing Health Systems:</p>

Selected objective	Programme	Fund	Justification for selection of a policy objective or JTF-specific objective
			<p>Ensuring the effectiveness, resilience and sustainability of the healthcare systems and assuring social protection are important pillars in the provision of quality services and in ensuring accessibility. As noted in the State of Health in the EU – Malta publication, it must be emphasised that strengthening public primary and community care would result in fewer self-referrals to hospital emergency departments for minor ailments and conditions where treatment costs are much higher[16]. Furthermore, whilst acknowledging that Malta’s small size plays favourably in access to healthcare, waiting times have been indicated as a long-standing challenge in Malta[17].</p> <p>ERDF and ESF+ investment shall be complementary in terms of providing the necessary skills, equipment and infrastructure to foster resilience in the health sector, with particular focus on mental health, disease preventive measures, enabling the shift towards community care and targeted support for children through paediatric services, amongst others. Such actions would also contribute towards addressing the need identified in the 2020 Country Report on strengthening the resilience of the health system (CSR 1).</p> <p>Complementarity shall be ensured with the RRP on the provision of improved services. Furthermore, with specific reference to the social aspect, ESF+ investment is foreseen in relation to active inclusion for vulnerable groups.</p> <p>Despite improved at risk of poverty rates and material deprivation rates, which are below the EU average in line with the Social Scoreboard[18], for some cohorts, challenges are persistent and require direct intervention. Malta’s at risk of poverty rate has been increasing since 2012, and currently stands at 17.1%[19].</p> <p>Within this context, material aid in the form of food supplies will continue to be provided in an effort to not only mitigate poverty but also break the cycle of poverty and social exclusion.</p> <p>- Social Innovation:</p> <p>The development and implementation of new ideas and social solutions remains necessary, particularly with a view to fostering social adaptations stemming from mixed cultures and abilities. Within this context, ESF+ resources will contribute towards improving the quality of life of various disadvantaged groups, including those affected by</p>

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			<p>rare/uncommon diseases, the elderly, and people with a disability. Support will be directed towards initiatives providing innovative responses to pressing social demands and the specific needs of these groups.</p> <p>[1] OECD/European Observatory on Health Systems and Policies (2019), Malta: Country Health Profile 2019, State of Health in the EU, OECD Publishing, Paris/European Observatory on Health Systems and Policies, Brussels, <a href="https://doi.org/10.1787/05db1284-en">https://doi.org/10.1787/05db1284-en</a>.</p> <p>[2] European Commission, Country Report Malta 2019, SWD(2019) 1017 final.</p> <p>[3] European Commission, Country Report Malta 2020, SWD(2020) 517 final.</p> <p>[4] Eurostat, ELET by sex and labour status, <a href="https://ec.europa.eu/eurostat/databrowser/view/edat_ifse_14/default/table?lang=en">https://ec.europa.eu/eurostat/databrowser/view/edat_ifse_14/default/table?lang=en</a>.</p> <p>[5] Ministry for Education (2021), Early Leaving from Education and Training Policy (ELET), the Way Forward 2020 – 2030, <a href="https://meae.gov.mt/en/Public_Consultations/MEDE/Documents/ELET%20POLICY%20Document.pdf">https://meae.gov.mt/en/Public_Consultations/MEDE/Documents/ELET%20POLICY%20Document.pdf</a>.</p> <p>[6] European Commission, Education and Training Monitor for Malta, 2019, <a href="https://education.ec.europa.eu/sites/default/files/document-library-docs/et-monitor-report-2019-malta_en.pdf">https://education.ec.europa.eu/sites/default/files/document-library-docs/et-monitor-report-2019-malta_en.pdf</a></p> <p>[7] Ministry for Education and Employment, National Vocational Education and Training Policy, <a href="https://mfhea.mt/wp-content/uploads/2021/09/National-Vocational-Education-and-Training-Policy.pdf">https://mfhea.mt/wp-content/uploads/2021/09/National-Vocational-Education-and-Training-Policy.pdf</a></p> <p>[8] EC, Ageing Report for 2021, Table I.1.9., p.24.</p> <p>[9] Ibid.</p> <p>[10] Malta Budget Speech 2021.</p> <p>[11] Ministry for Health, A National Health Systems Strategy for Malta 2020-2030: Investing Successfully for Healthy Future.</p> <p>[12] Ministry for Tourism, National Tourism Policy 2015-2020, <a href="https://tourism.gov.mt/en/Documents/FINALBOOKLETexport9.pdf">https://tourism.gov.mt/en/Documents/FINALBOOKLETexport9.pdf</a></p> <p>[13] NSO (2020), News Release – Registered Unemployment: May 2020; 24 June 2020 (104/2020) <a href="https://nso.gov.mt/en/News_Releases/Documents/2020/08/News2020_140.pdf">https://nso.gov.mt/en/News_Releases/Documents/2020/08/News2020_140.pdf</a></p> <p>[14] NSO (2021), News Release - Unemployment Rate: July 2021 (158/2021) <a href="https://nso.gov.mt/en/News_Releases/Documents/2021/08/News2021_158.pdf">https://nso.gov.mt/en/News_Releases/Documents/2021/08/News2021_158.pdf</a></p>

Selected objective	Programme	Fund	Justification for selection of a policy objective or JTF-specific objective
			<p>[15] NSO (2022), News Release – Registered unemployment: November – December 2021 (013/2022) <a href="https://nso.gov.mt/en/News_Releases/Documents/2022/01/News2022_013.pdf">https://nso.gov.mt/en/News_Releases/Documents/2022/01/News2022_013.pdf</a></p> <p>[16] European Commission, ‘State of Health in the EU - Malta - Country Health Profile 2017’, p. 14.</p> <p>[17] Ibid, p. 12.</p> <p>[18] Eurostat, ‘Social Scoreboard of Indicators – Malta’, <a href="https://ec.europa.eu/eurostat/web/european-pillar-of-social-rights/indicators/social-scoreboard-indicators">https://ec.europa.eu/eurostat/web/european-pillar-of-social-rights/indicators/social-scoreboard-indicators</a> (accessed 17.04.2022).</p> <p>[19] Eurostat, ‘At-risk-of-poverty rate by sex’, <a href="https://ec.europa.eu/eurostat/databrowser/view/TESSI010_custom_1227144/bookmark/table?lang=en&amp;bookmarkId=069771cf-bd35-487e-8f7d-0ecddca3b3d6">https://ec.europa.eu/eurostat/databrowser/view/TESSI010_custom_1227144/bookmark/table?lang=en&amp;bookmarkId=069771cf-bd35-487e-8f7d-0ecddca3b3d6</a> (accessed 17.04.2022).</p>
<p>5. A Europe closer to citizens by fostering the sustainable and integrated development of all types of territories and local initiatives</p>	<p>ERDF/CF/JTF Programme - Towards a smarter, well connected and resilient economy, a greener environment and an integrated society</p> <p>EMFAF Programme - Fostering sustainable blue investment</p>	<p>EMF AF ERDF</p>	<p>ERDF:</p> <p>As a small and insular country, Malta is faced with various challenges, such as high population density, congestion and increased pressures on the infrastructure. The impact of such challenges is exacerbated in Gozo which faces the added disadvantage of double insularity.</p> <p>Gozo’s characteristics, including its population density, which has increased significantly since 2014[1], tourism-related and double insularity, result in significant pressures on services and infrastructures in urban areas. Furthermore, recent years have shown a shift in Gozo from being rural to becoming predominantly urban. Considering future challenges in relation to increasing population density, climate change impacts, increased ageing population and socioeconomic impacts, increased waste production and demand on water resources and service infrastructure; it is vital that enhanced and effective mitigating measures based on the principles of sustainable development continue to be undertaken throughout the 2021-2027 period.</p> <p>There is a real need to address the specific challenges that Gozo faces and that arise from these permanent disadvantages. On this basis, 8% of the country’s ERDF resources[2] shall be allocated to implement integrated sustainable urban development interventions in identified urban areas in Gozo under this PO.</p> <p>Such an integrated approach will also seek to focus on encouraging economic activity fostering employment, promoting</p>

Selected objective	Programme	Fund	Justification for selection of a policy objective or JTF-specific objective
	in Maltese Fisheries and Aquaculture		<p>local attractions and improving connectivity within Gozo. Such interventions will aim to support local communities to ensure sustainable regeneration and will indirectly contribute to interventions under other POs, whilst also addressing SDG 11. Measures foreseen under this PO will be delineated from the measures envisaged under other POs.</p> <p>EMFAF:</p> <p>The adoption of territorial tools for the EMFAF Programme is not foreseen considering the small size of the fisheries sector in Malta, the small territory of the islands, the lack of economies of scale and critical mass, and the administrative set up required, which would be disproportionate to the support being provided. In this regard, the fisheries and aquaculture sectors will continue to be addressed on a national level in an effort to maximise the impact of the fund (EMFAF) on the coastal communities. In addition, the implementation of collaborative actions will continue to be supported through the other priorities of the programme.</p> <p>[1] Eurostat, ‘Local Administrative Units (LAU)’, <a href="https://ec.europa.eu/eurostat/web/nuts/local-administrative-units">https://ec.europa.eu/eurostat/web/nuts/local-administrative-units</a> (accessed 14.04.2022).</p> <p>[2] European Commission, Regulation (EU) 2021/1058 of the European Parliament and of the Council, Article 11.</p>
8. Enabling regions and people to address the social, employment, economic and environmental impacts of the transition	ERDF/CF/JTF Programme - Towards a smarter, well connected and resilient economy, a greener environment and an	JTF	<p>Facilitating a Just Transition:</p> <p>Malta’s transition towards climate-neutrality is reflected in the significant developments registered in recent years whereby Malta shifted from coal to oil-based electricity generation in the early to mid-1990s, closed the Marsa Power Station, introduced an electricity interconnector with Sicily in 2015 and converted power generation from heavy fuel oil to LNG in 2017. Investments in power generation have led to higher energy efficiency reflecting the Energy Efficiency First principle. Greenhouse gas emissions from local conventional electricity generation in 2018 were almost 60.5% lower than in 1990.</p> <p>The Grand Harbour (Port of Valletta) is the only general-purpose port that caters for international traffic with services ranging from berthing facilities for cruise liners, cargo vessels commuter ferries as well as cargo storage. The Port of Marsaxlokk is home to the Malta Freeport Terminal, which is a strategically located transshipment hub, which in 2020</p>

Selected objective	Programme	Fund	Justification for selection of a policy objective or JTF-specific objective
<p>towards the Union's 2030 targets for energy and climate and a climate-neutral economy of the Union by 2050, based on the Paris Agreement</p>	<p>integrated society</p>		<p>catered for 2.44 million TEUs and 1,553 calls[1]. 2,257 ship calls were the highest peak registered since 2004 amounting to 3.08m TEUs handled in 2016.</p> <p>Port operations are a crucial link in Malta's economic and social development; however, these are considered to be major contributors to pollution having an impact on the immediate urban areas. In particular, maritime transport results in environmental impacts such as noise, sea and air pollution derived both from the vessels using the port as well as the industry related to the port. In accordance with national statistics, in 2019 the total number of cruise liner calls at Valletta Grand Harbour amounted to 359, the largest since 2015 and an increase of nearly 16 % over 2018.</p> <p>Government has already taken initial steps with the launching of the first phase of the Grand Harbour Clean Air Project directed towards the development of electricity infrastructure for cruise liners and other vessels to shift to shore side electricity power[2]. This investment supported under the Connecting Europe Facility (CEF) was the first step taken in the process towards the decarbonisation of ports and will be further complemented through JTF investment, amongst other initiatives.</p> <p>JTF investment in Malta's international ports is necessary since Malta's ports are areas that have substantial activity of which some still operate on heavy fuel and gas oil. Further investment is required to be in a position to supply to a number of cruise liner, and ship calling and cargo vessels at the Valletta Grand Harbour and the Malta Freeport as well as support the expected expansion/ increase in capacity in both ports to accommodate increased demand and address of needs.</p> <p>Building on these efforts and as highlighted in Annex D of Malta's 2020 Country Report[3], support for the provision of ship-to-shore electricity supply, targeting these two main ports as hubs for cruising vessels and transshipment activities, shall result in significant reduction of GHG emissions from the maritime sector.</p> <p>These initiatives shall aid Malta in its transition towards climate neutrality by 2050 as complemented by interventions under the RRP aimed at decarbonising the transport sector and transitioning to near carbon neutral buildings. Moreover, synergies with interventions under other funds including the Cohesion Funds, the upcoming Social Climate Fund as well as interventions under the centralised funds will be sought whenever possible. This holistic investment will maximise the impact of EU funding and enable Malta to continue to shift towards a low carbon economy and an improved environment, whilst aiming to address Malta's socio-economic and environmental recovery and resilience, including that of its green and</p>

Selected objective	Programme	Fund	Justification for selection of a policy objective or JTF-specific objective
			<p>blue economy.</p> <p>[1] Malta Freeport Traffic Volumes TEUs Handled 2019; <a href="https://www.maltafreeport.com.mt/about-us/accomplishments-2/traffic-volumes/">https://www.maltafreeport.com.mt/about-us/accomplishments-2/traffic-volumes/</a>.</p> <p>[2] Infrastructure Malta, Grand Harbour Clean Air Project gets underway. <a href="https://www.infrastructuremalta.com/news/grand-harbour-clean-air-project-gets-underway">https://www.infrastructuremalta.com/news/grand-harbour-clean-air-project-gets-underway</a></p> <p>[3] European Commission, Country Report Malta 2020, SWD(2020) 517 final.</p>

## 2. Policy choices, coordination and complementarity

Reference: points (b)(i), (ii) and (iii) of Article 11(1) CPR

A summary of the policy choices and the main results expected for each of the funds covered by the Partnership Agreement - point (b)(i) of Article 11(1) CPR

Malta's Partnership Agreement (PA) defines the policy choices for the ERDF, CF, JTF, ESF+ and EMFAF and sets out how these choices will contribute towards the achievement of the country's socio-economic goals as also outlined in relevant national policy documents and strategies. While an in-depth analysis of the needs is included under the respective programmes, the outlined policy choices take into account Malta's inherent limitations and vulnerabilities, the impacts of the COVID-19 pandemic, Annex D as outlined in the 2019[1] and 2020[2] *Country Reports*, as well as address Gozo's double insularity aspects[3]. Consultations on how EU Funds 2021-2027 can contribute to Malta's needs were undertaken in 2020 whereby a series of thematic and territorial committee meetings were held. Key stakeholders included Government entities, relevant bodies representing civil society and social partners and environmental partners, amongst others. A consultation exercise on the ESIF programmes was carried out with the Malta Council for Economic and Social Development, in addition to various wide public consultations launched for the Programmes in 2021.[4]

The feedback received through the partnership principle has been taken into account in the finalisation of the PA and the Programmes. The PA 2021-2027 is focused on all the POs set out in Article 5 of the CPR[5] and on the Specific Objective (SO) set out in Article 2 of the JTF Regulation.

Measures under the CPR's five POs complement interventions supported through Malta's RRP, the JTP, InvestEU, Horizon Europe and the TSI amongst others. Such complementarities will maximise resources and create the necessary economies of scale to leverage the aimed results as outlined in the NRP, the SDGs vision as well as relevant national policies.

### *2.1.1 A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity (PO 1) - Policy options and main results*

According to *Malta's Smart Specialisation Strategy*, investment in R&I, including infrastructure, skills, technologies and partnerships are necessary to enable Malta to shift towards a more innovation led economy. In order to achieve this and considering the justification provided earlier in this document, ERDF resources will support the necessary infrastructure for research as well as schemes for enterprises to further incentivise the uptake of innovative and advanced technologies. In particular, support will be implemented in the areas of Smart Specialisation. These initiatives will be complemented through the development of skills for smart specialisation, industrial transition and entrepreneurship as part of business incubation facilities foreseen under SO 1.3. With reference to infrastructure, this will strive to further increase the number of self-employment and small businesses by providing a one-stop-shop to deliver tailored support for entrepreneurial needs.

Such actions will also be complemented by measures under ESF+, including investments in training and the development of new programmes related to emerging labour market needs. In addition, ERDF funds under the Italia-Malta programme are also foreseen in complementarity with initiatives foreseen under this Programme, including by promoting specific actions concentrated in the areas of smart specialisation in Sicily and Malta to increase the base of operators who are able to further develop their potential deriving from advanced technologies, as well as actions to improve skills and promote labour mobility in sectors such as green and blue economy, circular economy as well as social enterprises, amongst others.

Furthermore, ERDF resources are being transferred to Horizon Europe in a complementary manner, to support European Partnerships. This multi-fund holistic approach aims to boost R&I support in a coordinated manner in an effort to strengthen and streamline innovation practices within the local economy whilst contributing to Malta's target of increase R&I as a percentage of GDP by 1.39%[6].

Since the establishment of Malta's first national *ICT Strategy* in 1994, Malta has continued to develop as an economy with digitalisation as a main motor for growth. As outlined in the justification earlier, such success needs to be sustained and nurtured in line with the ambitions of the draft *Malta Digital Strategy 2022-2027*, which is currently being developed.

Within this context ERDF resources will support digitalisation across the public sector as well as amongst enterprises. Investment in public sector infrastructure will be in line with the *Strategy for the Public Service*[7] which identifies the need to improve quality and service excellence, to lead by example in eco-sustainability, increase transparency and trust as well as embrace technological developments, amongst others. The digitalisation of health services and e-health is also foreseen. In this regard, ERDF resources will support the digitalisation of government services, including within the health sector, improve service efficiency and interoperability, foster digital transformation across processes as well as simplification for users and businesses alike. ERDF is expected to support the improvement of outpatient services, amongst others, through these digitalisation efforts. ERDF resources will also support the enterprises to take their digitalisation efforts a step further with a view to foster their long-term resilience whilst growing efficiently and sustainably. Such effort will also aim to support the ICT sector which represents an important segment locally, being composed of more than 300 companies and employing around 7,500 individuals[8], whereby support for strengthening ICT skills will also be supported through the ESF+.

With regard to competitiveness, as outlined in the justification section, the self-employed and enterprises need to be provided with an enabling ecosystem to enable them to set up, grow and compete both locally and within the single market. ERDF will increase access to finance and advisory services through non-repayable grant schemes. Such schemes will build upon the support provided under the 2014-2020 programme whilst taking into account the lessons learnt from the ex-post evaluation on the use of grants and financial instruments under the 2014-2020 programme and the ex-ante assessment on the needs for support under the 2021-2027 programmes, that are currently being finalised. Such incentives will be complemented by financial instruments (loan guarantees), building on the 2014-2020 support provided under the SME Initiative (SMEi). In addition, ERDF will support the development of business incubation and other infrastructure facilities to support enterprise set up and growth. Such initiatives will aim to encourage economic recovery, foster entrepreneurship, create new firms, enable the growth of enterprises, support business accelerators, and facilitate access to finance and services. These investments shall be complemented by support under the InvestEU[9] to which ERDF resources are being transferred.

*2.1.2 A greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation, risk prevention and management and sustainable water management (PO2) - Policy options and main results*

Energy

The quality of life of Maltese citizens hinges on the surrounding environment. As outlined in the justification earlier, considering Malta's geological and topographical characteristics as well as its limited natural resources, further investment is necessary to ensure that the environment is protected and ameliorated by enabling the transition towards a low carbon economy, protecting biodiversity and conserving natural resources. The *Low Carbon Development Strategy 2021-2030* identifies the need to invest in electricity connections to meet the increasing energy demands and ensure the necessary security of supply, whilst continuing to foster energy efficiency and RES initiatives, amongst others. The Strategy also identifies that large scale RES investments are not foreseen before 2027 and that battery storage and grid stability are a pre-requisite for increasing RES generation.

Within this context, ERDF resources will support the establishment of a second interconnector, RES pilot projects in the blue economy sector, energy storage as well as energy efficiency measures in both the household and industry sectors. Such investment will aim to generate low-cost energy, increase EE uptake, promote RES technologies and increase security of energy supply which will be ever more required in view of Malta's digital and decarbonisation transformations. These investments will also contribute towards Malta's ambitions to achieve a 19% GHG emissions reduction target[10] under the Effort Sharing Regulation (relative to 2005) by 2030[11] and towards the 11.5%[12] share of renewable energy in gross final energy consumption in 2030. Interventions will be implemented in line with the ambitions of *Malta's Low Carbon Development Strategy* and take into consideration the most pressing needs and the timeline of this programming period. These investments will also complement JTP and RRP support as further outlined in this document.

Sustainable Multi-Modal Urban Mobility

Action is also aimed towards supporting investment in alternative modes of transport for clean mobility including passage ways and walkways contributing towards reduced GHG emissions, together with continued investment in electric charging pillars, as financed by the CF.

Sustainable Management of Water Resources

Taking into account that Malta's economic and social development is intrinsically linked and determined by its water and marine environmental resources, ERDF and CF investment will also be directed towards the sustainable management of water resources. These actions will contribute towards Malta's SDGs

for 2030 with the aim to improve wastewater treatment and increase energy efficiency whilst reducing leakages in the potable water network, respectively. Such initiatives give due consideration to water scarcity as a pressing concern as also identified in Malta's *2019 Country Report* which is likely to increase in view of climate change and demographic pressures as noted in the draft *National Investment Plan for the Water and Wastewater Sector 2022-2025*[13], thus further stressing the need for improving the efficiency of water management system. Similarly, as identified in the said Plan, addressing wastewater treatment is also key considering the projected trends in higher volumes of generated wastewater in spite of continued efforts to maintain water use at high efficient levels. The *National Strategy for Research and Innovation in Energy and Water (2021-2030)* also recognises that water production and treatment are also intrinsically linked to energy with the latter being a significant cost factor in seawater desalination, pumping, distribution and treatment. ERDF/CF investment shall aim to build on the development made so far to reduce the specific energy requirements.

### A Circular and Resource Efficient Economy

The circular economy is another critical investment area for Malta taking also into consideration EU and national related targets in this regard and thus the CF will aim to improve the treatment of household organic waste in line with *Malta's Long Term Waste Management Plan 2021-2030* and Malta's *National Reform Programme (2022)* Such investment aims to build on initiatives undertaken in the previous programming periods and contribute towards Malta's 2030 target for ensuring that the preparing for re-use and the recycling is increased to a minimum of 60% by weight. Moreover, this investment shall also contribute towards Sustainable Development Goal 12.3 to halve per capita food waste by 2030, including to the *European Union Waste Framework Directive* target of sending no more than 10% of municipal waste to landfill by 2035. Whereas the success of the nationwide household organic waste project in the recent years has supported Malta's progress towards achieving these goals, Malta remains committed to continuous improvement. This investment shall prevent food waste in Malta across various stages of the food supply chain, by correct source segregation of food waste and enhancing resource recovery of food waste. This investment will complement RRP support as further outlined in this document.

### Protection and Preservation of Nature, Biodiversity and Green Infrastructure

Investment will also be directed towards protecting Malta's terrestrial biodiversity and ecosystems in line with *Malta's National Biodiversity Strategy and Action Plan*[14] and the *Prioritised Action Framework for Natura 2000 in Malta*[15] by targeting green ecological corridors, ex-situ conservation, Natura 2000 and by implementing green infrastructure.

EMFAF will support actions to enable the sustainability of the fishing and aquaculture sectors, taking into consideration the vulnerability of these sectors, as well as to protect and restore marine environments. In this regard, efforts to address the challenges faced by the sectors, giving due consideration to the needs of small-scale coastal fishers, conservation measures, improvement of port/landing infrastructure, improving data collection, control and enforcement will be reinforced under the 2021-2027 period. There will also be an increased focus on the protection and restoration of the marine environment with the aim of addressing biodiversity loss and good environment status in line with the *EU Biodiversity Strategy* for 2030. Targeted support for such actions is foreseen under EMFAF which remains the main fund under shared management supporting fisheries and the marine environment. Measures under other EU funding

instruments may also contribute to the Blue Economy at large, as outlined in this PA and the Programmes alike.

Initiatives targeting climate neutrality, marine conservation, tackling marine litter and enhancing sustainability will also contribute to the Ocean Missions to restore ocean and waters by 2030 through its three objectives for a) restoration of ecosystems and biodiversity, b) the prevention and elimination of pollution and c) climate neutrality and circularity in the blue economy.

Moreover, investment in the blue economy will also be supported in order to address the challenges posed by climate change and biodiversity loss, whose impact is further accentuated in small island states like Malta. Blue investment initiatives financed through the EMFAF especially in relation to blue bioeconomy are thus expected to contribute to this PO through the implementation of actions targeting the use of renewable biological resources from the sea - such as fish, algae and micro-organisms - to produce food, feed, materials, energy and/or medicine. In this regard, diversification actions of aquaculture processes and products will be targeted which will complement diversification actions in the fisheries sector, such as complementary tourism and educational activities.

Based on the needs identified, interventions across the aforementioned Funds will contribute towards improving and modernising waste and water management systems, enhance biodiversity and foster the sustainable blue economy, as well as enhance energy systems and promote clean and green infrastructures and mobility. Furthermore, with specific reference to interventions related to enhancing biodiversity, Malta has earmarked approximately 7% of its ERDF allocation for such actions.

### *2.1.3 A more connected Europe by enhancing mobility (PO 3) - Policy options and main results*

#### Climate Resilience, Intelligent, Secure, Sustainable and Intermodal TEN-T

Addressing the challenges identified requires a multifaceted approach to facilitate connectivity and mobility both in terms of ensuring climate-resilient and intelligent road infrastructure and transport services, as well as in terms of investment in different modes of transport which are accessible, secure, sustainable and safe, in line with the *National Transport Master Plan for Malta 2025* (which is currently being updated) and *Malta's Transport Strategy 2050*. Furthermore, the balance between investments to be undertaken in TEN-T and the environment shall be ensured and respected throughout the implementation of the Programme. Road infrastructure to be undertaken shall abide by the Regulatory commitments and follow safety procedures, and will be compliant with being climate resilient, intelligent, secure, sustainable and intermodal. Moreover, such measures may include the catchment/collection of rainwater that are connected with discharge points such as the sea or valleys; water reservoirs; storm water systems aimed at avoiding flooding of road space during heavy storms and to ensure road safety, amongst others. Where possible, water will also be treated using hydrodynamic separators to filter the debris from the water before it is discharged in the sea, valley or linked to the National Flood Relief Project (NFRP).

With reference to sea transport, investment towards enhancing the capacity and quality of port infrastructure and port safety is also deemed key in line with *National Transport Master Plan for Malta 2025* (which is currently being updated) and *Malta's Transport Strategy 2050*. This takes in consideration Malta's small island state characteristics and the interlink of maritime gateways and port infrastructure with Malta's economic growth and competitiveness.

The CF shall target sustainable road and port infrastructure; these interventions will be complemented by initiatives in fishing port/landing infrastructure that will be implemented through EMFAF and JTP for the decarbonisation of port infrastructure. With the aim of addressing sustainable multimodal mobility, CF interventions under PO2 shall also target clean urban transport infrastructure and electric vehicle charging pillars for a more holistic approach towards clean transport.

Based on the needs identified, interventions to be funded under the CF shall contribute towards strengthening the TEN-T network through investments in the reconstruction/ modernisation of roads and ports for climate resilient, intelligent, secure, sustainable and intermodal transport.

#### *2.1.4 A more social Europe implementing the European Pillar of Social Rights (PO 4) - Policy options and main results*

The need to invest in health, education, employment and social integration is also a priority. Investments in integrated measures, including social infrastructure and social services, as well as investments to enhance the quality of education and training systems (including infrastructure), and to improve the resilience of labour markets and access to quality jobs, even for the most vulnerable groups, remain important. ERDF and ESF+ investments aim to improve access to inclusive quality services and ensure the integration of all communities, particularly disadvantaged and most vulnerable communities within society, whilst also addressing Malta's CSRs (2019 and 2020) and contributing to the *Charter for Human Rights*.

#### Culture and Sustainable Tourism

Enhancing the role of culture and sustainable tourism in economic development, social inclusion and social innovation is critical, especially in the context of their key contribution towards the Maltese economy and in light of the ongoing challenges posed by the impact of COVID-19 on the economy. Furthermore, ERDF will support investment in sustainable tourism and culture with a view to foster regeneration, improve social integration and increase resilience, including through measures targeting sustainable tourism and culture enterprises, as well as to continue investment to ameliorate Malta's overall tourism product, including the preservation and valorisation of Malta's cultural heritage, in line with *Malta's Tourism Policy*. This support is crucial in contributing towards socio-economic recovery in these sectors and the economy more broadly.

#### Employment

ESF+ funds shall aim to improve access to employment for all, including for youths and the long-term unemployed to achieve a more gender-balanced labour market, foster active inclusion, with a focus on the integration of vulnerable groups, including children, people with a disability and third country nationals, the strengthening of social protection systems, and addressing material deprivation, primarily through the provision of necessary food supplies, whilst contributing towards the ambitions of the *European Social Charter* and the *European Pillar of Social Rights*. These initiatives are supported by the *National Employment Policy*[16], the *Migrant Integration Strategy and Action Plan*[17], and the *National Strategic Policy for Poverty Reduction and Social Inclusion*[18], respectively. These strategies will be updated in line with the fulfilment obligations of the related enabling conditions, where applicable.

## Education

Investment in education services and infrastructure remains crucial to ensure that the needs of the country are addressed in a holistic manner[19]. Initiatives to improve education and training quality and sustaining equal access in education, training and lifelong learning are key in order to continue sustaining Malta's human capital, which remains the country's only resource, and which are foreseen to be funded from ESF+. Developing education staff competences will also be supported, in line with Annex D in the *2019 Country Report*. Furthermore, through ESF+, investments will target students, including those with special education needs, as well as capacity building measures, such as upskilling measures, support for scholarships targeting specific priorities, and investment in the pedagogies adopted including through digitalisation. Furthermore, through ESF+ investment in the alignment of studies with the European Credit Transfer and Accumulation System, access to further and higher education shall also be supported. This will also be complemented by initiatives aiming to reduce early school leaving in Malta, specifically in developing inclusive education pathways, as well as the introduction of innovative teaching and learning tools, amongst others. Such investment shall be complemented by the ERDF through investment in post-secondary vocational learning.

Various national strategies targeting education, such as the *Framework for the Education Strategy - 2014-2024*[20], the *National Inclusive Education Framework*[21], the *National Lifelong Strategy*[22], the *Higher Education Strategy*[23], a *Strategic Plan for Early School Leaving*[24], and the *National Vocational Education and Training Policy*[25] ensure a holistic approach to education and its role in the socioeconomic development of the country. These strategies will be updated in line with the fulfilment obligations of the related enabling conditions, where applicable. Furthermore, ERDF will also support investments in youth rehabilitation, to ensure that vulnerable young people are not left behind.

## Health, Integration, Social Inequalities and Material Deprivation

In terms of social cohesion, funding is foreseen from both the ERDF and the ESF+. As an overview, the ERDF shall support de-institutionalisation as well as investment in community-based services aiming at the improved provision of services pertaining to mental health, life skills, education and health. Furthermore, the ERDF shall also support interventions aiming to foster regeneration, social inclusion and preserve Malta's culture and touristic offer.

In an effort to continue ensuring equal access to health services, EU funds remain necessary to address the challenges brought about by changing

demographic trends, including an ageing and growing population. Upgrading health services, including mental health services, and reducing mortality are considered key for improved quality of life. Equally important is improving digitalisation within the healthcare system, while also enhancing its effectiveness and resilience, including holistic paediatric services and preventive measures. ERDF is expected to support acute mental health infrastructure, located within the grounds of the existing general hospital, that will provide improved services to those requiring care, eventually supporting their rehabilitation within the community. Investments in paediatric services are expected to provide children with developmental needs with improved services at both assessment and intervention stage, aimed at ensuring a better outcome. Investing in preventive health measures through DNA profiling remains necessary to enable early identification of certain conditions, ensuring better and more timely treatment options. Youth rehabilitation foreseen is expected to provide vulnerable youths with targeted, holistic, rehabilitative care, preparing them for integration within society and the labour market, with the aim of preventing the need of future institutionalisation. All aforementioned planned interventions shall be funded from the ERDF.

Furthermore, support for NGOs in specialised areas for the provision of services related to inclusion, mental health and development needs, including for children, are also foreseen, in addition to long-term care services, whilst also supporting preventative health measures and active ageing[26], which will all be funded from the ESF+. Investment will thus focus on upgrading health services and social systems, investing in additional infrastructure and updating it in line with technological advancement through ERDF investment and complemented by the ESF+. ESF+ funding shall address improving service delivery through enhanced capacity building measures steered towards upgrading skills and competencies of workers within the health and care sector, in view of the constant challenges faced. Such initiatives shall be carried out in line with the Draft *National Health Systems Strategy for Malta*.

Strengthening the role of social partners and civil societies' organisations as key stakeholders in shaping ESF+ related policies shall also be supported with the aim to stimulate reforms directed towards improved well-being and contributing towards enhanced economic development. Actions may include the organisation of networking activities with stakeholders to promote services as well as put forward policy needs with a view to instigating reforms, amongst others.

### Social Innovation

Initiatives pertaining to social innovation are being addressed through Priority 5 of the ESF+ Programme, striving towards improving the wellbeing of citizens. Such investment will contribute towards the identification of innovative health solutions, in addition to enhancing the independence of older people and people with disabilities, amongst others. This effort will allow the development and implementation of innovative ideas to meet social demands, and consequently drive societal progress.

Based on the needs identified, interventions to be carried out by the ERDF and ESF+ shall contribute to improve access and quality of education, health, social and employment services, enhance gender quality and reduce persons at risk of poverty, increase social innovation practices and support regeneration and socio-economic development through culture and tourism. Such initiatives would also contribute towards addressing the CSRs and SDGs identified in Section 1 of this PA.

### *2.1.5 A Europe closer to citizens by fostering the sustainable and integrated development of all types of territories and local initiatives (PO 5) - Policy options and main results*

ERDF investment in sustainable urban development will continue to be implemented through a multifaceted approach, addressing both the sustainability of the industrial sector and investment in ensuring the sustainability of the urban environment within cities, through other territorial instruments implemented in line with Article 28(c) of the CPR.

Since 2014, Gozo has seen the biggest shift in urbanisation[27], thus necessitating the need to intervene to ensure that Gozo develops sustainably. This comprehensive approach will aim to foster interventions in social, economic, and environmental areas (including climate change) which are tailored to the local specificities of the identified areas. Such investment will be implemented in line with the parameters of Article 11 of the ERDF/CF Regulation and Article 28 (1)(c) of the CPR.

Investments will aim to support private sector investment, facilitate the provision of services, establish improved access and promotion of local attractions, tourism, foster an improved environment, promote the sustainable local blue economy, increased security and sustainable urban and coastal development as well as facilitate connectivity to and within the island of Gozo.

In this regard, based on the needs identified, ERDF investments shall contribute towards reducing disparities between Malta and Gozo whilst enhancing Gozo's possibilities to develop sustainably and prosper socio-economically and environmentally. Furthermore, Gozo will benefit horizontally under all Programmes.

### *2.1.6 Enabling regions and people to address the social, employment, economic and environmental impacts of the transition towards the Union's 2030 targets for energy and climate and a climate-neutral economy of the Union by 2050, based on the Paris Agreement (JTF) - Policy options and main results*

Investments supported under the JTP take into account the recommendations made in Annex D of Malta's 2019[28] and 2020[29] *Country Reports* whilst aiming to address identified needs and build on complementary investments undertaken in previous programming periods. 2021-2027 ERDF, CF and RRP investments targeting decarbonisation by addressing energy and resource efficiency, clean energy and greener transport in particular through the decarbonisation of ports and other initiatives fostering a green transition shall also complement. Measures under the JTP will be complemented by initiatives under the RRP aimed at fostering a low carbon economy, whilst training and education programmes for green skills will be provided under the ESF+. These initiatives are in line with Malta's thrust presented in the *National Reform Programme (2022)*.

Based on the needs identified, investments to be undertaken through this Priority shall contribute towards an increase in sea transport decarbonisation initiatives.

[1] European Commission, *Country Report Malta 2019*, SWD(2019) 1017 final.

[2] European Commission, *Country Report Malta 2020*, SWD(2020) 517 final.

[3] Gozo's needs shall remain a horizontal priority across different sectors, in line with the national policy framework and which can be supported under the different POs as well as in a targeted manner under PO 5. Further detail on Gozo's territorial needs is provided under Section 10 of this document.

[4] In line with CPR Article 10 (2), the comprehensive partnership provided in the preparation of the Programmes is deemed relevant for the preparation of this PA.

[5] European Commission, Regulation (EU) 2021/1060 of the European Parliament and of the Council.

[6] The Malta Council for Science & Technology, '*National R&I Monitoring Report 2019-2020*', p. 5.

[7] *Achieving a Service of Excellence: A 5 year strategy for the public service*.

[8] '*Malta's Smart Specialisation Strategy 2021-2027*', p. 62.

[9] A description of the envisaged support under InvestEU is provided under Section 3 of this PA.

[10] May be subject to EU regulatory framework revisions.

[11] Ministry for the Environment, Climate Change and Planning, *Malta Low Carbon Development Strategy* (October 2021).

[12] May be subject to EU regulatory framework revisions.

[13] *National Investment Plan for the Water and Wastewater Sector 2022-2025*. Ministry for Energy, Enterprise, and Sustainable Development (draft document currently being finalised, 2022).

[14] *Malta's National Biodiversity Strategy and Action Plan 2012-2020*, [https://era.org.mt/wp-content/uploads/2019/05/MaltaNBSAP\\_2012-2020.pdf](https://era.org.mt/wp-content/uploads/2019/05/MaltaNBSAP_2012-2020.pdf)

[15] Environment and Resources Authority, '*Prioritised Action Framework (PAF) for Natura 2000 in Malta*' (2021).

[16] Ministry for Finance and Employment, *The National Employment Policy (2021-2030)*

[17] Ministry for European Affairs and Equality, *Migrant Integration Strategy & Action Plan* (2017), <https://meae.gov.mt/en/Documents/migrant%20integration-EN.pdf>

[18] Ministry for the Family and Social Solidarity, *National Strategic Policy for Poverty Reduction & for Social Inclusion: Malta 2014-2024* (2015), <https://family.gov.mt/wp-content/uploads/2021/05/Poverty-Strategy-14-EN.pdf>

[19] Including investment in buildings with a cultural value for educational purposes.

- [20] Ministry for Education and Employment, *Framework for the Education Strategy 2014-2024* (2014), <https://education.gov.mt/en/resources/Documents/Policy%20Documents%202014/BOOKLET%20ESM%202014-2024%20ENG%2019-02.pdf>
- [21] Ministry for Education and Employment, *A National Inclusive Education Framework* (2019), [https://meae.gov.mt/en/Public\\_Consultations/MEDE/Documents/MEDE\\_Inclusion\\_Framework\\_A4\\_v2.pdf](https://meae.gov.mt/en/Public_Consultations/MEDE/Documents/MEDE_Inclusion_Framework_A4_v2.pdf)
- [22] Ministry for Education and Employment, *Malta National Lifelong Learning Strategy 2020* (2014), <https://education.gov.mt/en/Documents/Malta%20National%20Lifelong%20Learning%20Strategy%202020.pdf>
- [23] Ministry for Education and Employment, *Higher Education Strategy for Malta* (2014), [https://mfhea.mt/wp-content/uploads/2021/09/Further\\_and\\_Higher\\_Education\\_Strategy\\_2020\\_1.pdf](https://mfhea.mt/wp-content/uploads/2021/09/Further_and_Higher_Education_Strategy_2020_1.pdf)
- [24] Ministry for Education and Employment, *A Strategic Plan for the Prevention of Early School Leaving in Malta* (2014), <https://education.gov.mt/en/resources/Documents/Policy%20Documents%202014/School%20Leaving%20in%20Malta%20June%202014.pdf>
- [25] MCAST, *National Vocational Education And Training Policy* (2015), <https://ncfhe.gov.mt/en/resources/Documents/Strategy%20Documents/National%20Vocational%20Education%20and%20Training%20Policy.pdf>
- [26] World Health Organisation, *State of Health in the EU – Malta, Country Profile 2019*.
- [27] Eurostat, ‘Local Administrative Units (LAU)’, <https://ec.europa.eu/eurostat/web/nuts/local-administrative-units> (accessed 14.04.2022).
- [28] European Commission, *Country Report Malta 2019*, SWD(2019) 1017 final.
- [29] European Commission, *Country Report Malta 2020*, SWD(2020) 517 final.

Coordination, demarcation and complementarities between the Funds and, where appropriate, coordination between national and regional programmes - point (b)(ii) of Article 11(1) CPR

### *2.2.1 Coordination between funds*

The Strategy and Implementation Division (SID) within the Ministry responsible for European Funds is responsible for the programming of EU funded programmes, amongst others. In view of the programming process linked with the 2021-2027 period; in 2018, the office of the Chief Coordinator (Strategy and Programming) was established within SID, with the scope of coordinating the drafting of the PA and EU funded programmes/plans under the 2021-2027 period. Such programmes include all programmes falling under the CPR, namely ERDF, CF, JTF, ESF+ and EMFAF, as well as Home Funds (AMIF, BMVI and ISF), REACT EU and the planning of interventions under InvestEU. Complementary support under the Technical Support Instrument (TSI), as well as EU funding under the Common Agricultural Policy Strategic Plan (CAP SP) and the RRP are also coordinated within the same office. The same Ministry also acts as the RRP Coordinator as well as the National Coordinating Authority for TSI. This approach aims to ensure the maximisation of funds under the 2021-2027 period and complementarity between interventions, to secure the highest leveraging effect. The same office is also tasked with coordinating amendments to Programmes and the PA under the 2014-2020 period. This ensures coordination not only amongst future programmes but also coherence in the strategic direction of EU funded programmes between programming periods.

The Ministry responsible for the management of EU funds includes in its portfolio the Planning and Priorities Coordination Division, which acts as the Managing Authority (MA) for the ERDF, ESF+, CF and JTF. The Ministry also includes the Funds and Programmes Division which undertakes the MA function for other EU funded programmes including the CAP SP, EMFAF, AMIF, ISF, BMVI and the European Territorial Cooperation. The Funds and Programmes Division is also the designated body for the management of the Brexit Adjustment Reserve. The European Union Programmes Agency (EUPA), that provides support to individuals and entities benefitting from ERASMUS+ and the European Solidarity Corps, also falls within the remit of the same Ministry. This centralised approach provides the necessary synergies and expertise in dealing with EU funds.

Building on the coordination mechanisms established under the 2014-2020 period, the coordination between funds covered by this PA and other Union and National funding instruments will be ensured through the Inter-Ministerial Consultative Committee (IMCC) which has been set up under the 2007-2013 and 2014-2020 periods. The existing structures will be optimised, as necessary, to take account of the different Union instruments. The aim of the IMCC is to provide direction on the demarcation between different funds and programmes, undertake relevant consultations if overlaps are identified and provide opportunity for exchanges of information on any new funds. The participation in the IMCC as well as the frequency of meetings shall be determined in the Terms of Reference and shall aim to include representatives from the MAs, Intermediate Bodies, National Contact Points for the European Territorial Cooperation programmes, responsible authorities for the migration and asylum programmes and national contact points for community programmes, such as Horizon Europe and LIFE. Other ad hoc technical experts, to cover also the CAP SP 2023-2027, may also attend for IMCC meetings. If the need arises, the IMCC may also appoint ad hoc sub-committees to deal with issues of a very specific nature.

### 2.2.2 Demarcation between funds

In order to ensure that there are no overlaps between interventions under the ERDF, CF, ESF+, EMFAF, JTF, AMIF, ISF, BMVI and the CAP SP, areas of common intervention that are thematically similar require demarcation in order to establish which actions or operations will be funded under the different funding programmes. This should not hinder complementarity between the funds, but rather imply strong coordination and cooperation and avoid situations of double funding.

Whilst detailed demarcations may be set by the relevant MAs, by way of general rule, measures which specifically address the main target groups and sectors covered under the CAP SP, the EMFAF, JTF and AMIF fund specific Programmes/Plans, will be supported through such programmes. On the other hand, measures addressing broader target groups with a wider scope, shall be covered under the ERDF/CF and ESF+[1] programmes. Supported interventions will be in line with the relevant sectoral, national or regional strategies as well as in line with the scope of support identified in the Fund specific Regulations and types of operations outlined in the specific Programmes/Plans.

Coordination/demarcation between regional and national funds is not applicable in Malta's context.

[1] For instance, maritime port infrastructure investment related to improved transport and therefore not targeting fisheries would be undertaken through ERDF, whereas port infrastructure investments targeting a designated fishing port and aiming to provide improved facilities to fishers would be implemented through EMFAF.

Complementarities and synergies between the funds covered by the Partnership Agreement, the AMIF, the ISF, the BMVI, and other Union instruments - point (b)(iii) of Article 11(1) CPR

The European Green Deal has set an ambitious goal of transforming EU economy towards a sustainable future, and sets the framework to formulate pathways to achieve a climate-neutral and circular economy at the latest by 2050. In this context, Malta commits to use the Funds under the Partnership Agreement ensuring that maximum impact is sought for: supplying clean, affordable and secure energy, accelerating the shift to sustainable and smart mobility, mobilizing industry for a clean and circular economy, renovation wave – building and renovating in an energy- and resource-efficient way, zero pollution ambition for a toxic-free environment, preserving and restoring ecosystems and biodiversity, making regions and cities resilient to climate change impacts, and others, in line with the specific initiatives under the European Green Deal. Moreover, Malta will use the Funds to mobilise research and foster innovation in the sustainability area. Finally, Malta commits to take into account the Do No Significant Harm principle in its investments under all Policy Objectives.

Considering that the European Green Deal highlights that its targets can be achieved only whilst leaving no one behind and in a fair and inclusive way, Malta will support those most vulnerable and the most exposed to the social and economic impacts of the transition, for example by reskilling and upskilling.

### *2.3.1 Complementarity between the Funds and other Union Instruments*

Support for enterprises under ERDF will be complemented by Horizon Europe, financial instruments and InvestEU as outlined under Section 3 of this PA, as well as under the ESF+ through specific training support measures for enterprises. Cooperation measures primarily related to R&I interventions will also complement ERDF interventions through research projects, whilst investments in innovation will also be complemented by schemes and infrastructural initiatives. PO 1 actions related to innovation and support for enterprises will also be complemented through sector-specific interventions targeting agriculture and farming[1] as well as fisheries and aquaculture[2] respectively under the CAP SP as well as the EMFAF Programme in line with the areas identified through *Malta's Smart Specialisation Strategy 2021-2027*. Under ISF, synergies can be found through actions addressing cybercrime with interventions related to digitalisation of SMEs and the promotion of governance in ICT solutions, amongst others. Furthermore, interventions supported under Horizon Europe in relation to R&I will also complement interventions supported under PO 1[3].

Investments supported under PO 2 will address environmental issues holistically through coordinated support from the ERDF, CF, JTF and EMFAF under Cohesion Policy. ESF+ measures in the field of knowledge, skilling and reskilling will also support training and development of education programmes related to the green transition. ETC programmes shall also aim to provide scope for cooperation and insight on research and pilot projects relevant to the environment which shall aim to complement PO 2 interventions. Such actions will also aim to complement the upskilling of workers in the environment, agricultural, marine and fisheries sectors in relation to improved environmental ambitions. EMFAF support shall complement ERDF/CF investments and LIFE projects particularly in relation to ensuring environmental sustainability, the protection of the marine environment and biodiversity and the adaptation to the adverse effect of climate change. EMFAF support for research actions, including applied research, under Priority 1 and Priority 2 will also complement initiatives under ERDF and Horizon Europe, including initiatives contributing to Ocean Missions to restore oceans and water by 2030. JTP investment will

also complement these initiatives by supporting decarbonisation and environmental sustainability. CAP SP investments are also envisaged to support investments in low carbon technology, green architecture, biodiversity, waste, and water management, amongst others, in a complementary manner.

Measures targeting the blue economy under EMFAF will also be complemented by support under territorial cooperation programmes, in particular the Italia-Malta programme whereby measures targeting the blue economy such as initiatives aimed at the protection of marine ecosystems, counteracting extreme events, and preserving biodiversity and the marine naturalistic value are foreseen. Such initiatives will also support blue growth priorities under the WestMed initiative, amongst others. Furthermore, support for the Blue Economy in terms of policy development is specifically being targeted under the Technical Support Instrument. In addition, initiatives in RES pilot projects under ERDF as well as the development of education and training programmes related to blue skills under the ESF+ are also foreseen to contribute directly towards the Blue Economy.

Under PO 3, building on the complementary approach established for the 2014-2020 Operational Programme, CF investments will focus on TEN-T investments whilst ERDF interventions will focus on improved accessibility to TEN-T targeting sustainable multimodal urban, amongst others. Such investment will be complemented by CEF transport investment in terms of shifting towards more sustainable transport means. The JTP interventions will also provide complementary support in this sector by enabling the shift towards more sustainable and climate resilient transport methods.

With regard to PO 4, ERDF and ESF+ measures will complement each other in terms of providing the necessary combination of infrastructure (to be funded through ERDF) and skills to enable jobs and growth, access to health, education and social services, together with measures to foster equality (foreseen through ESF+), amongst others. These will be complemented by collaboration projects under the ETC programmes. ERDF interventions under POs 1, 2, 4 and 5 may be complemented by ESF+ measures with a view to strengthen the knowledge and the creation of jobs. The CAP SP will also complement initiatives through the upskilling of farmers and knowledge transfer. EMFAF actions under PO 2 addressing training initiatives, directly addressing the fisheries and aquaculture sector, will also complement ESF+ measures, the latter being the main instrument for long term socio-economic upskilling, including blue skills. ESF+ and AMIF interventions will complement each other in the integration of migrations and third country nationals (TCNs) whereby AMIF operations will aim to target the early integration of migrants and TCNs, whilst ESF+ actions will aim to focus on long-term integration and inclusion of various disadvantaged/vulnerable target groups, particularly TCNs and migrants, amongst others. Such measures shall primarily aim to provide educational, inclusion, health, and cultural services enabling the integration of such groups within Maltese society. In addition, AMIF operations will support migrants and TCNs through measures such as skills acquisition, psychosocial services, early educational support for children and adult TCNs amongst others. Further synergies with AMIF will be ensured through other EU funded programmes such as the TSI (Technical Support Instrument) through which further initiatives may be explored in supporting reforms addressing the migrant community and vulnerable groups, including victims of human trafficking, amongst others. In fact, the TSI is supporting the inclusion of migrant learners within the mainstream education system in Malta, in addition to strengthening the capacity and strategic planning of the Migrants Learners Unit. Other initiatives supported through union actions (centralised support) involving awareness raising campaigns, capacity building in asylum and migration will also complement actions under AMIF.

Complementary actions under BMVI and ISF are also envisaged in terms of enhancing the skills of border guards as well as actions addressing the protection of public spaces respectively. Interventions promoting legal migration avenues are foreseen through the BMVI which will complement AMIF interventions,

to increase transparency and efficiency of border management in the area of migration. Support through union actions for IT-related systems for border and visa management may also complement interventions financed through the ISF. Other EU funded instruments may also be explored in the area of border control with a view to increasing security and inter-agency cooperation such as the Customs Control Equipment Instrument and the TSI.

Furthermore, initiatives aimed towards developing reforms to improve the overall integrity of government practices supported through the TSI will complement investments foreseen under both the RRP and ISF. ISF actions related to the protection of public spaces to increase resilience against security threats will also complement interventions in urban areas. Union actions (centralised support) supporting actions on drug trafficking, cybercrime, police cooperation and radicalisation may also complement ISF interventions.

Health infrastructures under ERDF may be complemented by the provision of health services supported under AMIF, addressing the needs of migrant communities. Interventions in this sector supported under the ESF+ and ERDF will aim to target all citizens legally residing in Malta, including TCNs. Interventions aimed at promoting mobility will be primarily sought under Erasmus+ and possibly through the ALMA job mobility initiative under ESF+, whereby complementarity with other interventions under the ESF+, the CAP SP, AMIF and EMFAF is foreseen. Government will also seek to maximise the potential synergies with other initiatives such as the European Solidarity Corps Programme in terms of improving skills and competences and the European Globalisation Fund in relation to unexpected restructuring events which may impact employment in a significant manner.

Regarding PO5, various interventions under POs 1, 2 and 4 of the ERDF/CF/JTF Programme and PO 4 under the ESF+ Programme (such as schemes and scholarships) will indirectly also contribute towards investments in the identified sustainable urban development areas and vice versa. Furthermore, PO 5 will be complemented with interventions in natural areas and natural heritage under the CAP SP, implemented through the LEADER.

### *2.3.2 Complementarity with Malta's RRP*

Measures under the CPR's POs will also complement interventions supported through Malta's RRP.

ERDF PO 1 investments in R&I and competitiveness and digitalisation will complement interventions under the RRP aimed to increase economic resilience.

With reference to PO 2, support from the ERDF, CF, JTF and EMFAF shall aim to complement investments in green and digital transitions under the RRP in line with the European Green Deal and National Reform Programmes through EE, actions targeting the circular economy and climate change adaptation and mitigation measures and conserving natural resources. These investments shall also complement strategic integrated projects and strategic nature projects undertaken through LIFE.

PO 2 and PO 3 CF interventions in sustainable multimodal urban transport and sustainable TEN-T investment, respectively, will complement RRP and JTP interventions for greener and cleaner transport, on land and at sea. This reflects the holistic approach taken by Malta on sustainable transport taking note of its impact on climate neutrality objectives and the Green Deal. In this respect RRP transport reforms and investments shall complement, including amongst others, the adoption and implementation of sustainable transport policies; encouraging the use of collective and multimodal transport; free public transport; car free spaces, the finalisation and implementation of a *Sustainable Urban Mobility Plan* (SUMP) for the Valletta Region; the decarbonisation of the public transport and the public service fleet; and enhancing the uptake of electric vehicles.

In terms of PO 4, ERDF and ESF+ investment shall be complementary by increasing participation in adult learning and diversify educational opportunities for all, including migrants. Interventions foreseen under the ERDF/CF/JTF Programme pertain to the area of compulsory education. Furthermore, the RRP is also envisaged to complement ISF actions contributing towards mitigating the risks of money laundering as well addressing the digital transition envisaged in the 2019 NRP and in line with the 2020 CSRs, in addition to improving the integrity of government practices.

In addition, investments supported through the RRP aimed at increased job creation opportunities and improved educational facilities and medical services will also complement ESF+ Programme actions. Specifically, investments related to health under Malta's RRP include the establishment of a Blood, Tissue and Cell Centre, as well as the enhancement of the resilience of the health system through digitalisation investments specifically in the pathology departments and new technologies. On the other hand, investments under the ERDF pertain to further digitalisation, acute mental health infrastructure, paediatric services, resilience of the public healthcare system, preventative health measures, youth rehabilitation and specialised care facilities.

With reference to sustainable urban development in Gozo under PO 5, it is to be noted that RRP reforms and investments will have a direct impact on Gozo, whilst acknowledging that, for example, more favourable rates will be given to start-ups and businesses operating in Gozo and investing in creating green jobs on the island through the 'Smart and Sustainable Investment' scheme.

### *2.3.3 Complementarity with the TSI*

The TSI provides tailor-made assistance to Member States for institutional and administrative reforms, supporting the design and implementation of reforms. In this regard, interventions associated with capacity-building, in relation to national structural reforms for example, will be complemented via interventions under the TSI.

[1] Support relates to investment measures targeting farmers, producers, livestock breeders and other agri-businesses, enabling, amongst others, improved competitiveness, modernisation and better market orientation of farms.

[2] Investments primarily relate to the enhancement of competitiveness of enterprises in the fishing and aquaculture industries.

[3] The Seal of excellence may be adopted under the respective programmes provided that such projects fall within the scope of the programme, allocated budgetary resources and any other criteria as determined by the relevant Managing Authority. Furthermore, investment in the Seal of Excellence for Horizon Europe is foreseen.

### 3. Contribution to the budgetary guarantee under InvestEU with justification<sup>1</sup>

Reference: point (g) of Article 11(1) and Article 14 CPR

Table 2A: Contribution to InvestEU (breakdown by year)

Contribution from		Contribution to	Breakdown by year							
Fund	Category of region	InvestEU window(s)	2021	2022	2023	2024	2025	2026	2027	Total
ERDF	Transition	SME	0.00	0.00	1,897,533.00	1,897,533.00	1,897,533.00	1,897,534.00	1,897,534.00	9,487,667.00

<sup>1</sup>Contributions shall not affect the annual breakdown of financial appropriations at the MFF level for a Member State

Table 2B: Contribution to InvestEU (summary)

Fund	Category of region	Sustainable Infrastructure (a)	Research, Innovation and Digitisation (b)	SME (c)	Social Investment and Skills (d)	Total (f)=(a)+(b)+(c)+(d)
ERDF	Transition			9,487,667.00		9,487,667.00
Total				<b>9,487,667.00</b>		<b>9,487,667.00</b>

Justification, taking into account how those amounts contribute to the achievement of policy objectives selected in the Partnership Agreement in line with Article 10(1) of the InvestEU Regulation

The PA will contribute towards reducing disparities between the levels of development across EU regions by allocating part of its ERDF contribution to the InvestEU to promote economic growth, job creation and competitiveness through loan guarantee instruments. InvestEU aims to facilitate access to finance, increase entrepreneurship and investment, increase/maintain employment, and increase/improve business infrastructure. ERDF resources contributing to InvestEU shall be used for the provision of the part of the EU guarantee under the Member State compartment.

Government aims to support enterprises to develop their capacity and capability to expand and move up the value chain thus leading towards economic development and employment. Malta's economic direction is to build on the success achieved over the past decades, with Government acting as a business enabler by providing access to the necessary instruments to create the right environment for further development.

Building on the success of the aid schemes and financial instruments for SMEs under past programmes, Government has pledged €9.48 million from its ERDF resources to InvestEU for budgetary guarantees providing capital relief. In addition, the possibility of additional financial instruments to be implemented under the various funding programmes will be explored, including through the Malta Development Bank which offers financing facilities for productive and viable operations where the market is unable or unwilling to accommodate, in whole or part. It is directed towards infrastructural projects contributing to national or regional development, and projects which are socially oriented, energy efficient and environment friendly[1].

The experience under the SMEi under the 2014-2020 Operational Programme has been positive with initial expectations being surpassed. Additional funding was allocated to reach €29 million and the implementation period was extended till 2023. This Programme offers SMEs lower interest rates and lower collateral[2]. Encouraging results under the SMEi formed the basis for the launch of financial instruments targeting specific sectors such as investment in RES and EE[3]. So far, enterprises in Malta have shown that they are open to the flexibility of financial instruments and such positive performance provides the necessary impetus for further future support[4].

The InvestEU budget is intended to widen forms of support for enterprises to access the necessary finance. Consequently, InvestEU will facilitate support to the EU's POs to sustain long term growth through the provision of an EU Guarantee directed towards supporting financing and investment operations in providing access to finance to enterprises in line with the InvestEU Regulation. Support is directed towards competitiveness, growth and employment, the integration of the Union capital markets and the strengthening of the Single Market, to promote economic and territorial cohesion[5].

[1] The current schemes and facilities cover: Guarantee Facility for Loans to SMEs, Further Studies Made Affordable, Family Business Transfer Facility and Tailored Facility for SMEs.

[2] By 31st December 2020, a total of €73.9M in loans were made available to SMEs for investment, while the total amount paid was €66.4M.

[3] In 2020, a call for the selection of financial intermediaries was launched.

[4] Citizens' Summary - SME Initiative (2020), <https://eufunds.gov.mt/en/Operational%20Programmes/Programming%20Period%202014%20-%202020/SME%20Initiative%20Operational%20Programme/Documents/AIR%202020%20-%20SMEi%20Annex%20I%20-%20Citizens%20Summary.pdf>

[5] Council of the EU (2019) Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the InvestEU Programme - Outcome of the European Parliament's first reading, Brussels [8661/19].

#### 4. Transfers<sup>1</sup>

MS requests a	<input type="checkbox"/> transfer between categories of region
	<input checked="" type="checkbox"/> transfer to instruments under direct or indirect management
	<input type="checkbox"/> transfer between ERDF, ESF+, Cohesion Fund or to another Fund or Funds
	<input type="checkbox"/> transfer of ERDF and ESF+ resources as complementary support to the JTF
	<input type="checkbox"/> transfers from European territorial cooperation to Investment for jobs and growth

<sup>1</sup>Transfers shall not affect the annual breakdown of financial appropriations at the MFF level for a Member State

4.1. Transfers between categories of region

Reference: point (e) of Article 11(1) and Article 111 CPR

Table 3A: Transfers between categories of region (breakdown by year)

Transfer from	Transfer to	Breakdown by year							
Category of region	Category of region	2021	2022	2023	2024	2025	2026	2027	Total

Table 3B: Transfer between categories of region (summary)

Category of region	Allocation by category of region	Transfer to	Transfer amount	Share of the initial allocation transferred	Allocation by category of region after the transfer
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Justification

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#### 4. Transfers

##### 4.2. Transfers to instruments under direct or indirect management

Reference: Article 26(1) CPR

Table 4A: Transfers to instruments under direct or indirect management where such possibility is provided for in the basic act\* (breakdown by year)

Transfer from		Transfer to	Breakdown by year							
Fund	Category of region	Instrument	2021	2022	2023	2024	2025	2026	2027	Total
ERDF	Transition	Horizon Europe			1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	5,000,000.00

\* Transfers may be made to any other instruments under direct or indirect management; where such possibility is provided for in the basic act. Number and names of the relevant Union instruments will be specified accordingly

Table 4B: Transfers to instruments under direct or indirect management where such possibility is provided for in the basic act\* (summary)

Fund	Category of region	Horizon Europe	Total
ERDF	Transition	5,000,000.00	5,000,000.00
Total		5,000,000.00	5,000,000.00

\* Transfers may be made to any other instruments under direct or indirect management; where such possibility is provided for in the basic act. Number and names of the relevant Union instruments will be specified accordingly

#### Justification

The need to create more synergies between Horizon Europe, the Framework Programme for R&I and Structural Funds, is clearly highlighted in the *Malta Smart Specialisation Strategy 2021-2027*. In this regard and bearing in mind the importance of European Partnerships as also noted in the aforementioned Strategy, Malta is committed to transfer €5 million (EU Share) of ERDF resources to Horizon Europe in line with Article 15(5) of Regulation (EU) 2021/695 and Article 26 of Regulation (EU) 2021/1060.

The objective is to facilitate collaboration between European Partnerships and private and/or public sector partners at international level and strengthen the impact of R&I through Horizon Europe support.



### 4.3. Transfers between ERDF, ESF+ and Cohesion Fund or to another Fund or Funds

Reference: Article 26(1) CPR

Table 5A: Transfers between ERDF, ESF+ and Cohesion Fund and to other Fund or Funds\* (breakdown by year)

Transfers from		Transfers to		Breakdown by year							
Fund	Category of region	Fund	Category of region	2021	2022	2023	2024	2025	2026	2027	Total

\* Transfers between ERDF and ESF+ can only be done within the same category of region

Table 5B: Transfers between ERDF, ESF+ and Cohesion Fund or to another Fund or Funds (summary)

Transfer from		Transfer to											
Fund	Category of region	ERDF			ESF+			CF	EMFAF	AMIF	ISF	BMVI	Total
		More developed	Transition	Less developed	More developed	Transition	Less developed						
Total													0.00

\* Transfer to other programmes. Transfers between ERDF and ESF+ can only be done within the same category of region.

Justification

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#### 4. Transfers

##### 4.4. Transfer of ERDF and ESF+ resources as complementary support to the JTF, with justification<sup>1</sup>

Reference: Article 27 CPR

Table 6A: Transfer of ERDF and ESF+ resources as complementary support to the JTF (breakdown by year)

Fund	Category of region	Fund	2021	2022	2023	2024	2025	2026	2027	Total
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\* JTF resources should be complemented with ERDF or ESF+ resources of the category of region where the territory concerned is located

<sup>1</sup>This transfer is preliminary. It should be confirmed or corrected at the first adoption of programme(s) with JTF allocation as indicated in Annex V

Table 6B: Transfer of ERDF and ESF+ resources as complementary support to the JTF (summary)

Article 3 JTF Regulation allocation prior to transfers:

Transfer (complementary support) per category of region from	Transfers to JTF to the territory located in
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\* JTF resources should be complemented with ERDF or ESF+ resources of the category of regions where the territory concerned is located

Justification

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4.5. Transfers from European territorial cooperation goal (Interreg) to Investment for jobs and growth goal

Reference: Article 111(3) CPR

Table 7: Transfers from European territorial cooperation goal (Interreg) to Investment for jobs and growth goal

Transfer from European territorial cooperation goal (Interreg)							
2021	2022	2023	2024	2025	2026	2027	Total

Transfer to Investment for jobs and growth goal									
Fund	Category of region	2021	2022	2023	2024	2025	2026	2027	Total

Justification

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5. The form of Union contribution for technical assistance

Reference: point (f) of Article 11(1) CPR

The choice of the form of Union contribution to technical assistance	<input checked="" type="checkbox"/> Technical assistance pursuant to Article 36(4)
	<input type="checkbox"/> Technical assistance pursuant to Article 36(5)

Technical Assistance (TA) at the initiative of Member States will be used to support actions implemented through the Funds concerning previous and subsequent programming periods, actions necessary for the effective administration and use of these Funds, including for the capacity building of the partners referred to in Article 8, as well as to provide financing for carrying out functions such as preparation, training, management, monitoring, evaluation, visibility and communication, amongst others. The aim is to optimise the Programme's delivery in line with regulatory requirements and procedures, including the absorption capacity of the funds in order to maximise their potential.

Through TA, Government will seek to facilitate the implementation of the Programmes. Within this context, Government shall aim to reinforce the capacity within the entities involved in the management, implementation and control of the funds to ensure efficiency and effectiveness in the overall implementation of the Programmes. This will be complemented with the necessary capacity building measures including training (both locally and abroad), discussions with relevant bodies (in other Member States or EU Institutions) and networking including exchange of experiences (within the Member State as well as with other Member States).

In addition, external expert assistance such as expertise in the implementation of simplified cost options, monitoring and evaluation, and other external support necessary for effective programme delivery will also be supported. TA is also expected to support any necessary roadmaps, studies, communication planning and activities, including publicity campaigns on the Programme objectives and opportunities for beneficiaries, evaluation plans and activities. ICT related systems and equipment, which contribute towards an effective and simplified approach during the implementation of the Programmes are also envisaged together with support to ensure adequate management, evaluation and control systems. In addition, costs incurred in preparation for the post-2027 programming period may also be supported.

Common actions between Programmes under the CPR may also be supported in view of the fact that Malta has a centralised implementation system. These include, amongst others, actions related to the common information technology database, publicity actions, evaluations, services of internal staff and external expertise. Costs related to actions common to more than one programme, such as the electronic monitoring system, common publicity actions, as well as the salaries of officers working on more than one programme may be apportioned between the relevant programmes on the basis of a flat rate as outlined in the respective programmes. TA related interventions incurred under other funds falling within the parameters of the CPR may be incurred under the TA strand of another Fund.

## 6. Thematic concentration

### 6.1 ERDF/CF

Reference: Article 4(3) ERDF and CF Regulation

Member State decides to	<input checked="" type="checkbox"/> comply with thematic concentration at national level
	<input type="checkbox"/> comply with thematic concentration at category of region level
	<input type="checkbox"/> take into account Cohesion Fund resources for the purpose of thematic concentration

## 6.2 ESF+

Reference: point (c) of Article 11(1) CPR and Article 7 ESF+ Regulation

Member State complies with thematic concentration requirements	for	Planned ESF+ programmes
Social inclusion, programmed under specific objectives (h) – (l) of Article 4 ESF+ Regulation	26.10%	2021MT05SFPR001
Support to the most deprived, programmed under specific objectives (m), and in duly justified cases (l) of Article 4 ESF+ Regulation	3.60%	2021MT05SFPR001
Support to youth employment, programmed under specific objectives (a), (f) and (l) of Article 4 ESF+ Regulation	4.80%	2021MT05SFPR001
Support to tackling child poverty, programmed under specific objectives (f), (h) – (l) of Article 4 ESF+ Regulation	4.40%	2021MT05SFPR001
Capacity building social partners and NGO's, programmed under all specific objectives except (m) of Article 4 ESF+ Regulation	2.20%	2021MT05SFPR001

7. Preliminary financial allocation from each fund covered by the Partnership Agreement, by policy objective, JTF specific objective and Technical Assistance, at national and where appropriate regional level

Table 8: Preliminary financial allocation from ERDF, Cohesion Fund, JTF, ESF+, EMFAF by policy objective, JTF specific objective and Technical Assistance\*

Reference: point (c) of Article 11(1) CPR

Policy Objectives, JTF specific objectives or technical assistance	ERDF			CF allocation at national level	JTF**			ESF+			EMFAF allocation at national level	Total
	Allocation at national level	Category of region	Allocation by category of region		Allocation at national level	Article 3 JTF resources	Article 4 JTF resources	Allocation at national level	Category of region	Allocation by category of region		
1. Smarter Europe	110,471,066.00	Transition	110,471,066.00									110,471,066.00
2. Greener Europe	179,608,708.00	Transition	179,608,708.00	126,851,235.00							20,515,773.00	326,975,716.00
3. Connected Europe		Transition		38,316,040.00								38,316,040.00
4. Social Europe	110,586,000.00	Transition	110,586,000.00					116,956,357.00	Transition	116,956,357.00		227,542,357.00
5. Europe closer to citizens	34,844,884.00	Transition	34,844,884.00								0.00	34,844,884.00
8. JTF specific objective					23,265,723.00	10,187,448.00	13,078,275.00					23,265,723.00
TA36(4). Technical assistance pursuant to Article 36(4) CPR	24,385,033.00	Transition	24,385,033.00	0.00	0.00	0.00	0.00	7,465,299.00	Transition	7,465,299.00	1,309,517.00	33,159,849.00
TA37. Technical assistance pursuant to Article 37 CPR	0.00	Transition	0.00	0.00	0.00	0.00	0.00	0.00	Transition	0.00	0.00	0.00
<b>Total</b>	<b>459,895,691.00</b>	<b>Transition</b>	<b>459,895,691.00</b>	<b>165,167,275.00</b>	<b>23,265,723.00</b>	<b>10,187,448.00</b>	<b>13,078,275.00</b>	<b>124,421,656.00</b>	<b>Transition</b>	<b>124,421,656.00</b>	<b>21,825,290.00</b>	<b>794,575,635.00</b>
JTF73. Article 7 JTF resources related to Article 3 JTF resources					0.00	0.00						0.00
JTF74. Article 7 JTF resources related to Article 4 JTF resources					0.00		0.00					0.00
<b>Grand total</b>	<b>459,895,691.00</b>		<b>459,895,691.00</b>	<b>165,167,275.00</b>	<b>23,265,723.00</b>	<b>10,187,448.00</b>	<b>13,078,275.00</b>	<b>124,421,656.00</b>		<b>124,421,656.00</b>	<b>21,825,290.00</b>	<b>794,575,635.00</b>

\* The amount should include the flexibility amounts in accordance with Article 18 CPR that have been preliminary allocated. The actual allocation of the flexibility amounts will only be confirmed at the mid-term review.

\*\* JTF amounts after the envisaged complementary support from the ERDF and ESF+

Table 8 provides an indicative allocation of the funds for the ERDF, CF, ESF+ and EMFAF by PO. The actual amounts will be provided based on the figures presented within the Programmes. Malta has set financial allocations on the basis of the needs identified at the national level, the thematic concentration required by Regulation, as well as the identified recommendations in the 2019[1] and 2020[2] *Country Reports for Malta* as mentioned in previous sections of the PA. Cohesion Policy funds aim to promote economic growth, enhanced competitiveness, job creation and sustainable development. Consequently, Malta aims to invest in areas which are of strategic importance for its socio-economic development.

Further elaboration is provided hereunder on the ring-fenced amounts as part of Malta's obligations in line with the various Regulations.

With primary reference to the ERDF, in line with Article 4(6)(c) of the ERDF/CF Regulation[3], Malta's allocations are in line with the thematic concentration obligations of committing at least 25% of its allocation to PO 1 and 30% to PO 2, respectively. Malta has also allocated 8% of its allocation to PO 5, taking into consideration Article 11(2) of the aforementioned Regulation. The rest of the allocated amount is attributed towards POs 3 and 4. In addition, the allocation for the CF addresses priorities under POs 2 and 3.

In terms of the ESF+, in line with Article 7(4) of the ESF+ Regulation[4], Malta's allocations meet the ring-fencing obligations of allocated 25% of its allocation to SOs (h) to (k) under PO 4. Furthermore, Malta has also allocated 3%, in line with Article 7(5) of the latter Regulation, to SO (m) under PO 4.

With reference to the EMFAF, in line with Article 5(4) of the EMFAF Regulation[5], Malta's allocation meets the ring-fencing obligation of allocating at least 15% of its allocation to SO 1.4 under EMFAF Priority 1 (Article 14(1)(d) of the EMFAF Regulation[6]) in relation to control and enforcement and data collection (Articles 22 and 23 of the EMFAF Regulation[7]).

Moreover, Union financial support from the EMFAF allocated to the measures under Priority 1 as referred to in Articles 17-21 of the EMFAF Regulation shall not exceed 15% in line with Article 5(5)(b).[8]

In accordance with Section 3 of the PA, the allocation shown in Table 8 above excludes ERDF resources transferred to the InvestEU Fund (€9.48mn) under the SME window and ERDF resources transferred to Horizon Europe (€5mn).

Information on Malta's commitment related to Technical Assistance is included in Section 5 of the PA.

[1] *Country Report Malta 2019* (European Commission, 2019).

[2] *'Country Report Malta 2020'* (European Commission, 2020).

[3] European Commission, Regulation (EU) 2021/1058 of the European Parliament and of the Council.

[4] European Commission, Regulation (EU) 2021/1057 of the European Parliament and of the Council.

[5] European Commission, Regulation (EU) 2021/1139 of the European Parliament and of the Council.

[6] Ibid.

[7] Ibid.

[8] Ibid.

8. List of planned programmes under the funds covered by the Partnership Agreement with the respective preliminary financial allocations by fund and the corresponding contribution by category of region.

Table 9A: List of planned programmes with preliminary financial allocations<sup>1</sup> with preliminary financial allocations\*

Reference: point (h) of Article 11(1) and Article 110 CPR

Title*	Fund	Category of region	Union contribution	National contribution	Total
2021MT05SFPR001 - Programm għal Malta - FSE+ 2021-2027	ESF+	Transition	124,421,656.00	80,447,771.00	204,869,427.00
2021MT16FFPR001 - Lejn ekonomija aktar intelliġenti, konnessa sew u reżiljenti, ambjent aktar ekoloġiku u soċjetà integrata	ERDF	Transition	459,895,691.00	306,597,129.00	766,492,820.00
2021MT16FFPR001 - Lejn ekonomija aktar intelliġenti, konnessa sew u reżiljenti, ambjent aktar ekoloġiku u soċjetà integrata	Article 3 JTF resources		10,187,448.00	4,366,050.00	14,553,498.00
2021MT16FFPR001 - Lejn ekonomija aktar intelliġenti, konnessa sew u reżiljenti, ambjent aktar ekoloġiku u soċjetà integrata	Article 4 JTF resources		13,078,275.00	5,604,975.00	18,683,250.00
2021MT16FFPR001 - Lejn ekonomija aktar intelliġenti, konnessa sew u reżiljenti, ambjent aktar ekoloġiku u soċjetà integrata	CF		165,167,275.00	29,147,168.00	194,314,443.00
Total	ERDF,CF,ESF+,JTF		772,750,345.00	426,163,093.00	1,198,913,438.00
2021MT14MFPR001 - European Maritime, Fisheries and Aquaculture Fund - Programme for Malta	EMFAF		21,825,290.00	9,353,697.00	31,178,987.00
Total	All funds		794,575,635.00	435,516,790.00	1,230,092,425.00

In case Article 36(4) CPR technical assistance was chosen<sup>1</sup>

\* The amount should include the flexibility amounts in accordance with Article 18 CPR that have been preliminary allocated. The actual allocation of the flexibility amounts will only be confirmed at the mid-term review.

\*\* Programmes may have joint support from the Funds in line with Article 25(1) CPR (as priorities may use support from one or more Funds in line with Article 22(2) CPR). Whenever JTF contributes to a programme, the JTF allocation needs to include complementary transfers and be split to present amounts in accordance to Article 3 and 4 JTF Regulation.

8. List of planned programmes under the funds covered by the Partnership Agreement with the respective preliminary financial allocations by fund and the corresponding contribution by category of region.

Table 10: List of planned Interreg programmes

Reference: Article 11 CPR

CCI	Title
2021TC16FFTN001	(Interreg VI-B) Euro Mediterranean (EURO MED)
2021TC16NXTN001	(Interreg VI-B) NEXT Mediterranean Sea Basin (NEXT MED)
2021TC16RFCB035	(Interreg VI-A) Italy-Malta
2021TC16RFIR001	(Interreg VI-C) Interreg Europe

9. A summary of actions planned to reinforce administrative capacity of the implementation of the funds covered by the Partnership Agreement

Reference: point (i) of Article 11(1) CPR

During the implementation of the previous programming periods, stakeholders involved in the management, control and implementation of EU funds sustained their efforts towards ensuring that an adequate amount of human resource capacity is deployed within the system. The strengthening, and consolidation of expertise within the relevant entities involved in the management and control of the Funds will remain a priority for the 2021-2027 period taking also into account the Commission guidance provided in Annex D of the *2019 Country Report for Malta*[1].

In this regard, investment will support the necessary capacity within the Managing Authorities (MAs) and implementing bodies responsible for the Management, Control and Audit of the Programmes to implement EU funds in a transparent, coordinated and simplified manner. In addition, the development of skills and expertise will be continued under the 2021-2027 period and shall aim to include training both locally and abroad. Based on the experience of the 2014-2020 programming period, training envisaged may include project management, Cost Benefit Analysis, ICT training pertaining to the database managing the funds, simplification measures, project appraisals, evaluation, monitoring, financial instruments, aid, public procurement, financial management, communication and visibility, programming, as well as any other capacity building support as deemed necessary by the relevant MA.

This approach will consolidate the skills available amongst relevant stakeholders as well as provide the necessary competences to new staff members within the authorities, beneficiaries and related stakeholders. Training shall build upon the 2014-2020 training strategy which outlines the objectives that need to be achieved and sets out an action plan of how these objectives will be reached. The strategy may be updated by the relevant MAs as necessary.

Furthermore, given the technical nature of the dossiers covered through the Funds under the PA, Malta will seek to obtain ad hoc expertise in technical areas, as necessary, to ensure the successful implementation of the Programmes. Adequate resources shall be deployed to attract, retain, and train staff working on the implementation of EU funds, to increase capacity to assess policies' effectiveness and conduct timely and quality evaluations as well as to increase the capacity and involvement of intermediate bodies, local authorities, social partners, and final beneficiaries in the preparatory and implementation phases of projects.

The MAs will be responsible for developing the necessary manuals of procedures with detailed processes, controls and approaches, roles and responsibilities and entities involved in the delivery of the Programmes. In accordance with the CPR and the fund specific Regulations, the MAs 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. In line with Article 48 of the CPR[2], a communication coordinator for visibility, transparency, and communication activities in relation to the support from the Funds, has been established to coordinate communication and visibility measures across programmes as supported by communication officer/s, identified for each programme by the MAs. Monitoring and evaluation at project and programme level will also be the responsibility of the MAs. To this end, measures taken to address/reinforce administrative capacity will focus on ensuring the allocation of the necessary resources with the aim of also ensuring the effective implementation of the Funds.

*Governance*

The MA has adopted an *Anti-Fraud Policy* and an *Anti-Fraud Strategy* aimed at maintaining high legal, ethical, and moral standards and adhering to the principles of integrity, objectivity, and honesty. Several measures were adopted in this regard, namely:

- Risk Assessment Tools: The MA has adopted the Arachne risk assessment tool while also compiling a risk-assessment register, with the aim of reducing the incidence of risks and their impact;
- Complaint Mechanism and Whistleblowing: The MA's Manual of Procedures targets reporting of irregularities and fraud, establishing clear procedures to be followed; and
- Conflict of Interest: The Code of Ethics covers the acceptance of gifts or benefits, and the use of official information, the use of official facilities and equipment, amongst others.

More detailed information concerning these actions can be found in the respective Programmes. In addition, Malta commits to promote the use of integrity pact tools. The MA responsible for ERDF/CF/JTF will identify the project and modalities for this.

[1] European Commission, '*Country Report Malta 2019*', SWD(2019) 1017 final.

[2] European Commission, Regulation (EU) 2021/1060 of the European Parliament and of the Council.

10. An integrated approach to address the demographic challenges and/or specific needs of regions and areas (where appropriate)

Reference: point (j) of Article 11(1) CPR and Article 10 ERDF and CF regulation

The permanent drawbacks and challenges that Malta faces as a micro-island state are considerable, however, this is accentuated in the case of Gozo, which suffers from double insularity, its smaller size and relatively lower economic development. Accessibility is one of the main drawbacks which leads to higher travelling time in comparison to Malta. This is compounded by Gozo's dependence upon the larger island of Malta for all logistics and access which has important economic and social impacts as also outlined in the *Country Report for Malta 2019*[1], under Annex D. Demographic challenges are also present as a result of an ageing population which further inhibits the island's socio-economic development. Primarily, investments under PO 5 for urban areas will be directly addressing Gozo's characteristics and needs. Furthermore, Government has adopted a horizontal approach towards the development of the island of Gozo to ensure the integration of the realities of Gozo in all sectoral strategies thus contributing towards a holistic approach across the whole territory. With regard to the EMFAF for the 2021-2027 period, similarly to the current and past programming periods, Gozo's needs will be addressed horizontally through the priorities set out in the respective Programme. Building on previous programming periods, at least 10% of the allocation under Cohesion and Agricultural funds will be earmarked for Gozo.

In order to address the territorial challenges, particularly Gozo's economic and social specificities as well as the disadvantages arising from the combined effects of its double insularity, its environmental fragility, its increasing population size as well as its inherent limited resources, a tailor-made approach specific to the needs of Gozo is required to bolster the island's economic activity and protect the inherent and distinctive natural features that are characteristic of the island.

Building on the investments from previous programming periods, under the 2021-2027 programming period, Gozo's territorial challenges will be addressed through strategic investments across all of the Funds and across all POs, ensuring complementarity to the investments and measures to be carried out under PO 5 under the ERDF. The Funds are envisaged to contribute towards maximising Gozo's competitiveness across the different SOs selected for the programmes, which are mainly directed towards the environment, culture and tourism, promoting Gozo's identity and ensuring urban sustainability. The objective of these investments is to address Gozo's permanent handicaps in particular its double insularity, peripherality and economic dependence on mainland Malta whilst safeguarding Gozo's environment.

[1] European Commission, '*Country Report Malta 2019*', SWD(2019) 1017 final.

11. A summary of the assessment of the fulfilment of relevant enabling conditions referred to in Article 15 and Annexes III and IV (optional)

Reference: Article 11 CPR

Table 11: Enabling Conditions

Enabling condition	Fund	Selected specific objective	Summary of assessment
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## 12. Preliminary climate contribution target

Reference: Article 6(2) and point (d) of Article 11(1) CPR

Fund	Preliminary climate contribution <sup>1</sup>
ERDF	137,968,708.00
CF	79,188,145.00

<sup>1</sup>Corresponding to information included or to be included in programmes as a result of the types of intervention and the indicative financial breakdown pursuant to point (d)(viii) of Article 22(3) CPR

## DOCUMENTS

Document title	Document type	Document date	Local reference	Commission reference	Files	Sent date	Sent by
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