

SFC2021 Programme supported from the ERDF (Investment for jobs and growth goal), ESF+, the Cohesion Fund, the JTF and the EMFAF - Article 21(3)

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1. Programme strategy: main challenges and policy responses

Reference: points (a)(i) to (viii) and point (a)(x) of Article 22(3) and point (b) of Article 22(3) of Regulation (EU) 2021/1060 (CPR)

1. Economic, Social, Territorial disparities and Inequalities

Malta is the smallest island state in Europe and has the highest population density, reaching 1,595.1 persons per km² which is significantly higher than the EU-27 average[1] of 109 persons per km². Limitations due to Malta's size often led to constraints on investments and sectors.

As an island state, Malta is susceptible to issues of peripherality, including higher per-unit transport costs[2], due to its inherent size and distance from larger economic blocs. Gozo is characterised by an additional level of insularity. Since 2013, Gozo's population has been increasing reaching a population density of 486/km² [3], with the number of households increasing by 9.89% [4] from 2014 to 2019. Gozo has also seen the biggest shift in urbanisation, going from 100% rural to over 71% urban in less than a decade.[5]

The employment rate in Malta increased steadily over the years from 2014 to 2021. In August 2021, registered full-time employment increased by 3.6% when compared to August 2020. Part-time employment as a primary job increased by 6.4% when compared to the corresponding month in 2020. [6] Despite the pandemic, in December 2021, unemployment stood at 3.4% which is lower than the 4.3% registered in the same month of 2020.[7]

Malta has advanced in its socioeconomic performance due to strong and consistent economic growth, despite the challenges posed by COVID-19. In 2020, in response to the socioeconomic repercussions of COVID-19, Malta's growth rate stood at -8.2%, indicating a contraction in comparison to the EU-27's growth rate of -5.9% [8]. Malta's positive economic performance was disrupted in the first half of 2020 with a decrease in contribution from the domestic side of the economy. Economic activity experienced a 7.8% decrease (in real terms), mostly attributed to a loss in private consumption expenditure and gross fixed capital formation. Total Gross Value Added (GVA) also dropped, with the largest decline recorded in the services sector, with a decrease of 5.8% when compared to its corresponding period in 2019.[9] Efforts and measures launched by Government in response to the pandemic safeguarded a stable labour market.

2. Challenges identified in CSRs and national strategies, market failures and investment needs

Malta's economy is highly exposed to international market forces. The island's economic development model has relied on an export-oriented strategy whereby the main export-earning mainstays are manufacturing, tourism and key services sectors including financial services, information, and communications technology (ICT) and gaming.

Instances of market failure are more prevalent in Malta due to the lack of physical and human resources, higher unit costs given the distance from main economies, limited economies of scale and difficulties in developing sufficient critical mass. Evidence of market failure is also evident by the fact that public support is often required to address infrastructural challenges. The provision of services by the market in areas which are of a public nature such as in health, social and educational infrastructure, the provision of road, maritime, waste, energy and environment infrastructure would be unlikely to meet the characteristics of the service as required by public policy. The provision of services through this infrastructure is often

not considered to involve a market activity due to the absence of commercial entities offering the same service.

2.1 R&I, digitalisation and business growth

Whilst the expenditure on R&D has been increasing since 2014, the share of GDP has been rather conservative, in both the public and the private sector, also reflecting Malta's economic performance that has grown significantly in other sectors. Business expenditure on R&D has been lagging whereby in 2018, it stood at 0.38% of GDP, well below the EU average of 1.41%.[10] In terms of innovation performance, Malta remains a "moderate innovator". As outlined in Malta's Smart Specialisation Strategy [11], investment needs related to research infrastructure and access to finance for innovation remain critical to foster an increased shift towards an innovation led economy. Such need is also outlined in CSR 3 (2019) and CSR 3 (2020) of Malta's Country Reports. Support for R&I will contribute to the reform in R&I outlined in Malta's RRP.

Malta has placed itself amongst the top Member States and well above the EU average in terms of the latest DESI indicators. The need for sustaining the positive results achieved thus far, improving online services and converging towards a digital economy remains important, also in view of the ambitions of the EU Digital Strategy. 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 a small services-oriented economy.

COVID-19 accentuated the need for adequate digital infrastructure in the public and private sectors, to ensure a high degree of business continuity in the crisis but also to foster recovery. Public support is required to fast track the convergence towards efficient and consumer oriented online services, including in the health sector. The draft Malta Digital Strategy 2022-2027 will aim to provide an overarching vision for transformative measures and investments in the local digital landscape. In line with the Strategy, Malta will strive to remain at the forefront of ICT development and usage through ERDF support, to sustain the positive developments in the sector and foster resilience.

Malta's economic fabric faces constraints since it is small and is predominantly reliant on SMEs, amounting to more than 36,000 enterprises, and having more than 99% of the market share. They employ close to 140,000 persons representing 77.5% of the labour market. In 2020, SMEs generated 76.5% of GVA in Malta.[12] The growth of the non-financial business economy is reflected in the increase of SME value added between 2018-2019, with an annual change of 129% growth, the highest registered across the EU-27.[13] Due to the pandemic Malta saw a decline of 15% in SME value added, when compared to the EU-27 average of -7.5%.[14] Malta also has a significant share of self-employed: in 2019, 27.46% of the registered business population consisted of individuals who are self-employed or in a partnership. An increase of 9.09% of new registrations was noted in 2019.[15] Large enterprises also have a significant role to play, employing some 34,000 individuals in 2018.[16] GVA by this category increased by 43.2% in 2018.[17]

Local SMEs increased the number of employees in 2020, however, the COVID-19 pandemic, the conflict in Ukraine and the ensuing policy measures had a major impact on SMEs in terms of value added. The differing trends in SME value added and SME employment were found in some sectors particularly affected by the pandemic like transportation, storage, accommodation and food services which dropped by 57.1% in SME value added.[18] Supporting enterprises is necessary to address inherent market failures, such as limited accessibility to finance due to several structural features of the local banking and financial system, the repercussions of COVID-19 which has heavily impacted the performance of Maltese SMEs over the past years, and lack of heterogeneity in the adoption of technologies and digital tools, particularly between large enterprises and SMEs, amongst others. Investment needs in this sector relate to fostering

business incubation, modernisation, productivity and growth, taking into account the industry that is mostly made up of micro enterprises, small family businesses and self-employed.

2.2 Energy and the environment

During 2020, the electricity supply in Malta comprised of: 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 PVs. During 2020, a total of 419.8 GWh were imported through the interconnector. In 2020, GHG emissions from fuel combustion in power plants increased by 9.6% over 2019[19]. Malta's GHG emissions show a decrease since 2012, resulting from significant transitions to low carbon which Government has recently undertaken.

Regarding energy investments, public intervention is often needed, as the energy sector (EE and RE) is affected by market failure and suboptimal investment situations. Most of the growth experienced over the last few years in the installation of PVs and EE has been supported by public funds. The scale of the market also means that support is required to address security of supply as well as sustainability in the energy sector. In line with the priorities of the EU Green Deal, Malta's *NECP 2030*[20], the EU Renovate Flagship, the 2019 & 2020 Malta Country Reports[21] and the *Low Carbon Development Strategy*, the continued decrease in GHG emissions remains a priority in moving towards carbon neutrality. Increased energy efficiency measures are therefore required, also in view of increasing energy demands.

In line with Malta's Country Report 2019, 2020, Malta's *Low Carbon Development Strategy* and Country Specific Recommendation 4 of 2022, investments to improve energy efficiency, foster RES and ensure security of electricity supply remain important. This is also necessary to address market failures in electricity generation required to meet Malta's energy demands. Market failures in shifting towards carbon neutral buildings also exist. In this regard, public support is required as the private sector may not undertake the desired level of EE investments without public support.[22] Such measures will reflect the energy efficiency first principle.

In terms of the circular economy, Malta is implementing the *Long Term Waste Management Plan 2021-2030*[23]. Waste prevention remains key to decouple economic growth and waste production and move towards a circular economy placing waste disposal as the least desired action. In 2020, the generation of municipal waste amounted to 331,553 tonnes, declining by 19,800 tonnes or 5.6% over 2019. This decrease was reflected across all waste types, except for metal waste which increased by 520 tonnes. The biggest drop was registered in mixed municipal waste which went down by 9,470 tonnes or 6% when compared to 2019[24], following efforts undertaken in previous programming. The collection of recyclables (including glass) increased from 7% to 14%, and bulky waste collection rose from 3% to 4%[25]. Malta faces market challenges driven particularly by the relatively small size of the market and insularity which leads to higher treatment and disposal costs. Efforts will continue to be directed towards supporting sustainable waste management by moving away from landfilling and achieving the EU waste separation and recycling rates. Investment needs for the provision of public infrastructure for organic waste remains important, in view of the market failures related to the operation of such infrastructure. Such investments will complement the waste reform in the RRP.

Malta's economic and social development is intrinsically linked and determined by its water and marine environmental resources. The 2019 Country Report identifies water scarcity as a pressing concern which is likely to increase in view of climate change and demographic pressures, further stressing the need for improving the efficiency of water management system. As outlined in the Draft Investment Plan, an increasing resident population, a rise in the number of visiting tourists and sustained economic growth

will lead to an increased water demand and higher volume of generated wastewater. In this regard, the enhancement of Malta's water resources is necessary to continue fostering Malta's efforts towards ensuring the achievement of the good status objectives of the Water Framework Directive and the Urban Waste Water Treatment Directive.

With regard to biodiversity, Malta is characterised by various habitats hosting a rich variety of flora and fauna with about 2,000 plant species and 3,000 animal species recorded, with 85 endemic species. As stated in the State of the Environment Report (2018)[26], Malta's biodiversity continues to experience various pressures and threats including human related interference and disturbances for which public support is required for climate and environmental protection. Therefore, and as outlined in the EU Biodiversity Strategy for 2030, protecting ecosystems and reversing their degradation, remains an investment need.[27]

Land use conversion intensification in view of the high degree of urbanisation is one of the main direct drivers of loss of natural capital due to land uptake and other related impacts, such as land/soil sealing by impermeable artificial surfaces. In this regard, green infrastructure interventions are an important investment need. Using natural elements instead of less sustainable products, to provide shade, reduce stormwater runoff, and increase insulation will also serve as pilot ideas for wider future policy measures.

Support for promoting and enabling clean mobility and fostering the decarbonisation of main transport modes remains critical towards fostering green urban landscapes and an improved environment. Measures supporting pedestrianisation, and the use of clean methods of transport remain important, as outlined in Country Specific Recommendation 4 of 2022. Such measures directly complement the RRP reform towards the decarbonisation of the transport sector. GHG emissions from the transport sector account for the second highest contribution and are on the rise. Efforts will be directed towards alternative fuel infrastructure which supports the reduction in emissions and contributes towards environmental sustainability in both land and sea transport under the CF and JTF respectively.

ERDF aims to address these challenges, as also outlined in Country Specific Recommendation (CSR) 3 of 2019 and 2020 relating to the green transition in clean and efficient use of energy, waste management, natural resources management and sustainable transport.

2.3 Transport

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[28]. Thus far, 62% of the core and 46% of the comprehensive TEN-T network have been completed or are being developed/imminently considered. Malta's high population density, growing economy, inbound tourism and urban agglomeration patterns result in a scarce availability of land for road network improvements, as well as conflicting needs between the road network and its surroundings[29].

There are two TEN-T core ports in Malta, Valletta and Marsaxlokk, which provide for a combination of leisure, freight, industry and fishing services. Investment in the existing TEN-T network, remains important not only because the network represents an important instrument for socio-economic growth but also in view of Malta's commitment to complete the network by 2030. Such initiatives will complement the transport reform in the RRP which aims to foster a greater shift towards the decarbonisation of the transport sector and increase public transport usage. Additional initiatives in line with *Malta's Transport Master Plan* [30] and the *National Transport Strategy 2050* [31], including projects under the CEF shall also complement. Interventions foreseen will contribute towards addressing the challenges outlined in

CSR 3 of 2019 and 2020, as well as CSR 4 of 2022, relating to, amongst others, sustainable transport.

2.4 Education and health

Although in 2020 the early school leaving (ESL) rate in Malta was still lagging behind the EU-27 average at 12.6%, a significant reduction of over 4.5% has been registered since 2014.[32] Several actions have been undertaken in order to reduce ESL rates, which is also one of the goals of the *Framework for the Education Strategy of Malta 2014-2024*. [33] A targeted approach towards primary students with low literacy skills has been supported through out-of-class sessions whilst the early identification of ESLs and the development of prevention strategies, have been supported through the Technical Support Instrument (TSI).[34]

The provision of VET programmes has improved the education landscape and has given alternative options for young people. In this regard, investment in VET infrastructure is foreseen, to further provide young people with improved FHE options.

To continue improving the quality of mainstream education as outlined in the Country Report for Malta (CSR 3, 2019 and CSR 2, 2020) and cater for increasing demographic trends, the development of education infrastructures remains an important need. Investments carried out through ERDF are expected to complement RRP reforms, including those related to improving skills for ESLs and low skilled adults as well as ESF+ measures which will support pedagogical development, training and upskilling, directly contributing to EU Flagship Reskill and Upskill.

Malta has been at the forefront of building resilience in health through continued investment in infrastructure and human resources, setting best practices amongst small states.[35] Unmet needs for medical care remain low, due to universal free health coverage across the population. Nevertheless, gaps exist. Around 120,000 people in Malta are living with a mental health disorder. The COVID-19 pandemic has brought about further challenges in this regard.[36]

To keep up with the advancements in health and digital technologies, further investment is required, in line with the *National Health Systems Strategy 2020-2030*[37]. This will enable Malta's health system to withstand and overcome increases in the demand that may arise due to the increasing population, demographics, health determinants as well as foster preventive mechanisms. Such measures will contribute towards CSR 1 (2019), CSR 1 (2020), and SDG 3.4, in improving the resilience and fiscal sustainability of the healthcare system and will complement RRP reforms and investments. Support excludes the building/renovation of long-term residential care institutions.

2.5 Tourism

Tourism was severely impacted by the COVID-19 pandemic. Inbound tourists for 2020 added up to 969,246, an increase of 47% over 2020, however, the value is still much lower than pre-pandemic levels - the number of tourists in 2019 exceeded 2.7 million.[38] In the recovery process from the pandemic, as outlined in the *Malta Tourism Strategy 2021 - 2030*[39], the valorisation of cultural heritage is deemed important to foster social development by regenerating various areas. This will bring economic development closer to communities, create safer spaces and reduce disparities in terms of accessibility to services.

2.6 Gozo

Despite accounting for 6.7% of the population, the contribution to economic development in Gozo is lower at 4.4%. Regional disparities between Malta and Gozo persist since Gozo faces double insularity and challenges associated with vulnerability. The discrepancy in economic development is evident from the productivity per worker which in Gozo is lower by 21% compared to the main island of Malta[40]. The average household disposable income in Gozo is approximately €2,650 less than that of Malta, despite both islands registering an increase over 2018[41], whilst the average salary in Gozo is approximately 14.5% less than in Malta. Due to these challenges, instances of market failure are more accentuated in Gozo as also noted in the 2019 Country Report.[42] In view of these additional challenges, investments safeguarding Gozo's environment and identity whilst promoting socio-economic development and fostering accessibility are ever more necessary.

3. Contribution to climate, biodiversity ambitions

Operations under the ERDF are expected to contribute about 30% to climate change ambitions whereas CF operations are expected to contribute around 48% of the respective financial envelope to climate objectives thus exceeding the minimum regulatory requirements under CF. With reference to environmental objectives, circa 35% of EU support[43] is being targeted through the ERDF/ CF/ JTF Programme. Approximately 7% of Malta's ERDF allocation is foreseen to contribute towards biodiversity related actions.[44] The selection of projects will benefit from criteria that reward green solutions. These criteria will be adapted to the nature of the intervention and will be applied as widely as possible across all Policy Objectives.

4. Complementarity and synergy with other forms of support[45]

ERDF actions under PO 1 related to innovation and support for enterprises shall be complemented by initiatives under Horizon Europe, and InvestEU to which ERDF resources are being directly transferred. ESF+ will support pedagogical advancements, upskilling and re-skilling in various sectors including digital, green and smart specialisation areas in line with labour market needs. ERDF support shall build on the reforms and investments for R&I and digitalisation undertaken under the RRP.

Under PO 2 ERDF and CF actions related to energy, clean mobility and waste management will build on the reforms and investments supported through the RRP including EE measures in the commercial sector and the renovation of public buildings, pilots in renewable solar energy measures as well as efforts to foster the decarbonisation of the transport sector, including through public transport reforms and supporting the shift towards zero carbon vehicles. Such efforts will be complemented through JTF support for the decarbonisation of ports. ETC programmes will also target the priorities of PO 2, particularly through cooperation actions as well as research and pilot projects. ESF+ measures supporting the development and provision of green skills training will also complement ERDF/CF initiatives. EMFAF and LIFE projects as well as projects under the WestMed initiative will also contribute towards the protection of the marine environment and biodiversity and the adaptation to the adverse effect of climate change in a complementary manner to efforts in green infrastructure and biodiversity undertaken under this Programme. Synergies will be sought, where possible, for the continued development of a sustainable blue economy as outlined in the Union for Mediterranean (UfM) Ministerial Declaration on Sustainable Blue Economy (2021). CAP SP investments shall complement efforts under this Programme by supporting investments in low carbon technology, green initiatives, biodiversity, waste, and water management, amongst others.

Under PO 3, CF investments in TEN-T will continue to build on RRP reforms and investment in

transport. Such efforts will be complemented through CEF transport in an effort to finalise Malta's TEN-T network.

Under PO 4, ERDF infrastructural measures are directly linked to the ESF+ Programme particularly for measures related to reducing Malta's ESL rate through further investment in mainstream education, improving the quality of health and education services and fostering digital literacy, amongst others. Health and education infrastructure under ERDF will build on RRP reforms and investment in these sectors, whilst support for employment and TCNs is primarily targeted under ESF+ and AMIF.

Under PO 5 investment in Gozo will be complementary to initiatives foreseen at the national level across POs 1-4 covered by this Programme. Whilst the ERDF will focus on Gozo's urbanisation, interventions in Gozo's rural and natural areas will primarily be supported under the CAP SP. Initiatives for Gozo will build on measures under the RRP whereby particular attention is being given to Gozo's regional dimension to reflect its needs and specificities with respect to schemes related to the uptake of digitalisation efforts and the electrification of vehicles amongst the private sector.

A holistic approach is being adopted at programming stage whereby the programming of all EU funded plans and programmes is coordinated within the same Division, enabling a clear delineation of interventions at programming stage with a view to maximise the use of EU funds and their impact. Such initiatives across EU plans and programmes will complement initiatives supported through national funds as outlined in Malta's National Reform Programme, sectoral strategies (including enabling conditions), action plans and other strategic documents. In addition, information on safeguards against double funding between the RRP and other funds, is outlined in Chapter 3 of the RRP.

5. Challenges in administrative capacity and governance and simplification measures

5.1 Administrative Capacity

Based on lessons learnt, ensuring that the required HR capacity in the implementation of funds is essential for an effective and efficient management and control system. To ensure retention rates of personnel, it is equally important that these resources are well-trained. Further staff training to ensure an adequate staff complement is envisaged under TA.

5.2 Governance

The Managing Authority (MA) has adopted an Anti-Fraud Policy and an Anti-Fraud Strategy to maintain high legal, ethical, and moral standards, to adhere to the principles of integrity, objectivity and honesty. Through these documents, the MA has adopted several specific measures:

Risk Assessment Tools - The MA has adopted the Arachne risk assessment tool, a specific risk-scoring tool, and a fraud risk register, a periodic risk assessment exercise^[46] covering the likelihood and impact of specific and commonly recognized fraud risks. The MA also compiles a risk-assessment register which includes all foreseeable risks and controls needed to mitigate such risks. These are live tools enabling a continuous process of identifying new risks together with mitigating control measures to reduce the incidence of these risks and their impact.

Complaint Mechanism and Whistleblowing - The MA's Manual of Procedures, in line with the Anti-Fraud

Strategy, includes a chapter on the reporting of irregularities and fraud, establishing procedures to be followed, including preventative and detective measures.

Conflict of Interest - The Code of Ethics sets standards of behaviour for all staff and covers conflict of interest, the confidentiality agreement, the acceptance of gifts or benefits, the use of official information, the use of official facilities and equipment, etc. Furthermore, all new recruits are requested to sign and declare that they are free from conflict of interest and are requested to sign a Declaration of Integrity, Confidentiality, and Impartiality.

The Programme will support increased capacity building for carrying out quality evaluations and monitoring. Any applicable best practice examples will be explored throughout the implementation of the Programme. In addition, Malta commits to the participation in the pilot on integrity pacts and the MA will identify the project and modalities for this.

The implementation of SCOs and other simplification measures adopted during the 2014-2020 has proven to be successful in reducing administrative burden and facilitating implementation. These will continue to apply and be strengthened where relevant as outlined in Appendix 1. Additional SCOs may be developed during programme implementation, as necessary.

Where the total cost of an operation does not exceed EUR 200,000 the contribution provided to the beneficiary from the funds will take the form of unit costs, lump sums, or flat rates, except for operations for which the support constitutes State aid. Where flat-rate financing is used, only the categories of costs to which the flat-rate applies may be reimbursed in accordance with reimbursement of eligible costs actually incurred by a beneficiary.

During the implementation of the Programme the MA will promote the strategic use of public procurement to support POs, including professionalization efforts to address capacity gaps. Beneficiaries should be encouraged to use more quality-related and lifecycle cost criteria. When feasible, environmental (e.g., green public procurement criteria) and social considerations as well as innovation incentives should be incorporated into public procurement procedures.

Where relevant, the Programme will support investments that successfully combine sustainability, aesthetics and inclusiveness principles of the New European Bauhaus initiative in view of finding affordable, inclusive, sustainable and attractive solutions for climate challenges.

Furthermore, arrangements to ensure compliance with the horizontal principles, in line with Article 9 of the CPR, including with the EU Charter of Fundamental Rights, as outlined under Table 12 of this Programme, will be implemented throughout the programming period during the implementation, monitoring, reporting and evaluation of the Programme.

6. Lessons learnt from past experience

A mid-term review of the Key Processes involved in the implementation of EU Funds was carried out in 2020 and finalised at the beginning of 2021. This study helped take stock of problems encountered by different stakeholders, and to seek solutions to be implemented in the new programming period.

Stakeholders identified the need for improved communication and assistance from project design and

application, up to the closure of the project. A wider dissemination in relation to Calls was also deemed to be required, using different media channels, including social media. The use of simplified language rather than technical wording was also recommended.

The need for greater simplification was also highlighted by many smaller beneficiaries. The same administrative, monitoring and verification obligations apply to all projects, irrespective of the type of beneficiary, budget, size, and scope of the EU funded interventions. It is thus important to strive for greater simplification and leaner processes, that are proportionate to the expenditure involved, at all stages of the project life cycle, and assess in detail the possibility of applying a risk-based system in relation to verifications.

Throughout the previous programming period, some delays in the selection process were recorded. As a way forward, it is being considered to allow pre-identified projects the possibility of a quality review process, rather than the existing full selection process.

On the implementation of priority axes supported under the 14-20 programme, some of the challenges met include the uptake of PA 1 (RDI) scheme, as well as challenges under PA 5 and PA 6 due to the complexity and sensitivity of restoring historical sites. Additionally, another common challenge for PA 1 and PA 9 projects involved the timing of the delivery, installation, and commissioning of equipment in workshops and laboratories, since education facilities are used throughout the year, making it difficult to carry out interventions. Such instances will be mitigated through stronger support for R&I take up, the use of acquired knowledge to pre-empt challenges related to historical site and improved planning for investments in education facilities respectively.

7. Strategic Environmental Assessment and Do No Significant Harm Assessment (DNSH)

A copy of the SEA environment report and applicable DNSH assessment are being transmitted with this Programme. The overall DNSH impact on the relevant actions is also outlined under Section 2.

[1] <https://ec.europa.eu/eurostat/databrowser/view/tps00003/default/table?lang=en>

[2] Camilleri, Silvio John and Falzon, Joseph (2013) University of Malta. The Challenges of Productivity Growth in the Small Island States of Europe: A Critical Look of Malta and Cyprus

[3] Eurostat, 'Local Administrative Units (LAU)', <https://ec.europa.eu/eurostat/web/nuts/local-administrative-units>.

[4] NSO, Regional Statistics Malta – 2021 Edition.

[5] <https://ec.europa.eu/eurostat/web/nuts/local-administrative-units>.

[6] https://nso.gov.mt/en/News_Releases/Documents/2022/02/News2022_016.pdf

[7] https://nso.gov.mt/en/News_Releases/Documents/2022/01/News2022_011.pdf

[8] <https://ec.europa.eu/eurostat/databrowser/view/tec00115/default/table?lang=en>

[9] https://finance.gov.mt/en/epd/Documents/library/economic_survey/es_2020.pdf

[10] European Commission: Malta – SME Fact Sheet 2021

[11] <https://mcst.gov.mt/psi/ri-strategy-post-2020/>

[12] Ibid.

[13] EC 'Annual Report on European SMEs 2020/2021', Fig. 63, p.112.

- [14] Ibid. Fig. 11.
- [15] https://nso.gov.mt/en/News_Releases/Documents/2021/05/News2021_081.pdf
- [16] EC, '2019 SBA Fact Sheet: Malta'.
- [17] Ibid.
- [18] European Commission: Malta – SME Fact Sheet 2021
- [19] https://nso.gov.mt/en/News_Releases/Documents/2021/10/News2021_181.pdf
- [20] Ibid.
- [21] EC, 'Country Report Malta 2019' and 'Country Report Malta 2020'.
- [22] EIB (2018), Assessing the potential use of financial instruments in the low carbon economy in Malta in the 2014/2020 programming period. Executive Summary of the Ex-Ante Assessment.
- [23] <https://environment.gov.mt/en/Documents/closedMinisterialConsultations/longTermWasteManagementPlan.pdf>
- [24] https://nso.gov.mt/en/News_Releases/Documents/2021/12/News2021_222.pdf
- [25] Ibid.
- [26] ERA, *State of the Environment Report 2018: Summary Report*. Malta
- [27] European Commission (2021), EU Biodiversity Strategy for 2030
- [28] Transport Malta, National Transport Strategy 2050 Malta, 2016
- [29] National Transport Master Plan 2025 (TM,2016). The plan is currently being reviewed.
- [30] Ibid.
- [31] Transport Malta, National Transport Strategy 2050 Malta, 2016
- [32] https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=edat_lfse_14&lang=en
- [33] <https://education.gov.mt/en/resources/documents/policy%20documents%202014/booklet%20esm%202014-2024%20eng%2019-02.pdf>
- [34] https://ec.europa.eu/info/sites/default/files/tsi_2021_country_factsheet_malta.pdf
- [35] World Health Organisation, Building Resilience: A Key Pillar of Health 2020 and the Sustainable Development Goals
- [36] <https://www.who.int/europe/news/item/16-10-2020-world-mental-health-day-2020-malta-launches-campaign-move-for-mental-health-let-s-invest>
- [37] Ministry for Health, 'A National Health Systems Strategy for Malta 2020-2030: Investing successfully for a Healthy Future'.
- [38] https://nso.gov.mt/en/News_Releases/Documents/2022/02/News2022_019.pdf
- [39] <https://www.mta.com.mt/en/news-details/348>
- [40] Ibid., p.299
- [41] Ibid.
- [42] EC, 'Country Report Malta 2019', p. 56.
- [43] Excluding TA allocation.
- [44] The contribution is indicative. The exact contribution will be determined during the implementation of the Programme.
- [45] Further information is provided under Chapter 2 of this Programme and Malta's Partnership Agreement.

[46] This is also undertaken whenever a significant alteration to the management and control system is made.

1. Programme strategy: main challenges and policy responses

Table 1

| Policy objective or JTF specific objective | Specific objective or dedicated priority * | Justification (Summary) |
|--|---|--|
| 1. A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity | RSO1.1. Developing and enhancing research and innovation capacities and the uptake of advanced technologies | <p>The total expenditure on R&D increased by 7.3% in 2019[1], but the share of expenditure as a percentage of GDP remains low when compared to the 2020 target of 2%. While Malta's GDP per capita was €20,410 in 2020[2], it is one of the EU Member States investing the least in R&D [3] (0.66%). In 2019, the National Statistics Office (NSO) reported that 2,570 employees were engaged in R&I, of which 1,559 were researchers (others comprise of technicians and support staff)[4]. Whilst 33% of SMEs undertook innovative activity between 2014 and 2016[5], Malta registered below the EU average for SMEs innovating in-house and SMEs introducing product or process innovation[6]. Therefore, whilst employment in this sector has been increasing over the years, Malta's R&I performance is still low due to the size and nature of enterprises in Malta. The Malta Smart Specialisation Strategy 2021-2027[7] outlines various barriers towards registering marked improvements in the sector, including the need to increase awareness of the specialisation areas, enhance research infrastructure and the R&I ecosystem. A combination of grant schemes for enterprises and support for public R&I infrastructure are foreseen, together with measures under Horizon Europe to which ERDF support has been transferred as outlined in the Partnership Agreement. These initiatives will contribute to CSR 3 of 2021 on focusing R&I investment. Such measures will complement the RRP reform to fast track the implementation of the S3 and will contribute towards overcoming current limitations, towards an innovation led society and increase Malta's economic resilience. [1]</p> <p>https://nso.gov.mt/en/News_Releases/Documents/2021/07/News2021_129.pdf [2] https://ec.europa.eu/eurostat/databrowser/view/sdg_08_10/default/table?lang=en [3]</p> <p>https://ec.europa.eu/eurostat/databrowser/view/sdg_09_10/default/table?lang=en [4]</p> <p>https://nso.gov.mt/en/News_Releases/Documents/2021/07/News2021_129.pdf. [5] EC, 'Annual Report on European SMEs 2018/2019. [6] EC, '2018 SBA Fact Sheet Malta', p. 13. [7] Malta Council for Science & Technology, 'Malta Smart Specialisation Strategy 2021-2027'.</p> |
| 1. A more competitive and smarter Europe by promoting innovative | RSO1.2. Reaping the benefits of digitisation for citizens, companies, | <p>Despite showing significant progress in several areas including a high-level of households accessing the internet[1], high broadband penetration across the islands, and the increased level of digitalisation carried out in public administration and e-Government services; the need for improving online services and converging towards a digital economy remains important. The COVID-19 pandemic has especially accentuated the importance of digitalisation as a new way of operating with impacts not only on the economic sector but also for improved environment, resilient economy and work-life balance. This has become even more important as digital goods and services are likely to gain further importance in future. In this regard, and building on the RRP</p> |

| Policy objective or JTF specific objective | Specific objective or dedicated priority * | Justification (Summary) |
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| and smart economic transformation and regional ICT connectivity | research organisations and public authorities | measures, additional investment in public digital infrastructure, as well as grant schemes for the private sector are required to sustain and continue enhancing Malta's digitalisation efforts. Initiatives foreseen will be in line with the digital transition ambitions as outlined in Malta's Digital Strategy, which is currently being developed, and the Strategy for the Public Service[2], amongst others. The draft Malta Digital Strategy 2022-2027 will provide an overarching vision for transformative measures and investments in the local digital landscape, to which measures under ERDF will contribute. [1] NSO News Release 026/2020, Chart 1, p. 2., https://nso.gov.mt/en/News_Releases/Documents/2021/02/News2021_028.pdf https://nso.gov.mt/en/News_Releases/Documents/2021/02/News2021_028.pdf [2] Achieving a service of excellence: A 5 year strategy for the public service, 2021 https://publicservice.gov.mt/en/Documents/Achieving-A-Service-of-Excellence-2021.pdf |
| 1. A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity | RSO1.3. Enhancing sustainable growth and competitiveness of SMEs and job creation in SMEs, including by productive investments | The role of SMEs in the Maltese economy is notable as some 99% of enterprises are registered as SMEs, of which 97% are micro enterprises.[1] Maltese SMEs are mainly composed of family-owned business which do not have internal resources to develop adequate business plans or have deep knowledge of the market. The lack of internal financial resources and the limited access to finance are also barriers for expanding their capacities or lines of production. Start-ups are also faced with difficulties in developing and successfully implementing their growth strategies. An evaluation on the take-up of grants and financial instruments under the 2014-2020 period as well as an ex-ante assessment for funding support for the private sector in the 2021-2027 period is being carried out. From the preliminary conclusions, it is evident that such support mechanisms remain relevant and necessary for the 2021-2027 period. Some of the SMEs' barriers were further exacerbated by the COVID-19 pandemic which also created new challenges such as skills shortages, disruption of productive capacity of SMEs, limited role of R&D and innovative capacities and low demands for services and products, amongst others. The funding mechanisms identified will aim to foster recovery and long-term sustainability, amongst others. In line with the preliminary recommendations of the ex-ante assessment, a combination of loans and grants will be strengthened under this Programme, whilst the areas of support will be adapted based on the final recommendations of the assessment. Considering that Malta's enterprises are primarily self-employed and micro enterprises, support related to the development of skills for smart specialisation, industrial transition and entrepreneurship is foreseen within wider frameworks, including through the new Business Incubation Centre and industrial facilities. Targeted and complementary support is also foreseen through ESF+ measures and under the IT-MT ERDF programme. [1] NSO News Release 081/2021, Chart 1, p.1. https://nso.gov.mt/en/News_Releases/Documents/2021/05/News2021_081.pdf |
| 2. A greener, low-carbon | RSO2.1. Promoting energy | Malta's geophysical characteristics, limited economies of scale, lack of natural resources and land use conflicts impinge on Malta's options to reduce carbon emissions. Nevertheless, over recent years, Malta registered a decreasing trend in total national GHG emissions as reported in Malta's State of the Environment Report (2018). Malta also has one of the lowest GHG emissions |

| Policy objective or JTF specific objective | Specific objective or dedicated priority * | Justification (Summary) |
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| 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 | efficiency and reducing greenhouse gas emissions | per capita in the EU [Malta: 5.3 (2019), EU average: 8.2 (2019)]. [1] Over recent years, schemes promoting EE measures have been promoted through policies promoting EE in buildings, schemes for restoration of buildings, support schemes for vulnerable households, soft loans for EE investments and EE awareness campaigns, amongst others. Whilst these have proven important, further efforts are required in line with the increased ambitions for a green transition. Access to finance for EE will therefore be supported through financial instruments, building on similar measures under the 14-20 ERDF/CF Operational Programme targeting commercial and residential buildings. Such measure will contribute towards Malta's GHG emissions reduction targets and the energy savings obligations as outlined in the Energy Efficiency Directive. [2] [1] Eurostat Greenhouse Emissions per capita http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=t2020_rd300&lang=en [2] Malta's National Energy and Climate Plan 2030 (2019). |

| Policy objective or JTF specific objective | Specific objective or dedicated priority * | Justification (Summary) |
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| 2. A greener, low-carbon transition 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 | RSO2.2. Promoting renewable energy in accordance with Renewable Energy Directive (EU) 2018/2001[1], including the sustainability criteria set out therein | Malta's potential for further RE deployment is affected by physical and spatial limitations, technological advancement, and resource potential, with resource availability and cost of land being predominant barriers. As noted in the Malta's Low Carbon Development Strategy the main expected increase in RE from 2021 to 2030 relates to PVs and solar water heaters which are expected to reach maximum capacity by 2030 due to local roof space limitations. Limitations related to economies of scale and energy storage capacity also hinder the increase in RES uptake while posing restrictions in relation to offshore energy generation. Government has over the years incentivised the use RE across households, industry and public buildings and spaces. Various nationally funded schemes are in place to support such investments by households and private operators. As outlined in the Court of Auditors Report,[1] there is limited added value in EU grants for RES as project owners could implement their projects without grants, also in view of the advantageous feed-in tariff. Nevertheless, in line with the NECP 2030,[2] Malta's Smart Specialisation Strategy 2021-2027, the National Strategy for Research and Innovation in Energy and Water (2021-2030), and Malta's Low Carbon Development Strategy,[3] the objectives identified in the European Green Deal and the REPower EU Initiative, ERDF resources will explore pilot RES initiatives with a view to pave the way for a new generation of RE. [1] Court of Auditors, 'Preliminary findings of the audit of ERDF and Cohesion Fund investments in the field of renewable energy – Operational Programme I – Investing in Competitiveness for a Better Quality of Life, Malta' (2013). [2] Malta's National Energy and Climate Plan 2030, December 2019. [3] Malta Low Carbon Development Strategy, October 2021. |

| Policy objective or JTF specific objective | Specific objective or dedicated priority * | Justification (Summary) |
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| sustainable urban mobility | | |
| 2. A greener, low-carbon transition 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 | RSO2.3. Developing smart energy systems, grids and storage at outside TEN-E | <p>Recent energy and climate policy seeks moving away from reliance on fossil fuel electricity generation and increase the efficiency in power generation, resulting in emissions reduction since 2014.[1] Advances have been made through the modern Combined Cycle Gas Turbines (CCGT) plants and the introduction of the first interconnector. Except for RES, Malta has no indigenous energy sources and is dependent on imported fuel and electricity through the MT-IT subsea cable. Electricity demand is expected to increase with rising economic activity, population, gradual transition to electric mobility, shore-to-ship supply and increased digitalisation efforts. The share of RE in electricity supply will increase to 14% by 2030, as noted in the Malta Low Carbon Development Strategy.[2] In a do-nothing scenario, it is expected that emissions from CCTG plants will grow from 2020 to 2030 as plant utilisation increases.[3] Grid resilience and security of supply will also be impacted in the face of loss of the largest source, i.e., the existing interconnector or the Delimara 4 Power Plant, both rated at 200MW. Grid stability is impacted in summer evening peaks when the load on the grid is highest and PV generation is not available. By 2025, evening peak is expected to reach 538MW. Without battery storage, capacity would need to keep increasing solely to meet these peak demands. The proposed scenario therefore considers the installation of an additional interconnector as well as battery storage. This will aid the achievement of energy security, stability, resilience and enhanced energy mix [4], that are crucial for the country's transition to climate neutrality in line with the objectives of the EU Green Deal and the REPower EU initiative. Climate related investments promoting adaptation, disaster risk prevention and resilience will be supported through Malta's ERDF allocation under the IT-MT Programme 2021-2027. Such investment in climate resilient roads, green infrastructure and biodiversity will also contribute towards improved risk management indirectly. [1] Malta Low Carbon Development Strategy, October 2021. [2] Ibid. [3] Ibid. [4] Malta's National Energy and Climate Plan 2030, December 2019.</p> |

| Policy objective or JTF specific objective | Specific objective or dedicated priority * | Justification (Summary) |
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| and management, and sustainable urban mobility | | |
| 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 | RSO2.5. Promoting access to water and sustainable water management | <p>ERDF: Malta is currently finalising a National Investment Plan for the Water and Wastewater Sector 2022-2030,[1] which will outline the needs and priorities of the sector. As outlined in this Plan, increase in population is expected to increase wastewater generation whereas changing spatial demographics are expected to give rise to wastewater generation hotspots, therefore stressing the need for interventions to increase the capacity of the collection network. These challenges reflect the need for improved wastewater collection networks and treatment facilities aiming to cater for peak flows which have a highly variable temporal distribution. Significant investment is thus required in the wastewater sector to ensure the development of upgraded and sufficient collection and treatment capacity. Such investment will also aim to mitigate the challenges emanating from water scarcity and will complement Malta’s efforts towards ensuring the achievement of the good status objectives of the Water Framework Directive. CF: Malta’s semi-arid Mediterranean characteristics, few indigenous sources of energy considered as being technically and economically viable and limited availability of natural sources of fresh water, sustainable use of such resources is a priority. Malta’s supply of potable water comes from two sources: 60% desalinated water and 40% groundwater. The NECP notes that the provision of water services accounts for about 6% of the total national electricity demand. Expertise in leakage management and control and smart water metering have significantly reduced the loss of potable water through the distribution network.[2] Water management practices have yielded a reduction in water consumption since 1990 but the growing economy and an increasing population are resulting in increased water demand. Tariff mechanisms aim to promote efficiency by encouraging users to remain within the lower ‘efficient water use’ tariff band.[3] Actions targeting increased efficiency measures in the distribution of water for human consumption would benefit the sector as well as reduce energy requirements, and as a result contribute to GHG emission reduction. [1]National Investment Plan for the Water and Wastewater Sector 2022-2030 (draft document, 2022) [2]National Strategy for R&I in Energy and Water 2020 [3]LCDS</p> |

| Policy objective or JTF specific objective | Specific objective or dedicated priority * | Justification (Summary) |
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| adaptation risk prevention and management, and sustainable urban mobility | | |
| 2. A greener, low-carbon transition towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate | RSO2.6. Promoting the transition to a circular and resource efficient economy | Sustainable waste management is a continuous challenge in view of the increasing population, limited land space, geophysical conditions, and growth expansion, amongst others. Malta's annual municipal waste generated per capita in 2018 was higher than most EU countries, averaging 640kg. Despite efforts to recycle and divert waste away from landfills, Malta is still heavily reliant on landfilling as the main waste treatment option. Waste separation and recycling include the separate collection of organic waste from households since October 2018. As outlined in Malta's Long Term Waste Management Plan 2021-2030,[1] waste prevention is key to implementing its waste policy to decouple economic growth and waste production and move towards a circular economy placing waste disposal as the least desired action. Sustainable waste management in Malta requires strengthened prevention measures as well as effort to move away from landfilling and achieving the EU waste separation and recycling rates. Within this context, interventions to foster further transition towards a circular economy will be supported, including the recovery of energy and by-products from organic waste thus reducing the landfilling requirements as well as facilities for separately collected waste. [1] ERA, Long Term Waste Management Plan 2021-2030, 2021, https://era.org.mt/wp-content/uploads/2022/02/Long-Term-Waste-Management-Plan-v1.4.3-Spreads-Digital-Version.pdf |

| Policy objective or JTF specific objective | Specific objective or dedicated priority * | Justification (Summary) |
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| change mitigation and adaptation risk prevention and management, and sustainable urban mobility | | |
| 2. A greener, low-carbon transition towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition, green and blue investment, | RSO2.7. Enhancing protection and preservation of nature, biodiversity and green infrastructure, including in urban areas, and reducing all forms of pollution | <p>Biodiversity is vital for maintaining life-supporting ecosystems. According to Malta's National Biodiversity Strategies (2012[1] and 2020[2]), protecting Malta's biodiversity presents challenges due to the country's very small land mass and the highest population density in Europe. Malta faces the challenge of meeting future demands of a growing population for land, water, food and energy, while halting the loss of biodiversity and the degradation of ecosystem services, also in line with the EU Biodiversity Strategy for 2030[3]. Currently, there are 34 terrestrial and 18 marine sites forming part of the N2000 network. Past interventions supported by the EAFRD revolved around the establishment of management plans and legal provisions for the management of all terrestrial N2000 sites. Mitigating measures are crucial to address biodiversity loss and nature protection as reflected in the EU's Biodiversity Strategy for 2030[4], Malta's NBSAP to 2030 and Malta's Sustainable Development Vision for 2050[5]. The maintenance and enhancement of existing green infrastructure and well-planned deployment of new ones can address problems associated with land use conversion/biodiversity loss. Actions shall target the preservation of biodiversity including the conservation of Natura 2000 sites/ green ecological corridors. The inclusion of GI in urban environments as promoted in the NBSAP to 2030, the SPED[6] and other national documents[7], can provide an opportunity for economic growth whilst considering social goals and promoting biodiversity conservation. [1] Malta's NBSAP 2012-2020 [2] ERA, 2020, National Biodiversity Strategy and Action Plan to 2030 (Public Consultation Document) [3] European Commission (2021), EU Biodiversity Strategy for 2030: https://op.europa.eu/en/publication-detail/-/publication/31e4609f-b91e-11eb-8aca-01aa75ed71a1 [4] Ibid. [5] Malta's Sustainable Development Vision for 2050 [6] PA, July 2015, Strategic Plan for Environment and Development [7] ERA, 2019. Investing in the Multi-functionality of Green Infrastructure (GI) – An Information Document to support GI Thinking in Malta.</p> |

| Policy objective or JTF specific objective | Specific objective or dedicated priority * | Justification (Summary) |
|---|---|--|
| the circular economy, climate change mitigation and adaptation risk prevention and management, and sustainable urban mobility | | |
| 2. A greener, low-carbon transition towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition, | RSO2.8. Promoting sustainable multimodal urban mobility, as part of transition to a net zero carbon economy | <p>Although advances have been made based on measures implemented in line with Malta's Transport Master Plan[1], the National Transport Strategy 2050[2] and the National Electromobility Action Plan (2013)[3] to increase multimodal urban transport use, the deployment of Electric Vehicles (EVs) and alternative fuels infrastructure, Malta needs to ensure that its policies and measures meet the demand foreseen for the necessary infrastructure. Further investment is thus required in sustainable multimodal urban transport targeting improved access to greener, multimodal transport including collective transport, where possible. Moreover, noting the thrust towards cleaner transport and the targets set by the Alternative Fuels Directive 94/2014/EU, electric charging infrastructure is deemed key for this transition, as also identified in Malta's draft National Policy for Electric Vehicle Public Charging Infrastructure.[4] Significant scaling up is required to provide nationwide access to electric charging pillars. Investment in electric charging infrastructure aims to promote the use of clean transport to assist in the transition towards climate neutrality whilst complementing the EU Flagship initiative Recharge and Refuel including complementary EU funded initiatives under the RRP and JTP. [1] Transport Malta, National Transport Master Plan 2025 Malta, 2016. https://www.transport.gov.mt/strategies/strategies-policies-actions/national-transport-strategy-and-transport-master-plan-1343. The Plan is currently being reviewed. [2] Ibid. [3] Malta National Electromobility Platform, Malta National Electromobility Action Plan, 2013, https://www.transport.gov.mt/The-Malta-National-Electromobility-Action-Plan.pdf-f1717 [4] Ministry for Energy, Enterprise, and Sustainable Development, National Policy for Electric Vehicle Public Charging Infrastructure, 2021,</p> |

| Policy objective or JTF specific objective | Specific objective or dedicated priority * | Justification (Summary) |
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| green and blue investment, the circular economy, climate change mitigation and adaptation risk prevention and management, and sustainable urban mobility | | https://meae.gov.mt/en/Public_Consultations/MEW/Documents/ELECTRIC%20CARS%20INFRASTRUCTURE%20DOC_rev1.pdf . |
| 3. A more connected Europe by enhancing mobility | RSO3.1. Developing a sustainable, climate resilient, intelligent, secure, sustainable and intermodal TEN-T | <p>Due to Malta's small size and insularity, its transport system relies on 3 modes of transport: air, maritime and roads. Over 98% of the internal movement of goods and passengers is dependent on road transport; [1] the remainder are catered for by inter-island and intra-harbour ferry services. There are no rail-based systems in Malta, and therefore no direct substitutes for travel by road. The public bus service, whilst extensive in its network, cannot cater for all travel movements directly, given the complex spatial distribution of trips required. The latter results from years of insufficient spatial planning and decentralisation of retail and jobs coupled with increased dependency on private cars, which have led to the loss of critical mass along several public transport routes. As indicated in Malta's 2020 Country Report [2], specific needs are identified within the transport sector. This, coupled with Malta's commitments towards completing the TEN-T network by 2030 necessitate further investment which will complement initiatives aimed at decarbonising the transport sector and boosting public transport usage as outlined in the 2022 NRP and Malta's RRP, amongst others. Malta has 4 TEN-T seaports with 2 international gateway ports (Valletta and Marsaxlokk) and 2 ports that serve intra-islands crossings at Ċirkewwa and Mgarr in Gozo. Maritime transportation contributes towards 6% of total employment (significantly higher than the EU average of 1.8%) and represents about 5% of GVA in Malta</p> |

| Policy objective or JTF specific objective | Specific objective or dedicated priority * | Justification (Summary) |
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| | | [3]. Thus it remains an important pillar taking into account Malta’s insularity, island status and the sector’s contribution to the Blue Economy. Sustainable development of the Blue Economy is thus critical as noted in the EC's Communication on a new approach for Sustainable Blue Economy. In this context, further investment in the upgrading and modernisation of road and port TEN-T networks remain an important need in securing the movement of passengers and goods, including by enabling public transport and by addressing climate change resilience of the infrastructure. [1] National Policy for Electric Vehicle Public Charging Infrastructure, 2021 [2] EC, 2020, Country Report Malta 2020 [3] EC, Directorate-General for Maritime Affairs and Fisheries, The EU blue economy report 2019, Publications Office, 2019 |
| 4. A more social and inclusive Europe implementing the European Pillar of Social Rights | RSO4.2. Improving equal access to inclusive and quality services in education, training and lifelong learning through developing accessible infrastructure, including by fostering resilience for distance and on-line education and training | Public education in Malta is provided free of charge, irrespective of one’s socioeconomic background or status, from early years (3 months) up until first degree level (EQF/MQF Level 6). A maintenance grant is also provided for those continuing their education beyond compulsory schooling age (16 years), up till first degree level. A supplementary allowance is also provided for students from disadvantaged backgrounds. A Migrant Learners’ Unit has also been set up to identify and address the needs of the migrant community within the education system. Despite the above, the ESL rate remains high, and although it has declined considerably from 17% in 2014 to 12.6% in 2020, it is still higher than the EU-27 rate of 9.9% in 2020[1]. Further progress in addressing ESLs remains a priority (Early Leaving from Education and Training Policy (ELET), the Way Forward 2020 – 2030 [2] and the Country Report Malta (2020)). As outlined in the Education and Training Monitor for Malta (2019), the expanding population, and consequently the increase in student numbers, has become a challenge for existing school infrastructure. The compulsory schooling student population is projected to increase by 12.7% between 2019 and 2025.[3] ERDF shall support infrastructural investments in compulsory education facilities and targeted VET institutions to provide quality, accessible, adequately equipped, educational infrastructure for an increasing student population. These shall target sectors such as tourism and hospitality, amongst others. ESL rates will be targeted through the provision of state-of-the-art learning environment, accompanied by improved pedagogies, that are more conducive to a better learning outcome. Investments aimed towards the provision of quality education will contribute towards Principle 1 of the European Pillar of Social Rights. Considering Malta’s high employment levels and the investments carried out in the past in support of employment entities, at this stage infrastructural interventions are not deemed required. Thus, employment needs identified will be addressed primarily through the ESF+ Programme. [1] https://ec.europa.eu/eurostat/databrowser/view/edat_ifse_14/default/table?lang=en [2] Ministry for Education, ELET, the Way Forward 2020 [3] EC, Education and Training Monitor for Malta, 2019 |
| 4. A more | RSO4.5. | The Maltese healthcare system offers free universal health coverage to all those entitled to statutory provision, irrespective of an |

| Policy objective or JTF specific objective | Specific objective or dedicated priority * | Justification (Summary) |
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| social and inclusive Europe implementing the European Pillar of Social Rights | Ensuring equal access to health care and fostering resilience of health systems, including primary care, and promoting the transition from institutional to family- and community-based care | individual's socioeconomic background or status. Considering that Malta's only natural resource are people, taking into account Malta's insularity and lack of economies of scale, which limit private investment in the sector and considering limitations related to cross-border health services, investment in health remains critical to foster socio-economic well-being. Government's continuous commitment and pledge towards the provision of the best possible level of health services is manifested in the proportion of Government expenditure on health. The budgetary allocation for health expenditure has increased over the years[1], including the most recent plans by Government as expressed in the Budget for 2021, to introduce new services and treatment centres, with an emphasis on mental health, and investment in digital technology.[2] Malta is one of the countries with the largest projected net migration inflows (in terms of the resident population) and with a significant increase in the age dependency ratio expected over time[3]. The latter also resulting from increasing life expectancy, which has generally trended positively for the EU-27, including Malta. These factors, the development of more advanced technology, coupled with the COVID-19 pandemic, have significantly increased the pressure on the local healthcare system, at various levels. In view of this, significant investment is required to target this need and build resilience in the health sector, complementing investments supported through the RRP and soft measures supported through ESF+. Interventions foreseen will be implemented in line with the ambitions of the draft National Health Systems Strategy 2020-2030, amongst others, and will aim to foster resilience and sustainability of the health systems while also supporting the transition from institutional to community-based care, as also outlined in Annex D of Malta's 2019 Country Report and the 2020 Country Report. Investments in healthcare will also contribute towards Principle 16 of the European Pillar of Social Rights. [1] EC, Education and Training Monitor for Malta, 2019. [2] Malta Budget Speech 2021. [3] EC, Ageing Report for 2021, Table I.1.9, p. 24. |
| 4. A more social and inclusive Europe implementing the European Pillar of Social Rights | RSO4.6. Enhancing the role of culture and sustainable tourism in economic development, social inclusion and social | Tourism contributes significantly towards Malta's economic and employment sectors, affecting both full-time and part-time gainful employment. In view of the crucial role of this sector, continuous investments are required to sustain and enhance it. Upon the onset of the COVID-19 pandemic, inbound tourism suffered significant setbacks, which, although mitigated by Government measures, was still dependent upon the reopening of the industry. Inbound tourists for the year 2021 experienced an increase of 47.0% over the year 2020, with the number of tourists adding up to almost 1 million.[1] Tourism numbers are still lower than pre-pandemic levels: in 2019, 2.7 million tourist visits were registered. In view of the lifting of containment measures and the reopening of the tourism sector, further investments are required to not only sustain this important economic sector, but also to foster improved social resilience. This will ensure the continued development of this sector at the benefit of both the local and tourist populations. Initiatives aimed at complementing Malta's Tourism Strategy (2021-2030)[2] which focuses on recovering, rethinking, and revitalising Malta's touristic sector, are both required and foreseen. Support shall be provided in the form of grants for measures aimed at the preservation of cultural assets in the public domain, regeneration, as well as the |

| Policy objective or JTF specific objective | Specific objective or dedicated priority * | Justification (Summary) |
|--|--|--|
| | innovation | valorisation of Malta’s cultural heritage. Based on past experience, regeneration measures lead to increased general interest, tourist visits increase, the area becomes safer and economic activity follows, leading to the overall regeneration and improved social integration of the area and its residents. Investments foreseen under this Priority with regards to tourism are in line with the objective of PO4 which aims to promote the role of culture and sustainable tourism within the context of social inclusion. [1] NSO News Release 019/2022, Inbound Tourism (December 2021), p. 1, https://nso.gov.mt/en/News_Releases/Documents/2022/02/News2022_019.pdf [2] Recover, Rethink, Revitalise’, Malta Tourism Strategy 2021-2030. |
| 5. A Europe closer to citizens by fostering the sustainable and integrated development of all types of territories and local initiatives | RSO5.1. Fostering the integrated and inclusive social, economic and environmental development, culture, natural heritage, sustainable tourism, and security in urban areas | Initiatives under this PO will aim to reduce territorial disparities between Malta and Gozo and particularly aim to address Gozo’s increasing urbanisation and challenges posed by its small size and double insularity. Focus will be placed on improving Gozo’s social, economic, and in particular the environmental dimension. In line with Article 11 of the ERDF regulation, such measures will particularly focus on Gozo’s SUD and shall comprise 8% of the ERDF Programme. Such initiatives may also be supported through ESF+ interventions under the cross-financing mechanism. Targeted initiatives under this PO will also be complemented by investments foreseen under other POs, from which Gozo will also benefit. In this regard, and building on previous programming periods, at least 10% of Cohesion and Agriculture funds shall be earmarked for Gozo during the 2021-2027 period. Actions targeting Gozo’s urban areas will also be implemented in line with Article 28 (c) ‘other territorial tool supporting initiatives designed by the Member State’ building on a similar framework set up for SUD initiatives under the 2014-2020 programme. This PO will be implemented in synergy with interventions in natural and rural areas under the CAP Strategic Plan (SP), through LEADER. |
| 8. Enabling regions and people to address the social, | JSO8.1. Enabling regions and people to address the | In line with the ambitions laid out in the European Green Deal for climate action towards achieving climate-neutrality by 2050 and addressing the climate ambition of 55 % reduction in GHG by 2030, JTF interventions shall serve to enable Malta to continue in its ambitions for decarbonisation. Clean energy interventions under the JTF aim to address Malta’s CSRs whilst considering the investment guidance provided in Annex D of Malta’s 2020 Country Report on the basis of specific needs identified in the maritime transport sectors to target the transition towards climate neutrality by 2050. In view of the significance of maritime |

| Policy objective or JTF specific objective | Specific objective or dedicated priority * | Justification (Summary) |
|---|---|--|
| 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 | 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 | services and the supporting port infrastructure, Government is committed to support further economic growth through the decarbonisation of the fuelling of the vessels through the provision of electrical means of Onshore Power Supply (OPS) infrastructure within the two Core Ten-T ports located at the Grand Harbour and Freeport, thus shifting from the dependency on heavy fuel oils. JTF investments in OPS for the Southern region of the Grand Harbour will complement the existing "Grand Harbour Clean Air Project", launched in 2020 under the Connecting Europe Facility (CEF), aimed to enable cruise liners and trailers or other general cargo (Ro-Ro ships) to switch off their engines operating with gas or heavy fuel oil and thus drastically reduce the exhaust coming out of their chimneys. The need for this transition is accentuated by the reality that both ports are in close proximity to high-densely populated residential and business areas. Such investment will enable sustainable maritime operations within the ports, better environmental conditions, and public health of the local residents in the surrounding areas. |

* Dedicated priorities according to ESF+ Regulation

2. Priorities

Reference: Article 22(2) and point (c) of Article 22(3) CPR

2.1. Priorities other than technical assistance

2.1.1. Priority: 1. PO 1 - ERDF: A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity

2.1.1.1. Specific objective: RSO1.1. Developing and enhancing research and innovation capacities and the uptake of advanced technologies (ERDF)

2.1.1.1.1. Interventions of the Funds

Reference: points (d)(i), (iii), (iv), (v), (vi) and (vii) of Article 22(3) CPR

The related types of actions – point (d)(i) of Article 22(3) CPR and Article 6 ESF+ Regulation:

With the aim to further increase gross R&D expenditure as a percentage of GDP and stimulate R&I capacities during the 2021-2027 programming period, investment in R&I has been identified as a means to promote growth in various sectors of the economy. In this context, investment will be steered towards contributing to Malta's R&I landscape by fostering a culture for innovation, creativity and entrepreneurship in the areas as identified in *Malta's Smart Specialisation Strategy (S3) 2021-2027*[1]. The S3 areas identified for the period 2021-2027 are as follows:

- *Health and Well-being*
- *Sustainable Use of Resources for Climate Change Mitigation and Adaptation*
- *Smart Manufacturing*
- *Marine & Maritime Technology*
- *Aviation and Aerospace*
- *Future Digital Technologies*

In an effort to foster investment in R&I, creating an enabling framework for collaboration to stimulate R&I (including within the private sector) is essential. In this regard, Government shall also support the development of R&I infrastructure and capacities for R&I to further encourage the take-up of local research and promote innovation.

The foreseen initiatives will build on the investments undertaken under the 2007-2013 and 2014-2020 Operational Programmes, through which a

combination of infrastructures and grant incentives to the private sector were supported to stimulate RD&I. Main infrastructure investments included the setting up of a Life Sciences Centre incorporating pharmaceutical/biotech laboratories and research facilities aimed at supporting knowledge-based companies, amongst others. The support for private sector experienced considerable challenges and did not secure the intended take-up. Local tax incentives schemes for the sector have also been made available and have also experienced low take-up.[2] Nevertheless, Government remains committed towards fostering R&I within the local scenario. The new S3 Strategy and the R&I reform outlined in Malta's RRP provide a new impetus for fostering investment and growth in this sector, to which the foreseen ERDF support will contribute.

List of potential interventions:

Public Sector investment in R&I

Public Sector investment in R&I will be supported through a two-pronged approach with one aspect focusing on creating an enabling environment for R&I and the other focusing on the Public Sector as a direct contributor towards R&I investment. In this context, and as outlined in the S3, the ERDF will support investment in R&I research infrastructure, equipment to enable research, enhance capacities within existing/new research facilities, promote centres of excellence, that would serve the needs of various smart specialisation areas identified. Such investment will aim to promote R&I and strengthen collaborations, knowledge transfer and develop R&I capacities across academia, educational and/or public institutions and industry, which may include support for European Partnerships, establishing collaborations and good practice examples on Intellectual Property management and transfer, pitching research outcomes to entrepreneurs to bring innovation to market. Collaborations will be strengthened taking into account the outcomes of the assessment on academia-industry interactions as outlined under the R&I reform within Malta's RRP. Such collaborations will build on investments undertaken thus far (including through EU funding) as well as continue building upon the milestones in the implementation of the S3 outlined in the RRP.

Investment in research infrastructures, albeit a priority as outlined in the S3, are not an end in themselves. Such infrastructure will operate within the context of a strengthened R&I eco-system, which together with schemes for the private sector, the development of educational programmes in S3 areas, amongst others, under ESF+, the strengthening of entrepreneurial skills under SO (iii), the particular focus on the development of skills for smart specialisation and the industrial transition supported under the IT-MT Interreg Programme as well as further investment under Horizon Europe (to which ERDF is contributing through a transfer of resources), will aim to holistically target shortcomings in the current R&I ecosystem in Malta in the areas identified for smart specialisation.

Supporting private sector investment in R&I

As at 2022, grant schemes for R&I under the 2014-2020 period had a limited take up and impact with less than 5% committed amounts from the originally foreseen support made available. The provision of support has proven not enough to achieve the desired level of uptake and impact, as also corroborated in

the S3. In 2020, in an effort to foster R&I even during the COVID-19 pandemic, the European Commission approved a direct grants scheme to support investment in research and development (R&D) related to the coronavirus outbreak.

As indicated in the S3 strategy and the RRP, there is continued scope for increasing awareness of the value of R&I investment, which remains one of the barriers towards increased R&I investment. Furthermore, considering that Maltese enterprises are more inclined to develop incremental innovation, rather than radical innovation, the immediate necessity remains the creation of funding mechanisms that support the private sector in bringing new products and services to market as well as in innovating their operations.[3]

Within this context, support will take the form of grant schemes aimed at leveraging and assisting the industry to generate R&I and increase capacities in the areas of smart specialisation, including through awareness raising. Such schemes will aim to increase access to finance for research and innovation for the development of a knowledge-based society. Support will focus on financial incentives for the provision of necessary equipment, technology, infrastructure, products, processes, and expertise. These schemes will be consistent with the conclusions of the assessment that will look into suitable financing models foreseen under the RRP.

These schemes will be complemented with the promotion of entrepreneurial skills, as detailed in PO 1 SO (iii) as part of the business incubation facilities and services foreseen. As outlined earlier, ERDF resources have also been mobilised to support initiatives undertaken under Horizon Europe with a view to fostering collaboration between European Partnerships and private and/or public sector partners at international level and strengthen the impact of R&I. Such transfers are outlined in the Partnership Agreement.

Complementarities with other Priorities and funding instruments

Overall, this SO will be further complemented by efforts foreseen under Priority 3 of the ESF+ Programme, whereby investment in post-doctoral research studies is envisaged. Financial incentives for enterprises to invest in R&I, will be complemented by other incentives that stimulate enterprise competitiveness through schemes foreseen in relation to sustainable growth, digitalisation and green investment which are covered under other SOs under Priority 1 and Priority 2 of this Programme as well as under the RRP. In particular, support for entrepreneurial skills, industrial transition will be targeted under both SO (iii) under this PO and more particularly the Italia-Malta Interreg programme. The direct transfer of ERDF resources to Horizon Europe will also be part of Malta's holistic approach towards ERDF R&I support. Furthermore, research related to the identification of new technologies applicable to the local scenario will be complemented under Priority 2 of the EMFAF programme. Support for R&I will also be targeted under the equity-based financial instruments being developed by the Malta Development Bank,[4] through support under the Technical Support Instrument which will target various investment priorities such as R&I, digitalization, climate promotion and social enterprises. This approach will contribute holistically towards improvement in R&I.

Expected Results

- Increase R&I expenditure and innovative actions including through business investment in R&I in the areas of smart specialisation; and
- Increase in R&I infrastructure.

Flexibility Facility

In line with Article 25 (2) of the Common Provisions Regulation (CPR), interventions under this SO may finance, in a complementary manner and subject to the limit of 15% of European Structural and Investment Fund (ESIF) for the Programme, actions falling within the scope of assistance from the ESF+, provided that they are considered necessary for the satisfactory implementation of the operation and are directly linked to it. The flexibility facility will not necessarily reach the full 15%. The use of the facility will be monitored through the Structural Funds Database (SFD).

DNSH

The types of actions have been assessed as compatible with the DNSH principle, since they have been assessed as compatible under the RRF DNSH technical guidance.

[1] Malta's Smart Specialisation Strategy 2021-2027, <https://mcst.gov.mt/wp-content/uploads/2022/01/RIS3-Strategy-2020-2027.pdf>

[2] Country Report Malta 2019, Commission Staff Working Document [SWD(2019) 1017 final]

[3] Ibid.

[4] The Malta Development Bank is a promotional bank, mandated to address significant and pressing market failures and sub-optimal investment situations in Malta.

The main target groups - point (d)(iii) of Article 22(3) CPR:

The target groups are:

- researchers;

- students, educators, and scientists;
- Public Administration; and
- enterprises (including large^[1] and SMEs) and entrepreneurs.

Investments shall be directed towards promoting growth in the R&I sector through the actions identified under this SO which shall be directed towards the identified target groups. Such funding will also contribute towards further enhancing the local research community and Malta's R&I capabilities.

[1] Enterprises other than SMEs will be targeted in line with the parameters of Article 5 (2) (a) and (d) of the ERDF/CF regulation: when they involve cooperation with SMEs in R&I activities and when productive investments are made in small mid-cap companies in R&I activities.

Actions safeguarding equality, inclusion and non-discrimination – point (d)(iv) of Article 22(3) CPR and Article 6 ESF+ Regulation

Several efforts have been undertaken during the previous programming period to safeguard equality, inclusion, and non-discrimination, including initiatives aimed at promoting civil rights and equal opportunities. Complementary measures aimed at improving gender equality in matters pertaining to the labour market were also at the forefront of national policies. Such principles will continue to be upheld under this programming period. Furthermore, arrangements to ensure compliance with the EU Charter of Fundamental Rights, as outlined under Table 12 of this Programme, will be implemented throughout the programming period.

With specific reference to the ERDF/CF/JTF Programme, the active involvement of the relevant authorities during the different cycles of the Programme, including its preparation, implementation, monitoring and evaluation, shall continue to be ensured. The participation of the ERDF/CF/JTF Monitoring Committee in accordance with the respective Terms of Reference is another important measure which shall contribute towards safeguarding equality inclusion and non-discrimination. Measures to safeguard equality, inclusion and non-discrimination will also be in line with the respective enabling condition.

Such principles shall also be addressed at project level, by means of their inclusion as selection criteria to encourage project promoters to factor them in their project proposals. A help desk that was set up in the previous Operational Programmes to assist project promoters in their effort to integrate equal opportunities, inclusion, and non-discrimination in their project ideas, will remain in force.

Indication of the specific territories targeted, including the planned use of territorial tools – point (d)(v) of Article 22(3) CPR

The targeted territories are Malta and Gozo.

The interregional, cross-border and transnational actions – point (d)(vi) of Article 22(3) CPR

Cross-border and transnational initiatives are not foreseen within the Programme at initial programming stage. Nevertheless, synergies with territorial cooperation programmes, more particularly, the Italia-Malta Programme 21-27 will be explored. The Italia-Malta programme shall aim to promote 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 the potential deriving from advanced technologies. The programme shall also support measures to improve skills and promote labour mobility in sectors such as green and blue economy, circular economy, health and quality of life, cultural and creative industry, as well as social enterprises, amongst others. Such actions will be in synergies with the R&I infrastructure and schemes foreseen under this programme with a view to holistically foster R&I initiatives through Malta’s ERDF resources. Synergies with the Interreg Euro-Med and the Interreg NEXT MED Programmes will also be explored, including in relation to actions fostering value chain development and pilot actions to support enterprises.

The planned use of financial instruments – point (d)(vii) of Article 22(3) CPR

Taking into consideration the nature of the target groups and the envisaged interventions, the use of financial instruments is not foreseen under this SO.

2.1.1.1.2. Indicators

Reference: point (d)(ii) of Article 22(3) CPR and Article 8 ERDF and CF Regulation

Table 2: Output indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Milestone (2024) | Target (2029) |
|----------|--------------------|------|--------------------|-------|---|------------------|------------------|---------------|
| 1 | RSO1.1 | ERDF | Transition | RCO01 | Enterprises supported (of which: micro, small, medium, large) | enterprises | 5.00 | 37.00 |
| 1 | RSO1.1 | ERDF | Transition | RCO02 | Enterprises supported by grants | enterprises | 5.00 | 37.00 |

| | | | | | | | | |
|---|--------|------|------------|-------|--|------|--------------|---------------|
| 1 | RSO1.1 | ERDF | Transition | RCO08 | Nominal value of research and innovation equipment | euro | 2,266,667.00 | 16,000,000.00 |
|---|--------|------|------------|-------|--|------|--------------|---------------|

Reference: point (d)(ii) of Article 22(3) CPR

Table 3: Result indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Baseline or reference value | Reference Year | Target (2029) | Source of data | Comments |
|----------|--------------------|------|--------------------|--------|---|------------------|-----------------------------|----------------|---------------|---|----------|
| 1 | RSO1.1 | ERDF | Transition | RCR02 | Private investments matching public support (of which: grants, financial instruments) | euro | 0.00 | 2021 | 44,000,000.00 | Data collected from supported projects. | |
| 1 | RSO1.1 | ERDF | Transition | RCR102 | Research jobs created in supported entities | annual FTEs | 0.00 | 2021 | 190.00 | Data collected from supported projects. | |

2.1.1.1.3. Indicative breakdown of the programmed resources (EU) by type of intervention

Reference: point (d)(viii) of Article 22(3) CPR

Table 4: Dimension 1 - intervention field

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|---------------|
| 1 | RSO1.1 | ERDF | Transition | 010. Research and innovation activities in SMEs, including networking | 13,200,000.00 |
| 1 | RSO1.1 | ERDF | Transition | 012. Research and innovation activities in public research centres, higher education and centres of competence including networking (industrial research, experimental development, feasibility studies) | 1,800,000.00 |
| 1 | RSO1.1 | Total | | | 15,000,000.00 |

Table 5: Dimension 2 - form of financing

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|-----------|---------------|
| 1 | RSO1.1 | ERDF | Transition | 01. Grant | 15,000,000.00 |
| 1 | RSO1.1 | Total | | | 15,000,000.00 |

Table 6: Dimension 3 – territorial delivery mechanism and territorial focus

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|---------------|
| 1 | RSO1.1 | ERDF | Transition | 30. Other approaches - Islands and coastal areas | 15,000,000.00 |
| 1 | RSO1.1 | Total | | | 15,000,000.00 |

Table 7: Dimension 6 – ESF+ secondary themes

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|------|--------------|
|----------|--------------------|------|--------------------|------|--------------|

Table 8: Dimension 7 – ESF+*, ERDF, Cohesion Fund and JTF gender equality dimension

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--------------------|---------------|
| 1 | RSO1.1 | ERDF | Transition | 03. Gender neutral | 15,000,000.00 |
| 1 | RSO1.1 | Total | | | 15,000,000.00 |

* In principle, 40 % for the ESF+ contributes to gender tracking. 100 % is applicable when Member State chooses to use Article 6 ESF+

2.1.1.1. Specific objective: RSO1.2. Reaping the benefits of digitisation for citizens, companies, research organisations and public authorities (ERDF)

2.1.1.1.1. Interventions of the Funds

Reference: points (d)(i), (iii), (iv), (v), (vi) and (vii) of Article 22(3) CPR

The related types of actions – point (d)(i) of Article 22(3) CPR and Article 6 ESF+ Regulation:

At a time of rapid advancements in technology, it is imperative that Malta remains at the forefront of ICT development and usage within a European continent that is making great strides in this digital revolution. In view of the rapid technological progress and continuous emerging technologies, digitalisation remains a priority. Pursuing a ‘*Digital Malta*’[1] is even more relevant within the context of the COVID-19 pandemic, which has revolutionised the way industries operate, soliciting the redesign of internal processes as well as the products and services on offer.

This drive will not only aim to transform Malta into a regional centre for excellence in technology, but also transform society, business organisations and the public administration. Such investments will complement initiatives undertaken in the RRP and will aim to further support Malta’s drive towards a comprehensive digital transition.

List of potential interventions:

Supporting digitalisation in economic sectors

Due to the new realities brought about by the COVID-19 pandemic, the need for digitalisation across sectors, including the tourism sector, is crucial to sustain the economy and businesses, as also stipulated in the Malta’s Smart Specialisation Strategy.[2] During the pandemic, there has been a stronger shift towards digitalisation efforts amongst local enterprises. The RRP digital reforms and schemes for the private sector have also served as tools to aid the immediate adaptation towards digitalisation and to incentivise SMEs, particularly the small self-employed and micro enterprises to start incorporating digitalisation into their operations. Building on such initiatives, through ERDF, schemes will aim to provide support for enterprises to enhance their digitalisation efforts to foster their long-term resilience and enabling them to grow efficiently and sustainably. Such schemes are aimed at assisting operators through non-repayable grants to invest in digitalisation and will, amongst others, support digital infrastructure and equipment, software and licences[3], and support the development of plans towards the digitalisation of products, services and processes. Improving access to digital information and data leading to the enhanced knowledge about local products and services in the tourism industry is also foreseen, complementing initiatives outlined under the *Malta Tourism Strategy 2021-2030*. [4]

Digitalisation of public administration and entities

With the aim of strengthening the economy to sustain the rapid developments in the ICT sector, further investment in digitalisation is foreseen in line with the Strategy for the Public Service[5], that identifies the need to improve quality and service excellence, to lead by example in eco-sustainability, increase transparency and embrace technological developments, amongst others.

Within this context, the *Moving towards a paperless Government* initiative aims to digitalise public administration through a paperless system, which will offer several benefits, including additional layers of security as well as improving *Government to Business* and *Government to Citizen* interactions. These initiatives will also work towards the implementation of remote working in the public service. Amongst others, the centralisation of over 70 registries that are located in different places and currently adopt different processes is foreseen. This will enable a full shift towards digitalisation, improving resource efficiency, timeliness, and service quality. The development of a Digital Transformation Hub (Centre of Excellence) is also foreseen. Through this hub, an exercise of process re-engineering of existing services and the integration of new smart services will be undertaken. The hub will also serve as a testing area for pilot initiatives whereby all digital processes used in the public service will be tested before they are launched. Such investments in the public administration will also contribute towards the European flagship ‘Modernise’.

Digitalisation of the Health Sector

As indicated in Malta’s *Smart Specialisation Strategy 2021-2027*, there is the need for digital tools to support healthcare, focusing on e-Health and Bioinformatics, amongst others.[6] A renewed focus on the digitalisation of health services and the use of artificial intelligence is also a priority. Building on the results of the e-Health infrastructure implemented through the CONvErGE project under the 2014-2020 Operational Programme and in line with the *National Health Systems Strategy 2020-2030*, which is being developed, additional investment will aim to further improve digitalisation in this sector, in order to achieve increased efficiency, resilience and sustainability. This investment will aim to further strengthen synergies between different services to ensure that all patient information is streamlined, easily accessible by both patients and relevant medical staff across different departments, including the outpatient’s department. This will enable a timelier identification of the patient’s requirements, ensure coherence in the different medical requirements and foster a timely and more efficient service. Such investment will aim at improving care, customer experience, the sustainability of the health system and facilitate processes, amongst others.

Complementarities with other Priorities and funding instruments

This SO will be complemented by additional investment foreseen in the RRP, particularly under Component 3 in relation to the digitalisation of public administration (which focuses on the eco-transition under the RRP through the conversion and reduction of the general service fleet, the remote working reform and investments in Government’s digital backbone as well as improved e-services) and support to the private sector to kick start digital transition efforts amongst micro and SMEs. RRP Component 4 in relation to the digitalisation of the pathology department primarily, as well as Component 6 in

relation to the digitalisation of the justice system will also complement interventions foreseen under the ERDF with a view to holistically address the digital transition. Support for digitalisation will also be targeted under the equity-based financial instruments being developed by the Malta Development Bank,[7] through support under the Technical Support Instrument, which will target various investment priorities such as R&I, digitalisation, climate promotion and social enterprises. Synergies with the Digital Europe Programme and CEF2 Digital will also be explored, as applicable.

Malta has a centralised programming unit, responsible for the programming of all EU Funds which enables the identification of different investments under different funds at initial programming stage and ensures that investments are complementary and act as reinforcing mechanisms, whilst avoiding overlaps. Such centralised approach is also adopted in the implementation phase whereby schemes for the private sector under both the RRP and ERDF are implemented by the Measures and Support Division, whilst the Managing Authority for ERDF is also responsible for the implementation of the RRP. Digital interventions in health under the RRP are pre-defined in the RRP and therefore ERDF interventions in the area will not support such investments. With regard to digital schemes, any further delineations will be included in the respective call guidelines.

Expected Results

- Increase the provision of digitalised services including improved efficiency of the public administration and the quality of e-services; and
- Increase of enterprises/entrepreneurs benefitting from support for enhanced digitalisation.

Flexibility Facility

In line with Article 25 (2) of the CPR, interventions under this SO may finance, in a complementary manner and subject to the limit of 15% of ESIF for the Programme, actions falling within the scope of assistance from the ESF+, provided that they are considered necessary for the satisfactory implementation of the operation and are directly linked to it. The flexibility facility will not necessarily reach the full 15%. The use of the facility will be monitored through the SFD.

DNSH

The types of actions have been assessed as compatible with the DNSH principle, since they have been assessed as compatible under the RRF DNSH technical guidance.

[1] MITA Strategy 2021-2023, <https://mita.gov.mt/wp-content/uploads/2021/02/MITA-Strategy.pdf> (accessed on 01.09.2021)

[2] Malta Council for Science & Technology (2022), Malta's Smart Specialisation Strategy 2021-2027 <https://mcst.gov.mt/wp-content/uploads/2022/01/RIS3-Strategy-2020-2027.pdf>

[3] In line with previous programming periods, the first two years of licences will be considered as an integral cost of the project.

[4] Malta Tourism Strategy 2021-2030, 'Recover, Rethink, Revitalise', <https://www.mta.com.mt/en/news-details/348>

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

[6] Malta Council for Science & Technology (2022), Malta's Smart Specialisation Strategy 2021-2027

[7] The Malta Development Bank is a promotional bank, mandated to address significant and pressing market failures and sub-optimal investment situations in Malta.

The main target groups - point (d)(iii) of Article 22(3) CPR:

The target groups are:

- public administration;
- consumers and businesses (including tourists);
- enterprises (irrespective of their legal form);[1] and
- the general public.

Investments in the area of digitalisation shall channel efforts towards achieving a digital society which sees the integration of information and communication technologies in everyday life experiences, such as work, education, government services and recreation activities. This will allow for increased efficiency across the respective systems whereby the private and public sectors as well as the general public will benefit from such investments.

[1] Support for enterprises other than SMEs will be implemented in line with the parameters of the CPR and ERDF/CF Regulations.

Actions safeguarding equality, inclusion and non-discrimination – point (d)(iv) of Article 22(3) CPR and Article 6 ESF+ Regulation

Several efforts have been undertaken during the previous programming period to safeguard equality, inclusion and non-discrimination, including initiatives aimed at promoting civil rights and equal opportunities. Complementary measures aimed at improving gender equality in matters pertaining to the labour market were also at the forefront of national policies. Such principles will continue to be upheld under this programming period. Furthermore, arrangements to ensure compliance with the EU Charter of Fundamental Rights, as outlined under Table 12 of this Programme, will be implemented throughout the programming period.

With specific reference to the ERDF/CF/JTF Programme, the active involvement of the relevant authorities during the different cycles of the Programme, including its preparation, implementation, monitoring and evaluation, shall continue to be ensured. The participation of the ERDF/CF/JTF Monitoring Committee in accordance with the respective Terms of Reference is another important measure which shall contribute towards safeguarding equality inclusion and non-discrimination. Measures to safeguard equality, inclusion and non-discrimination will also be in line with the respective enabling condition.

Such principles shall also be addressed at project level, by means of their inclusion as selection criteria in order to encourage project promoters to factor them in their project proposals. A help desk that was set up in the previous Operational Programmes to assist project promoters in their effort to integrate equal opportunities, inclusion and non-discrimination in their project ideas, will remain in force.

Indication of the specific territories targeted, including the planned use of territorial tools – point (d)(v) of Article 22(3) CPR

The targeted territories are Malta and Gozo.

The interregional, cross-border and transnational actions – point (d)(vi) of Article 22(3) CPR

Cross-border and transnational initiatives are not foreseen within the Programme at initial programming stage.

The planned use of financial instruments – point (d)(vii) of Article 22(3) CPR

Taking into consideration the nature of the target group and the envisaged interventions, the use of financial instruments is not foreseen under this SO.

2.1.1.1.2. Indicators

Reference: point (d)(ii) of Article 22(3) CPR and Article 8 ERDF and CF Regulation

Table 2: Output indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Milestone (2024) | Target (2029) |
|----------|--------------------|------|--------------------|-------|---|---------------------|------------------|---------------|
| 1 | RSO1.2 | ERDF | Transition | RCO01 | Enterprises supported (of which: micro, small, medium, large) | enterprises | 25.00 | 175.00 |
| 1 | RSO1.2 | ERDF | Transition | RCO02 | Enterprises supported by grants | enterprises | 25.00 | 175.00 |
| 1 | RSO1.2 | ERDF | Transition | RCO14 | Public institutions supported to develop digital services, products and processes | public institutions | 0.00 | 3.00 |

Reference: point (d)(ii) of Article 22(3) CPR

Table 3: Result indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Baseline or reference value | Reference Year | Target (2029) | Source of data | Comments |
|----------|--------------------|------|--------------------|-------|---|------------------|-----------------------------|----------------|---------------|---|----------|
| 1 | RSO1.2 | ERDF | Transition | RCR11 | Users of new and upgraded public digital services, products and processes | users/year | 250,803.00 | 2021 | 277,371.00 | MA monitoring system | |
| 1 | RSO1.2 | ERDF | Transition | RCR13 | Enterprises reaching high digital intensity | enterprises | 0.00 | 2021 | 50.00 | MA monitoring system, Enterprise survey | |

2.1.1.1.3. Indicative breakdown of the programmed resources (EU) by type of intervention

Reference: point (d)(viii) of Article 22(3) CPR

Table 4: Dimension 1 - intervention field

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|---|---------------|
| 1 | RSO1.2 | ERDF | Transition | 013. Digitising SMEs (including e-Commerce, e-Business and networked business processes, digital innovation hubs, living labs, web entrepreneurs and ICT startups, B2B) | 17,876,000.00 |
| 1 | RSO1.2 | ERDF | Transition | 016. Government ICT solutions, e-services, applications | 12,000,000.00 |
| 1 | RSO1.2 | ERDF | Transition | 019. e-Health services and applications (including e-Care, Internet of Things for physical activity and ambient assisted living) | 15,000,000.00 |
| 1 | RSO1.2 | Total | | | 44,876,000.00 |

Table 5: Dimension 2 - form of financing

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|-----------|---------------|
| 1 | RSO1.2 | ERDF | Transition | 01. Grant | 44,876,000.00 |
| 1 | RSO1.2 | Total | | | 44,876,000.00 |

Table 6: Dimension 3 – territorial delivery mechanism and territorial focus

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|---------------|
| 1 | RSO1.2 | ERDF | Transition | 30. Other approaches - Islands and coastal areas | 44,876,000.00 |
| 1 | RSO1.2 | Total | | | 44,876,000.00 |

Table 7: Dimension 6 – ESF+ secondary themes

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|------|--------------|
|----------|--------------------|------|--------------------|------|--------------|

Table 8: Dimension 7 – ESF+*, ERDF, Cohesion Fund and JTF gender equality dimension

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--------------------|---------------|
| 1 | RSO1.2 | ERDF | Transition | 03. Gender neutral | 44,876,000.00 |
| 1 | RSO1.2 | Total | | | 44,876,000.00 |

* In principle, 40 % for the ESF+ contributes to gender tracking. 100 % is applicable when Member State chooses to use Article 6 ESF+

2.1.1.1. Specific objective: RSO1.3. Enhancing sustainable growth and competitiveness of SMEs and job creation in SMEs, including by productive investments (ERDF)

2.1.1.1.1. Interventions of the Funds

Reference: points (d)(i), (iii), (iv), (v), (vi) and (vii) of Article 22(3) CPR

The related types of actions – point (d)(i) of Article 22(3) CPR and Article 6 ESF+ Regulation:

With SMEs constituting the backbone of the Maltese economy, creating an environment that is conducive to private sector investment, attracting new industries, promoting and supporting start-ups whilst enabling SMEs to develop and grow, are key.

Throughout the years, Government has supported SMEs through various incentives including locally funded tax incentive schemes, EU funded grants and financial instruments. During the 2014-2020 programming period, Malta launched 5 different ERDF grant schemes totalling €26 million, focusing on start-up investment and SME growth, amongst other areas. A financial instrument stimulating economic growth was also launched through the SME Initiative (SMEi) Operational Programme with a total investment of €29 million. Building on the success of such instruments, support for SMEs will continue under this priority in order to foster entrepreneurship, create new firms and sustain growth.

List of potential interventions:

Developing a Business Incubation Centre and industrial facilities

Supporting the creation of new firms and the growth of start-ups/scale-ups are key priority areas under this SO. In the 2014-2020 period, ERDF resources supported the development of a Gozo Innovation Hub which served as a ‘plug in plug out’ hub providing resources for businesses to operate on demand through the hub with a view to reducing administrative burden and improving efficiency of resources and fostering networking amongst enterprises.

Under this Programme, the setting up of a Business Incubation Centre and industrial facilities is foreseen, aimed at taking advantage of Malta’s high rate of self-employment and small businesses to further nurture this aspect of the economy and to provide businesses and entrepreneurs with a one stop shop providing tailored support for their needs. The development of a business incubator centre will aim to promote entrepreneurship and enable start-ups whilst aiming to further facilitate and enhance cooperation between established industrial players, innovative start-ups and academia, in addition to providing mentoring and training for the development of entrepreneurial skills required as well as skills related to the industrial transition. Furthermore, the modernisation and further development of industrial facilities will be supported. These will provide the necessary space for the establishment and expansion of SMEs aimed at encouraging firms to expand their product and service delivery. The support to the private sector that will be provided by the business

incubation centre and industrial facilities will also be complemented by grants and financial instruments that are being supported through this Programme. This comprehensive approach will aim to foster a new wave of private sector investment in an effort to support the local economy and facilitate growth and competitiveness.

Non-repayable grants for the private sector to stimulate start-ups and enhance business growth

Supporting enterprises to remain competitive is necessary since SMEs are the pillar of the economy. In this regard, measures enabling the further development of already established enterprises as well as the creation of new business ventures through the provision of grants will be supported. The aim is to provide support schemes that are conducive to business development and economic growth. In this regard, private sector investment will continue to be leveraged through aid schemes in an effort to increase economic growth.[1]

Schemes will build on the lessons learnt from the 2014-2020 Programme, including the impact on long term competitiveness and innovation capacity and will be adapted in line with the final recommendations of the evaluation on the take-up of grants and financial instruments under the 2014-2020 period as well as the ex-ante assessment on the private sector needs for the 2021-2027 period that are being carried out. Support mechanisms (through both non-repayable grants and financial instruments) remain relevant and necessary for 2021-2027. Support received by the schemes ensured the immediate implementation of more ambitious projects that would not have been possible without EU support. The support also includes a higher additionality when riskier projects or projects implemented by firms associated with higher risk of default (such as start-up investment) are funded.

Schemes promoting the creation of new business activities, growth, diversification, amongst others will continue to be supported under this SO in complementarity with innovation measures under SO (i). Grants shall also aim to target broad types of beneficiaries with differentiated levels of aid intensity depending on the applicant's characteristics. Start-ups, and micro enterprises should have higher aid intensity.

In addition, the provision of advisory services is relevant to assist entrepreneurs and enterprises in developing a successful business model. In this regard and following on the interventions supported under the 2014-2020 Programme, advisory services will continue to be provided in order to support business set up, growth and development. Such advisory/consultancy services may be standalone (as was the case in the 2014-2020 period) or part of a larger project for example. Support for sectoral and market intelligence studies to the benefit of business will also be considered. This will not only aim to create jobs in the immediate term but will also aim to strengthen the business community's capacities in the long term.

Increasing access to finance through Financial Instruments

Building on the success of financial instruments rolled out under the previous Operational Programmes, these uncapped guarantee instruments will continue

to be provided to further facilitate access to finance and generate additional lending to enterprises. Financial instruments will enable easier access to finance and pave the way for sustainable growth. The aim is to support enterprises in increasing both entrepreneurial and investment activities, increasing and maintaining employment, as well as improving and enhancing business infrastructure. In addition, and as recommended by the evaluation on the 14-20 programmes and the ex-ante assessment on 21-27 support measures for enterprises, further coordination with support provided by the Malta Development Bank (MDB)[2], that is currently being supported through the Technical Support Instrument on the identification of Start-up financing gaps and the development of a financial instrument which provides support through various forms of finance and corporate management know-how, will be pursued. The implementation of financial instruments will ensure complementarity with MDB support as well as with support through InvestEU to which ERDF resources are being directly transferred as outlined in Malta's Partnership Agreement.

Complementarities with other Priorities and funding instruments

Support to enterprises foreseen under this SO will be further completed by other specific sector support that is also earmarked towards the private sector. Specific sector support in R&I, green investment and digitisation is programmed under a separate SO under this Priority and Priority 2 of this programme as well as under the RRF. The latter aims to provide assistance measures to be provided to the private sector in order to intensify digitalisation and address climate change challenges. This will allow a holistic contribution towards enhancing sustainable growth as well as the development of various local sectors.

These actions will also be complemented by additional investment in the start-ups and enterprises through other EU funding streams such as the InvestEU as outlined earlier.

In view of emerging needs, such as those that may be impacted by the situation in Ukraine, additional support mechanisms may be identified during the implementation of the Programme.

Expected Results

- Increase accessibility to finance and competitiveness, including through an increase of enterprises/entrepreneurs/start-ups benefitting from support; and
- Increased/improved business infrastructures.

Flexibility Facility

In line with Article 25 (2) of the CPR, interventions under this SO may finance, in a complementary manner and subject to the limit of 15% of ESIF for the Programme, actions falling within the scope of assistance from the ESF+, provided that they are considered necessary for the satisfactory implementation of the operation and are directly linked to it. The flexibility facility will not necessarily reach the full 15%. The use of the facility will be monitored through the SFD. This will be particularly applicable to the development of skills foreseen as part of the infrastructural initiatives supported under the Programme.

DNSH

The types of actions have been assessed as compatible with the DNSH principle, since they have been assessed as compatible under the RRF DNSH technical guidance.

[1] Such grants will support investments in tangible and intangible assets with particular focus on productive investment (equipment/machinery). In line with the 2014-2020 period, any costs related to upgrade/construction are limited to 10%.

[2] The Malta Development Bank is a promotional bank, mandated to address significant and pressing market failures and sub-optimal investment situations in Malta

The main target groups - point (d)(iii) of Article 22(3) CPR:

The target groups are:

- start-ups; and
- Enterprises (irrespective of their legal form).[1]

The provision of grants and financial instruments, as well as investment in physical infrastructure, shall provide entrepreneurs and businesses with the opportunity to grow on a local and/or international scale and to improve their position in the local economy.

With respect to grants for the private sector, no public calls will be issued for the management of aid schemes. The Measures and Support Division (MSD),

within the Ministry responsible for the management of EU funds, has been identified as the Intermediate Body for ERDF funded schemes involving State Aid to support private undertakings. MSD will be tasked, by the MA, to draw up the criteria for the selection of operations in line with Article 71 of the CPR and will submit these criteria for review and eventual approval of the Monitoring Committee (MC).

[1] Support for enterprises other than SMEs will be implemented in line with the regulatory parameters outlined in the CPR, ERDF/CF Regulation, as applicable.

Actions safeguarding equality, inclusion and non-discrimination – point (d)(iv) of Article 22(3) CPR and Article 6 ESF+ Regulation

Several efforts have been undertaken during the previous programming period to safeguard equality, inclusion and non-discrimination, including initiatives aimed at promoting civil rights and equal opportunities. Complementary measures aimed at improving gender equality in matters pertaining to the labour market were also at the forefront of national policies. Such principles will continue to be upheld under this programming period. Furthermore, arrangements to ensure compliance with the EU Charter of Fundamental Rights, as outlined under Table 12 of this Programme, will be implemented throughout the programming period.

With specific reference to the ERDF/CF/JTF Programme, the active involvement of the relevant authorities during the different cycles of the Programme, including its preparation, implementation, monitoring and evaluation, shall continue to be ensured. The participation of the ERDF/CF/JTF Monitoring Committee in accordance with the respective Terms of Reference is another important measure which shall contribute towards safeguarding equality inclusion and non-discrimination. Measures to safeguard equality, inclusion and non-discrimination will also be in line with the respective enabling condition.

Such principles shall also be addressed at project level, by means of their inclusion as selection criteria in order to encourage project promoters to factor them in their project proposals. A help desk that was set up in the previous Operational Programmes to assist project promoters in their effort to integrate equal opportunities, inclusion and non-discrimination in their project ideas, will remain in force.

Indication of the specific territories targeted, including the planned use of territorial tools – point (d)(v) of Article 22(3) CPR

The targeted territories are Malta and Gozo.

The interregional, cross-border and transnational actions – point (d)(vi) of Article 22(3) CPR

Cross-border and transnational initiatives are not foreseen within the Programme at initial programming stage. Nevertheless, synergies will be explored with the Interreg NEXT MED Programme, such as in relation to the exploration of jointly developed solutions and training schemes.

The planned use of financial instruments – point (d)(vii) of Article 22(3) CPR

A thematic evaluation is currently being undertaken, assessing the effectiveness and success of the SME Initiative Financial Instrument implemented throughout the 2014-2020 programming period. The outcome of this thematic evaluation also includes an ex-ante assessment on the needs and investment gaps to provide grants and financial instruments under the 2021-2027 period. The conclusions and recommendations of this assessment have been taken into account under this Priority and will form the basis for the setting up of grant schemes and financial instruments for the 2021-2027 programming period during the implementation of the Programme.

2.1.1.1.2. Indicators

Reference: point (d)(ii) of Article 22(3) CPR and Article 8 ERDF and CF Regulation

Table 2: Output indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Milestone (2024) | Target (2029) |
|----------|--------------------|------|--------------------|-------|---|------------------|------------------|---------------|
| 1 | RSO1.3 | ERDF | Transition | RCO01 | Enterprises supported (of which: micro, small, medium, large) | enterprises | 51.00 | 400.00 |
| 1 | RSO1.3 | ERDF | Transition | RCO02 | Enterprises supported by grants | enterprises | 35.00 | 250.00 |
| 1 | RSO1.3 | ERDF | Transition | RCO03 | Enterprises supported by financial instruments | enterprises | 16.00 | 110.00 |
| 1 | RSO1.3 | ERDF | Transition | RCO04 | Enterprises with non-financial support | enterprises | 0.00 | 40.00 |
| 1 | RSO1.3 | ERDF | Transition | RCO15 | Capacity of incubation created | enterprises | 0.00 | 50.00 |
| 1 | RSO1.3 | ERDF | Transition | PSO01 | Area covered by incubation/ industrial facilities created | m2 | 0.00 | 17,000.00 |

Reference: point (d)(ii) of Article 22(3) CPR

Table 3: Result indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Baseline or reference value | Reference Year | Target (2029) | Source of data | Comments |
|----------|--------------------|------|--------------------|-------|---|------------------|-----------------------------|----------------|----------------|----------------------|----------|
| 1 | RSO1.3 | ERDF | Transition | RCR02 | Private investments matching public support (of which: grants, financial instruments) | euro | 0.00 | 2021 | 167,200,000.00 | MA Monitoring System | |
| 1 | RSO1.3 | ERDF | Transition | RCR17 | New enterprises surviving in the market | enterprises | 0.00 | 2021 | 60.00 | MA Monitoring System | |
| 1 | RSO1.3 | ERDF | Transition | RCR18 | SMEs using incubator services after incubator creation | enterprises/year | 0.00 | 2021 | 40.00 | MA Monitoring System | |
| 1 | RSO1.3 | ERDF | Transition | RCR19 | Enterprises with higher turnover | enterprises | 0.00 | 2021 | 300.00 | MA Monitoring System | |

2.1.1.1.3. Indicative breakdown of the programmed resources (EU) by type of intervention

Reference: point (d)(viii) of Article 22(3) CPR

Table 4: Dimension 1 - intervention field

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|---|---------------|
| 1 | RSO1.3 | ERDF | Transition | 020. Business infrastructure for SMEs (including industrial parks and sites) | 10,500,000.00 |
| 1 | RSO1.3 | ERDF | Transition | 021. SME business development and internationalisation, including productive investments | 25,275,066.00 |
| 1 | RSO1.3 | ERDF | Transition | 023. Skills development for smart specialisation, industrial transition, entrepreneurship and adaptability of enterprises to change | 2,250,000.00 |
| 1 | RSO1.3 | ERDF | Transition | 024. Advanced support services for SMEs and groups of SMEs (including management, marketing and design services) | 2,580,000.00 |
| 1 | RSO1.3 | ERDF | Transition | 025. Incubation, support to spin offs and spin outs and start ups | 2,250,000.00 |

| | | | | | |
|---|--------|-------|------------|---|---------------|
| 1 | RSO1.3 | ERDF | Transition | 137. Support for self-employment and business start-ups | 7,740,000.00 |
| 1 | RSO1.3 | Total | | | 50,595,066.00 |

Table 5: Dimension 2 - form of financing

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|---------------|
| 1 | RSO1.3 | ERDF | Transition | 01. Grant | 40,800,000.00 |
| 1 | RSO1.3 | ERDF | Transition | 04. Support through financial instruments: guarantee | 9,795,066.00 |
| 1 | RSO1.3 | Total | | | 50,595,066.00 |

Table 6: Dimension 3 – territorial delivery mechanism and territorial focus

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|---------------|
| 1 | RSO1.3 | ERDF | Transition | 30. Other approaches - Islands and coastal areas | 50,595,066.00 |
| 1 | RSO1.3 | Total | | | 50,595,066.00 |

Table 7: Dimension 6 – ESF+ secondary themes

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|------|--------------|
| | | | | | |

Table 8: Dimension 7 – ESF+*, ERDF, Cohesion Fund and JTF gender equality dimension

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--------------------|---------------|
| 1 | RSO1.3 | ERDF | Transition | 03. Gender neutral | 50,595,066.00 |
| 1 | RSO1.3 | Total | | | 50,595,066.00 |

* In principle, 40 % for the ESF+ contributes to gender tracking. 100 % is applicable when Member State chooses to use Article 6 ESF+

2.1.1. Priority: 2. PO 2 - ERDF: Promoting clean and fair energy transition, sustainable wastewater management and green investment

2.1.1.1. Specific objective: RSO2.1. Promoting energy efficiency and reducing greenhouse gas emissions (ERDF)

2.1.1.1.1. Interventions of the Funds

Reference: points (d)(i), (iii), (iv), (v), (vi) and (vii) of Article 22(3) CPR

The related types of actions – point (d)(i) of Article 22(3) CPR and Article 6 ESF+ Regulation:

Considering the increased environmental ambitions that have been set both at a local but also European level, further efforts are needed to mitigate the impacts of the energy sector on the environment, to reduce GHG emissions and to reach energy savings obligations as outlined in the Energy Efficiency Directive. Within this context, under this priority Malta shall contribute towards initiatives that will aim to address climate and environmental challenges by promoting energy efficiency measures, tackle energy poverty by enhancing energy efficiency in enterprises and promote improved energy practices amongst the general public. The promotion of the New European Bauhaus will be facilitated whenever feasible. This will build on Maltese projects that have already contributed to this initiative.

Investment shall contribute towards the shift to a more sustainable and resource-efficient economy, including through the adoption of energy efficient solutions in line with Malta's 2030 NECP, Malta's draft National Long-term Renovation Strategy 2050[1] and Malta's National Strategy for Research and Innovation in Energy and Water[2].

List of potential interventions:

Financial instruments to support industry and households to invest in energy efficiency

Malta's National Energy Efficiency Action Plan[3] and Malta's 2030 NECP acknowledge that the industrial and services sectors are the prime movers of energy efficiency, with some of them having annual self-imposed obligatory reductions in energy consumption. In order to sustain the competitiveness of the private sector, efforts are also required to increase energy efficiency in operations and in buildings. In this respect, with the aim also to support the business community and households to achieve cost effectiveness, investment in energy efficiency resulting in increased energy savings and reduced energy costs is vital.

Within this context, support through financial instruments (including a grant component) and building upon the instruments provided under the 2014-2020

Operational Programme to stimulate investments in energy efficiency within the private[4] and domestic sectors[5], will be provided under this priority[6]. A specific focus will be given to the worst performing buildings with a view to maximise the impact of interventions. Furthermore, priority will also be given to multi-housing blocks, where applicable. Building on similar interventions in previous programming periods as well as best practices established, energy audits will provide the necessary basis for energy efficiency investments.

Complementarities with other Priorities

This SO will be directly complementing the investment foreseen under the RRP channelled towards the renovation and greening of public and private sector buildings (commercial sectors), including deep retrofitting through energy and resource efficiency measures. In this regard, the RRP foresees the provision of grants to the private sector. In addition, these actions will also complement other support provided to enterprises to stimulate growth and competitiveness as provided for under Priority 1. Actions will also be in synergy with foreseen measures under the Social Climate Fund, with a particular focus on low income households and businesses.

In line with the European Green Deal this investment is part of a holistic approach towards the achievement of climate neutrality by 2050 and will be coupled with additional energy efficiency investment implemented through other EU funding streams including JTF and national funds targeting other sectors including but not solely limited to public infrastructure (schools, hospitals, and public properties). Interventions under PO2 SO (iii), SO (viii) and PO2 SO (ii) shall also complement by reducing GHG emissions and contributing to climate neutrality.

Expected Results

-Increased savings in energy consumption and reduction in greenhouse gas emissions.

Flexibility Facility

In line with Article 25 (2) of the CPR, interventions under this SO may finance, in a complementary manner and subject to the limit of 15% of ESIF for the Programme, actions falling within the scope of assistance from the ESF+, provided that they are considered necessary for the satisfactory implementation of the operation and are directly linked to it. The flexibility facility will not necessarily reach the full 15%. The use of the facility will be monitored through the SFD.

DNSH

The types of actions have been assessed as compatible with the DNSH principle, since they have been assessed as compatible under the RRF DNSH technical guidance.

[1] Long Term Renovation Strategy 2050, 2021, Ministry for the Environment, Climate Change and Planning), <https://sustainabledevelopment.gov.mt/wp-content/uploads/2021/10/longTermRenovationStrategy2050.pdf>

[2] National Strategy for Research and Innovation in Energy and Water (2020, Malta) <https://mk0energywaterabbylt.kinstacdn.com/wp-content/uploads/2020/06/National-Strategy-for-RI-in-Energy-and-Water-FINAL.pdf>

[3] Malta's National Energy Efficiency Action Plan (2017, Malta) https://ec.europa.eu/energy/sites/ener/files/documents/mt_neeap_2017.pdf

[4] Interventions need to be compliant with energy efficiency criteria and undertaken in line with intervention field 40 as listed in CPR Regulation (EU) 2021/1060 Annex I. The objective of the measure is (a) to achieve, on average, at least a medium-depth level renovation as defined in Commission Recommendation (EU) 2019/786 of 8 May 2019 on building renovation (OJ L 127, 16.5.2019, p. 34) or (b) to achieve, on average, at least a 30 % reduction of direct and indirect greenhouse gas emissions compared to the ex-ante emissions.

[5] Interventions need to be compliant with energy efficiency criteria and undertaken in line with intervention field 42 as listed in CPR Regulation (EU) 2021/1060 Annex I. The objective of the measure is to achieve, on average, at least a medium-depth level renovation as defined in Commission Recommendation (EU) 2019/786. The renovation of buildings is also meant to include infrastructure in the sense of intervention fields 120 to 127.

[6] Any intervention will need to be environmentally sustainable in line with applicable Regulations.

The main target groups - point (d)(iii) of Article 22(3) CPR:

The target groups are:

- SMEs; and
- households.

Financial instruments shall be directed towards households and undertakings exercising commercial activities including SMEs in the industrial and commercial sector. Awareness raising initiatives to promote energy efficiency is expected to target both enterprises and the general population. This focus is important since these target groups play an important role in enhancing Malta's transition towards carbon-neutrality in the private sector.

Actions safeguarding equality, inclusion and non-discrimination – point (d)(iv) of Article 22(3) CPR and Article 6 ESF+ Regulation

Several efforts have been undertaken during the previous programming period to safeguard equality, inclusion, and non-discrimination, including initiatives aimed at promoting civil rights and equal opportunities. Complementary measures aimed at improving gender equality in matters pertaining to the labour market were also at the forefront of national policies. Such principles will continue to be upheld under this programming period. Furthermore, arrangements to ensure compliance with the EU Charter of Fundamental Rights, as outlined under Table 12 of this Programme, will be implemented throughout the programming period.

With specific reference to the ERDF/CF/JTF Programme, the active involvement of the relevant authorities during the different cycles of the Programme, including its preparation, implementation, monitoring and evaluation, shall continue to be ensured. The participation of the ERDF/CF/JTF Monitoring Committee in accordance with the respective Terms of Reference is another important measure which shall contribute towards safeguarding equality inclusion and non-discrimination. Measures to safeguard equality, inclusion and non-discrimination will also be in line with the respective enabling condition.

Such principles shall also be addressed at project level, by means of their inclusion as selection criteria in order to encourage project promoters to factor them in their project proposals. A help desk that was set up in the previous Operational Programmes to assist project promoters in their effort to integrate equal opportunities, inclusion, and non-discrimination in their project ideas, will remain in force.

Indication of the specific territories targeted, including the planned use of territorial tools – point (d)(v) of Article 22(3) CPR

The targeted territories are Malta and Gozo.

The interregional, cross-border and transnational actions – point (d)(vi) of Article 22(3) CPR

Cross-border and transnational initiatives are not foreseen within the Programme at initial programming stage. Nevertheless, synergies will be explored with the Interreg NEXT MED Programme such as in relation to increased awareness, cooperation technology transfer in the energy sector.

The planned use of financial instruments – point (d)(vii) of Article 22(3) CPR

FIs under this SO shall be applied taking into consideration lessons learnt from the 2014-2020 Smart Finance for Smart Buildings initiative. The FI shall be aimed at making EE investments in both commercial and residential buildings, more attractive to private investors, through the use of EU funds as a form of guarantee. The ex-ante assessment carried out is deemed relevant for the initial programming of this FI, confirming that a financing gap exists. Further studies may be carried out by the MA prior to launching the FI or throughout its implementation. Proposed solutions to maximise the impact of this FI are:

- Supporting the credit system in providing resources to EE initiatives by using EU funds as a capped guarantee (e.g., reducing the risk of these transactions);
- Helping households and enterprises by offering better conditions to access finance for EE; and
- Complementing other public support schemes, reducing grant dependency of EE initiatives and therefore maximise the grant impact.

Additional solutions may be adopted by the MA during implementation, as necessary.

2.1.1.1.2. Indicators

Reference: point (d)(ii) of Article 22(3) CPR and Article 8 ERDF and CF Regulation

Table 2: Output indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Milestone (2024) | Target (2029) |
|----------|--------------------|------|--------------------|-------|---|------------------|------------------|---------------|
| 2 | RSO2.1 | ERDF | Transition | RCO01 | Enterprises supported (of which: micro, small, medium, large) | enterprises | 2.00 | 17.00 |
| 2 | RSO2.1 | ERDF | Transition | RCO03 | Enterprises supported by financial instruments | enterprises | 2.00 | 17.00 |
| 2 | RSO2.1 | ERDF | Transition | RCO18 | Dwellings with improved energy performance | dwellings | 35.00 | 250.00 |

Reference: point (d)(ii) of Article 22(3) CPR

Table 3: Result indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Baseline or reference value | Reference Year | Target (2029) | Source of data | Comments |
|----------|--------------------|------|--------------------|-------|---|---------------------|-----------------------------|----------------|---------------|----------------------|----------|
| 2 | RSO2.1 | ERDF | Transition | RCR26 | Annual primary energy consumption (of which: dwellings, public buildings, enterprises, other) | MWh/year | 12,547.00 | 2021 | 9,410.00 | MA Monitoring System | |
| 2 | RSO2.1 | ERDF | Transition | RCR29 | Estimated greenhouse emissions | tonnes CO2 eq./year | 4,742.00 | 2021 | 3,557.00 | MA Monitoring System | |

2.1.1.1.3. Indicative breakdown of the programmed resources (EU) by type of intervention

Reference: point (d)(viii) of Article 22(3) CPR

Table 4: Dimension 1 - intervention field

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|---|--------------|
| 2 | RSO2.1 | ERDF | Transition | 040. Energy efficiency and demonstration projects in SMEs or large enterprises and supporting measures compliant with energy efficiency criteria | 3,600,000.00 |
| 2 | RSO2.1 | ERDF | Transition | 042. Energy efficiency renovation of existing housing stock, demonstration projects and supporting measures compliant with energy efficiency criteria | 2,400,000.00 |
| 2 | RSO2.1 | Total | | | 6,000,000.00 |

Table 5: Dimension 2 - form of financing

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|--------------|
| 2 | RSO2.1 | ERDF | Transition | 04. Support through financial instruments: guarantee | 6,000,000.00 |
| 2 | RSO2.1 | Total | | | 6,000,000.00 |

Table 6: Dimension 3 – territorial delivery mechanism and territorial focus

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|--|--------------|
| 2 | RSO2.1 | ERDF | Transition | 30. Other approaches - Islands and coastal areas | 6,000,000.00 |

| | | | | | |
|---|--------|-------|--|--|--------------|
| 2 | RSO2.1 | Total | | | 6,000,000.00 |
|---|--------|-------|--|--|--------------|

Table 7: Dimension 6 – ESF+ secondary themes

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|------|--------------|
|----------|--------------------|------|--------------------|------|--------------|

Table 8: Dimension 7 – ESF+*, ERDF, Cohesion Fund and JTF gender equality dimension

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--------------------|--------------|
| 2 | RSO2.1 | ERDF | Transition | 03. Gender neutral | 6,000,000.00 |
| 2 | RSO2.1 | Total | | | 6,000,000.00 |

* In principle, 40 % for the ESF+ contributes to gender tracking. 100 % is applicable when Member State chooses to use Article 6 ESF+

2.1.1.1. Specific objective: RSO2.2. Promoting renewable energy in accordance with Renewable Energy Directive (EU) 2018/2001[1], including the sustainability criteria set out therein (ERDF)

2.1.1.1.1. Interventions of the Funds

Reference: points (d)(i), (iii), (iv), (v), (vi) and (vii) of Article 22(3) CPR

The related types of actions – point (d)(i) of Article 22(3) CPR and Article 6 ESF+ Regulation:

As indicated in Malta's *Smart Specialisation Strategy 2021-2027* (2021) and *Malta's Low Carbon Development Strategy* (2021), investments targeting RE generation are foreseen to enable the further diversification of Malta's energy mix thus, eventually reducing Malta's dependence on international energy sources, create green jobs and increase green energy transition.

Grant support for RE investment is necessary given Malta's characteristics and challenges as a small Island State and taking note of the increased need to further address decarbonisation and the transition to climate neutrality in line with the REPower EU initiative, Green Deal Targets and Sustainable Development Goals. As also noted in Malta's National Reform Programme (2022) such investments aim to contribute towards ensuring access to affordable and clean energy (SDG 7) and towards taking climate action (SDG 13).

In previous programming periods, ERDF supported grant schemes for the private sector to promote the use of renewable energy, mainly photovoltaic (PV) panels, heat pump water heaters and solar water heaters. Through national funds, Government continues to encourage the take up of renewable energy through various initiatives, including a feed-in tariff. Within this context, ERDF support under this Programme will focus on the roll out of RES pilot initiatives which aim to pave the way for future large scale RES initiatives.

List of potential interventions:

Pilot projects addressing wind renewable energy

In line with Malta's *Smart Specialisation Strategy 2021-2027*, there is potential for marine renewable energy to be explored further with a view to provide Malta with opportunities to boost technological innovation, generate economic growth and diversify energy supply. This would leverage an inherent asset to potentially become an important source of clean energy.

Over the past years various research projects on ocean energy were undertaken, including on offshore energy storage systems and wave energy generation. However, further investment is warranted to examine further the possibilities of ocean energy. In this regard pilot projects and other innovative investments

will be supported to explore further the blue RE opportunities as a means to achieving these goals, including offshore wind farms, floating photovoltaic islands, tidal wave energy conversion and blue RE, amongst others.

Complementarities with other Priorities

Investment under this SO shall complement ERDF EE interventions supported under this Priority as well as complementary measures undertaken through other funding streams, including the RRP, addressing EE, RE and the JTP, addressing reduction of GHG emissions through enhanced alternative fuel infrastructure in maritime transport.

Expected Results

- Fostering blue renewable energy possibilities.

Flexibility Facility

In line with Article 25 (2) of the CPR, interventions under this SO may finance, in a complementary manner and subject to the limit of 15% of ESIF for the Programme, actions falling within the scope of assistance from the ESF+, provided that they are considered necessary for the satisfactory implementation of the operation and are directly linked to it. The flexibility facility will not necessarily reach the full 15%. The use of the facility will be monitored through the SFD.

DNSH

The types of actions have been assessed as compatible with the DNSH principle, since they have been assessed as compatible under the RRF DNSH technical guidance.

The main target groups - point (d)(iii) of Article 22(3) CPR:

The target groups are:

- researchers;
- scientists;
- Public Administration; and
- the general public.

Investments shall be directed towards promoting pilot projects in the RE sector through the actions identified under this SO which shall be directed towards the identified target groups. Such initiatives will also contribute towards further exploring possibilities within the blue economy.

Actions safeguarding equality, inclusion and non-discrimination – point (d)(iv) of Article 22(3) CPR and Article 6 ESF+ Regulation

Several efforts have been undertaken during the previous programming period to safeguard equality, inclusion and non-discrimination, including initiatives aimed at promoting civil rights and equal opportunities. Complementary measures aimed at improving gender equality in matters pertaining to the labour market were also at the forefront of national policies. Such principles will continue to be upheld under this programming period. Furthermore, arrangements to ensure compliance with the EU Charter of Fundamental Rights, as outlined under Table 12 of this Programme, will be implemented throughout the programming period.

With specific reference to the ERDF/CF/JTF Programme, the active involvement of the relevant authorities during the different cycles of the Programme, including its preparation, implementation, monitoring and evaluation, shall continue to be ensured. The participation of the ERDF/CF/JTF Monitoring Committee in accordance with the respective Terms of Reference is another important measure which shall contribute towards safeguarding equality inclusion and non-discrimination. Measures to safeguard equality, inclusion and non-discrimination will also be in line with the respective enabling condition.

Such principles shall also be addressed at project level, by means of their inclusion as selection criteria in order to encourage project promoters to factor them in their project proposals. A help desk that was set up in the previous Operational Programmes to assist project promoters in their effort to integrate equal opportunities, inclusion and non-discrimination in their project ideas, will remain in force.

Indication of the specific territories targeted, including the planned use of territorial tools – point (d)(v) of Article 22(3) CPR

The targeted territories are Malta and Gozo.

The interregional, cross-border and transnational actions – point (d)(vi) of Article 22(3) CPR

Cross-border and transnational initiatives are not foreseen within the Programme at initial programming stage.

The planned use of financial instruments – point (d)(vii) of Article 22(3) CPR

Taking into consideration the nature of the target group and the envisaged interventions, the use of financial instruments is not foreseen under this SO.

2.1.1.1.2. Indicators

Reference: point (d)(ii) of Article 22(3) CPR and Article 8 ERDF and CF Regulation

Table 2: Output indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Milestone (2024) | Target (2029) |
|----------|--------------------|------|--------------------|-------|--|------------------|------------------|---------------|
| 2 | RSO2.2 | ERDF | Transition | RCO22 | Additional production capacity for renewable energy (of which: electricity, thermal) | MW | 0.70 | 5.00 |

Reference: point (d)(ii) of Article 22(3) CPR

Table 3: Result indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Baseline or reference value | Reference Year | Target (2029) | Source of data | Comments |
|----------|--------------------|------|--------------------|-------|--|------------------|-----------------------------|----------------|---------------|----------------------|----------|
| 2 | RSO2.2 | ERDF | Transition | RCR31 | Total renewable energy produced (of which: electricity, thermal) | MWh/year | 0.00 | 2021 | 10,000.00 | MA monitoring system | |

2.1.1.1.3. Indicative breakdown of the programmed resources (EU) by type of intervention

Reference: point (d)(viii) of Article 22(3) CPR

Table 4: Dimension 1 - intervention field

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|-----------------------------|--------------|
| 2 | RSO2.2 | ERDF | Transition | 047. Renewable energy: wind | 6,000,000.00 |
| 2 | RSO2.2 | Total | | | 6,000,000.00 |

Table 5: Dimension 2 - form of financing

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|-----------|--------------|
| 2 | RSO2.2 | ERDF | Transition | 01. Grant | 6,000,000.00 |
| 2 | RSO2.2 | Total | | | 6,000,000.00 |

Table 6: Dimension 3 – territorial delivery mechanism and territorial focus

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|--------------|
| 2 | RSO2.2 | ERDF | Transition | 30. Other approaches - Islands and coastal areas | 6,000,000.00 |
| 2 | RSO2.2 | Total | | | 6,000,000.00 |

Table 7: Dimension 6 – ESF+ secondary themes

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|------|--------------|
|----------|--------------------|------|--------------------|------|--------------|

Table 8: Dimension 7 – ESF+*, ERDF, Cohesion Fund and JTF gender equality dimension

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|--------------------|--------------|
| 2 | RSO2.2 | ERDF | Transition | 03. Gender neutral | 6,000,000.00 |

| | | | | | |
|---|--------|-------|--|--|--------------|
| 2 | RSO2.2 | Total | | | 6,000,000.00 |
|---|--------|-------|--|--|--------------|

* In principle, 40 % for the ESF+ contributes to gender tracking. 100 % is applicable when Member State chooses to use Article 6 ESF+

2.1.1.1. Specific objective: RSO2.3. Developing smart energy systems, grids and storage at outside TEN-E (ERDF)

2.1.1.1.1. Interventions of the Funds

Reference: points (d)(i), (iii), (iv), (v), (vi) and (vii) of Article 22(3) CPR

The related types of actions – point (d)(i) of Article 22(3) CPR and Article 6 ESF+ Regulation:

Investments for enhanced security of supply and better energy storage are needed to sustain economic development, ensure seamless operations and decrease Malta's dependence on non-renewables.

Given Malta's island realities it is critical to invest further in additional infrastructure that provides a link with the European energy grid, to enhance the energy mix and provide added security of supply.

As indicated in Malta's *Smart Specialisation Strategy* and Malta's *National Strategy for Research and Innovation in Energy and Water*[1] the increase in capacity of RES at national level and the challenges relating to the intermittency of electricity generation, particularly to maintain the stability of electricity grids, must be addressed. In this respect, investment in the integration of renewables, storage and e-mobility in the electricity grid and grid balancing will be supported to ensure a stable electricity supply.

Through these initiatives, Government will increase its energy capacity to meet increasing demands and security of supply considerations, whilst strengthening the capacity to continue generating RE without destabilising the electricity grid.

List of potential interventions:

Development of a Second Electricity Interconnector

Apart from RES, which is limited in the immediate future, Malta's indigenous energy sources and its reliance on the existing electricity interconnector do not provide a secure energy supply. Considering this and increasing energy demands, securing the supply of electricity imports, including green energy, is crucial to enable the grid to meet energy demands and to cater for contingency/emergency situations such as temporary damage to the existing interconnector. Ensuring the integration of Malta's energy supply network to the European grid is necessary to prevent and manage a crisis and to secure supply over the medium to long term.

The existing interconnector also serves to stabilise the grid due to the intermittent nature of RE generation. A long-term failure of the existing interconnector, due to repair or maintenance, would mean that a degree of grid stability is lost and, as a result, renewable generation may need to be curtailed. In this regard, the development of a second interconnector to increase electricity supply to meet increasing demands, enhance grid stability and resilience, improve security of supply and enable Malta to shift towards cleaner energy will be supported under this Priority. Within this context, as part of this investment, the relevant entities in Malta and Sicily will agree on modalities to secure the provision of the necessary electricity supply from Sicily, including from renewable energy sources.

A second cable interconnector will double the electricity interconnectivity capacity with the European electricity network to meet the forecasted increase in electricity demand. This investment can contribute to Malta's 2030 climate targets through the potential importation of green electricity and the transition to a carbon neutral economy by 2050. It will act as an enabler for increased indigenous renewable generation (including offshore RES) by providing a buffer to counterbalance for the intermittency of RES, thereby improving grid stability.

The financial and economic analysis (CBA) is currently being developed and is expected to be finalised in 2023. JASPERS support in the CBA review is also foreseen. The CBA is expected to determine the funding gap; establish a 'reasonable' rate of return on equity and on the weighted average cost of capital; determine a tariff based on MEIP and regulated through the Energy Regulator; determine the financial position from the perspective of the equity holder; and ensure the financial sustainability of the investment.

Investment in energy storage and campaigns

Energy storage solutions are considered essential for the further deployment of large-scale RE including PV capacity, and for the optimization of the power system by providing for demand management and peak demand shaving. In this regard, to reduce carbon dependency, leading to energy and power autonomy that sustains a resilient economy and society, initiatives to support the enhancement of energy storage will be supported. These interventions will aim to further stabilise fluctuations in energy demand and supply.

The electricity demand profile is characterised by two daily peaks, one around mid-day, and another more pronounced peak, in the evening. The peaks determine the capacity of the required power system, and the larger the gap between the peaks and the troughs, the less cost efficient the power system is, as more capacity would be required to meet the peak for a short interval. Over the past decade the daily power demand profile has evolved, with the significant increase of distributed generation by PVs, which have attenuated the mid-day peak in summer but contribute marginally towards the winter afternoon peak and none towards the evening peaks which occur after the sun sets. This increase in demand which is now mainly reflected in higher evening peaks has a negative impact on the optimization of the power system.

One effective way to mitigate such a situation is to deploy battery storage which would be charged during times where either "excess" RE is available, which

happens at times when it is not deemed practical or efficient to turn down conventional generators, or else during times of low demand such that generators are kept running at near optimal levels. The stored energy can then be discharged during peak demand, thus shaving off part (or all) of the peak. This allows the power system to operate more efficiently and can also replace the need for additional peaking generation capacity which is generally operated using fossil fuels.

An important effect of the large-scale deployment of intermittent PV installations concentrated within a small geographic footprint is the rapid fluctuations in output caused by cloud cover. The present situation, with over 200MW of installed PV capacity is already proving to be challenging. Stability can already be jeopardised during those instances when the interconnector is out of service. The risk is expected to increase as more PV installations are installed, with a target of 266MW set for 2030 in the NECP, and the intention to increase this further in the updated NECP due in 2024, in line with the increased ambition of the Fit for 55 package. Unless mitigation measures are in place to stabilize the effect of PV intermittency, additional PV installations shall lead to grid issues and possible curtailment or limitation on further RE installations. Battery storage is considered as an effective solution to provide the necessary rapid response to inject energy during sudden drops in PV electricity output, thus smoothing the generation profile.

Utility scale battery storage can therefore contribute towards the optimization of the power system configuration and daily operation and enable the addition of more intermittent PV installations. This investment is key to Malta's capacity to meet RE and decarbonization targets in line with the EU's targets for 2050 under the Green Deal. Such investment is also in line with the priorities outlined in Malta's *Smart Specialisation Strategy* including the need for investment in energy storage solutions. Initiatives supported will be complemented by an awareness raising campaign targeting energy savings and efficiency, and the promotion of energy storage solutions and their related benefits as key enablers for the transition towards climate neutrality.

Complementarities with other Priorities

Investment under this SO shall complement ERDF EE interventions supported under this Priority as well as complementary measures undertaken through other funding streams, including the RRP (addressing EE) and the JTP (addressing reduction of greenhouse gas emissions through enhanced alternative fuel infrastructure in maritime transport).

Expected Results

-Enhanced energy security, supply and storage, including increased EE and reduced GHG emissions.

Flexibility Facility

In line with Article 25 (2) of the CPR, interventions under this SO may finance, in a complementary manner and subject to the limit of 15% of ESIF for the Programme, actions falling within the scope of assistance from the ESF+, provided that they are considered necessary for the satisfactory implementation of the operation and are directly linked to it. The flexibility facility will not necessarily reach the full 15%. The use of the facility will be monitored through the SFD.

DNSH

The types of actions have been assessed as compatible with the DNSH principle, since they have been assessed as compatible under the RRF DNSH technical guidance.

[1] National Strategy for Research and Innovation in Energy and Water (2020, Malta) <https://mk0energywaterabbylt.kinstacdn.com/wp-content/uploads/2020/06/National-Strategy-for-RI-in-Energy-and-Water-FINAL.pdf>

The main target groups - point (d)(iii) of Article 22(3) CPR:

The target groups are:

- public entities; and
- the general public

Interventions undertaken in relation to the energy grid and energy battery storage are foreseen to be complemented by awareness- raising campaigns amongst the general public on energy use and efficiency.

For these operations, a restricted call for applications will be issued for the Ministry responsible for Energy as the responsible / competent public authority to implement the operations targeting direct final beneficiaries. The Managing Authority (MA) shall invite the responsible / competent authority to submit an application which will also be assessed by the Project Selection Committee (PSC) to ensure good quality proposals against the criteria as approved by the Monitoring Committee for the selection of operations.

Actions safeguarding equality, inclusion and non-discrimination – point (d)(iv) of Article 22(3) CPR and Article 6 ESF+ Regulation

Several efforts have been undertaken during the previous programming period to safeguard equality, inclusion and non-discrimination, including initiatives aimed at promoting civil rights and equal opportunities. Complementary measures aimed at improving gender equality in matters pertaining to the labour market were also at the forefront of national policies. Such principles will continue to be upheld under this programming period. Furthermore, arrangements to ensure compliance with the EU Charter of Fundamental Rights, as outlined under Table 12 of this Programme, will be implemented throughout the programming period.

With specific reference to the ERDF/CF/JTF Programme, the active involvement of the relevant authorities during the different cycles of the Programme, including its preparation, implementation, monitoring and evaluation, shall continue to be ensured. The participation of the ERDF/CF/JTF Monitoring Committee in accordance with the respective Terms of Reference is another important measure which shall contribute towards safeguarding equality inclusion and non-discrimination. Measures to safeguard equality, inclusion and non-discrimination will also be in line with the respective enabling condition.

Such principles shall also be addressed at project level, by means of their inclusion as selection criteria in order to encourage project promoters to factor them in their project proposals. A help desk that was set up in the previous Operational Programmes to assist project promoters in their effort to integrate equal opportunities, inclusion and non-discrimination in their project ideas, will remain in force.

Indication of the specific territories targeted, including the planned use of territorial tools – point (d)(v) of Article 22(3) CPR

The targeted territories are Malta and Gozo.

The interregional, cross-border and transnational actions – point (d)(vi) of Article 22(3) CPR

The development of a second interconnector may lead to transnational cooperation with Italy/Sicily. For other interventions, cross-border and transnational initiatives are not foreseen at initial programming stage.

The planned use of financial instruments – point (d)(vii) of Article 22(3) CPR

Taking into consideration the nature of the target group and the envisaged interventions, the use of financial instruments is not foreseen under this SO. In view of the nature of this intervention, its implementation by public authorities and the market failures related to such infrastructural projects, non-repayable grants remain the form of support required.

2.1.1.1.2. Indicators

Reference: point (d)(ii) of Article 22(3) CPR and Article 8 ERDF and CF Regulation

Table 2: Output indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Milestone (2024) | Target (2029) |
|----------|--------------------|------|--------------------|--------|---|------------------|------------------|---------------|
| 2 | RSO2.3 | ERDF | Transition | RCO105 | Solutions for electricity storage | MWh | 0.00 | 160.00 |
| 2 | RSO2.3 | ERDF | Transition | PSO02 | Electricity transmission and distribution network lines newly constructed or improved | km | 0.00 | 118.00 |

Reference: point (d)(ii) of Article 22(3) CPR

Table 3: Result indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Baseline or reference value | Reference Year | Target (2029) | Source of data | Comments |
|----------|--------------------|------|--------------------|-------|---|------------------|-----------------------------|----------------|---------------|----------------------|----------|
| 2 | RSO2.3 | ERDF | Transition | PSR01 | Population benefitting from enhanced energy grid security | Persons | 0.00 | 2021 | 516,000.00 | MA monitoring system | |

2.1.1.1.3. Indicative breakdown of the programmed resources (EU) by type of intervention

Reference: point (d)(viii) of Article 22(3) CPR

Table 4: Dimension 1 - intervention field

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|---|----------------|
| 2 | RSO2.3 | ERDF | Transition | 053. Smart Energy Systems (including smart grids and ICT systems) and related storage | 120,208,708.00 |
| 2 | RSO2.3 | Total | | | 120,208,708.00 |

Table 5: Dimension 2 - form of financing

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|-----------|----------------|
| 2 | RSO2.3 | ERDF | Transition | 01. Grant | 120,208,708.00 |
| 2 | RSO2.3 | Total | | | 120,208,708.00 |

Table 6: Dimension 3 – territorial delivery mechanism and territorial focus

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|----------------|
| 2 | RSO2.3 | ERDF | Transition | 30. Other approaches - Islands and coastal areas | 120,208,708.00 |
| 2 | RSO2.3 | Total | | | 120,208,708.00 |

Table 7: Dimension 6 – ESF+ secondary themes

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|------|--------------|
|----------|--------------------|------|--------------------|------|--------------|

Table 8: Dimension 7 – ESF+*, ERDF, Cohesion Fund and JTF gender equality dimension

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--------------------|----------------|
| 2 | RSO2.3 | ERDF | Transition | 03. Gender neutral | 120,208,708.00 |
| 2 | RSO2.3 | Total | | | 120,208,708.00 |

* In principle, 40 % for the ESF+ contributes to gender tracking. 100 % is applicable when Member State chooses to use Article 6 ESF+

2.1.1.1. Specific objective: RSO2.5. Promoting access to water and sustainable water management (ERDF)

2.1.1.1.1. Interventions of the Funds

Reference: points (d)(i), (iii), (iv), (v), (vi) and (vii) of Article 22(3) CPR

The related types of actions – point (d)(i) of Article 22(3) CPR and Article 6 ESF+ Regulation:

The sustainable management of water resources is considered a priority for Malta in line with the needs also identified in Malta Country Reports (2019 & 2020)[1] and Malta's *National Strategy for Research and Innovation in Energy and Water*. [2]

Considering the needs identified in Section 1 of this Programme, investment in sustainable water management in relation to wastewater is critical. These actions, together with additional water management measures including those to address potable water, rainwater runoff and actions targeting the effective protection of groundwater resources, aim to holistically uphold sustainable water management whilst addressing Malta's challenges identified in the draft *National Investment Plan for the Water and Wastewater Sector 2022-2030*, which is currently being developed.

List of potential interventions:

Invest in the wastewater collection network and wastewater treatment plants

During the previous programming period, investments in wastewater were undertaken including the retrofitting of Sant' Antnin Wastewater Treatment Plant as well as studies to identify potential sites that could be rehabilitated in order to prevent water from naturally seeping into the aquifer and refurbishment of underground water tanks. Building on these actions, and in an effort to address the challenges outlined in Section 1, including the expected increase in wastewater generation and the rise of wastewater generation hotspots, amongst others, improved wastewater collection networks and treatment facilities are required.

In this regard, optimising the current wastewater infrastructure to the projected volumes as well as improving the management of discharges to the network will enable the increased and cost-effective reuse of this resource. Such investments targeting the upgrading of the wastewater network and treatment plants, the capacity for regulating discharges to the wastewater network and catering for increased capacity shall aim to progressively optimise the management of wastewater enabling the further extension of Malta's water-reuse programme. Hence the importance of protecting the resource value of wastewater. The extension of the sewer network, including its rehabilitation to reduce sea-water infiltration, discharge of contaminants and outflowing leakages, may also be considered.

Catering for increased wastewater will not only address wastewater disposal but will also aim to generate a new supply of water which can be used for multiple purposes, including those related to irrigation in agriculture and ever green open spaces. Such interventions will also mitigate the challenges emanating from water scarcity and will complement Malta's efforts towards ensuring the achievement of the good status objectives of the Water Framework Directive.

Complementarities with other Priorities

Overall, these actions together with additional water management measures including, but not limited to, the address of rainwater runoff and actions targeting the effective protection of groundwater resources aim to holistically uphold sustainable water management. Interventions will build upon interventions implemented during previous programming periods and will complement initiatives in green infrastructure foreseen under this programme, amongst others. Water management initiatives will also be implemented in synergy with efforts to strengthen the wastewater network in rural areas under the CAP SP.

Expected Results

-Improved wastewater quality, supply, and sustainability of natural systems.

Flexibility Facility

In line with Article 25 (2) of the CPR, interventions under this SO may finance, in a complementary manner and subject to the limit of 15% of ESIF for the Programme, actions falling within the scope of assistance from the ESF+, provided that they are considered necessary for the satisfactory implementation of the operation and are directly linked to it. The flexibility facility will not necessarily reach the full 15%. The use of the facility will be monitored through the SFD.

DNSH

The types of actions have been assessed as compatible with the DNSH principle, since they have been assessed as compatible under the RRF DNSH technical guidance.

[1]EC, 2019, Country Report 2019. 2019 European Semester: Assessment of progress on structural reforms, prevention and correction of macroeconomic imbalances, and results of in-depth reviews under Regulation (EU) No 1176/2011.

EC, 2020, Country Report 2020. 2020 European Semester: 2020 European Semester: Assessment of progress on structural reforms, prevention and correction of macroeconomic imbalances, and results of in-depth reviews under Regulation (EU) No 1176/2011.

[2] National Strategy for Research and Innovation in Energy and Water (2020, Malta).

The main target groups - point (d)(iii) of Article 22(3) CPR:

The target groups are:

- public entities;
- the general public; and
- industry and commercial sector.

These investments are expected to target the whole population through an improved wastewater network and treatment including increased energy and resource efficiency as explained above. Such interventions aim to ensure increased sustainable management of the sector taking into consideration Malta's needs including those of future generations.

A restricted call for applications will be issued for the Ministry responsible for Water as the responsible / competent public authority to implement the operations targeting direct final beneficiaries. The Managing Authority (MA) shall invite the responsible / competent authority to submit an application which will also be assessed by the Project Selection Committee (PSC) to ensure good quality proposals against the criteria as approved by the Monitoring Committee for the selection of operations.

Actions safeguarding equality, inclusion and non-discrimination – point (d)(iv) of Article 22(3) CPR and Article 6 ESF+ Regulation

Several efforts have been undertaken during the previous programming period to safeguard equality, inclusion and non-discrimination, including initiatives aimed at promoting civil rights and equal opportunities. Complementary measures aimed at improving gender equality in matters pertaining to the labour market were also at the forefront of national policies. Such principles will continue to be upheld under this programming period. Furthermore, arrangements to ensure compliance with the EU Charter of Fundamental Rights, as outlined under Table 12 of this Programme, will be implemented throughout the

programming period.

With specific reference to the ERDF/CF/JTF Programme, the active involvement of the relevant authorities during the different cycles of the Programme, including its preparation, implementation, monitoring and evaluation, shall continue to be ensured. The participation of the ERDF/CF/JTF Monitoring Committee in accordance with the respective Terms of Reference is another important measure which shall contribute towards safeguarding equality inclusion and non-discrimination. Measures to safeguard equality, inclusion and non-discrimination will also be in line with the respective enabling condition.

Such principles shall also be addressed at project level, by means of their inclusion as selection criteria in order to encourage project promoters to factor them in their project proposals. A help desk that was set up in the previous Programmes to assist project promoters in their effort to integrate equal opportunities, inclusion and non-discrimination in their project ideas, will remain in force.

Indication of the specific territories targeted, including the planned use of territorial tools – point (d)(v) of Article 22(3) CPR

The targeted territories are Malta and Gozo.

The interregional, cross-border and transnational actions – point (d)(vi) of Article 22(3) CPR

Cross-border and transnational initiatives are not foreseen within the Programme at initial programming stage. Nevertheless, synergies will be explored with the Interreg NEXT MED Programme such as in relation to improving framework conditions for the uptake of technologies, the broad implementation of water efficiency and water saving incentives, water cycle management and water bodies rehabilitation.

The planned use of financial instruments – point (d)(vii) of Article 22(3) CPR

Taking into consideration the nature of the target group and the envisaged interventions the use of financial instruments is not foreseen under this SO. In view of the nature of the intervention, its implementation by public authorities and the market failures related to such infrastructural projects, as outlined in section 1 of the programme, non-repayable grants remain the form of support required.

2.1.1.1.2. Indicators

Reference: point (d)(ii) of Article 22(3) CPR and Article 8 ERDF and CF Regulation

Table 2: Output indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Milestone (2024) | Target (2029) |
|----------|--------------------|------|--------------------|-------|--|-----------------------|------------------|---------------|
| 2 | RSO2.5 | ERDF | Transition | RCO31 | Length of new or upgraded pipes for the public network for collection of waste water | km | 4.25 | 30.00 |
| 2 | RSO2.5 | ERDF | Transition | RCO32 | New or upgraded capacity for waste water treatment | population equivalent | 0.00 | 104,000.00 |

Reference: point (d)(ii) of Article 22(3) CPR

Table 3: Result indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Baseline or reference value | Reference Year | Target (2029) | Source of data | Comments |
|----------|--------------------|------|--------------------|-------|---|------------------|-----------------------------|----------------|---------------|----------------------|----------|
| 2 | RSO2.5 | ERDF | Transition | RRC42 | Population connected to at least secondary public waste water treatment | persons | 0.00 | 2021 | 516,000.00 | MA monitoring system | |

2.1.1.1.3. Indicative breakdown of the programmed resources (EU) by type of intervention

Reference: point (d)(viii) of Article 22(3) CPR

Table 4: Dimension 1 - intervention field

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|---|---------------|
| 2 | RSO2.5 | ERDF | Transition | 065. Waste water collection and treatment | 33,000,000.00 |
| 2 | RSO2.5 | Total | | | 33,000,000.00 |

Table 5: Dimension 2 - form of financing

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|-----------|---------------|
| 2 | RSO2.5 | ERDF | Transition | 01. Grant | 33,000,000.00 |
| 2 | RSO2.5 | Total | | | 33,000,000.00 |

Table 6: Dimension 3 – territorial delivery mechanism and territorial focus

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|---------------|
| 2 | RSO2.5 | ERDF | Transition | 30. Other approaches - Islands and coastal areas | 33,000,000.00 |
| 2 | RSO2.5 | Total | | | 33,000,000.00 |

Table 7: Dimension 6 – ESF+ secondary themes

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|------|--------------|
|----------|--------------------|------|--------------------|------|--------------|

Table 8: Dimension 7 – ESF+*, ERDF, Cohesion Fund and JTF gender equality dimension

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--------------------|---------------|
| 2 | RSO2.5 | ERDF | Transition | 03. Gender neutral | 33,000,000.00 |
| 2 | RSO2.5 | Total | | | 33,000,000.00 |

* In principle, 40 % for the ESF+ contributes to gender tracking. 100 % is applicable when Member State chooses to use Article 6 ESF+

2.1.1.1. Specific objective: RSO2.7. Enhancing protection and preservation of nature, biodiversity and green infrastructure, including in urban areas, and reducing all forms of pollution (ERDF)

2.1.1.1.1. Interventions of the Funds

Reference: points (d)(i), (iii), (iv), (v), (vi) and (vii) of Article 22(3) CPR

The related types of actions – point (d)(i) of Article 22(3) CPR and Article 6 ESF+ Regulation:

National policies including Malta's *Sustainable Development Vision for 2050*[1], the *National Environment Policy*[2], the NBSAP to 2030[3], and the SPED[4], provide strategic direction to reverse trends in the loss of biodiversity and associated degradation of ecosystem services. Given the spatial competition in Malta, the inclusion of GI in urban environments can provide a catalyst to economic growth whilst considering social goals and promoting biodiversity conservation. There is also scope for more integration of GI in the urban environment (namely green urban space and public gardens) and in the wider countryside (namely the protection and restoration of ecosystems with a focus on valleys, afforestation, and protected areas management).

Considering Malta's vision that by 2050 biodiversity and ecosystems are protected, valued and where possible restored for their intrinsic value[5] further protection and restoration measures in relation to Natura 2000 sites are required during the 2021-2027 period, including for sites outside Natura 2000 designation. Planned interventions include actions to enhance, protect and preserve biodiversity such as the enhancement of biological habitat areas, ecosystem conservation and restoration projects to address biodiversity and ecosystem resilience.

List of potential interventions:

Investments in green ecological corridors and Natura 2000 sites

As outlined in the *National Strategy for Preventing and Mitigating the Impact of Invasive Alien Species in the Maltese Islands* (2018), the NBSAP to 2030, and Management Plans for Natura 2000 Sites, *Malta's draft Conservation Measures and Objectives for Malta's Marine Natura 2000 sites (2021)*[6] incentives to reduce pressures and threats on habitats and species in the natural and marine environment are a priority. Over the last few years, positive steps have been made towards the support of biodiversity including the setting up of a coherent national legal framework, as well as a national ecological network of protected areas.

The preservation and enhancement of Malta's natural capital will continue to be supported under this priority. In this regard, measures aimed to protect endemic species and areas of conservation value, that are at risk by invasive species; and the adoption of remedial action, with the goal of reinstating self-sustaining native communities and healthy ecosystems, will be supported.

In this respect, the Programme shall target the identification of ecological corridors for the enhancement of habitat connectivity between Natura 2000 sites. This may include the identification of valley systems and related areas that link different Natura 2000 sites to enhance their value as ecological corridors to sustain and enhance biodiversity and increase habitat resilience to a changing climate.

Restoration of biodiversity through GI and gardens

Taking into account Malta's urbanised landscape, efforts to increase GI, open spaces and recreational natural environments (parks, gardens) are important towards creating a living environment that will contribute towards the health and wellbeing of society at large. Within this context, resources will be mobilised to modernise and expand green open spaces, reduce carbon and water footprint and enhance areas of high nature value outside of protected areas. Such initiatives will include investments in areas such as biodiversity-rich parks, gardens, green roofs/walls/yards, vegetated institutional grounds, amenity green spaces, amongst others.

Under this Specific Objective, efforts to set-up integrated facilities for the conservation of indigenous species are also foreseen. This will aim to promote ex-situ conservation of rare and threatened species for their eventual reintroduction in the important plant areas within Natura 2000 sites and beyond. This process will also follow conservation requirements set out within the Natura 2000 Terrestrial Management Plans for the identified protected sites, with the aim to further enhance local biodiversity and improve ecological connectivity. Appropriate communication campaigns are also foreseen to encourage citizen engagement and raise public awareness on local species and their multiple uses.

Complementarities with other Priorities

These interventions will complement interventions undertaken during previous programming periods addressing the national challenges of biodiversity loss including adaptation to climate change and conservation of species in natural sites including the conservation of Natura 2000 sites. Moreover, actions supporting sustainable waste and water management will also complement considering the positive impacts that these actions may have on the environment. Similarly, actions targeting reduced GHG emissions supported through this Programme, the JTP and the RRP will also aid to address EU's strategic thrust towards the EU Biodiversity Strategy and the principle of the European Green Deal.

EMFAF and LIFE projects as well as projects under the WestMed initiative, including those supported under the Italia-Malta Programme, will contribute towards the protection of the marine environment and biodiversity and the adaptation to the adverse effect of climate change. Furthermore, CAP SP investments shall complement efforts under this programme by supporting measures in low carbon technology, green initiatives, biodiversity, waste, and water management, amongst others.

Expected Results

- Increased protection and conservation of Natura 2000 sites and natural heritage;
- Enhanced green infrastructures; and
- Increased natural and open spaces in urban areas.

Flexibility Facility

In line with Article 25 (2) of the CPR, interventions under this SO may finance, in a complementary manner and subject to the limit of 15% of ESIF for the Programme, actions falling within the scope of assistance from the ESF+, provided that they are considered necessary for the satisfactory implementation of the operation and are directly linked to it. The flexibility facility will not necessarily reach the full 15%. The use of the facility will be monitored through the SFD.

A restricted call for applications will be issued for the Ministry responsible for the Environment as the responsible / competent public authority to implement the operations targeting direct final beneficiaries. The Managing Authority (MA) shall invite the responsible / competent authority to submit an application which will also be assessed by the Project Selection Committee (PSC) to ensure good quality proposals against the criteria as approved by the Monitoring Committee for the selection of operations.

DNSH

The types of actions have been assessed as compatible with the DNSH principle, since they have been assessed as compatible under the RRF DNSH technical guidance.

[1] Malta's Sustainable Development Vision for 2050 (2018, MESDC)

https://meae.gov.mt/en/Public_Consultations/MSDEC/Documents/Malta%27s%20Sustainable%20Development%20Vision%20for%202050.pdf

[2] ERA (2012). National Environment Policy <https://era.org.mt/wp-content/uploads/2020/07/National-Environment-Policy-NEP.pdf>

[3] ERA,2020, National Biodiversity Strategy and Action Plan (Public Consultation Document).

[4] Strategic Plan for Environment and Development (2015, Planning Authority).

[5] Ibid.

[6] ERA (2021). Conservation Objectives & Measures: For Malta's Marine Natura 2000 sites 2021, https://era.org.mt/wp-content/uploads/2021/07/MPA-Conservation-Objectives-Measures-2021-including-annex-Final_reduced-size.pdf

The main target groups - point (d)(iii) of Article 22(3) CPR:

The target groups are:

- public administration;
- residents and communities living in these areas including civil society organisations, business and tourism operators; and
- the general public.

Initiatives will aim to foster the protection, restoration and conservation of nature and biodiversity amongst others in line with the target groups identified.

Actions safeguarding equality, inclusion and non-discrimination – point (d)(iv) of Article 22(3) CPR and Article 6 ESF+ Regulation

Several efforts have been undertaken during the previous programming period to safeguard equality, inclusion and non-discrimination, including initiatives aimed at promoting civil rights and equal opportunities. Complementary measures aimed at improving gender equality in matters pertaining to the labour market were also at the forefront of national policies. Such principles will continue to be upheld under this programming period. Furthermore, arrangements to ensure compliance with the EU Charter of Fundamental Rights, as outlined under Table 12 of this Programme, will be implemented throughout the programming period.

With specific reference to the ERDF/CF/JTF Programme, the active involvement of the relevant authorities during the different cycles of the Programme, including its preparation, implementation, monitoring and evaluation, shall continue to be ensured. The participation of the ERDF/CF/JTF Monitoring Committee in accordance with the respective Terms of Reference is another important measure which shall contribute towards safeguarding equality inclusion and non-discrimination. Measures to safeguard equality, inclusion and non-discrimination will also be in line with the respective enabling condition.

Such principles shall also be addressed at project level, by means of their inclusion as selection criteria in order to encourage project promoters to factor them in their project proposals. A help desk that was set up in the previous Programmes to assist project promoters in their effort to integrate equal opportunities, inclusion and non-discrimination in their project ideas, will remain in force.

Indication of the specific territories targeted, including the planned use of territorial tools – point (d)(v) of Article 22(3) CPR

The targeted territories are Malta and Gozo.

The interregional, cross-border and transnational actions – point (d)(vi) of Article 22(3) CPR

Cross-border and transnational initiatives are not foreseen within the Programme at initial programming stage. Nevertheless, synergies will be explored with the Interreg Euro-MED Programme and the Italia-Malta Programme, where possible, including actions such as the adoption of nature-based solutions, interventions to preserve biodiversity and marine and terrestrial areas of naturalistic value as well as actions for the integrated management of parks and marine protected areas.

The planned use of financial instruments – point (d)(vii) of Article 22(3) CPR

Taking into consideration the nature of the target group and the envisaged interventions the use of financial instruments is not foreseen under this SO.

2.1.1.1.2. Indicators

Reference: point (d)(ii) of Article 22(3) CPR and Article 8 ERDF and CF Regulation

Table 2: Output indicators

| Priority | Specific | Fund | Category of | ID | Indicator | Measurement | Milestone | Target |
|----------|----------|------|-------------|----|-----------|-------------|-----------|--------|
|----------|----------|------|-------------|----|-----------|-------------|-----------|--------|

| | objective | | region | | | unit | (2024) | (2029) |
|---|-----------|------|------------|-------|---|----------|--------|--------|
| 2 | RSO2.7 | ERDF | Transition | RCO36 | Green infrastructure supported for other purposes than adaptation to climate change | hectares | 0.67 | 4.74 |
| 2 | RSO2.7 | ERDF | Transition | RCO37 | Surface of Natura 2000 sites covered by protection and restoration measures | hectares | 124.00 | 876.00 |

Reference: point (d)(ii) of Article 22(3) CPR

Table 3: Result indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Baseline or reference value | Reference Year | Target (2029) | Source of data | Comments |
|----------|--------------------|------|--------------------|-------|--|------------------|-----------------------------|----------------|---------------|----------------------|----------|
| 2 | RSO2.7 | ERDF | Transition | RCR95 | Population having access to new or improved green infrastructure | persons | 0.00 | 2021 | 147,249.00 | MA monitoring system | |

2.1.1.1.3. Indicative breakdown of the programmed resources (EU) by type of intervention

Reference: point (d)(viii) of Article 22(3) CPR

Table 4: Dimension 1 - intervention field

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|---------------|
| 2 | RSO2.7 | ERDF | Transition | 078. Protection, restoration and sustainable use of Natura 2000 sites | 6,000,000.00 |
| 2 | RSO2.7 | ERDF | Transition | 079. Nature and biodiversity protection, natural heritage and resources, green and blue infrastructure | 8,400,000.00 |
| 2 | RSO2.7 | Total | | | 14,400,000.00 |

Table 5: Dimension 2 - form of financing

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|-----------|---------------|
| 2 | RSO2.7 | ERDF | Transition | 01. Grant | 14,400,000.00 |
| 2 | RSO2.7 | Total | | | 14,400,000.00 |

Table 6: Dimension 3 – territorial delivery mechanism and territorial focus

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|---------------|
| 2 | RSO2.7 | ERDF | Transition | 30. Other approaches - Islands and coastal areas | 14,400,000.00 |
| 2 | RSO2.7 | Total | | | 14,400,000.00 |

Table 7: Dimension 6 – ESF+ secondary themes

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|------|--------------|
|----------|--------------------|------|--------------------|------|--------------|

Table 8: Dimension 7 – ESF+*, ERDF, Cohesion Fund and JTF gender equality dimension

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--------------------|---------------|
| 2 | RSO2.7 | ERDF | Transition | 03. Gender neutral | 14,400,000.00 |
| 2 | RSO2.7 | Total | | | 14,400,000.00 |

* In principle, 40 % for the ESF+ contributes to gender tracking. 100 % is applicable when Member State chooses to use Article 6 ESF+

2.1.1. Priority: 3. PO 4 - ERDF: A more social and inclusive Europe implementing the European Pillar of Social Rights

2.1.1.1. Specific objective: RSO4.2. Improving equal access to inclusive and quality services in education, training and lifelong learning through developing accessible infrastructure, including by fostering resilience for distance and on-line education and training (ERDF)

2.1.1.1.1. Interventions of the Funds

Reference: points (d)(i), (iii), (iv), (v), (vi) and (vii) of Article 22(3) CPR

The related types of actions – point (d)(i) of Article 22(3) CPR and Article 6 ESF+ Regulation:

Despite the progress achieved in relation to the ESL rate, tertiary education attainment levels and LLL, further investment towards mainstream education infrastructure as guided by the *Framework for the Education Strategy for Malta 2014-2024*[1] will be supported under this Priority.

In recent years, efforts to promote VET as a mainstream option to widen the skills base of the future labour force and infrastructural development in tertiary education have been supported through previous programming periods. ESF+ shall continue to support FHE through the provision of scholarships (both grants and financial instruments) related to several emerging sectors in line with labour market needs, amongst others. Through the RRP reforms measures to strengthen inclusion within the education system and to foster adult learning are also foreseen. Complementary interventions supported through ESF+, such as improving education pedagogy through digitalisation and the provision of a more inclusive education, will also complement ERDF support, together with actions supported through the RRP.

Within this context, ERDF investment in education infrastructure is required to address challenges on existing infrastructure brought about by an increasing student population, as a consequence of a growing resident population brought about by net migration flows. According to the Education and Training Monitor for Malta (2019), the student population at compulsory schooling age (i.e., 5–16-year-olds) is projected to increase by 12.7% between 2019 and 2025.[2]

All education and training infrastructure investments will promote inclusive and quality learning opportunities with respect for the principles of equality, right to education, de-segregation, pre-empting any form of educational segregation. Measures will take into account the needs of students with vulnerable background including those living in remote or disadvantaged areas, while also ensuring accessibility for students with disabilities.

List of potential interventions:

Investment in mainstream education facilities

Providing a high-quality education experience is a priority, as clearly outlined in the *Education Strategy for Malta 2014-2024*. Investments in education infrastructure, based on a mapping of existing infrastructures, which supports the diverse learning needs of students, will be supported across mainstream education levels within mainstream public education infrastructures. Actions may include the construction, modernisation, upgrading and equipping of education facilities to cater for the increase student population, improve the learning journey of students as well as to foster increased accessibility. Such initiatives will aim to bring students closer to labour market needs by increasing access to quality curricula, make the educational experience more attractive, modern with a view to retaining students in education, reducing the ESL rates, and fostering a lifelong learning culture amongst the younger generations. These interventions will also aim to improve the offering within public education facilities with the aim of reducing the divide in terms of outputs between public and private schools in Malta, as also encouraged in the Country Reports of 2019 and 2020. Such efforts, in conjunction with ESF+ initiatives, will also aim to foster educational development in emerging sectors, including the green and digital sectors amongst others.

Investment in VET education facilities

Building on investments in VET implemented primarily at MCAST, the Malta College of Arts, Science and Technology, ERDF support for VET education facilities, including in the tourism sector is foreseen. This is needed to boost skills and human capital in VET, including in the tourism sector, which continues to identify labour market limitations as a main barrier for growth and quality offering. Within this context, this investment will primarily contribute towards increasing the uptake of tourism subjects at a national level and consequently addressing the skills gaps currently experienced within the sector. This is necessary also in view that the sector has been significantly affected by the COVID-19 pandemic and therefore necessitates of increased support with a view to fostering medium to long term recovery. Coupled with ESF+ support to develop quality vocational educational programmes, this intervention will aim to strengthen efforts in vocational education, as well as mitigate the national ESL rate through the ability for students to diversity their skills and expose them to quality labour market opportunities.

Complementarities with other Priorities and funding instruments

This SO will be complementary to the ESF+ Programme which will specifically support the development of new pedagogies, support the improvement of education staff competencies, foster tertiary education and lifelong learning and streamline digitalisation across secondary education as a tool for improving learning outcomes. In addition, complementary actions shall also be undertaken through the RRP in areas such as inclusive and adult educational services, amongst others. This holistic approach covering mainstream and VET education under ERDF, inclusion and adult learning under the RRP and skilling, knowledge development, under ESF+ will aim to target holistically ESLs and beyond with a view to provide a quality education offering that is appealing to the younger generations.

Expected Results

- Reduction in early school leaving; and
- Improving the quality of mainstream education.

Flexibility Facility

In line with Article 25 (2) of the CPR, interventions under this SO may finance, in a complementary manner and subject to the limit of 15% of ESIF for the Programme, actions falling within the scope of assistance from the ESF+, provided that they are considered necessary for the satisfactory implementation of the operation and are directly linked to it. The flexibility facility will not necessarily reach the full 15%. The use of the facility will be monitored through the SFD.

DNSH

The types of actions have been assessed as compatible with the DNSH principle, since they have been assessed as compatible under the RRF DNSH technical guidance.

[1] Ministry for Education and Employment, Framework for the Education Strategy of Malta 2014-2024, <https://education.gov.mt/en/resources/Documents/Policy%20Documents%202014/BOOKLET%20ESM%202014-2024%20ENG%2019-02.pdf>

[2] European Commission, Education and Training Monitor for Malta, 2019, https://education.ec.europa.eu/sites/default/files/document-library-docs/et-monitor-report-2019-malta_en.pdf

The main target groups - point (d)(iii) of Article 22(3) CPR:

The main target groups to be supported through this initiative are:

- pupils and students;
- special needs students;

- educators and other support staff; and
- labour market actors.

The focus of this investment is crucial to improve the learning journey of students, including vulnerable groups. Complementary capacity building measures directed towards social partners and civil society organisations will be supported under the ESF+.

A restricted call for applications will be issued for the Ministry responsible for Education as the responsible / competent public authority to implement the operations targeting direct final beneficiaries. The MA shall invite the responsible / competent authority to submit an application which will also be assessed by the PSC to ensure good quality proposals against the criteria as approved by the MC for the selection of operations.

Actions safeguarding equality, inclusion and non-discrimination – point (d)(iv) of Article 22(3) CPR and Article 6 ESF+ Regulation

Several efforts have been undertaken during the previous programming period to safeguard equality, inclusion and non-discrimination, including initiatives aimed at promoting civil rights and equal opportunities. Complementary measures aimed at improving gender equality in matters pertaining to the labour market were also at the forefront of national policies. Such principles will continue to be upheld under this programming period. Furthermore, arrangements to ensure compliance with the EU Charter of Fundamental Rights, as outlined under Table 12 of this Programme, will be implemented throughout the programming period.

With specific reference to the ERDF/CF/JTF Programme, the active involvement of the relevant authorities during the different cycles of the Programme, including its preparation, implementation, monitoring and evaluation, shall continue to be ensured. The participation of the ERDF/CF/JTF Monitoring Committee in accordance with the respective Terms of Reference is another important measure which shall contribute towards safeguarding equality inclusion and non-discrimination. Measures to safeguard equality, inclusion and non-discrimination will also be in line with the respective enabling condition.

Such principles shall also be addressed at project level, by means of their inclusion as selection criteria in order to encourage project promoters to factor them in their project proposals. A help desk that was set up in the previous Programmes to assist project promoters in their effort to integrate equal opportunities, inclusion and non-discrimination in their project ideas, will remain in force.

Indication of the specific territories targeted, including the planned use of territorial tools – point (d)(v) of Article 22(3) CPR

The targeted territories are Malta and Gozo.

The interregional, cross-border and transnational actions – point (d)(vi) of Article 22(3) CPR

Cross-border and transnational initiatives are not foreseen within the Programme at initial programming stage. Nevertheless, synergies will be explored with the Interreg NEXT MED Programme such as in relation to transnational education and training measures, digital literacy programmes and initiatives.

The planned use of financial instruments – point (d)(vii) of Article 22(3) CPR

Taking into consideration the nature of the target group and the envisaged interventions the use of financial instruments is not foreseen under this SO.

2.1.1.1.2. Indicators

Reference: point (d)(ii) of Article 22(3) CPR and Article 8 ERDF and CF Regulation

Table 2: Output indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Milestone (2024) | Target (2029) |
|----------|--------------------|------|--------------------|-------|--|------------------|------------------|---------------|
| 3 | RSO4.2 | ERDF | Transition | RCO67 | Classroom capacity of new or modernised education facilities | persons | 0.00 | 1,200.00 |

Reference: point (d)(ii) of Article 22(3) CPR

Table 3: Result indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Baseline or reference value | Reference Year | Target (2029) | Source of data | Comments |
|----------|--------------------|------|--------------------|----|-----------|------------------|-----------------------------|----------------|---------------|----------------|----------|
|----------|--------------------|------|--------------------|----|-----------|------------------|-----------------------------|----------------|---------------|----------------|----------|

| | | | | | | | | | | | |
|---|--------|------|------------|-------|--|------------|------|------|----------|---|--|
| 3 | RSO4.2 | ERDF | Transition | RCR71 | Annual users of new or modernised education facilities | users/year | 0.00 | 2021 | 1,020.00 | MA monitoring system/Relevant responsible authority | |
|---|--------|------|------------|-------|--|------------|------|------|----------|---|--|

2.1.1.1.3. Indicative breakdown of the programmed resources (EU) by type of intervention

Reference: point (d)(viii) of Article 22(3) CPR

Table 4: Dimension 1 - intervention field

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|---------------|
| 3 | RSO4.2 | ERDF | Transition | 122. Infrastructure for primary and secondary education | 7,200,000.00 |
| 3 | RSO4.2 | ERDF | Transition | 124. Infrastructure for vocational education and training and adult learning | 10,800,000.00 |
| 3 | RSO4.2 | Total | | | 18,000,000.00 |

Table 5: Dimension 2 - form of financing

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|-----------|---------------|
| 3 | RSO4.2 | ERDF | Transition | 01. Grant | 18,000,000.00 |
| 3 | RSO4.2 | Total | | | 18,000,000.00 |

Table 6: Dimension 3 – territorial delivery mechanism and territorial focus

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|---------------|
| 3 | RSO4.2 | ERDF | Transition | 30. Other approaches - Islands and coastal areas | 18,000,000.00 |
| 3 | RSO4.2 | Total | | | 18,000,000.00 |

Table 7: Dimension 6 – ESF+ secondary themes

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|------|--------------|
|----------|--------------------|------|--------------------|------|--------------|

Table 8: Dimension 7 – ESF+*, ERDF, Cohesion Fund and JTF gender equality dimension

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--------------------|---------------|
| 3 | RSO4.2 | ERDF | Transition | 03. Gender neutral | 18,000,000.00 |
| 3 | RSO4.2 | Total | | | 18,000,000.00 |

* In principle, 40 % for the ESF+ contributes to gender tracking. 100 % is applicable when Member State chooses to use Article 6 ESF+

2.1.1.1. Specific objective: RSO4.5. Ensuring equal access to health care and fostering resilience of health systems, including primary care, and promoting the transition from institutional to family- and community-based care (ERDF)

2.1.1.1.1. Interventions of the Funds

Reference: points (d)(i), (iii), (iv), (v), (vi) and (vii) of Article 22(3) CPR

The related types of actions – point (d)(i) of Article 22(3) CPR and Article 6 ESF+ Regulation:

The healthcare system needs to be sustained through investments to alleviate the overall burden of growing demands, resulting from a growing and ageing population and constantly evolving technological advancements. Social and health infrastructures will respond to investment needs based on infrastructure and service mapping and individual needs as outlined in respective strategies. Investments will aim towards de-institutionalisation and respect the requirements of the United Nations Convention on the Rights of Persons with Disabilities/UNCRPD, with due respect for the principles of equality, freedom of choice, the right to independent living, accessibility and pre-empting all forms of segregation. Actions will be in line with relevant EU policy/legal frameworks for safeguarding human rights such as the EU Charter of Fundamental Rights, the EPSR and the Strategy for the Rights of Persons with Disabilities 2021-2030.

List of potential interventions:

Developing an acute mental health hospital

Strengthening the mental health sector has been identified as an important priority in the Malta Health System review of 2017[1] and remains a priority in the Draft *National Health Systems Strategy 2020-2030*. The demand for mental health services have been exacerbated by the COVID-19 pandemic.

An Acute Mental Health Hospital will be developed to offer short-term targeted mental health therapy, including non-residential outpatient care. In line with the *Mental Health Strategy for Malta 2020 - 2030*, the facility will aim to address crisis situations, treating patients that require short term therapy, aiming to rehabilitate them back into the community and the labour market. In line with the ambition of deinstitutionalisation, such support will aim to address mental ailment and prevent future incidents, enabling patients to function within a community setting as much as possible. The hospital will be close to Malta's general hospital to enable access to other medical services and reduce social stigma.

Investing in a facility for the integration of paediatric rehabilitation services

In Europe, some 1 in 100 children are identified as being on the spectrum whereas in Malta this is estimated at 1 in 52 births.[2] Support for children with

development challenges is currently provided by Government through the Child Development and Assessment Unit and the Child and Young People's Service, that operate separately and from different locations resulting in limitations to the services offered, long waiting lists and fragmented care.

These services will be integrated, improved and increased through the development of centralised outpatient-type paediatric services facility. Patients will benefit at the assessment and intervention stages through an integrated and coordinated care provision across specialities to ensure improved continuity of care and outcomes. The assimilation of services include: paediatrics, psychology, psychiatry, physiotherapy, speech and occupational therapies, amongst others. This will improve services in the areas related to the autism spectrum, attention deficit hyperactivity disorder, cerebral palsy and other neurodevelopmental and/or congenital anomalies, amongst others, and will be complemented by ESF+ measures including through needs assessments and the upskilling of health practitioners.

Investment in the resilience of the public healthcare system

The COVID-19 pandemic highlighted the importance to have a more resilient healthcare system. Efforts to sustain the resilience of the healthcare system is also in line with CSR 1 of 2020 and SDG 3.

Actions fostering health resilience will build on interventions supported under the 14-20 programmes and the RRP. These will include investments addressing gaps in public hospitals and facilities as well as ancillary centres falling under Mater Dei Hospital. The latest technologies and facilities will be used, thus enabling new services, including prevention measures and improved immediate responses. Actions will be implemented in line with the draft *National Health Systems Strategy 2020-2030*.

Investing in preventive health measures

Investing in preventive health measures is important for the long-term sustainability of healthcare and to enable the early identification of certain conditions. This will ensure better and more timely treatment and enable people to have a better quality of life. Genetics play an important role in the probability of developing certain illness and may condition the type of treatment and preventive actions. This is very relevant in cases of some particular or rare diseases where early diagnoses and treatment are critical.

ERDF will support equipment and facilities to roll out DNA profiling exercises, aimed at mapping out genetic predispositions for certain illnesses with a view to possible prevention measures and to improve accessibility to early treatment. The increased screening and preventive healthcare measures will enable wellbeing and healthy ageing.

Investing in youth rehabilitation

The *National Strategic Policy for Poverty Reduction and Social Inclusion*,^[3] envisages a safety-net approach that will act to prevent and intervene to safeguard those at-risk and vulnerable groups, including young people with challenging behaviours.

ERDF will support a youth rehabilitation centre that provides therapeutic services, including through non-residential outpatient care, to re-integrate youth within the community and thrive independently and avoiding long term care provision. Disadvantaged youths, particularly vulnerable young people, including those very emotionally disturbed or with very challenging behaviour, shall be provided with the necessary therapies and skills within a safe and secure environment. Such support will also prepare these youths for a full integration and participation in society and the labour market, facilitating their transition into adulthood. This investment complements ESF+ support to provide a holistic rehabilitative approach, including the development of rehabilitation programmes.

Investing in specialised recreational facilities for persons with a disability or illness and their families

The development, modernisation and adaptation of specialised non-residential care facilities and equipment managed by NGOs will be supported to provide a more holistic offering to vulnerable groups including those affected by mental health problems, people with a disability and those suffering from diseases that require special care, including children, persons suffering from cancer and other debilitating conditions, and their families. Such initiatives will be implemented within Government's overarching frameworks targeting health, inclusion and disability, amongst others. They will continue to be complemented by nationwide efforts to foster inclusion.

Complementarities with other Priorities and funding instruments

Investments under ERDF complement investment in human resources under ESF+ to enable a well-functioning system. The digitalisation efforts in e-health foreseen under P1, SO ii, will also complement health interventions foreseen under P3.

Investments are complementary to the RRP and build on supported actions in previous programming periods and actions supported under CRII, CRII+ and REACT-EU. The preventive measures foreseen under ERDF provide synergy with the Blood, Tissue and Cell Centre and digital pathology under the RRP. Furthermore, investment in DNA profiling will also indirectly contribute towards health-related innovation in line with Malta's S3.

This multi-faceted approach across funds will aim to holistically regenerate healthcare services with improved quality and sustainability. Delineation between

funds is ensured at both programming stage, whereby all EU funded plans and programmes are developed by one Division as well as at implementation stage, whereby the Managing Authority for Cohesion Policy funds is also responsible for the implementation of the RRP.

Expected Results

- Improved health service quality and improved services and care;
- Increasing the resilience of health structures, facilities and systems;
- Fostering initiatives enabling a shift towards community care;
- Developing and promoting preventive health practices; and
- Increasing specialised care facilities.

Flexibility Facility

In line with Article 25 (2) of the CPR, interventions under this SO may finance actions falling within the scope of assistance from the ESF+, provided certain conditions are met. The flexibility facility will not necessarily reach the full 15%. The use of the facility will be monitored through the SFD.

DNSH

The types of actions have been assessed as compatible with the DNSH principle, since they have been assessed as compatible under the RRF DNSH technical guidance.

[1] Ministry for Health, A Mental Health Strategy for Malta 2020 – 2030

[2] Parliament ta' Malta, The Autism Spectrum,

<https://www.parliament.mt/media/80620/06851.pdf#:~:text=Autism%20and%20Developmental%20Disabilities%20Monitoring,as%20being%20on%20the%20spectrum>

[3] Ministry for the Family and Social Solidarity, 'National Strategic Policy for Poverty Reduction and for Social Inclusion 2021-2024'.

The main target groups - point (d)(iii) of Article 22(3) CPR:

The main target groups to be supported through this initiative are:

- children and their families;
- mental health patients and their families;
- youths;
- vulnerable and disadvantaged groups including children, the elderly, and persons with disability;
- non-Governmental organisations (NGOs) in the health sector; and
- the general public.

Investments shall target health infrastructure and upgrading health and care service provision., also taking into account digital advancements and innovations. Investment shall also target equipping individuals with the necessary socioeconomic skills towards integration within the community, enhancing social inclusion and combating discrimination.

A restricted call for applications will be issued for the Ministry responsible for Health/Social Policy as the responsible/competent public authority to implement the operations targeting direct final public sector beneficiaries. The MA shall invite the responsible/competent authority to submit an application which will also be assessed by the PSC to ensure good quality proposals against the criteria as approved by the MC for the selection of operations.

Actions safeguarding equality, inclusion and non-discrimination – point (d)(iv) of Article 22(3) CPR and Article 6 ESF+ Regulation

Several efforts have been undertaken during the previous programming period to safeguard equality, inclusion and non-discrimination, including initiatives aimed at promoting civil rights and equal opportunities. Complementary measures aimed at improving gender equality in matters pertaining to the labour market were also at the forefront of national policies. Such principles will continue to be upheld under this programming period. Furthermore, arrangements to ensure compliance with the EU Charter of Fundamental Rights, as outlined under Table 12 of this Programme, will be implemented throughout the programming period.

With specific reference to the ERDF/CF/JTF Programme, the active involvement of the relevant authorities during the different cycles of the Programme, including its preparation, implementation, monitoring and evaluation, shall continue to be ensured. The participation of the ERDF/CF/JTF Monitoring

Committee in accordance with the respective Terms of Reference is another important measure which shall contribute towards safeguarding equality inclusion and non-discrimination. Measures to safeguard equality, inclusion and non-discrimination will also be in line with the respective enabling condition.

Such principles shall also be addressed at project level, by means of their inclusion as selection criteria in order to encourage project promoters to factor them in their project proposals. A help desk that was set up in the previous Programmes to assist project promoters in their effort to integrate equal opportunities, inclusion and non-discrimination in their project ideas, will remain in force.

Indication of the specific territories targeted, including the planned use of territorial tools – point (d)(v) of Article 22(3) CPR

The targeted territories are Malta and Gozo.

The interregional, cross-border and transnational actions – point (d)(vi) of Article 22(3) CPR

Cross-border and transnational initiatives are not foreseen within the Programme at initial programming stage. Nevertheless, synergies will be explored with the Interreg NEXT MED Programme such as in relation to the development and pilot of digital tools and measures to improve the resilience of health systems amongst others.

The planned use of financial instruments – point (d)(vii) of Article 22(3) CPR

Taking into consideration the nature of the target group and the envisaged interventions the use of financial instruments is not foreseen under this SO.

2.1.1.1.2. Indicators

Reference: point (d)(ii) of Article 22(3) CPR and Article 8 ERDF and CF Regulation

Table 2: Output indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Milestone (2024) | Target (2029) |
|----------|--------------------|------|--------------------|--------|--|------------------|------------------|---------------|
| 3 | RSO4.5 | ERDF | Transition | RCO69 | Capacity of new or modernised health care facilities | persons/year | 0.00 | 73,900.00 |
| 3 | RSO4.5 | ERDF | Transition | RCO70 | Capacity of new or modernised social care facilities (other than housing) | persons/year | 0.00 | 875.00 |
| 3 | RSO4.5 | ERDF | Transition | RCO113 | Population covered by projects in the framework of integrated actions for socio-economic inclusion of marginalised communities, low income households and disadvantaged groups | persons | 0.00 | 100.00 |

Reference: point (d)(ii) of Article 22(3) CPR

Table 3: Result indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Baseline or reference value | Reference Year | Target (2029) | Source of data | Comments |
|----------|--------------------|------|--------------------|-------|--|------------------|-----------------------------|----------------|---------------|----------------------|----------|
| 3 | RSO4.5 | ERDF | Transition | RCR73 | Annual users of new or modernised health care facilities | users/year | 0.00 | 2021 | 59,000.00 | MA monitoring system | |
| 3 | RSO4.5 | ERDF | Transition | RCR74 | Annual users of new or modernised social care facilities | users/year | 0.00 | 2021 | 700.00 | MA monitoring system | |
| 3 | RSO4.5 | ERDF | Transition | PSR04 | Population benefitting from improved health services | Persons | 0.00 | 2021 | 516,100.00 | MA monitoring system | |
| 3 | RSO4.5 | ERDF | Transition | PSR05 | Annual users of projects in the framework of integrated actions for socio-economic inclusion of marginalised communities, low-income households and disadvantaged groups | Users/year | 0.00 | 2021 | 25.00 | MA monitoring system | |

2.1.1.1.3. Indicative breakdown of the programmed resources (EU) by type of intervention

Reference: point (d)(viii) of Article 22(3) CPR

Table 4: Dimension 1 - intervention field

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|---------------|
| 3 | RSO4.5 | ERDF | Transition | 127. Other social infrastructure contributing to social inclusion in the community | 6,600,000.00 |
| 3 | RSO4.5 | ERDF | Transition | 128. Health infrastructure | 27,000,000.00 |
| 3 | RSO4.5 | ERDF | Transition | 129. Health equipment | 41,139,270.00 |
| 3 | RSO4.5 | Total | | | 74,739,270.00 |

Table 5: Dimension 2 - form of financing

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|-----------|---------------|
| 3 | RSO4.5 | ERDF | Transition | 01. Grant | 74,739,270.00 |
| 3 | RSO4.5 | Total | | | 74,739,270.00 |

Table 6: Dimension 3 – territorial delivery mechanism and territorial focus

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|---------------|
| 3 | RSO4.5 | ERDF | Transition | 30. Other approaches - Islands and coastal areas | 74,739,270.00 |
| 3 | RSO4.5 | Total | | | 74,739,270.00 |

Table 7: Dimension 6 – ESF+ secondary themes

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|------|--------------|
|----------|--------------------|------|--------------------|------|--------------|

Table 8: Dimension 7 – ESF+*, ERDF, Cohesion Fund and JTF gender equality dimension

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--------------------|---------------|
| 3 | RSO4.5 | ERDF | Transition | 03. Gender neutral | 74,739,270.00 |
| 3 | RSO4.5 | Total | | | 74,739,270.00 |

* In principle, 40 % for the ESF+ contributes to gender tracking. 100 % is applicable when Member State chooses to use Article 6 ESF+

2.1.1.1. Specific objective: RSO4.6. Enhancing the role of culture and sustainable tourism in economic development, social inclusion and social innovation (ERDF)

2.1.1.1.1. Interventions of the Funds

Reference: points (d)(i), (iii), (iv), (v), (vi) and (vii) of Article 22(3) CPR

The related types of actions – point (d)(i) of Article 22(3) CPR and Article 6 ESF+ Regulation:

As indicated in *Malta's Tourism Strategy for 2021-2030*[1] which outlines the need to 'Recover, Rethink and Revitalise' Malta's touristic sector, further investment aimed at enhancing Malta's touristic product, whilst seeking higher quality and a more diverse touristic offer, is fundamental for a sustainable development and growth of the sector.

This is even more relevant in view of the challenges brought about by the COVID-19 pandemic which has had severe repercussions on the sector, and which has changed the way in which the touristic product is being delivered. This changing scenario calls for further investment in Malta's touristic product, complementing national measures that are supporting the industry, in order to ensure recovery of the sector and that Malta's touristic product is sustainable.

Initiatives shall focus on the preservation and renovation of cultural assets as well as the valorisation of Malta's cultural heritage, with the ultimate aim of strengthening Malta's overall touristic product and regenerating areas for improved social cohesion and an improved environment.

List of potential interventions:

Enhancing and valorising Malta's tourism product

In order to offer a holistic product, the renovation of cultural assets is of crucial importance in order to safeguard Malta's heritage and be able to pass on this patrimony to future generations. The prevalence of cultural and tourism assets creates a niche market which, not only provides opportunities towards the economic development of Malta's tourism product, but also contributes towards the regeneration of the social environment, addressing inequalities and promoting integration. Government will continue to collaborate with the private sector to ensure that private sector funds are leveraged to support interventions in culture and tourism. Nevertheless, where there is little or no interest for private sector intervention and therefore where market failures exist, Government will continue supporting interventions on cultural sites with a view to regenerate socially dilapidated areas, and therefore improve socio-economic well-being and safety. In this regard, investments in upgrading and developing Malta's cultural, historical and tourism product are foreseen, including private historical and cultural assets and buildings which are in the public domain, whilst fully respecting the natural environment. Where relevant, interventions will also ensure that energy efficiency gains are taken into consideration.

Such efforts will complement Government's drive to improve quality along the value chain, but also to foster social cohesion, integration and an improved environment, including through enhanced accessibility. The revitalisation efforts foreseen under this priority will aim to further attract cultural tourism whilst reducing the reliance on 'sun and sea' and the impact it has on seasonality, which is also in line with the Transition Pathway for Tourism.[2] The valorisation of Malta's cultural heritage positively contributes towards the quality of Malta's tourism product and is expected to generate other investments, including business development. In this context, such investment is expected to contribute towards the generation of further economic growth and job creation, both in areas which are currently not sufficiently conducive to such growth as well as in business and community areas where these are already established. Such approach will further complement previous investments, implemented through both national and EU funding, and which aim to strengthen further Malta's cultural identity, foster inclusion as well as improve accessibility and promote cultural integration.

Complementarities with other Priorities

These initiatives will complement additional actions reflecting the improvement of urban areas under Priority 4 and investment foreseen under P1 supporting business' growth strategies. Investments under this SO are expected to complement digitalisation support provided under P1, SO (ii), aimed at financing better access to digital information about local products and services. These will be coupled with additional investment in reskilling and upskilling the tourism industry through other EU funding streams such as the ESF+.

Expected Results

-Increase in areas covered by regeneration, conservation, valorisation and protection measures, including cultural and touristic sites.

Flexibility Facility

In line with Article 25 (2) of the CPR, interventions under this SO may finance, in a complementary manner and subject to the limit of 15% of ESIF for the Programme, actions falling within the scope of assistance from the ESF+, provided that they are considered necessary for the satisfactory implementation of the operation and are directly linked to it. The flexibility facility will not necessarily reach the full 15%. The use of the facility will be monitored through the SFD.

DNSH

The types of actions have been assessed as compatible with the DNSH principle, since they have been assessed as compatible under the RRF DNSH technical guidance.

[1] ‘Ministry for Tourism and Consumer Protection, *Recover, Rethink, Revitalise*’, Malta Tourism Strategy 2021-2030: https://issuu.com/visitmalta/docs/maltatourismstrategy_2030_v7?fr=sMzlkODUxMjAxOQ

[2] European Commission (2022), Transition Pathway for Tourism <https://ec.europa.eu/docsroom/documents/49498>

The main target groups - point (d)(iii) of Article 22(3) CPR:

The main target groups to be supported through this initiative are:

- the tourism and cultural sectors;
- the general public;
- NGOs;
- local communities (including Local Councils); and
- private sector.

Investments shall target safeguarding Malta’s cultural heritage and enhancing its tourism product. Such actions will encourage further socioeconomic and cultural integration.

A restricted call for applications may be issued for the Ministry responsible for National Heritage as the responsible / competent public authority to implement the operations targeting direct final public sector beneficiaries. The Managing Authority (MA) may invite the responsible / competent authority to submit an application which will also be assessed by the Project Selection Committee (PSC) to ensure good quality proposals against the criteria as approved by the Monitoring Committee for the selection of operations. Projects will be implemented in line with guidelines provided by the MA which may include guidance on quality principles.

Actions safeguarding equality, inclusion and non-discrimination – point (d)(iv) of Article 22(3) CPR and Article 6 ESF+ Regulation

Several efforts have been undertaken during the previous programming period to safeguard equality, inclusion and non-discrimination, including initiatives aimed at promoting civil rights and equal opportunities. Complementary measures aimed at improving gender equality in matters pertaining to the labour market were also at the forefront of national policies. Such principles will continue to be upheld under this programming period. Furthermore, arrangements to ensure compliance with the EU Charter of Fundamental Rights, as outlined under Table 12 of this Programme, will be implemented throughout the programming period.

With specific reference to the ERDF/CF/JTF Programme, the active involvement of the relevant authorities during the different cycles of the Programme, including its preparation, implementation, monitoring and evaluation, shall continue to be ensured. The participation of the ERDF/CF/JTF Monitoring Committee in accordance with the respective Terms of Reference is another important measure which shall contribute towards safeguarding equality inclusion and non-discrimination. Measures to safeguard equality, inclusion and non-discrimination will also be in line with the respective enabling condition.

Such principles shall also be addressed at project level, by means of their inclusion as selection criteria in order to encourage project promoters to factor them in their project proposals. A help desk that was set up in the previous Programmes to assist project promoters in their effort to integrate equal opportunities, inclusion and non-discrimination in their project ideas, will remain in force.

Indication of the specific territories targeted, including the planned use of territorial tools – point (d)(v) of Article 22(3) CPR

The targeted territories are Malta and Gozo.

The interregional, cross-border and transnational actions – point (d)(vi) of Article 22(3) CPR

Cross-border and transnational initiatives are not foreseen within the Programme at initial programming stage. Nevertheless, synergies will be explored with the Italia-Malta Programme, wherever possible, such as in relation to the revitalisation and promotion of places of culture and other spaces for cultural and social purposes.

The planned use of financial instruments – point (d)(vii) of Article 22(3) CPR

Taking into consideration the nature of the target group and the envisaged interventions the use of financial instruments is not foreseen under this SO.

2.1.1.1.2. Indicators

Reference: point (d)(ii) of Article 22(3) CPR and Article 8 ERDF and CF Regulation

Table 2: Output indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Milestone (2024) | Target (2029) |
|----------|--------------------|------|--------------------|-------|--|----------------------------|------------------|---------------|
| 3 | RSO4.6 | ERDF | Transition | RCO77 | Number of cultural and tourism sites supported | cultural and tourism sites | 1.00 | 9.00 |

Reference: point (d)(ii) of Article 22(3) CPR

Table 3: Result indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Baseline or reference value | Reference Year | Target (2029) | Source of data | Comments |
|----------|--------------------|------|--------------------|-------|--------------------------------------|------------------|-----------------------------|----------------|---------------|----------------------|----------|
| 3 | RSO4.6 | ERDF | Transition | PSR06 | Population covered by cultural sites | Persons | 0.00 | | 516,100.00 | MA monitoring system | |

2.1.1.1.3. Indicative breakdown of the programmed resources (EU) by type of intervention

Reference: point (d)(viii) of Article 22(3) CPR

Table 4: Dimension 1 - intervention field

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|---------------|
| 3 | RSO4.6 | ERDF | Transition | 165. Protection, development and promotion of public tourism assets and tourism services | 3,000,000.00 |
| 3 | RSO4.6 | ERDF | Transition | 166. Protection, development and promotion of cultural heritage and cultural services | 14,846,730.00 |
| 3 | RSO4.6 | Total | | | 17,846,730.00 |

Table 5: Dimension 2 - form of financing

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|-----------|---------------|
| 3 | RSO4.6 | ERDF | Transition | 01. Grant | 17,846,730.00 |
| 3 | RSO4.6 | Total | | | 17,846,730.00 |

Table 6: Dimension 3 – territorial delivery mechanism and territorial focus

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|---------------|
| 3 | RSO4.6 | ERDF | Transition | 30. Other approaches - Islands and coastal areas | 17,846,730.00 |
| 3 | RSO4.6 | Total | | | 17,846,730.00 |

Table 7: Dimension 6 – ESF+ secondary themes

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|------|--------------|
|----------|--------------------|------|--------------------|------|--------------|

Table 8: Dimension 7 – ESF+*, ERDF, Cohesion Fund and JTF gender equality dimension

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--------------------|---------------|
| 3 | RSO4.6 | ERDF | Transition | 03. Gender neutral | 17,846,730.00 |
| 3 | RSO4.6 | Total | | | 17,846,730.00 |

* In principle, 40 % for the ESF+ contributes to gender tracking. 100 % is applicable when Member State chooses to use Article 6 ESF+

2.1.1. Priority: 4. PO 5 - ERDF: A Europe closer to citizens by fostering the sustainable and integrated development of all type of territories and local initiatives

2.1.1.1. Specific objective: RSO5.1. Fostering the integrated and inclusive social, economic and environmental development, culture, natural heritage, sustainable tourism, and security in urban areas (ERDF)

2.1.1.1.1. Interventions of the Funds

Reference: points (d)(i), (iii), (iv), (v), (vi) and (vii) of Article 22(3) CPR

The related types of actions – point (d)(i) of Article 22(3) CPR and Article 6 ESF+ Regulation:

In line with the 2019 Malta Country Report[1], which highlights the more substantive impacts suffered by Gozo as a result of its double insularity vis-à-vis the mainland, as well as the territorial imbalances and regional differentiation between the two islands,[2] actions under this Priority shall target Gozo's sustainable urban development.

In line with Article 11 of the ERDF regulation, a special focus shall be placed on measures addressing climate and environmental challenges as well as measures fostering the transition towards a climate neutral economy, the use of digital technologies as well as efforts to ensure functional urban areas. Investments related to Gozo's cultural and natural heritage are also envisaged, including sustainable tourism (also in view of the COVID-19 pandemic which has had a severe impact on the sector), the safety and security of the targeted urban areas, amongst others.

Investment under this priority will be implemented in line with Article 28(c) of the CPR which provides that another territorial tool supporting initiatives may be developed. The implementation modality will build on the positive experience of a similar set up adopted for the implementation of sustainable urban development under the 2014-2020 period.

In this regard, the Ministry responsible for European Union Funds will be responsible for the selection of operations and will be assisted by the Ministry for Gozo as well as representatives of the Gozo Regional Development Authority,[3] relevant Line Ministries, the Managing Authority, relevant environmental authorities and other bodies involved in Gozo affairs such as the Gozo Regional Committee, as deemed relevant.

Indicative list of potential interventions:

In compliance with the objectives of the selected sustainable urban strategy, the Programme will support an integrated approach in dealing with Gozo's development needs by addressing the economic, environmental, climatic, demographic as well as social challenges which affect the island.

Improving the environment and a shifting towards a climate neutral economy

Initiatives aimed at developing sustainable environmental measures will be particularly targeted under this Priority. Such measures are ever more important in a society with an increasing urban density and landscape. Actions may include the restoration or installation of green open public spaces, regeneration of dilapidated areas and increased safety and accessibility measures in urban areas. Efforts to create and promote clean mobility, particularly in the most highly trafficked areas will also be promoted. These initiatives will aim to make Gozo more environmentally friendly, foster improved accessibility, and be more responsive to people's needs. Such efforts will aim to fast track Gozo's efforts towards becoming a carbon and climate neutral socio-economy.

Protecting and promoting Gozo's characteristics and fostering Gozo's socio-economic fabric

Under this Priority, resources will be mobilised to promote Gozo's identity and offering, aiming to contribute towards economic activity and the creation of quality jobs and enhancing the potential of sustainable tourism in Gozo. Such efforts will be particularly important in fostering the recovery from the COVID-19 pandemic as well as strengthening resilience towards future economic shocks, to which Gozo is particularly vulnerable. Efforts to preserve and promote Gozo's cultural and natural heritage and improve Gozo's tourism offering are also foreseen. Investments will aim to provide the opportunity to foster commercial activity on the island, also taking into consideration the market failures and seasonality of economic activity in Gozo. Such efforts will aim to promote quality jobs and reduce social and labour market disparities between Gozo and Malta. Government will continue to collaborate with the private sector to ensure that private sector funds are leveraged to support interventions in culture and tourism. Nevertheless, where there is little or no interest for private sector intervention and therefore where market failures exist, Government will continue supporting interventions on cultural sites. The use of digital technologies as well as innovative approaches towards fostering the island's offering and sustainability are also foreseen. The consolidation of functional urban areas will also be promoted as a means of fostering increased cooperation between local authorities and relevant bodies as well strengthening urban-rural linkages.

Complementarities with other Priorities and funding instruments

Environmental measures under this PO will be implemented in synergy with investments under POs1-4 and the JTF (decarbonisation of TEN-T ports) and will complement reforms and investments under the RRP targeting the shift towards a carbon neutral economy in both buildings and transport, initiatives fostering sustainable transport, and schemes fostering digitalisation, amongst others.

In an effort to ensure a clear delineation between measures foreseen under this PO and other POs supported by this programme, particularly PO4, this Priority will only support interventions specifically identified through this priority. Such initiatives are foreseen to be fully implemented through this Priority, thus

removing any possibilities for overlap between priorities.

Expected Results

-Improve the urban environment; and

-Reduce disparities between Malta and Gozo whilst enhancing Gozo's possibilities to develop sustainably and prosper socio-economically and environmentally.

Flexibility Facility

In line with Article 25 (2) of the CPR, interventions under this SO may finance, in a complementary manner and subject to the limit of 15% of ESIF for the Programme, actions falling within the scope of assistance from the ESF+, provided that they are considered necessary for the satisfactory implementation of the operation and are directly linked to it. The flexibility facility will not necessarily reach the full 15%. The use of the facility will be monitored through the SFD.

DNSH

The types of actions have been assessed as compatible with the DNSH principle, since they have been assessed as compatible under the RRF DNSH technical guidance.

[1] EC, 'Country Report Malta 2019' (SWD(2019) 1017 final).

[2] Ibid. p. 56.

[3] Established through the Gozo Regional Development Authority Act,

<https://legislation.mt/eli/cap/600/eng/pdf#:~:text=1CHAPTER%20600GOZO%20REGIONAL,of%20the%20Regional%20Development>

The main target groups - point (d)(iii) of Article 22(3) CPR:

The main target groups to be supported through this initiative are:

- Gozo residents and communities;
- Gozo business community, including self-employed and SMEs;
- tourists (including domestic and foreign);
- NGOs; and
- the general public.

Investment in SUD will allow for a number of interventions to be carried out to foster Gozo's sustainable urbanisation development whilst also improving the economic development of Gozo. Having such an integrated approach will be beneficial in bringing about the respective changes across a number of sectors.

Actions safeguarding equality, inclusion and non-discrimination – point (d)(iv) of Article 22(3) CPR and Article 6 ESF+ Regulation

Several efforts have been undertaken during the previous programming period to safeguard equality, inclusion and non-discrimination, including initiatives aimed at promoting civil rights and equal opportunities. Complementary measures aimed at improving gender equality in matters pertaining to the labour market were also at the forefront of national policies. Such principles will continue to be upheld under this programming period. Furthermore, arrangements to ensure compliance with the EU Charter of Fundamental Rights, as outlined under Table 12 of this Programme, will be implemented throughout the programming period.

With specific reference to the ERDF/CF/JTF Programme, the active involvement of the relevant authorities during the different cycles of the Programme, including its preparation, implementation, monitoring and evaluation, shall continue to be ensured. The participation of the ERDF/CF/JTF Monitoring Committee in accordance with the respective Terms of Reference is another important measure which shall contribute towards safeguarding equality inclusion and non-discrimination. Measures to safeguard equality, inclusion and non-discrimination will also be in line with the respective enabling condition.

Such principles shall also be addressed at project level, by means of their inclusion as selection criteria in order to encourage project promoters to factor them in their project proposals. A help desk that was set up in the previous Programmes to assist project promoters in their effort to integrate equal opportunities, inclusion and non-discrimination in their project ideas, will remain in force.

Indication of the specific territories targeted, including the planned use of territorial tools – point (d)(v) of Article 22(3) CPR

The targeted territory is Gozo, with a focus on urban areas as defined by Eurostat (LAUs). Investments under this priority will be implemented in line with Article 28(c) of the CPR which provides that another territorial tool supporting initiatives may be developed. In this regard, the territorial tool for SUD and PO5 under this programme builds on the territorial set-up established under the 2014-2020 programming period.

Within this context, the Ministry responsible for European Funds will be responsible for the selection of operations and will be assisted by the Ministry for Gozo as well as representatives of the Gozo Regional Development Authority, relevant Line Ministries, the Managing Authority, relevant environmental authorities and other bodies involved in Gozo affairs such as the Gozo Regional Committee, as deemed relevant.

Furthermore, the territorial strategy and its implementation shall follow the parameters outlined in Article 29 of the CPR.

The interregional, cross-border and transnational actions – point (d)(vi) of Article 22(3) CPR

Cross-border and transnational initiatives are not foreseen within the Programme at initial programming stage.

The planned use of financial instruments – point (d)(vii) of Article 22(3) CPR

Taking into consideration the nature of the target group and the envisaged interventions the use of financial instruments is not foreseen under this SO. Taking into account Gozo's socio-economic challenges and environmental characteristics (refer to section 1), grants remain the most viable support mechanism also when considering the very targeted nature of initiatives under sustainable urban development (SUD).

2.1.1.1.2. Indicators

Reference: point (d)(ii) of Article 22(3) CPR and Article 8 ERDF and CF Regulation

Table 2: Output indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Milestone (2024) | Target (2029) |
|----------|--------------------|------|--------------------|--------|--|-----------------------------|------------------|---------------|
| 4 | RSO5.1 | ERDF | Transition | RCO74 | Population covered by projects in the framework of strategies for integrated territorial development | persons | 32,385.00 | 32,385.00 |
| 4 | RSO5.1 | ERDF | Transition | RCO75 | Strategies for integrated territorial development supported | contributions to strategies | 1.00 | 1.00 |
| 4 | RSO5.1 | ERDF | Transition | RCO114 | Open space created or rehabilitated in urban areas | square metres | 0.00 | 3,400.00 |

Reference: point (d)(ii) of Article 22(3) CPR

Table 3: Result indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Baseline or reference value | Reference Year | Target (2029) | Source of data | Comments |
|----------|--------------------|------|--------------------|-------|---|------------------|-----------------------------|----------------|---------------|--|----------|
| 4 | RSO5.1 | ERDF | Transition | PSR06 | Population covered by cultural sites | Persons | 0.00 | 2021 | 32,385.00 | Eurostat (LAU) - Provisional 2021 data | |
| 4 | RSO5.1 | ERDF | Transition | PSR07 | Population covered by rehabilitated open spaces | Persons | 0.00 | 2021 | 6,624.00 | LAU database, Eurostat provisional 2021 data | |

2.1.1.1.3. Indicative breakdown of the programmed resources (EU) by type of intervention

Reference: point (d)(viii) of Article 22(3) CPR

Table 4: Dimension 1 - intervention field

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|---|---------------|
| 4 | RSO5.1 | ERDF | Transition | 165. Protection, development and promotion of public tourism assets and tourism services | 7,687,974.00 |
| 4 | RSO5.1 | ERDF | Transition | 166. Protection, development and promotion of cultural heritage and cultural services | 7,687,974.00 |
| 4 | RSO5.1 | ERDF | Transition | 167. Protection, development and promotion of natural heritage and eco-tourism other than Natura 2000 sites | 11,614,962.00 |
| 4 | RSO5.1 | ERDF | Transition | 168. Physical regeneration and security of public spaces | 3,926,986.00 |
| 4 | RSO5.1 | ERDF | Transition | 172. Cross-financing under the ERDF (support to ESF+ type actions necessary for the implementation of the ERDF part of the operation and directly linked to it) | 3,926,988.00 |

| | | | | | | |
|---|--------|-------|--|--|--|---------------|
| 4 | RSO5.1 | Total | | | | 34,844,884.00 |
|---|--------|-------|--|--|--|---------------|

Table 5: Dimension 2 - form of financing

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|-----------|---------------|
| 4 | RSO5.1 | ERDF | Transition | 01. Grant | 34,844,884.00 |
| 4 | RSO5.1 | Total | | | 34,844,884.00 |

Table 6: Dimension 3 – territorial delivery mechanism and territorial focus

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|---------------|
| 4 | RSO5.1 | ERDF | Transition | 18. Other type of territorial tool - Cities, towns and suburbs | 34,844,884.00 |
| 4 | RSO5.1 | Total | | | 34,844,884.00 |

Table 7: Dimension 6 – ESF+ secondary themes

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|------|--------------|
| | | | | | |

Table 8: Dimension 7 – ESF+*, ERDF, Cohesion Fund and JTF gender equality dimension

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--------------------|---------------|
| 4 | RSO5.1 | ERDF | Transition | 03. Gender neutral | 34,844,884.00 |
| 4 | RSO5.1 | Total | | | 34,844,884.00 |

* In principle, 40 % for the ESF+ contributes to gender tracking. 100 % is applicable when Member State chooses to use Article 6 ESF+

2.1.1. Priority: 5. PO 2 - CF: Promoting sustainable water management and a circular and resource efficient economy

2.1.1.1. Specific objective: RSO2.5. Promoting access to water and sustainable water management (CF)

2.1.1.1.1. Interventions of the Funds

Reference: points (d)(i), (iii), (iv), (v), (vi) and (vii) of Article 22(3) CPR

The related types of actions – point (d)(i) of Article 22(3) CPR and Article 6 ESF+ Regulation:

The modernisation of potable water supply networks is a priority for Malta in line with the draft *National Investment Plan for the Water and Wastewater Sector 2022 -2030* which is currently being finalised. Investment is required to address the challenges in the water sector emanating from high water scarcity and the need to ensure improved water quality (including tap water), distribution and supply. Central to climate change mitigation is the management of water demand through investments in water efficiency practices and the development of water production and distribution capacity to enable water demand to be met efficiently.

List of potential interventions:

Modernise potable water supply networks and plants, improve leakage control and promote water savings actions

Meeting increased water demand whilst ensuring the sustainable use of limited natural freshwater resources will require an increased dependence on non-conventional water resources such as desalinated seawater and reclaimed water. However, water production carries an energy footprint, and it is therefore necessary to ensure that the energy requirements for water production are maintained at high efficiency levels, also considering Malta's reliance on such systems to meet water demands.

In order to address water scarcity and the effects of climate change on water resources, including higher water demands, less available water for aquifer recharge and increased threats from flood events; the conjunctive use of water demand and supply augmentation measures will be supported. Investments will target the improvement of public infrastructure for sustainable water management[1] in order to build on the investments supported under the 2014-2020 programming period such as further investment in the upgrading of water distribution networks. These actions will aim to reduce frictional losses while maintaining efforts to reduce leakages and enhance water security in line with the draft *National Investment Plan 2022-2030*. Investment under this Priority may also target the rehabilitation of reservoirs and reverse osmosis upgrades.

Complementarities with other Priorities

The aforementioned actions shall aim to build on the investments already carried out under the 2014-2020 programming period, specifically in relation to the water distribution networks. Furthermore, such actions shall also be complementary to the measures outlined under Priority 2 (ERDF).

Expected Results

-Enhanced sustainable water management through improved energy efficiency and reduced leakages.

Flexibility Facility

In line with Article 25 (2) of the CPR, interventions under this SO may finance, in a complementary manner and subject to the limit of 15% of ESIF for the Programme, actions falling within the scope of assistance from the ESF+, provided that they are considered necessary for the satisfactory implementation of the operation and are directly linked to it. The flexibility facility will not necessarily reach the full 15%. The use of the facility will be monitored through the SFD.

DNSH

The types of actions have been assessed as compatible with the DNSH principle, since they have been assessed as compatible under the RRF DNSH technical guidance.

[1] Any intervention will need to be environmentally sustainable in line with applicable Regulations.

The main target groups - point (d)(iii) of Article 22(3) CPR:

The target groups are:

- public entities;

- the general public; and
- industry and commercial sector.

These investments are expected to target the whole population through enhanced potable water, which shall aim to ensure increased sustainable management of the sector taking into consideration Malta's needs including those of future generations.

A restricted call for applications will be issued for the Ministry responsible for Water as the responsible / competent public authority to implement the operations targeting direct final beneficiaries. The Managing Authority (MA) shall invite the responsible / competent authority to submit an application which will also be assessed by the Project Selection Committee (PSC) to ensure good quality proposals against the criteria as approved by the Monitoring Committee for the selection of operations.

Actions safeguarding equality, inclusion and non-discrimination – point (d)(iv) of Article 22(3) CPR and Article 6 ESF+ Regulation

Several efforts have been undertaken during the previous programming period to safeguard equality, inclusion and non-discrimination, including initiatives aimed at promoting civil rights and equal opportunities. Complementary measures aimed at improving gender equality in matters pertaining to the labour market were also at the forefront of national policies. Such principles will continue to be upheld under this programming period. Furthermore, arrangements to ensure compliance with the EU Charter of Fundamental Rights, as outlined under Table 12 of this Programme, will be implemented throughout the programming period.

With specific reference to the ERDF/CF/JTF Programme, the active involvement of the relevant authorities during the different cycles of the Programme, including its preparation, implementation, monitoring and evaluation, shall continue to be ensured. The participation of the ERDF/CF/JTF Monitoring Committee in accordance with the respective Terms of Reference is another important measure which shall contribute towards safeguarding equality inclusion and non-discrimination. Measures to safeguard equality, inclusion and non-discrimination will also be in line with the respective enabling condition.

Such principles shall also be addressed at project level, by means of their inclusion as selection criteria in order to encourage project promoters to factor them in their project proposals. A help desk that was set up in the previous Programmes to assist project promoters in their effort to integrate equal opportunities, inclusion and non-discrimination in their project ideas, will remain in force.

Indication of the specific territories targeted, including the planned use of territorial tools – point (d)(v) of Article 22(3) CPR

The targeted territories are Malta and Gozo.

The interregional, cross-border and transnational actions – point (d)(vi) of Article 22(3) CPR

Cross-border and transnational initiatives are not foreseen within the Programme at initial programming stage. Nevertheless, synergies will be explored with the Interreg NEXT MED Programme such as in relation to improving framework conditions for the uptake of technologies, the broad implementation of water efficiency and water saving incentives, water cycle management and water bodies rehabilitation.

The planned use of financial instruments – point (d)(vii) of Article 22(3) CPR

Taking into consideration the nature of the target group and the envisaged interventions the use of financial instruments is not foreseen under this SO.

2.1.1.1.2. Indicators

Reference: point (d)(ii) of Article 22(3) CPR and Article 8 ERDF and CF Regulation

Table 2: Output indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Milestone (2024) | Target (2029) |
|----------|--------------------|------|--------------------|-------|---|-----------------------|------------------|---------------|
| 5 | RSO2.5 | CF | | RCO30 | Length of new or upgraded pipes for the distribution systems of public water supply | km | 9.63 | 68.00 |
| 5 | RSO2.5 | CF | | PSO03 | Capacity of upgraded potable water facility | Cubic metres per year | 0.00 | 2,570.00 |

Reference: point (d)(ii) of Article 22(3) CPR

Table 3: Result indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Baseline or reference value | Reference Year | Target (2029) | Source of data | Comments |
|----------|--------------------|------|--------------------|-------|--|------------------|-----------------------------|----------------|---------------|----------------------|----------|
| 5 | RSO2.5 | CF | | RCR41 | Population connected to improved public water supply | persons | 0.00 | 2021 | 516,000.00 | MA Monitoring System | |

2.1.1.1.3. Indicative breakdown of the programmed resources (EU) by type of intervention

Reference: point (d)(viii) of Article 22(3) CPR

Table 4: Dimension 1 - intervention field

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|---|---------------|
| 5 | RSO2.5 | CF | | 063. Provision of water for human consumption (extraction, treatment, storage and distribution infrastructure, efficiency measures, drinking water supply) compliant with efficiency criteria | 52,700,000.00 |
| 5 | RSO2.5 | Total | | | 52,700,000.00 |

Table 5: Dimension 2 - form of financing

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|-----------|---------------|
| 5 | RSO2.5 | CF | | 01. Grant | 52,700,000.00 |
| 5 | RSO2.5 | Total | | | 52,700,000.00 |

Table 6: Dimension 3 – territorial delivery mechanism and territorial focus

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|---------------|
| 5 | RSO2.5 | CF | | 30. Other approaches - Islands and coastal areas | 52,700,000.00 |
| 5 | RSO2.5 | Total | | | 52,700,000.00 |

Table 7: Dimension 6 – ESF+ secondary themes

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|------|--------------|
|----------|--------------------|------|--------------------|------|--------------|

Table 8: Dimension 7 – ESF+*, ERDF, Cohesion Fund and JTF gender equality dimension

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--------------------|---------------|
| 5 | RSO2.5 | CF | | 03. Gender neutral | 52,700,000.00 |
| 5 | RSO2.5 | Total | | | 52,700,000.00 |

* In principle, 40 % for the ESF+ contributes to gender tracking. 100 % is applicable when Member State chooses to use Article 6 ESF+

2.1.1.1. Specific objective: RSO2.6. Promoting the transition to a circular and resource efficient economy (CF)

2.1.1.1.1. Interventions of the Funds

Reference: points (d)(i), (iii), (iv), (v), (vi) and (vii) of Article 22(3) CPR

The related types of actions – point (d)(i) of Article 22(3) CPR and Article 6 ESF+ Regulation:

Under this Priority, actions will build upon efforts already undertaken in previous programming periods, in particular projects aimed at extending Waste Separation and Collection Services. Although existing collection systems for household waste have yielded positive results as shown in the amounts of separate collection of organic waste, dry recyclables and bulky waste collected and recycled; further efforts are needed in this area taking into account the expected increase in Municipal Solid Waste by 2040[1] and the waste separation targets to be achieved by Malta in line with the Waste Framework Directive 2018/851[2].

Waste management practices will also be enhanced based on the principles of the Circular Economy[3] by targeting the treatment of organic waste separately collected from household and commercial entities across the country. This will ensure adequate capacity including the provision of additional facilities for recycling and converting waste into a resource.

List of potential interventions:

Improving treatment of separately collected organic waste through investment in an Organic Processing Plant

Following the separate collection of organic waste from households, rolled out on a national scale in October 2018, interventions will be undertaken to target the separate collection of organic waste from commercial establishments thus capturing larger amounts of this biodegradable fraction. This investment will build on interventions supported under the 2014-2020 Programmes including the nationwide educational campaign entitled ‘Sort it Out’ launched to increase the public’s awareness on the benefits of separating Municipal Solid Waste at source and creating awareness on the smarter consumption of goods and services thus encouraging better waste management.

Investment in the Organic Processing Plant will allow for the recovery of energy through the ECOHIVE Energy plant infrastructure by capturing by-products of the organic waste treatment as well as eliminating, as far as possible, landfilling of organic waste. Organic Waste will be transformed into a resource by improving the anaerobic treatment of organic waste, thus producing digestate, a nitrogen rich fertilizer usable on agricultural fields, and biogas which can be transformed into electrical energy. Additional benefits of this investment relate to the reduction in harmful emissions of danger to human health and prevent degradation of natural ecosystems including the reduction of landfill leachate quantities.

This investment will be complemented by the waste collection reform as outlined in Malta's *Long Term Waste Management Plan 2021-2030* and undertaken under the RRP, through which waste collection systems will be enhanced by aggregating localities into geographical regions so that waste collection is implemented on a regional level as opposed to local council level, resulting in increased economies of scale and more efficient collection systems.

Complementarities with other Priorities

This intervention will complement interventions undertaken during previous programming periods as also mentioned above, whilst also complementing actions undertaken through national funds in line with the *Long Term Waste Management Plan 2021-2030* and the RRP. Actions implemented under the CAP SP and EMFAF Programme will also complement and aim to contribute to Malta's circular economy. Furthermore, such actions shall also be complementary to the measures outlined under Priority 2.

Expected Results

- Enhanced circular economy through improved household waste separation and treatment; and
- Increase in waste management facilities.

Flexibility Facility

In line with Article 25 (2) of the CPR, interventions under this SO may finance, in a complementary manner and subject to the limit of 15% of ESIF for the Programme, actions falling within the scope of assistance from the ESF+, provided that they are considered necessary for the satisfactory implementation of the operation and are directly linked to it. The flexibility facility will not necessarily reach the full 15%. The use of the facility will be monitored through the SFD.

DNSH

The types of actions have been assessed as compatible with the DNSH principle, since they have been assessed as compatible under the RRF DNSH technical guidance.

- [1] ERA, 2021. Long Term Waste Management Plan 2021-2030, <https://era.org.mt/long-term-waste-management-plan-2021-2030/>
- [2] Directive (EU) 2018/851 of the European Parliament and of the Council of 30 May 2018 amending Directive 2008/98/EC on waste, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018L0851&from=EN>
- [3] EC, A new Circular Economy Action Plan For a cleaner and more competitive Europe (COM/2020/98 final).

The main target groups - point (d)(iii) of Article 22(3) CPR:

The target groups are:

- Households.

This investment shall target residential household waste whilst overall benefitting public administration in the area of waste management and the general population of Malta.

A restricted call for applications will be issued for the Ministry responsible for Waste as the responsible / competent public authority to implement the operations targeting direct final beneficiaries. The Managing Authority (MA) shall invite the responsible / competent authority to submit an application which will also be assessed by the Project Selection Committee (PSC) to ensure good quality proposals against the criteria as approved by the Monitoring Committee for the selection of operations.

Actions safeguarding equality, inclusion and non-discrimination – point (d)(iv) of Article 22(3) CPR and Article 6 ESF+ Regulation

Several efforts have been undertaken during the previous programming period to safeguard equality, inclusion and non-discrimination, including initiatives aimed at promoting civil rights and equal opportunities. Complementary measures aimed at improving gender equality in matters pertaining to the labour market were also at the forefront of national policies. Such principles will continue to be upheld under this programming period. Furthermore, arrangements to ensure compliance with the EU Charter of Fundamental Rights, as outlined under Table 12 of this Programme, will be implemented throughout the programming period.

With specific reference to the ERDF/CF/JTF Programme, the active involvement of the relevant authorities during the different cycles of the Programme, including its preparation, implementation, monitoring and evaluation, shall continue to be ensured. The participation of the ERDF/CF/JTF Monitoring Committee in accordance with the respective Terms of Reference is another important measure which shall contribute towards safeguarding equality inclusion and non-discrimination. Measures to safeguard equality, inclusion and non-discrimination will also be in line with the respective enabling condition.

Such principles shall also be addressed at project level, by means of their inclusion as selection criteria in order to encourage project promoters to factor them in their project proposals. A help desk that was set up in the previous Programmes to assist project promoters in their effort to integrate equal opportunities, inclusion and non-discrimination in their project ideas, will remain in force.

Indication of the specific territories targeted, including the planned use of territorial tools – point (d)(v) of Article 22(3) CPR

The targeted territories are Malta and Gozo.

The interregional, cross-border and transnational actions – point (d)(vi) of Article 22(3) CPR

Cross-border and transnational initiatives are not foreseen within the Programme at initial programming stage. Nevertheless, synergies will be explored with the Interreg Euro-MED and Interreg NEXT MED Programmes and the Italia-Malta Programme, such as in relation to the development of new production/consumption models based on a circular approach, the promotion of circular and sustainable practices in various sectors, including the urban, agri-food, tourism, cultural and creative industries sectors as well as increased awareness, cooperation, technology transfer, utilisation of research outcomes and adaptation of local needs.

The planned use of financial instruments – point (d)(vii) of Article 22(3) CPR

Taking into consideration the nature of the target group and the envisaged interventions the use of financial instruments is not foreseen under this SO.

2.1.1.1.2. Indicators

Reference: point (d)(ii) of Article 22(3) CPR and Article 8 ERDF and CF Regulation

Table 2: Output indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Milestone (2024) | Target (2029) |
|----------|--------------------|------|--------------------|-------|---|------------------|------------------|---------------|
| 5 | RSO2.6 | CF | | RCO34 | Additional capacity for waste recycling | tonnes/year | 0.00 | 74,300.00 |

Reference: point (d)(ii) of Article 22(3) CPR

Table 3: Result indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Baseline or reference value | Reference Year | Target (2029) | Source of data | Comments |
|----------|--------------------|------|--------------------|-------|----------------|------------------|-----------------------------|----------------|---------------|----------------------|----------|
| 5 | RSO2.6 | CF | | RRC47 | Waste recycled | tonnes/year | 0.00 | 2021 | 54,286.00 | MA monitoring system | |

2.1.1.1.3. Indicative breakdown of the programmed resources (EU) by type of intervention

Reference: point (d)(viii) of Article 22(3) CPR

Table 4: Dimension 1 - intervention field

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|---|---------------|
| 5 | RSO2.6 | CF | | 067. Household waste management: prevention, minimisation, sorting, reuse, recycling measures | 38,250,000.00 |
| 5 | RSO2.6 | Total | | | 38,250,000.00 |

Table 5: Dimension 2 - form of financing

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|-----------|---------------|
| 5 | RSO2.6 | CF | | 01. Grant | 38,250,000.00 |
| 5 | RSO2.6 | Total | | | 38,250,000.00 |

Table 6: Dimension 3 – territorial delivery mechanism and territorial focus

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|---------------|
| 5 | RSO2.6 | CF | | 30. Other approaches - Islands and coastal areas | 38,250,000.00 |
| 5 | RSO2.6 | Total | | | 38,250,000.00 |

Table 7: Dimension 6 – ESF+ secondary themes

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|------|--------------|
|----------|--------------------|------|--------------------|------|--------------|

Table 8: Dimension 7 – ESF+*, ERDF, Cohesion Fund and JTF gender equality dimension

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--------------------|---------------|
| 5 | RSO2.6 | CF | | 03. Gender neutral | 38,250,000.00 |
| 5 | RSO2.6 | Total | | | 38,250,000.00 |

* In principle, 40 % for the ESF+ contributes to gender tracking. 100 % is applicable when Member State chooses to use Article 6 ESF+

2.1.1. Priority: 6. PO 2 - CF: Sustainable urban mobility (Urban mobility specific objective set out in point (viii) of Article 3(1)(b) of the ERDF and Cohesion Fund Regulation)

2.1.1.1. Specific objective: RSO2.8. Promoting sustainable multimodal urban mobility, as part of transition to a net zero carbon economy (CF)

2.1.1.1.1. Interventions of the Funds

Reference: points (d)(i), (iii), (iv), (v), (vi) and (vii) of Article 22(3) CPR

The related types of actions – point (d)(i) of Article 22(3) CPR and Article 6 ESF+ Regulation:

In view of Malta's heavy reliance on private transport, where the stock of licensed vehicles stood at 414,669 registered at the end of Q1 2022 out of which 75.6 % were passenger vehicles, [1] and the traffic congestion brought about by high population density, amongst other factors; further steps to support multi modal shift and active transport are required to promote forms of low carbon mobility that are sustainable, energy efficient and respectful to the environment. This is a crucial part of the transition to carbon neutrality in line with Green Deal targets and *Malta's Low Carbon Development Strategy* [2] as well as *Malta's Transport Master Plan and National Transport Strategy 2050* [3].

Within this context, this Priority will aim to support actions that will contribute towards clean mobility to include safe and convenient passageways that will encourage green modes of transport such as walking and other shared and active modes that improve connectivity, in order to make use of alternative modes of transport easier and more accessible. In addition, efforts to continue the roll out of alternative fuel infrastructure for land transport will also be supported with a view to addressing decarbonisation and cleaner transport in line with the draft *National Policy for Electric Vehicle Public Charging Infrastructure*. [4]

Such interventions will also contribute towards improving air quality and lowering emissions, reducing noise pollution, and reducing congestion as users will shift to cleaner, greener and active modes of transport. These initiatives will also create a living environment that will contribute towards the health and wellbeing of society at large, in particular active ageing.

List of potential interventions:

Investing in sustainable multimodal urban mobility

Reducing travel time by lowering traffic congestion can be facilitated through infrastructure that allows a smooth connection between internal modes of transport in urban settings. The first Sustainable Urban Mobility Plan (SUMP) covering the Valletta Region (Northern and Southern Harbour Districts)[5] is being developed and measures earmarked to be included in the SUMP are in line with the *National Transport Master Plan 2025*[6], the *National Cycling Strategy and Action Plan*[7] and *Micro-mobility in the Maltese Transport System*. [8]

Building on the Sustainable Multi-Intermodal Transport Hubs funded under the ERDF (2014-2020)[9], which aim to promote modal choices for transport users according to their transport needs and the existing intermodal transport at main port terminals, investment under this priority will focus on enhancing sustainable urban multimodal travel options and connectivity for passengers whilst aiming at decarbonising the economy. This will be achieved by developing clean active urban infrastructure such as pedestrian pathways, cycling lanes and bridges within urban localities to ensure the safe passage of pedestrians and cyclists as may be possible, with the aim to further promote the shift towards sustainable transport and lowering the carbon footprint in the urban context. Such actions shall support zero emission transport modes, foster solutions to improve mobility and make sustainable modes of transport, including green public/collective transport, more attractive. These efforts shall complement the transition towards free public transport foreseen under Malta's RRP.

Shift towards the use of alternative fuels in road transport

With the aim of supporting the further uptake of Electric Vehicles (EVs) and building on investments already undertaken under the 2014-2020 period, the Programme will support investments in a more extensive network of charging points for EVs and related infrastructure across Malta and Gozo. This will support the shift towards alternative fuels, cleaner air, mitigating pollutants and GHG emissions. This investment will be in line with a comprehensive plan relating to the transition towards the decarbonisation of road transport in order to have the desired impact in terms of use of electricity to power land transportation. The plan is to use multiple resources to address this pressing need, seeking complementarity with the RRP to support the rollout of electric vehicles, whilst further investment in the TEN-T network to address bottleneck challenges.

Such investment reflects the ambitions outlined in Malta's *Transport Masterplan* and Malta's *Low Carbon Development Strategy* for a shift towards sustainable transportation through the electrification of vehicle fleets, in conjunction with other measures to incentivise a modal shift to reduce GHG emissions and congestion from roads in Malta and Gozo. This is also in line with the Green Cars Initiative, as part of the European Economic Recovery Plan which seeks to enhance the development of new and sustainable forms of road transport with the introduction of alternative fuels amongst which also the use of clean vehicles.

Complementarities with other Priorities

CF actions will be complemented by interventions targeted through other EU Funds including the RRP which includes the development of the SUMP as reform and will support Malta's green transition by providing free access to public transport, amongst others. In addition, support under the JTF aimed at the decarbonisation of maritime ports will also complement initiatives under this SO. Other complementary areas of investment include measures to improve safety and energy efficiency across all transport modes, and to increase the share of RES in the transport sector. CF investment supported under Priority 7 aimed at addressing the resilience and reduced GHG emissions in the TEN-T network together with interventions supported through the Connecting Europe

Facility will also complement whilst keeping in mind the promotion of multimodal shift and clean urban mobility. Furthermore, such actions shall also be complementary to the measures supported through the ERDF under Priority 2.

Expected Results

-Increase in clean urban mobility infrastructure and alternative fuel infrastructure in land transport.

Flexibility Facility

In line with Article 25 (2) of the CPR, interventions under this SO may finance, in a complementary manner and subject to the limit of 15% of ESIF for the Programme, actions falling within the scope of assistance from the ESF+, provided that they are considered necessary for the satisfactory implementation of the operation and are directly linked to it. The flexibility facility will not necessarily reach the full 15%. The use of the facility will be monitored through the SFD.

DNSH

The types of actions have been assessed as compatible with the DNSH principle, since they have been assessed as compatible under the RRF DNSH technical guidance.

[1] NSO News Release 27/4/2022, Motor Vehicles, Q1/2022 https://nso.gov.mt/en/News_Releases/Documents/2022/04/News2022_072.pdf

[2] Malta Low Carbon Development Strategy, October 2021.

[3] Transport Malta, National Transport Strategy 2050 Malta, 2016, <https://www.transport.gov.mt/strategies/strategies-policies-actions/national-transport-strategy-and-transport-master-plan-1343>

[4] Ministry for Energy, Enterprise, and Sustainable Development, National Policy for Electric Vehicle Public Charging Infrastructure, 2021. https://meae.gov.mt/en/Public_Consultations/MEW/Documents/ELECTRIC%20CARS%20INFRASTRUCTURE%20DOC_rev1.pdf

[5] SUMP for Valletta, Implementing Sustainable Mobility, <https://civitas.eu/mobility-solutions/sump-for-valletta>

[6] Transport Master Plan 2025 (2016, TM), <https://www.transport.gov.mt/strategies/strategies-policies-actions/national-transport-strategy-and-transport-master-plan-1343> The plan is currently being reviewed. Actions implemented under this Programme will be in line with the updated version of the Plan.

[7] National Cycling Strategy and Action Plan (2018, TM),
https://meae.gov.mt/en/Public_Consultations/MTI/Documents/TM%20National%20Cycling%20Strategy.pdf

[8] Micro-mobility in the Maltese Transport System (2019, TM) https://www.transport.gov.mt/MicromobilityinMalta_web.pdf-f4128

[9] SMITHS (Sustainable Multi Intermodal Transport Hubs) https://issuu.com/peter.p.barbara/docs/1dnkb9kt_-_transport_malta_-_t-20_-_design_of_quar/s/11572299

The main target groups - point (d)(iii) of Article 22(3) CPR:

The main target groups are:

- the transport sector;
- commuters and tourists; and
- the general public.

The results of this investment shall aim to benefit the general public at large, including the business and tourism sectors.

A restricted call for applications will be issued for the relevant Ministries that are responsible for Transport and Energy Sectors to implement the proposed respective interventions. The Managing Authority (MA) shall invite the responsible / competent authorities to submit an application which will also be assessed by the Project Selection Committee (PSC) to ensure good quality proposals against the criteria as approved by the Monitoring Committee for the selection of operations.

Actions safeguarding equality, inclusion and non-discrimination – point (d)(iv) of Article 22(3) CPR and Article 6 ESF+ Regulation

Several efforts have been undertaken during the previous programming period to safeguard equality, inclusion and non-discrimination, including initiatives aimed at promoting civil rights and equal opportunities. Complementary measures aimed at improving gender equality in matters pertaining to the labour market were also at the forefront of national policies. Such principles will continue to be upheld under this programming period. Furthermore, arrangements to ensure compliance with the EU Charter of Fundamental Rights, as outlined under Table 12 of this Programme, will be implemented throughout the programming period.

With specific reference to the ERDF/CF/JTF Programme, the active involvement of the relevant authorities during the different cycles of the Programme, including its preparation, implementation, monitoring and evaluation, shall continue to be ensured. The participation of the ERDF/CF/JTF Monitoring Committee in accordance with the respective Terms of Reference is another important measure which shall contribute towards safeguarding equality inclusion and non-discrimination. Measures to safeguard equality, inclusion and non-discrimination will also be in line with the respective enabling condition.

Such principles shall also be addressed at project level, by means of their inclusion as selection criteria in order to encourage project promoters to factor them in their project proposals. A help desk that was set up in the previous Programmes to assist project promoters in their effort to integrate equal opportunities, inclusion and non-discrimination in their project ideas, will remain in force.

Indication of the specific territories targeted, including the planned use of territorial tools – point (d)(v) of Article 22(3) CPR

The targeted territories are Malta and Gozo.

The interregional, cross-border and transnational actions – point (d)(vi) of Article 22(3) CPR

Cross-border and transnational initiatives are not foreseen within the Programme at initial programming stage.

The planned use of financial instruments – point (d)(vii) of Article 22(3) CPR

Taking into consideration the nature of the target group and the envisaged interventions the use of financial instruments is not foreseen under this SO.

2.1.1.1.2. Indicators

Reference: point (d)(ii) of Article 22(3) CPR and Article 8 ERDF and CF Regulation

Table 2: Output indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Milestone (2024) | Target (2029) |
|----------|--------------------|------|--------------------|-------|--|------------------------------|------------------|---------------|
| 6 | RSO2.8 | CF | | RCO59 | Alternative fuels infrastructure (refuelling/ recharging points) | refuelling/recharging points | 153.00 | 1,080.00 |
| 6 | RSO2.8 | CF | | PSO04 | Clean urban transport infrastructure (pedestrian bridges/footpaths promoting multimodal shift) | km | 2.50 | 17.50 |

Reference: point (d)(ii) of Article 22(3) CPR

Table 3: Result indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Baseline or reference value | Reference Year | Target (2029) | Source of data | Comments |
|----------|--------------------|------|--------------------|-------|--------------------------------|---------------------|-----------------------------|----------------|---------------|----------------------|----------|
| 6 | RSO2.8 | CF | | RCR29 | Estimated greenhouse emissions | tonnes CO2 eq./year | 9,629.00 | 2021 | 2,889.00 | MA Monitoring System | |

2.1.1.1.3. Indicative breakdown of the programmed resources (EU) by type of intervention

Reference: point (d)(viii) of Article 22(3) CPR

Table 4: Dimension 1 - intervention field

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|---|---------------|
| 6 | RSO2.8 | CF | | 081. Clean urban transport infrastructure | 20,825,000.00 |
| 6 | RSO2.8 | CF | | 083. Cycling infrastructure | 8,925,000.00 |
| 6 | RSO2.8 | CF | | 086. Alternative fuels infrastructure | 6,151,235.00 |
| 6 | RSO2.8 | Total | | | 35,901,235.00 |

Table 5: Dimension 2 - form of financing

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|------|--------------|
|----------|--------------------|------|--------------------|------|--------------|

| | | | | | |
|---|--------|-------|--|-----------|---------------|
| 6 | RSO2.8 | CF | | 01. Grant | 35,901,235.00 |
| 6 | RSO2.8 | Total | | | 35,901,235.00 |

Table 6: Dimension 3 – territorial delivery mechanism and territorial focus

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|---------------|
| 6 | RSO2.8 | CF | | 30. Other approaches - Islands and coastal areas | 35,901,235.00 |
| 6 | RSO2.8 | Total | | | 35,901,235.00 |

Table 7: Dimension 6 – ESF+ secondary themes

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|------|--------------|
|----------|--------------------|------|--------------------|------|--------------|

Table 8: Dimension 7 – ESF+*, ERDF, Cohesion Fund and JTF gender equality dimension

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--------------------|---------------|
| 6 | RSO2.8 | CF | | 03. Gender neutral | 35,901,235.00 |
| 6 | RSO2.8 | Total | | | 35,901,235.00 |

* In principle, 40 % for the ESF+ contributes to gender tracking. 100 % is applicable when Member State chooses to use Article 6 ESF+

2.1.1. Priority: 7. PO 3 - CF: A more connected Europe by enhancing mobility

2.1.1.1. Specific objective: RSO3.1. Developing a sustainable, climate resilient, intelligent, secure, sustainable and intermodal TEN-T (CF)

2.1.1.1.1. Interventions of the Funds

Reference: points (d)(i), (iii), (iv), (v), (vi) and (vii) of Article 22(3) CPR

The related types of actions – point (d)(i) of Article 22(3) CPR and Article 6 ESF+ Regulation:

In recent years, Malta has undertaken several measures to decarbonise the transport sector and ensure its sustainability however important challenges in this area remain. Malta has been developing forms of Sustainable Urban Mobility Plans (SUMPs) that address areas with high volume transport flows with the aim of facilitating clean mobility and improving air quality. Furthermore, the introduction of park and ride systems, the increased provision of passageways and cycling lanes coupled with the ongoing transport reform have also fostered improvements in the sector.

Investment shall also aim to improve the operational capacity of the TEN-T seaports to address sustainable development needs bearing in mind the aims of this initiative. The proposed investments in TEN-T ports and roads are directly linked to Malta's Policy Framework on the reduction of GHG emissions and the achievement of climate neutrality by 2050 in line with the identified policies and measures already adopted in the NECP, the *Low Carbon Development Strategy*[1], and Malta's *Sustainable Development Vision for 2050*.

Funding will support investment in the TEN-T Core and Comprehensive Network covering measures supporting the integration of Malta in the TEN-T corridors and contributing towards enhanced connectivity, interoperability and competitiveness of Malta. This investment will be in line with the *National Transport Master Plan*[2] (*currently being reviewed*) and will be implemented in synergy with Government's efforts to foster sustainable transport, which include: the promotion of public transport by rolling out free transport for everyone in line with the relevant RRP reform, promoting clean mobility through the roll-out of schemes for the purchase of electric vehicles funded under the RRP, the introduction of real time information on public transport including the possibility to book seats on demand.

List of potential interventions:

Investment in the TEN-T road network

Investment shall target the upgrading and modernisation of the existing TEN-T road infrastructure with the aim to achieve a network which meets both current and forecasted future demographic trends as well as economic activities, all of which pose pressure on the road network.

Building on road investments carried out in the recent years, whereby the majority of the current TEN-T road network and most arterial and distributing roads across Malta and Gozo included infrastructure that ensures that roads are climate resilient, the upgrading and modernisation of TEN-T roads foreseen under this Priority will also include climate resilience measures. 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. In addition, and 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). The NFRP, which was financed under the ERDF/CF 2007-2013 Operational Programme, has been implemented with a fully-fledged storm water relief system and remains a relevant contributor towards fostering risk prevention measures on roads.

Through the SMITHS (Sustainable Multi Intermodal Transport Hubs) project under ERDF 2014-2020, Government continued to encourage a modal shift from private car use to collective, sustainable and alternative low-carbon transport modes through the introduction of various intermodal choices to reduce traffic congestion, improve air quality and reduce GHG emissions. Building on the investments already carried out, as well as the investments and reforms foreseen under the RRP, investments in the road TEN-T network will also aim to integrate intelligent systems. Furthermore, and taking into account the outcomes of the EIB study on Malta's road safety[3], any measures emanating from the report will also be considered in the implementation of this Priority. In addition, measures to foster multi-modality, promote clean transport, facilitate walking, amongst others, will also be supported where possible, taking into consideration the nature of TEN-T roads.

Investment in the TEN-T ports

Given Malta's high dependency on the infrastructure of its maritime gateways and the key role that such infrastructure plays in assuring the country's competitiveness, investment towards enhancing the capacity and quality of port infrastructure and port safety will continue to be a priority. In this regard, finalisation of the TEN-T network is deemed necessary to lay the ground for sustainable mobility, also when considering Malta's geophysical realities.

Interventions shall target improving marine accessibility as well as measures ensuring sustainable connectivity able to meet future demands in terms of movement of goods and services. Resources will therefore be directed to improve the operations of TEN-T port facilities to address the resilience and sustainability of the sector. Investments in port infrastructure, where these are feasible, can lead to increased accessibility, thereby increasing the popularity of alternative modes of transport with the public with the potential of decreasing passenger vehicle use and addressing road congestion issues.

In this regard, the actions foreseen will aim to complement initiatives already undertaken in the 2014-2020 period through the SMITHS ERDF project to upgrade and extend the inner-harbour ferry network including Vittoriosa, Marsamxett and Sliema, amongst others. Such measures will also complement Government's efforts to increase multi-modality which also aimed to improve Gozo's accessibility with the introduction of a fast ferry service between

islands that was launched in 2021. These investments will continue fostering multi-modality by aligning various services across different land and sea transport means with a view to facilitate mobility, improve efficiency and ensure time savings for passengers as well as continue to encourage the uptake of public transport and clean mobility, including walking.

Complementarities with other Priorities and funding instruments

CF investments under this priority will be complemented by additional actions targeting the resilience, sustainability and decarbonisation of road and maritime transport that are supported through the JTF, the RRP, and CEF, apart from national funds.

Investments under this priority will be in line with the transport reform outlined in the RRP, which promotes the roll out of free public transport and clean mobility amongst others and will be in synergy with investments aimed at decarbonising the transport sector under Component 2 of the RRP, including investment in clean transport vehicles (collective and non-collective). Furthermore, whilst efforts to decarbonise Malta's ports will be targeted specifically under the JTF through investment in alternative fuel infrastructure in TEN-T core ports, such measures will also complement investment in TEN-T ports foreseen under this priority with a view to strengthen the main TEN-T networks. Investment in the maritime sector will also complement investments in the merchant shipping under the RRP as well as measures in the maritime sector under EMFAF, which will focus in particular on the needs of the fishing and aquaculture communities. Studies are also currently underway in relation to the introduction of a new mass transport system in Malta to assess its viability and infrastructure requirements and potential to address Malta's needs thus further facilitating the move towards zero-carbon emissions.

Expected Results

-Enhanced climate resilient, intelligent, secure, sustainable and intermodal TEN-T road and port network.

Flexibility Facility

In line with Article 25 (2) of the CPR, interventions under this SO may finance, in a complementary manner and subject to the limit of 15% of ESIF for the Programme, actions falling within the scope of assistance from the ESF+, provided that they are considered necessary for the satisfactory implementation of the operation and are directly linked to it. The flexibility facility will not necessarily reach the full 15%. The use of the facility will be monitored through the SFD.

DNSH

The types of actions have been assessed as compatible with the DNSH principle, since they have been assessed as compatible under the RRF DNSH technical guidance.

[1] *Malta Low Carbon Development Strategy*, October 2021.

[2] National Transport Master Plan 2025 (2016, TM), <https://www.transport.gov.mt/strategies/strategies-policies-actions/national-transport-strategy-and-transport-master-plan-1343>. The Plan is currently being reviewed.

[3] Supported under the EIB Advisory Hub.

The main target groups - point (d)(iii) of Article 22(3) CPR:

This target groups are:

- public entities;
- transport sector (including maritime);
- business community;
- tourism sector; and
- the general public.

The results of this investment shall benefit the general public at large including the business and tourism sectors.

A restricted call for applications will be issued for the Ministry responsible for Transport as the responsible / competent public authority to implement the operations targeting direct final beneficiaries. The MA shall invite the responsible / competent authority to submit an application which will also be assessed by the PSC to ensure good quality proposals against the criteria as approved by the Monitoring Committee for the selection of operations.

Actions safeguarding equality, inclusion and non-discrimination – point (d)(iv) of Article 22(3) CPR and Article 6 ESF+ Regulation

Several efforts have been undertaken during the previous programming period to safeguard equality, inclusion and non-discrimination, including initiatives aimed at promoting civil rights and equal opportunities. Complementary measures aimed at improving gender equality in matters pertaining to the labour market were also at the forefront of national policies. Such principles will continue to be upheld under this programming period. Furthermore, arrangements to ensure compliance with the EU Charter of Fundamental Rights, as outlined under Table 12 of this Programme, will be implemented throughout the programming period.

With specific reference to the ERDF/CF/JTF Programme, the active involvement of the relevant authorities during the different cycles of the Programme, including its preparation, implementation, monitoring and evaluation, shall continue to be ensured. The participation of the ERDF/CF/JTF Monitoring Committee in accordance with the respective Terms of Reference is another important measure which shall contribute towards safeguarding equality inclusion and non-discrimination. Measures to safeguard equality, inclusion and non-discrimination will also be in line with the respective enabling condition.

Such principles shall also be addressed at project level, by means of their inclusion as selection criteria in order to encourage project promoters to factor them in their project proposals. A help desk that was set up in the previous Programmes to assist project promoters in their effort to integrate equal opportunities, inclusion and non-discrimination in their project ideas, will remain in force.

Indication of the specific territories targeted, including the planned use of territorial tools – point (d)(v) of Article 22(3) CPR

The targeted territories are Malta and Gozo.

The interregional, cross-border and transnational actions – point (d)(vi) of Article 22(3) CPR

Cross-border and transnational initiatives are not foreseen within the Programme at initial programming stage.

The planned use of financial instruments – point (d)(vii) of Article 22(3) CPR

Taking into consideration the nature of the target group and the envisaged interventions the use of financial instruments is not foreseen under this SO.

2.1.1.1.2. Indicators

Reference: point (d)(ii) of Article 22(3) CPR and Article 8 ERDF and CF Regulation

Table 2: Output indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Milestone (2024) | Target (2029) |
|----------|--------------------|------|--------------------|-------|---|------------------|------------------|---------------|
| 7 | RSO3.1 | CF | | RCO45 | Length of roads reconstructed or modernised - TEN-T | km | 0.00 | 2.80 |
| 7 | RSO3.1 | CF | | PSO05 | Number of TEN-T ports supported | Number of ports | 0.00 | 1.00 |

Reference: point (d)(ii) of Article 22(3) CPR

Table 3: Result indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Baseline or reference value | Reference Year | Target (2029) | Source of data | Comments |
|----------|--------------------|------|--------------------|-------|---|------------------|-----------------------------|----------------|---------------|----------------------|----------|
| 7 | RSO3.1 | CF | | PSR02 | Journey time in minutes (per 10-minute journey) | Minutes | 10.00 | 2021 | 8.00 | MA Monitoring System | |
| 7 | RSO3.1 | CF | | PSR03 | Increase in number of vessel calls | Number of calls | 824.00 | 2019 | 1,295.00 | MA Monitoring System | |

2.1.1.1.3. Indicative breakdown of the programmed resources (EU) by type of intervention

Reference: point (d)(viii) of Article 22(3) CPR

Table 4: Dimension 1 - intervention field

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|--|---------------|
| 7 | RSO3.1 | CF | | 091. Reconstructed or modernised motorways and roads □ TEN□T core network | 14,313,160.00 |
| 7 | RSO3.1 | CF | | 092. Reconstructed or modernised motorways and roads □ TEN□T comprehensive network | 6,735,605.00 |

| | | | | | |
|---|--------|-------|--|---|---------------|
| 7 | RSO3.1 | CF | | 111. Seaports (TEN-T) excluding facilities dedicated to transport of fossil fuels | 17,267,275.00 |
| 7 | RSO3.1 | Total | | | 38,316,040.00 |

Table 5: Dimension 2 - form of financing

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|-----------|---------------|
| 7 | RSO3.1 | CF | | 01. Grant | 38,316,040.00 |
| 7 | RSO3.1 | Total | | | 38,316,040.00 |

Table 6: Dimension 3 – territorial delivery mechanism and territorial focus

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|---------------|
| 7 | RSO3.1 | CF | | 30. Other approaches - Islands and coastal areas | 38,316,040.00 |
| 7 | RSO3.1 | Total | | | 38,316,040.00 |

Table 7: Dimension 6 – ESF+ secondary themes

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|------|--------------|
|----------|--------------------|------|--------------------|------|--------------|

Table 8: Dimension 7 – ESF+*, ERDF, Cohesion Fund and JTF gender equality dimension

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--------------------|---------------|
| 7 | RSO3.1 | CF | | 03. Gender neutral | 38,316,040.00 |
| 7 | RSO3.1 | Total | | | 38,316,040.00 |

* In principle, 40 % for the ESF+ contributes to gender tracking. 100 % is applicable when Member State chooses to use Article 6 ESF+

2.1.1. Priority: 8. JTF: Just Transition

2.1.1.1. Specific objective: JSO8.1. 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)

2.1.1.1.1. Interventions of the Funds

Reference: points (d)(i), (iii), (iv), (v), (vi) and (vii) of Article 22(3) CPR

The related types of actions – point (d)(i) of Article 22(3) CPR and Article 6 ESF+ Regulation:

As outlined in Malta's Country Report (2020)[1], efforts to foster a just transition under this Programme are crucial in line with EU climate change ambitions. In this respect, JTF interventions will target Malta's two main ports, which are not only an important part of the economy but also important nodes that account for a concentration of GHG emissions primarily due to their role as hubs for cruising vessels and transshipment activities. This will aim to put Malta at the forefront of decarbonisation efforts in the maritime sector as well as to contribute to Malta's Low Carbon Development Strategy (2021) as well as the EU's Green Deal to achieve carbon neutrality by 2050 [2].

List of potential interventions:

Provision of onshore power supply

Under this priority, investments will go towards the installation of onshore power supply at the Port of Valletta and the Marsaxlokk Harbour. This investment will entail the connection of vessels to onshore electricity power supply (OPS) whilst berthing rather than retaining their auxiliary engines switched on. Although, the utilisation of onshore power supply is subject to the vessels being equipped with the necessary fitting, the maritime industry is adapting fast to this new electrification provision. These initiatives go beyond minimum environmental requirements and will create a living environment that will contribute towards the health and wellbeing of the communities living in the surrounding areas. Investments will enable the use of electricity powered through Malta's primary energy sources, including from renewable energy sources, and reduce the use of heavy fossil fuels to power ships within Malta's international harbours.

This investment will provide an environmentally friendly alternative to reduce GHG emissions by ships, whilst maintaining the competitiveness of Maltese ports. Such investments will also put Malta at the forefront in the application of such technologies, particularly in view of any possible future regulatory constraints on CO2 emissions in harbours.

The investment foreseen in the Valletta Grand Harbour, the OPS for the Southern region of the Grand Harbour, will complement the Grand Harbour Clean

Air project undertaken through the CEF, directed towards supporting cruise liners in accessing OPS through two frequency converter stations, and the infrastructure of an underground and subsea cable network that will establish OPS from the nearest supply station located in Marsa to Pinto Wharf, in Floriana, the Deep Water Quay, in Marsa and Boiler Wharf, in Senglea [3]. CEF financing is supporting the High Voltage Shore Connection (HVSC) for the TEN-T Core Grand Harbour Port project that is expected to be completed by end November 2023.[4] JTF resources will be invested in the 2nd phase of this project that will consist of further extending the OPS from Laboratory Wharf and Ras Hanzir (Fuel Wharf) in Paola, as well as Magazine Wharf and Lascaris Wharf, so that the service will also be used by cargo ships carrying wheeled cargo. In the case of the Malta Freeport (MFT), JTF investment will mainly focus on North Quay Terminal 1 (NQT1) (outer) since during 2019, 60% of calls by OPS-enabled vessels berthed at NQT1.

The investments in the Grand Harbour and at Malta Freeport will result in a substantial reduction in GHG emissions in the maritime sector in the two harbours, and a decrease in pollution of the marine environment, air emissions as well as noise. Such investment is conducive to sustainable operations which are expected to have a direct impact on the quality of life. Within the context of the power generation mix of the country, the GHG emission of land-based grids are significantly lower than those emitted by power plants of ocean-going vessels and impact on emissions is expected to be reduced significantly, including within the surrounding areas. Furthermore, shutting down the vessel's own power generation (even if left running on standby capacity which required minimal stand-by power), has a direct impact on the quality of life of the crew and passengers inside the vessel and the inhabitants of the area.

In terms of employment and skills, the proposed investment is expected to have a neutral effect as the investment is more likely to see a shift in the type of power used with the same sectors, whilst also creating the use of new technologies. The investment is not steered towards the closing down on a particular industry or type of labour but to invest further in the transport sector through sustainable means. Overall, the shift towards, green transport and clean energy generation, amongst others, requires upskilling and reskilling to ensure that the skills of the workforce remain abreast with economic development and labour market needs. Therefore, as outlined in the JTF Plan, the ESF+ programme will be supporting training relating to the green transition, in line with EU ambitions under the Green Deal.

Complementarities with other Priorities

JTF actions will be complemented by interventions targeted through other EU Funds including the CF and the RRP aimed at the decarbonisation of transport activities of road transport particularly through the provision of clean urban transport infrastructure and alternative fuel infrastructure. CF investment supported under Priority 7 aimed at addressing the resilience and reduced GHG emissions in the TEN-T network together with interventions supported through the Connecting Europe Facility will also complement efforts for decarbonisation across the RRP, ERDF, CF and EMFAF, amongst others.

Expected Results

-Increase in onshore power supply for the maritime sector; and

-Reduced GHG emissions.

DNSH

The types of actions have been assessed as compatible with the DNSH principle, since they have been assessed as compatible under the RRF DNSH technical guidance.

[1] EC Commission Staff Working Document Country Report Malta 2020, 2020 European Semester: Assessment of progress on structural reforms, prevention and correction of macroeconomic imbalances, and results of in-depth reviews under Regulation (EU) No 1176/2011.

[2] Malta's Low Carbon Development Strategy, October 2021.

[3] National Transport Master Plan 2025, <https://www.transport.gov.mt/strategies/strategies-policies-actions/national-transport-strategy-and-transport-master-plan-1343>

[4] European Commission, Connecting Europe Facility (CEF) – Transport grants 2014-2020, https://ec.europa.eu/inea/sites/default/files/eu_investment_in_transport_in_malta.pdf

The main target groups - point (d)(iii) of Article 22(3) CPR:

The target groups are:

- the maritime transport sector;
- residents of harbour areas;
- industrial sector and the business community; and
- the general public.

This investment shall benefit the general public including the business and the tourism sectors and the Maltese community at large.

A restricted call for applications will be issued for the Ministry/ies responsible for maritime ports as the responsible / competent public authority/ies to

implement the operations targeting direct final public sector beneficiaries. The Managing Authority (MA) shall invite the responsible / competent authorities to submit applications which will also be assessed by the Project Selection Committee (PSC) to ensure good quality proposals against the criteria as approved by the Monitoring Committee for the selection of operations.

Actions safeguarding equality, inclusion and non-discrimination – point (d)(iv) of Article 22(3) CPR and Article 6 ESF+ Regulation

Several efforts have been undertaken during the previous programming period to safeguard equality, inclusion and non-discrimination, including initiatives aimed at promoting civil rights and equal opportunities. Complementary measures aimed at improving gender equality in matters pertaining to the labour market were also at the forefront of national policies. Such principles will continue to be upheld under this programming period. Furthermore, arrangements to ensure compliance with the EU Charter of Fundamental Rights, as outlined under Table 12 of this Programme, will be implemented throughout the programming period.

With specific reference to the ERDF/CF/JTF Programme, the active involvement of the relevant authorities during the different cycles of the Programme, including its preparation, implementation, monitoring and evaluation, shall continue to be ensured. The participation of the ERDF/CF/JTF Monitoring Committee in accordance with the respective Terms of Reference is another important measure which shall contribute towards safeguarding equality inclusion and non-discrimination. Measures to safeguard equality, inclusion and non-discrimination will also be in line with the respective enabling condition.

Such principles shall also be addressed at project level, by means of their inclusion as selection criteria in order to encourage project promoters to factor them in their project proposals. A help desk that was set up in the previous Programmes to assist project promoters in their effort to integrate equal opportunities, inclusion and non-discrimination in their project ideas, will remain in force.

Indication of the specific territories targeted, including the planned use of territorial tools – point (d)(v) of Article 22(3) CPR

The targeted territory covers Malta (MT001).

The interregional, cross-border and transnational actions – point (d)(vi) of Article 22(3) CPR

Cross-border and transnational initiatives are not foreseen within the Programme at initial programming stage.

The planned use of financial instruments – point (d)(vii) of Article 22(3) CPR

Taking into consideration the nature of the target group and the envisaged interventions the use of financial instruments is not foreseen under this SO.

2.1.1.1.2. Indicators

Reference: point (d)(ii) of Article 22(3) CPR and Article 8 ERDF and CF Regulation

Table 2: Output indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Milestone (2024) | Target (2029) |
|----------|--------------------|------|--------------------|-------|----------------------------------|------------------|------------------|---------------|
| 8 | JSO8.1 | JTF | | PSO06 | Alternative fuels infrastructure | Number | 5.00 | 37.00 |

Reference: point (d)(ii) of Article 22(3) CPR

Table 3: Result indicators

| Priority | Specific objective | Fund | Category of region | ID | Indicator | Measurement unit | Baseline or reference value | Reference Year | Target (2029) | Source of data | Comments |
|----------|--------------------|------|--------------------|-------|--------------------------------|---------------------|-----------------------------|----------------|---------------|----------------------|----------|
| 8 | JSO8.1 | JTF | | RCR29 | Estimated greenhouse emissions | tonnes CO2 eq./year | 17,998.00 | 2021 | 13,599.00 | MA Monitoring System | |

2.1.1.1.3. Indicative breakdown of the programmed resources (EU) by type of intervention

Reference: point (d)(viii) of Article 22(3) CPR

Table 4: Dimension 1 - intervention field

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|---------------------------------------|---------------|
| 8 | JSO8.1 | JTF | | 086. Alternative fuels infrastructure | 23,265,723.00 |

| | | | | | |
|---|--------|-------|--|--|---------------|
| 8 | JSO8.1 | Total | | | 23,265,723.00 |
|---|--------|-------|--|--|---------------|

Table 5: Dimension 2 - form of financing

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|-----------|---------------|
| 8 | JSO8.1 | JTF | | 01. Grant | 23,265,723.00 |
| 8 | JSO8.1 | Total | | | 23,265,723.00 |

Table 6: Dimension 3 – territorial delivery mechanism and territorial focus

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--|---------------|
| 8 | JSO8.1 | JTF | | 30. Other approaches - Islands and coastal areas | 23,265,723.00 |
| 8 | JSO8.1 | Total | | | 23,265,723.00 |

Table 7: Dimension 6 – ESF+ secondary themes

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|------|--------------------|------|--------------|
|----------|--------------------|------|--------------------|------|--------------|

Table 8: Dimension 7 – ESF+*, ERDF, Cohesion Fund and JTF gender equality dimension

| Priority | Specific objective | Fund | Category of region | Code | Amount (EUR) |
|----------|--------------------|-------|--------------------|--------------------|---------------|
| 8 | JSO8.1 | JTF | | 03. Gender neutral | 23,265,723.00 |
| 8 | JSO8.1 | Total | | | 23,265,723.00 |

* In principle, 40 % for the ESF+ contributes to gender tracking. 100 % is applicable when Member State chooses to use Article 6 ESF+

2.2. Technical assistance priorities

2.2.1. Priority for technical assistance pursuant to Article 36(4) CPR: 9. ERDF: Technical Assistance

Reference: point (e) of Article 22(3) CPR

2.2.1.1. Intervention from the Funds

The related types of actions – point (e)(i) of Article 22(3) CPR

The implementation of the ERDF/CF/JTF 2021-2027 Programme will be facilitated through technical assistance on the basis of effective and efficient practices through clear, simple and transparent processes, and strengthened organisational capacity with the ultimate aim of reducing administrative burden, enhancing knowledge transfer, improving outreach, communication and networking across key stakeholders.

In accordance with Article 36 (1) of the CPR , technical assistance at the initiative of Member States may be used to support actions implemented concerning previous and subsequent programming periods, actions necessary for the effective administration and use of the Funds, including for the capacity building of the partners referred to in Article 8 of the CPR, as well as to provide financing for carrying out functions such as preparation, training, management, monitoring, evaluation, visibility and communication, amongst others. Similar to the previous programming periods, Technical Assistance for the ERDF/CF/JTF 2021-2027 Programme shall be reimbursed pursuant to Article 36(4) (iv) of the CPR.

The ultimate aim of Technical Assistance shall be 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. In this respect, under the ERDF/CF/JTF 2021-2027 Programme the following actions may be supported under Technical Assistance, amongst others:

- Actions pertaining to preparation, management, monitoring, evaluation, information and communication, networking, complaint resolution, as well as control and audit.
- Actions for the reduction of the administrative burden on beneficiaries, including electronic data exchange systems.
- Actions to reinforce the capacity of Member State Authorities and beneficiaries to administer and use the fund.
- Actions to support the strengthening of the institutional capacity of partners, in particular small local authorities, economic and social partners and NGOs, in order to assist in their proper participation pertaining to the preparation, implementation, monitoring and evaluation of the Programmes. Support may take the form of inter alia, dedicated workshops, training sessions, coordination and networking structures or contributions to the cost of participating in meetings with regard to the preparation, implementation, monitoring and evaluation of the Programme.
- Reports and studies related to the sectors supported through this programme (e.g., to assess the feasibility of mass transportation in Malta and related

parameters).

- Actions to support in the preparation of the Programme post 2027.

Government shall aim to reinforce the capacity within the entities involved in the management and control of the Fund to ensure efficiency and effectiveness in the overall implementation. To this end, the Authorities involved in the programming and management of the Programmes shall be supported in strengthening their organisational capacity not solely through increased resources, where required, but also through the enhanced development of existing resources with special focus on the acquisition of the relevant skills through training activities organised both locally and abroad, with the aim of ensuring effective implementation, monitoring and control procedures and the attainment of results. The MA shall, on a periodical basis, hold training events and or seminars addressing various issues on shared management, which will be open not only to the authorities but also to the beneficiaries, as applicable. This shall be complemented with the additional capacity building measures including discussion with relevant bodies (in other MSs or EU Institutions) and networking activities involving also, where necessary, the exchange of experiences (within the Member State as well as with other Member States).

Actions pertaining to the provision of external expert assistance such as expertise in the implementation of simplified cost options, monitoring and evaluation, and other external support necessary for Programme delivery shall also be supported. Technical Assistance will also support any necessary roadmaps, studies, communication planning and activities, including publicity campaigns on the Programme objectives and opportunities, evaluation plans and activities. In particular, technical assistance will support ERDF/CF/JTF communication and visibility measures throughout the programming period to ensure that responsibilities, as defined in the legal framework (Article 46 to Article 50 of the CPR) in relation to visibility, transparency and communication are met by the MA and relevant stakeholders.

Technical Assistance shall also facilitate the achievement of the requirements in Article 49 of the CPR as specified in Section 7 of this Programme, supporting the MA to maintain a website with all the relevant information that could assist beneficiaries from application stage to project implementation and closure. Technical Assistance shall also be used to develop/update and support the ERDF/CF/JTF electronic information system which can be accessed by the key Programme and project management stakeholders of the ERDF/CF/JTF Programme. This system shall be the direct point of contact for beneficiaries and key stakeholders for processing and recording of data, whereby beneficiaries shall not solely register their progress in implementation and but also apply for payments, which claims shall be subsequently processed by the relevant Authorities accordingly. Training shall also be provided on the use of the above-mentioned system, as required. The electronic system shall record data in line with the applicable rules and shall serve to reduce the administrative burden and speed up processes where possible.

The actions referred to above may concern previous, current as well as subsequent programming periods.

The main target groups - point (d)(iii) of Article 22(3) CPR:

The Technical Assistance budget shall be managed by the ERDF/CF/JTF MA on a demand-driven basis bearing in mind the types of actions described above and the sectors supported through this programme. The main direct target groups shall include the MA, the body responsible for the Accounting Function, the Audit Authority, the Programming Division as well as the relevant / potential partners. Indirectly, however, the actions implemented through Technical Assistance as mentioned may also support final beneficiaries to strengthen capacity, improve practices and procedures as well as develop investments, actions and initiatives in sectors supported through the programme.

2.2.1.2. Indicators

Reference: point (e)(ii) of Article 22(3) CPR

Table 2: Output indicators

| Fund | Category of region | ID | Indicator | Measurement unit | Milestone (2024) | Target (2029) |
|------|--------------------|-------|--|------------------------|------------------|---------------|
| ERDF | Transition | PSO07 | Total number of participants leading to the reinforcement of the capacity of the MS authorities, beneficiaries and relevant partners | Number of Participants | 1,029.00 | 7,263.00 |
| ERDF | Transition | PSO08 | Number of evaluations and studies carried out | Number | 0.00 | 7.00 |
| ERDF | Transition | PSO09 | Number of information and communication measures undertaken | Number | 2.00 | 10.00 |
| ERDF | Transition | PSO10 | Staff costs relating to the preparation, implementation, monitoring and control | Euro | 6,401,071.00 | 17,069,523.00 |

2.2.1.3. Indicative breakdown of the programmed resources (EU) by type of intervention

Reference point (e)(iv) of Article 22(3) CPR

Table 4: Dimension 1 - intervention field

| Priority | Fund | Category of region | Code | Amount (EUR) |
|----------|------|--------------------|---|---------------|
| 9 | ERDF | Transition | 179. Information and communication | 1,463,102.00 |
| 9 | ERDF | Transition | 180. Preparation, implementation, monitoring and control | 17,069,523.00 |
| 9 | ERDF | Transition | 181. Evaluation and studies, data collection | 4,389,306.00 |
| 9 | ERDF | Transition | 182. Reinforcement of the capacity of Member State authorities, beneficiaries and relevant partners | 1,463,102.00 |

| | | | | |
|---|-------|--|--|---------------|
| 9 | Total | | | 24,385,033.00 |
|---|-------|--|--|---------------|

Table 7: Dimension 6 – ESF+ secondary themes

| Priority | Fund | Category of region | Code | Amount (EUR) |
|----------|------|--------------------|------|--------------|
|----------|------|--------------------|------|--------------|

Table 8: Dimension 7 – ESF+*, ERDF, Cohesion Fund and JTF gender equality dimension

| Priority | Fund | Category of region | Code | Amount (EUR) |
|----------|-------|--------------------|--------------------|---------------|
| 9 | ERDF | Transition | 03. Gender neutral | 24,385,033.00 |
| 9 | Total | | | 24,385,033.00 |

* In principle, 40 % for the ESF+ contributes to gender tracking. 100 % is applicable when Member State chooses to use Article 6 ESF+

3. Financing plan

Reference: points (g)(i), (ii) and (iii) of Article 22(3), Article 112(1), (2) and (3), and Articles 14 and 26 CPR

3.1. Transfers and contributions (1)

Reference: Articles 14, 26 and 27 CPR

| | |
|--------------------------------|---|
| Programme amendment related to | <input type="checkbox"/> contribution to InvestEU |
| | <input 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 |

(1) Applicable only to programme amendments in accordance with Articles 14 and 26 except complementary transfers to the JTF in accordance with Article 27 CPR. Transfers shall not affect the annual breakdown of financial appropriations at the MFF level for a Member State.

Table 15A: Contributions to InvestEU* (breakdown by year)

| Contribution from | | Contribution to | Breakdown by year | | | | | | | |
|-------------------|--------------------|-----------------|-------------------|------|------|------|------|------|------|-------|
| Fund | Category of region | InvestEU window | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | Total |

* For each new request for contribution, a programme amendment shall set out the total amounts for each year by Fund and by category of region.

Table 15B: Contributions to InvestEU* (summary)

| Fund | Category of region | Sustainable Infrastructure (a) | Innovation and Digitisation (b) | SME (c) | Social Investment and Skills (d) | Total (e)=(a)+(b)+(c)+(d) |
|-------|--------------------|--------------------------------|---------------------------------|---------|----------------------------------|---------------------------|
| Total | | | | | | |

* Cumulative amounts for all contributions done through programme amendments during the programming period. With each new request for contribution, a programme amendment shall set out the total amounts for each year by Fund and by category of region.

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

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Table 16A: Transfers to instruments under direct or indirect management (breakdown by year)

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

Table 16B: Transfers to instruments under direct or indirect management* (summary)

| Fund | Category of region | Total |
|-------|--------------------|-------|
| Total | | |

* Cumulative amounts for all transfers done through programme amendments during programming period. With each new request for transfer, a programme amendment shall set out the total amounts transferred for each year by Fund and by category of region.

Transfers to instruments under direct or indirect management - Justification

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Table 17A: Transfers between ERDF, ESF+ and Cohesion Fund or to another 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 |

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

Table 17B: Transfers between ERDF, ESF+ and Cohesion Fund or to another Fund or Funds (summary)

| | ERDF | | | ESF+ | | | CF | EMFAF | AMIF | ISF | BMVI | Total |
|-------|----------------|------------|----------------|----------------|------------|----------------|----|-------|------|-----|------|-------|
| | More developed | Transition | Less developed | More developed | Transition | Less developed | | | | | | |
| Total | | | | | | | | | | | | |

* Cumulative amounts for all transfers done through programme amendments during the programming period. With each new request for transfer, a programme amendment shall set out the total amounts transferred for each year by Fund and category of region.

Transfers between shared management funds, including between cohesion policy funds - Justification

| |
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3.2. JTF: allocation in the programme and transfers (1)

3.2.1. JTF allocation to the programme prior to transfers by priority (where relevant) (2)

Reference: Article 27 CPR

Table 18: JTF allocation to the programme in accordance with Article 3 JTF Regulation, prior to transfers

| JTF Priority | JTF Allocation |
|----------------------|----------------|
| JTF: Just Transition | 10,187,448.00 |
| Total | 10,187,448.00 |

(1) Transfers shall not affect the annual breakdown of financial appropriations at the MFF level for a Member State

(2) Applicable to the first adoption of programmes with JTF allocation.

3.2.2. Transfers to the JTF as complementary support (1) (where relevant)

| | |
|-----------------|--|
| Transfer to JTF | <input type="checkbox"/> concerns internal transfers within the programme with JTF allocation |
| | <input type="checkbox"/> concerns transfers from other programmes to the programme with JTF allocation |

(1) Section to be filled in by receiving programme. Where a programme supported by the JTF receives complementary support (cf Article 27 CPR) within the programme and from other programmes all tables in this section need to be filled in. At the first adoption with JTF allocation, this section is to confirm or correct the preliminary transfers proposed in the Partnership Agreement

Table 18A: Transfers to the JTF within the programme (breakdown by year)

| Transfers from | | Transfers to | Breakdown by year | | | | | | | |
|----------------|--------------------|---------------|-------------------|------|------|------|------|------|------|-------|
| Fund | Category of region | JTF Priority* | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | Total |

* JTF resources should be complemented with ERDF or ESF+ resources of the category of region where the territory concerned is located.

Table 18B: Transfer of ERDF and ESF+ resources to the JTF within the programme

| Transfer within the programme* (complementary support) per category of region | JTF allocation in the programme* broken down by category of region, which territory located** in (by JTF priority) | |
|---|--|--------|
| | JTF Priority | Amount |

* Programme with the JTF allocation.

** JTF resources should be complemented with ERDF or ESF+ resources of the category of region where the territory concerned is located.

Table 18C: Transfers to the JTF from the other programme(s) (breakdown by year)

| Transfers from | | Transfers to | Breakdown by year | | | | | | | |
|----------------|--------------------|---------------|-------------------|------|------|------|------|------|------|-------|
| From fund | Category of region | JTF Priority* | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | Total |

* JTF resources should be complemented with ERDF or ESF+ resources of the category of region where the territory concerned is located.

Table 18D: Transfer of ERDF and ESF+ resources from other programmes to the JTF in this programme

| Transfer(s) from other programme(s)** per category of region | Complementary support to the JTF in this programme* to the territory located*** in a given category of region (by priority) | |
|--|---|--------|
| | JTF Priority | Amount |

* Programme with JTF allocation, which receives complementary support from the ERDF and ESF+.

** Programme providing the complementary support from the ERDF and ESF+ (source).

*** JTF resources should be complemented with ERDF or ESF+ resources of the category of region where the territory concerned is located.

3.2.2. Transfers to the JTF as complementary support (1) (where relevant)

Justification for the complementary transfer from ERDF and ESF+ based on the planned types of interventions

Reference: point (d)(ix) of Article 22(3) CPR

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3.3. Transfers between categories of region resulting from the mid-term review

Table 19A: Transfers between categories of region resulting from the mid-term review within the programme (breakdown by year)

| Transfers from | Transfers to | Breakdown by year | | | |
|---------------------|---------------------|-------------------|------|------|-------|
| Category of region* | Category of region* | 2025 | 2026 | 2027 | Total |

* Applicable to ERDF and ESF+ only

Table 19B: Transfers between categories of region resulting from the mid-term review, to other programmes (breakdown by year)

| Transfers from | Transfers to | Breakdown by year | | | |
|---------------------|---------------------|-------------------|------|------|-------|
| Category of region* | Category of region* | 2025 | 2026 | 2027 | Total |

* Applicable to ERDF and ESF+ only

3.4. Transfers back (1)

Table 20A: Transfers back (breakdown by year)

| Transfers from | Transfers to | | Breakdown by year | | | | | | | |
|------------------------------------|--------------|--------------------|-------------------|------|------|------|------|------|------|-------|
| InvestEU or other Union instrument | Fund | Category of region | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | Total |

(1) Applicable only to programme amendments for resources transferred back from other Union instruments, including elements of AMIF, ISF and BMVI, under direct or indirect management, or from InvestEU.

Table 20B: Transfers back* (summary)

| From | To | | | | | | |
|-----------------------|----------------|------------|-----------|----------------|------------|-----------|---------------|
| InvestEU / Instrument | ERDF | | | ESF+ | | | Cohesion Fund |
| | More developed | Transition | Developed | More developed | Transition | Developed | |

* Cumulative amounts for all transfers done through programme amendments during programming period. With each new request for transfer, a programme amendment shall set out the total amounts transferred for each year by Fund and by category of region.

3.5. Financial appropriations by year

Reference: point (g)(i) of Article 22(3) CPR and Article 3, 4 and 7 JTF Regulation

Table 10: Financial appropriations by year

| Fund | Category of region | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | | 2027 | | Total |
|--|--------------------|------|----------------|----------------|----------------|----------------|--|--------------------|--|--------------------|----------------|
| | | | | | | | Financial appropriation without flexibility amount | Flexibility amount | Financial appropriation without flexibility amount | Flexibility amount | |
| ERDF* | Transition | 0.00 | 81,033,635.00 | 79,439,537.00 | 80,769,343.00 | 82,125,739.00 | 33,779,057.00 | 33,779,058.00 | 34,484,661.00 | 34,484,661.00 | 459,895,691.00 |
| Total ERDF | | 0.00 | 81,033,635.00 | 79,439,537.00 | 80,769,343.00 | 82,125,739.00 | 33,779,057.00 | 33,779,058.00 | 34,484,661.00 | 34,484,661.00 | 459,895,691.00 |
| JTF* - Article 3 JTF resources | | 0.00 | 1,740,324.00 | 1,768,279.00 | 1,796,793.00 | 1,825,875.00 | 756,479.00 | 756,480.00 | 771,609.00 | 771,609.00 | 10,187,448.00 |
| JTF - Article 4 JTF resources | | 0.00 | 6,487,037.00 | 6,591,238.00 | | | | | | | 13,078,275.00 |
| JTF - Article 7 JTF resources related to Article 3 JTF resources | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| JTF - Article 7 JTF resources related to Article 4 JTF resources | | 0.00 | 0.00 | 0.00 | | | | | | | 0.00 |
| Total JTF | | 0.00 | 8,227,361.00 | 8,359,517.00 | 1,796,793.00 | 1,825,875.00 | 756,479.00 | 756,480.00 | 771,609.00 | 771,609.00 | 23,265,723.00 |
| CF | | 0.00 | 28,215,556.00 | 28,668,782.00 | 29,131,073.00 | 29,602,610.00 | 12,264,667.00 | 12,264,667.00 | 12,509,960.00 | 12,509,960.00 | 165,167,275.00 |
| Total CF | | 0.00 | 28,215,556.00 | 28,668,782.00 | 29,131,073.00 | 29,602,610.00 | 12,264,667.00 | 12,264,667.00 | 12,509,960.00 | 12,509,960.00 | 165,167,275.00 |
| Total | | 0.00 | 117,476,552.00 | 116,467,836.00 | 111,697,209.00 | 113,554,224.00 | 46,800,203.00 | 46,800,205.00 | 47,766,230.00 | 47,766,230.00 | 648,328,689.00 |

* Amounts after the complementary transfer to the JTF.

3.6. Total financial appropriations by fund and national co-financing

Reference: point (g)(ii) of Article 22(3), Article 22(6) and Article 36 CPR

For programmes under the Investment for jobs and growth goal where technical assistance in accordance with Article 36(4) CPR was chosen in the Partnership Agreement

Table 11: Total financial appropriations by fund and national co-financing

| Policy / JTF specific objective number or technical assistance | Priority | Basis for calculation Union support | Fund | Category of region* | Union contribution (a)=(g)+(h) | Breakdown of Union contribution | | National contribution (b)=(c)+(d) | Indicative breakdown of national contribution | | Total (e)=(a)+(b) | Co-financing rate (f)=(a)/(e) |
|--|----------|-------------------------------------|---------------------------------|---------------------|--------------------------------|---------------------------------|------------------------|-----------------------------------|---|-------------|-------------------|-------------------------------|
| | | | | | | Less flexibility amount (g) | Flexibility amount (h) | | Public (c) | Private (d) | | |
| 1 | 1 | Public | ERDF | Transition | 110,471,066.00 | 94,073,509.00 | 16,397,557.00 | 73,647,378.00 | 73,647,378.00 | | 184,118,444.00 | 59.9999997827% |
| 2 | 2 | Public | ERDF | Transition | 179,608,708.00 | 152,948,841.00 | 26,659,867.00 | 119,739,139.00 | 119,739,139.00 | | 299,347,847.00 | 59.999999332% |
| 2 | 5 | Public | CF | | 90,950,000.00 | 77,307,755.00 | 13,642,245.00 | 16,050,000.00 | 16,050,000.00 | | 107,000,000.00 | 85.0000000000% |
| 2 | 6 | Public | CF | | 35,901,235.00 | 30,516,151.00 | 5,385,084.00 | 6,335,513.00 | 6,335,513.00 | | 42,236,748.00 | 84.9999981059% |
| 3 | 7 | Public | CF | | 38,316,040.00 | 32,568,742.00 | 5,747,298.00 | 6,761,655.00 | 6,761,655.00 | | 45,077,695.00 | 84.9999983362% |
| 4 | 3 | Public | ERDF | Transition | 110,586,000.00 | 94,171,382.00 | 16,414,618.00 | 73,724,000.00 | 73,724,000.00 | | 184,310,000.00 | 60.0000000000% |
| 5 | 4 | Public | ERDF | Transition | 34,844,884.00 | 29,672,752.00 | 5,172,132.00 | 23,229,923.00 | 23,229,923.00 | | 58,074,807.00 | 59.999996556% |
| 8 | 8 | Public | JTF** - Article 3 JTF resources | | 10,187,448.00 | 8,659,359.00 | 1,528,089.00 | 4,366,050.00 | 4,366,050.00 | | 14,553,498.00 | 69.9999958773% |
| 8 | 8 | Public | JTF** - Article 4 JTF resources | | 13,078,275.00 | 13,078,275.00 | | 5,604,975.00 | 5,604,975.00 | | 18,683,250.00 | 70.0000000000% |
| 8 | 8 | Public | JTF** | | 23,265,723.00 | 21,737,634.00 | 1,528,089.00 | 9,971,025.00 | 9,971,025.00 | | 33,236,748.00 | 69.9999981948% |
| TA36(4) | 9 | Public | ERDF | Transition | 24,385,033.00 | 20,765,488.00 | 3,619,545.00 | 16,256,689.00 | 16,256,689.00 | | 40,641,722.00 | 59.999995079% |
| Total | | | ERDF | Transition | 459,895,691.00 | 391,631,972.00 | 68,263,719.00 | 306,597,129.00 | 306,597,129.00 | | 766,492,820.00 | 59.999998695% |
| Total | | | JTF** - Article 3 JTF resources | | 10,187,448.00 | 8,659,359.00 | 1,528,089.00 | 4,366,050.00 | 4,366,050.00 | | 14,553,498.00 | 69.9999958773% |
| Total | | | JTF** - Article 4 JTF resources | | 13,078,275.00 | 13,078,275.00 | | 5,604,975.00 | 5,604,975.00 | | 18,683,250.00 | 70.0000000000% |
| Total | | | CF | | 165,167,275.00 | 140,392,648.00 | 24,774,627.00 | 29,147,168.00 | 29,147,168.00 | | 194,314,443.00 | 84.9999992023% |
| Grand total | | | | | 648,328,689.00 | 553,762,254.00 | 94,566,435.00 | 345,715,322.00 | 345,715,322.00 | | 994,044,011.00 | 65.2213264026% |

* For ERDF: less developed transition, more developed, and where applicable, special allocation for outermost and northerly sparsely populated regions. For ESF+, less developed, transition, more developed and, where applicable, additional allocation for outermost regions. For Cohesion Fund: not applicable. For technical assistance, application of categories of region depends on selection of a fund.

** Indicate the total JTF resources, including the complementary support transferred from the ERDF and the ESF+. The table shall not include the amounts in accordance to Article 7 JTF Regulation. In case of technical assistance financed from the JTF, the JTF resources should be split into resources related to Articles 3 and 4 JTF Regulation. For Article 4 JTF Regulation, there is no flexibility amount.

4. Enabling conditions

Reference: point (i) of Article 22(3) CPR

Table 12: Enabling conditions

| Enabling condition | Fund | Specific objective | Fulfilment of enabling condition | Criteria | Fulfilment of criteria | Reference to relevant documents | Justification |
|---|------|--------------------|----------------------------------|---|------------------------|---|--|
| 1. Effective monitoring mechanisms of the public procurement market | | | Yes | <p>Monitoring mechanisms are in place that cover all public contracts and their procurement under the Funds in line with Union procurement legislation. That requirement includes:</p> <p>1. Arrangements to ensure compilation of effective and reliable data on public procurement procedures above the Union thresholds in accordance with reporting obligations under Articles 83 and 84 of Directive 2014/24/EU and Articles 99 and 100 of Directive 2014/25/EU.</p> | Yes | <p>LN 352 of 2016 – Public Procurement Regulations (https://legislation.mt/eli/ln/2016/352/eng?fbclid=IwAR12WxV0wrlgyoGAS32myHR90l30QKL9WK4fdQNaxXr-MPID6CB50W-lyzU)</p> <p>LN 351 of 2016 – Public Procurement of Entities operating in the Water, Energy, Transport and Postal Services Sectors Regulations (https://legislation.mt/eli/ln/2016/351/eng?fbclid=IwAR3BiHHVgWUepdcv_b3WpSKz29G-fkneTzvMGj6eOIAIwww_SriXMFd0x8E)</p> <p>LN 411 of 2011 – Public Procurement of Contracting Authorities or Entities in the fields of Defence and Security Regulations</p> | <p>The Department of Contracts (DOC) is the single centralised public procurement institution for most functions on the national level. It is responsible for developing standard procedures and routines, for developing a procurement policy, preparing guidelines and instructions, the national contribution to EU advisory committees, the Maltese Public Procurement Network participation, collecting statistical data and advises Government on public procurement policy, amongst others.</p> <p>Arrangements are in place to ensure the compilation of effective and reliable data as per SL 601.03 (Articles 12)(1)(a) 12(2), 13(n) and 14) and SL 601.05 (Articles 33 and 34(n)). Within this context, a monitoring report is prepared and submitted to the European Commission based on statistical quantitative data extracted from Government's e-Procurement Platform. Qualitative information is collated directly from each Ministry and relevant bodies. In addition, both articles mentioned in the regulations outline the roles that the office of the Director of Contracts must fulfil to ensure adherence to the public procurement</p> |

| Enabling condition | Fund | Specific objective | Fulfilment of enabling condition | Criteria | Fulfilment of criteria | Reference to relevant documents | Justification |
|--------------------|------|--------------------|----------------------------------|--|------------------------|---------------------------------|---|
| | | | | | | | regulations as laid down in the legislations. |
| | | | | 2. Arrangements to ensure the data cover at least the following elements: a. Quality and intensity of competition: names of winning bidder, number of initial bidders and contractual value; b. Information on final price after completion and on participation of SMEs as direct bidders, where national systems provide such information. | Yes | (Refer to previous documents) | <p>Arrangements are in place that enable the Department of Contracts (DoC) to extract information related to the names of the winning bidders, number of initial bidders and contractual value from the electronic Public Procurement System (ePPS). Following the adoption of the Public Procurement Regulations, Government enacted the ePPs to significantly reduce administrative burden in line with the concept of e-cohesion, as per the Common Provisions Regulation (EU) No 1303/2013.</p> <p>Even though the national system does not automatically disclose information on final price after completion of projects, a specific module entitled Open Contracting Data Standard (OCDS) is integrated within ePPS to enable the disclosure of data and documents at all stages of the contracting process by defining a common data model.</p> <p>This is aimed to increase contracting transparency, improve accountability and capture salient statistics with the scope of enhancing in-depth analysis of contracting data by a wide range of users. Information regarding the participation of SMEs as direct bidders can be extractable from the ePPS portal.</p> |

| Enabling condition | Fund | Specific objective | Fulfilment of enabling condition | Criteria | Fulfilment of criteria | Reference to relevant documents | Justification |
|--------------------|------|--------------------|----------------------------------|---|------------------------|--|---|
| | | | | 3. Arrangements to ensure monitoring and analysis of the data by the competent national authorities in accordance with article 83 (2) of directive 2014/24/EU and article 99 (2) of directive 2014/25/EU. | Yes | Contracts Circular No 19/2016 – The New Public Procurement Regulations 2016 (https://contracts.gov.mt/en/Circulars/2016/Documents/Circ19_2016.pdf) | <p>The DOC is a single centralized public procurement institution for most functions on the national level. Complementing its monitoring and evaluation role are Ministerial Procurement Units which have been established within Ministries, as per Contracts Circular No 19/2016, to be responsible for procurement practices at Ministerial level while ensuring decentralisation of procurement practices. A separate Post-Contracts module titled the Contracts Register, includes information related to the contract signing and post-contract stage. The information contained within the Contracts Register can be made available through the aforementioned OCDS module. Thus, information pertaining to the full procurement cycle may be made available.</p> <p>In line with Article 83(2), procurement related information is consolidated in an EU Monitoring Report, prepared every three years for formal submission to the European Commission. This report gathers and systematises the collection of relevant procurement statistics across Government by the DOC via the ePPS, also addressing qualitative elements which are coordinated by this department through relevant Ministries.</p> |
| | | | | 4. Arrangements to make the results of the analysis available to the public in accordance with | Yes | Article 12(1a), 13(n) and 14 of LN 352 of 2016 and Article 33 and 34(ni&ii, o) of LN 351 of 2016 | The necessary arrangements are in place with regard to the publication of results in line with SL 601.03 Articles 12(1a), |

| Enabling condition | Fund | Specific objective | Fulfilment of enabling condition | Criteria | Fulfilment of criteria | Reference to relevant documents | Justification |
|--|------|--------------------|----------------------------------|--|------------------------|---|---|
| | | | | article 83 (3) of directive 2014/24/EU and article 99 (3) directive 2014/25/EU. | | (https://legislation.mt/eli/ln/2016/351/eng?fbclid=IwAR3BiHHVgWUepdcv_b3WpSKz29G-fkneTzvMGj6eOlAlwww_SriXMFd0x8E) | 13(n) and 14 and SL 601.05 respectively (Article 33 and 34(n), (i & ii), o)). The EU monitoring report is prepared every three years and includes data on procurement above the EU threshold, in line with the Directive. The information extracted from this report is already made available to the public through the ePPS. Any data concerning procurement below the EU threshold is published in the Government Gazette. |
| | | | | 5. Arrangements to ensure that all information pointing to suspected bid-rigging situations is communicated to the competent national bodies in accordance with Article 83(2) of Directive 2014/24/EU and Article 99(2) of Directive 2014/25/EU. | Yes | (Refer to previous documents) | Arrangements are in place to detect suspected bid-rigging situations by competent bodies. In this regard, the Director of Contracts, in line with Regulation 12(2) of the Public Procurement Regulations, which stipulates that in cases of misconduct involving violations or systematic problems, the Director shall be empowered to report the matter to competent authorities. A Compliance and Monitoring Unit has been set up within DoC that tackles initial investigations, that could be followed up by the Malta Police Force, the Internal Audit and Investigations Department and the National Audit Office, on a case-by-case basis. |
| 2. Tools and capacity for effective application of State aid rules | | | Yes | Managing authorities have the tools and capacity to verify compliance with State aid rules: 1. For undertakings in difficulty and undertakings under a recovery requirement. | Yes | Art 57 and 58 of the Business Promotion Act (Chapter 325) (https://legislation.mt/eli/cap/325/eng) | The State Aid Monitoring Board (SAMB) is the national authority responsible for State aid issues. State Aid monitoring rules are implemented in line with Council Regulation (EU) No 1589/2015. |

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| | | | | | | | <p>The rules of procedure establish the reporting obligations to SAMB by State aid grantors of aid granted. The SAMB keeps regular contact with key State aid grantors and with the Managing Authorities (MAs) and Intermediate Bodies (IBs).</p> <p>Support to undertakings is provided in line with State Aid rules. MAs verify compliance with State aid rules through the SAMB. MAs or IBs also verify whether applicants are undertakings in difficulty based on information submitted in applications for funding. The latter are also sent to Tax Authorities and the Malta Business Register for verification as well as other registers such as the Malta Association of Credit Management and VIES VAT number validation site. Regarding undertakings subject to an outstanding recovery order, checks and verifications would be made with the SAMB.</p> <p>The SAMB also guides the State aid grantors to carry out the necessary checks to ensure that undertakings in difficulty are excluded from benefitting from aid measures.</p> |
| | | | | 2. Through access to expert advice and guidance on State aid matters, provided by State aid | Yes | Covenant between MAs and SAMB | As the National State Aid Authority responsible for State aid issues, the SAMB keeps regular contact with the |

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| | | | | experts of local or national bodies. | | | <p>respective Managing Authorities and Intermediate Bodies to provide them with the necessary guidance and support on State aid matters.</p> <p>This process facilitates compliance with the provisions of applicable rules and Regulations from formulation stage till actual implementation of State aid schemes. This process has been adopted in previous programming periods and will continue to be adopted under the 2021 – 2027 programming period.</p> <p>Dissemination of knowledge and technical expertise on State aid issues is provided to Government Ministries and agencies involved in State aid, prospective beneficiaries, the Managing Authority, intermediate bodies, and other local entities responsible for auditing and certifying the implementation of funds. A Covenant was finalised between the MAs and the State Aid Authority in Malta detailing coordination mechanisms related to EU funded projects</p> |
| 3. Effective application and implementation of the Charter of Fundamental Rights | | | Yes | <p>Effective mechanisms are in place to ensure compliance with the Charter of Fundamental Rights of the European Union ('the Charter') which include:</p> <p>1. Arrangements to ensure compliance of the programmes supported by the Funds and their</p> | Yes | Covenant between MAs and Ministry responsible for Human Rights | With regard to arrangements to ensure compliance with the EU Charter of Fundamental Rights, the Managing Authorities and the Ministry responsible for Human Rights have finalised a covenant to formalize the arrangements required for ensuring compliance with the Charter of Fundamental Rights. |

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| | | | | implementation with the relevant provisions of the Charter. | | | Furthermore, a monitoring unit within the Policy Development & Programme Implementation Directorate under the responsibility of the Ministry responsible for Human Rights has been set up to ensure compliance with the Charter. The Unit in liaison with the Human Rights Directorate will be receiving requests from the Managing Authority/s to assess and ensure that project proposals are compliant with the Charter provisions during both the preparation and the implementation of the Programmes and operations supported by EU Funds. |
| | | | | 2. Reporting arrangements to the monitoring committee regarding cases of non-compliance of operations supported by the Funds with the Charter and complaints regarding the Charter submitted in accordance with the arrangements made pursuant to Article 69(7). | Yes | (Refer to previous document) | <p>The Ministry responsible for Human Rights will be represented on the Monitoring Committees of applicable programmes to report on cases of non-compliance of operations supported by the Funds as well as complaints reported in accordance with Article 69(7) of the CPR. Furthermore, the Ministry will also form part of the Inter-ministerial Consultative Committee on EU Funds. Such provisions are stipulated in the agreement mentioned above. Furthermore, the Covenant also outlines the areas of cooperation between the MAs and the responsible entity for human rights throughout the programming period.</p> <p>With regard to reporting arrangements, the MA will inform the Monitoring Committees on: 1) The cases on non-compliance of operations supported by</p> |

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| | | | | | | | <p>the Funds with the Charter and complaints regarding the Charter; 2) The assessment of the case/s; and 3) The action/s taken/to be taken. This report will be provided during the MC as part of the update on the implementation of the Enabling Conditions.</p> <p>Further information on the reporting arrangements to the Monitoring Committee can be found in the Covenant drafted between the MAs and the Ministry responsible for Human Rights.</p> |
| <p>4. Implementation and application of the United Nations Convention on the rights of persons with disabilities (UNCRPD) in accordance with Council Decision 2010/48/EC</p> | | | <p>Yes</p> | <p>A national framework to ensure implementation of the UNCRPD is in place that includes:</p> <p>1. Objectives with measurable goals, data collection and monitoring mechanisms.</p> | <p>Yes</p> | <p>Malta's 2021 - 2030 National Strategy on the Rights of Disabled Persons (https://inclusion.gov.mt/wp-content/uploads/2021/09/Disability-Doc-ENG-SEP-21.pdf)</p> <p>Equal Opportunities (Persons with Disability) Act (Chapter 413 of the Laws of Malta) (https://legislation.mt/eli/cap/413/eng/pdf)</p> | <p>Malta's National Disability Strategy addresses aspirations stemming from the 2014 National Disability Policy and lays out a national plan to improve the quality of life of disabled persons and their families.</p> <p>The Strategy includes several actions as well as timeframes for every specific action in line with the requirement of this criterion.</p> <p>The Strategy will be implemented through a National Coordination Mechanism (Inter-Departmental Coordination Committee/Inter-Ministerial Administrative Committee on Disability) and consultations with stakeholders (Civil Society Participation Mechanism) as required by the United</p> |

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| | | | | | | | <p>Nations Convention on the rights of persons with disabilities (UNCRPD). Implementation will be monitored through the Commission for the Rights of Persons with Disability's (CRPD) UNCRPD Monitoring Unit, and breaches addressed through CRPD's Directorate for Investigations, Compliance and Enforcement.</p> <p>As outlined under Objective 2 of the Strategy, a National Disability Register will be set up to facilitate data collection. The register will also be linked to an Integrated Disability Assessment system.</p> |
| | | | | <p>2. Arrangements to ensure that accessibility policy, legislation and standards are properly reflected in the preparation and implementation of the programmes.</p> | <p>Yes</p> | <p>Accessibility Standards for All in a Built Environment Regulations - Legal Notice 198 of 2019 (https://legislation.mt/eli/sl/413.3/20190828/eng)</p> | <p>From a legal point of view, several measures have been developed to ensure compliance with accessibility policy, including the development of Accessibility Standards for all in the Built Environment Regulations, 2019 (Subsidiary Legislation 413.03).</p> <p>As to the preparation of the programmes, consultations with CRPD were held as part of the consultations on the programme objectives to ensure that the accessibility policy, legislation and standards are properly reflected in the preparation of the programmes in line with Article 9 of the CPR.</p> <p>A monitoring mechanism for the</p> |

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| | | | | | | | implementation of Article 9 UNCRPD covering the ESI Funds cycle was set up for the 2014 – 2020 programming period between CRPD and the relevant Managing Authority (MA). A similar monitoring mechanism will continue to be implemented during the 2021-2027 programming period, in line with the Covenant that is in place between the MAs and CRPD covering the 2021-2027 period. |
| | | | | 3. Reporting arrangements to the monitoring committee regarding cases of non-compliance of operations supported by the Funds with the UNCRPD and complaints regarding the UNCRPD submitted in accordance with the arrangements made pursuant to Article 69(7). | Yes | Covenant between MAs and CRPD | <p>Reporting arrangements adopted for the 2021 – 2027 programming period will continue to build on the arrangements made in the 2014-2020 period, whereby project applications are sent to CRPD for vetting their compliance with the UNCRPD, and with necessary standards and procedures. In line with the Covenant, CRPD, the responsible entity, will be included as a member of the Monitoring Committee of applicable programmes to report on cases of non-compliance of operations supported by the Funds as well as complaints reported in accordance with Article 69(7) of the CPR. It will also form part of the Inter-Ministerial Consultative Committee on EU Funds.</p> <p>Further information on areas of cooperation between the MAs and CRPD throughout the programming period can be found in the Covenant.</p> |

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| 1.1. Good governance of national or regional smart specialisation strategy | ERDF | RSO1.1. Developing and enhancing research and innovation capacities and the uptake of advanced technologies | Yes | Smart specialisation strategy or strategies shall be supported by: | Yes | Malta's Smart Specialisation Strategy 2021-2027 (https://mcest.gov.mt/wp-content/uploads/2022/01/RIS3-Strategy-2020-2027.pdf) | Malta's Smart Specialisation Strategy 2021-2027 was published in 2021. In the preparation of the new Strategy and through the Entrepreneurial Discovery Process, entrepreneurs and stakeholders had the opportunity to demonstrate the most promising areas for future regional development. to address main problems of prioritisation and resource allocation decisions. |
| | | | | 1. Up-to-date analysis of challenges for innovation diffusion and digitalisation. | | | Through the new S3 Strategy, an analysis of the identified areas and challenges for innovation was carried out. The proposed recommendations are included in Chapter 5 followed with references to digitalisation in Chapter 4. Overall responsibility for the management of the Smart Specialisation Strategy lies within the remit of the Ministry responsible for R&I, with MCST acting as the Ministry's implementation arm. |
| | | | | 2. Existence of competent regional or national institution or body, responsible for the management of the smart specialisation strategy. | | | Yes |
| | | | | 3. Monitoring and evaluation tools to measure performance towards the objectives of the strategy. | Yes | (Refer to previous document) | The new Strategy builds upon the previous monitoring and evaluation mechanisms that were used to measure performance, to ameliorate and fine tune |

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| | | | | | | | <p>existing support systems with the aim of obtaining a seamless support framework from one stage to the next in the innovation process. Within this context, Malta was committed to follow up on the 2014-2020 Strategy with the development of a dedicated action plan and the setting up of a tailored Monitoring mechanism. This served as the basis for the new Smart Specialisation Strategy.</p> <p>The dedicated monitoring system has been updated as explained in Chapter 6, and Malta is committed to carry out an external independent evaluation of the RIS3 in 2024-2025. The mid-term evaluation will seek to understand whether the Strategy is being implemented as intended and what, in practice, is working well and why. The timing of the evaluation is such that there is still time to adjust the RIS3 in order to ensure the maximum impact of this programming period.</p> |
| | | | | 4. Functioning of stakeholder co-operation (“entrepreneurial discovery process”). | Yes | (Refer to previous document) | The Entrepreneurial Discovery Process promotes a bottom-up approach that enables policy makers to learn from stakeholders of a quadruple helix (this is composed of government, academia, industry and civil society). The thematic committees will ensure that consultation with various key stakeholders will continue within the quadruple helix formation. The new thematic committees will be responsible for |

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| | | | | | | | <p>keeping the Entrepreneurial Discovery Process ongoing and further refining their implementation needs on a rolling basis.</p> <p>The feedback received from the public consultation was assessed and used to update and prepare the final version of the RIS3 2021-2027. Chapter 3 of the RIS3 2021-2027 provides full details.</p> |
| | | | | 5. Actions necessary to improve national or regional research and innovation systems, where relevant. | Yes | (Refer to previous document) | <p>The initial chapters of the RIS3 provide a robust overview of Malta's overall R&I performance within the wider national economic context. Chapter 5 of the RIS3 then provides a comprehensive overview of measures necessary to improve the R&I system.</p> <p>A new national R&I Strategy is currently under development. Efforts shall be focused on having adoption by end of 2022.</p> |
| | | | | 6. Where relevant, actions to support industrial transition. | Yes | (Refer to previous document) | <p>Actions to support the industrial transitions are outlined in Chapters 4 and 5 of the Strategy. Chapter 4 provides direction for thematic actions whereas Chapter 5 is focused on cross-cutting measures.</p> |
| | | | | 7. Measures for enhancing cooperation with partners outside a given Member State in priority areas supported by the smart specialisation strategy. | Yes | (Refer to previous document) | <p>One of the roles of the new RIS3 thematic committees will be specifically that of facilitating collaboration between R&I actors and private companies, at the level of each thematic area.</p> |

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| | | | | | | | <p>In addition to the collaboration held with main stakeholders, MCST also supports initiatives fostering international collaboration among foreign and local researchers through the setting up of a dedicated Internationalisation Unit. The work undertaken by this unit is based on expanding internationalisation strategic partnerships, promoting international research collaboration, enhancing science diplomacy and enhancing Malta's attractiveness as an R&I destination. Further information on the main initiatives undertaken by this unit can be found in the following link: https://mcst.gov.mt/internationalisation/. This unit will also assist the thematic committees in the pursuit of opportunities to engage international stakeholders to support implementation. Further information on internationalisation can be found in Chapter 5.</p> |
| 2.1. Strategic policy framework to support energy efficiency renovation of residential and non-residential buildings | ERDF | RSO2.1. Promoting energy efficiency and reducing greenhouse gas emissions | Yes | <p>1. A national long term renovation strategy to support the renovation of the national stock of residential and non-residential buildings is adopted, in line with the requirements of Directive (EU) 2010/31/EU of the European Parliament and of the Council , which:</p> <p>(a) entails indicative milestones for 2030, 2040 and 2050;</p> | Yes | <p>Malta's Long Term Renovation Strategy 2050 (https://environmentcms.gov.mt/en/Documents/closedMinisterialConsultations/longTermRenovationStrategy2050.pdf)</p> | <p>The Long Term Renovation Strategy 2050, as published by the Ministry responsible for the Environment, Energy and Enterprise, addresses the criteria as follows: the Strategy primarily includes a list of indicative milestones to be achieved by 2030, 2040, and 2050, as per Section 7.2.2 of the document. Furthermore, a number of parallel initiatives supporting the implementation of this Strategy are also featured in the document, as per Section</p> |

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| | | | | <p>(b) provides an indicative outline of financial resources to support the implementation of the strategy;</p> <p>(c) defines effective mechanisms for promoting investments in building renovation.</p> | | | <p>7.1, which also delineates the financial incentives that will play a significant role in supporting energy efficiency for households and businesses. It also provides a list of policy measures to support the transition towards higher energy efficiency in public buildings as per Section 3.2.4 and the building sector in general with schemes that promote the investment in high-efficiency cogeneration equipment in the commercial and industrial sectors, as per Section 5.</p> <p>The Strategy was adopted in 2021.</p> |
| | | | | <p>2. Energy efficiency improvement measures to achieve required energy savings</p> | <p>Yes</p> | <p>(Refer to previous document)</p> | <p>Section 4 provides an overview of the policy measures and initiatives aimed at addressing energy poverty through energy efficiency incentives to regularize energy consumption through cost-effective solutions. Sections 5 and 6 provide an overview of the policies and measures specifically targeting the residential building sector category outlining financial incentives and grants aimed at improving the building fabric of dwellings, to facilitate the purchase of technologies and systems making use of renewable sources of energy thereby contributing to achieving the required energy savings. Furthermore, Section 7 presents a list of short term and long-term actions for renovating the building stock and contribute towards aligning energy use and carbon emissions with EU targets through financial incentives</p> |

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| | | | | | | | and grants for facilitating the uptake of energy efficiency in the domestic and commercial sectors. |
| 2.2. Governance of the energy sector | ERDF | <p>RSO2.1. Promoting energy efficiency and reducing greenhouse gas emissions</p> <p>RSO2.2. Promoting renewable energy in accordance with Renewable Energy Directive (EU) 2018/2001[1], including the sustainability criteria set out therein</p> | No | <p>The integrated national energy and climate plan is notified to the Commission, in accordance with Article 3 of Regulation (EU) 2018/1999 and consistent with the long-term greenhouse gas emission reduction objectives under the Paris Agreement, which includes:</p> <p>1. All elements required by the template set out in Annex I to Regulation (EU) 2018/1999.</p> | No | <p>Malta's 2030 National Energy and Climate Plan (https://www.energywateragency.gov.mt/wp-content/uploads/2021/10/MT-NECP-FINAL-2020-10-05_Corrigendum.pdf)</p> <p>Long Term Renovation Strategy 2050 (https://environmentcms.gov.mt/en/Documents/closedMinisterialConsultations/LongTermRenovationStrategy2050.pdf)</p> | <p>The Ministry responsible for Energy, Enterprise and Sustainable Development was the lead entity responsible for preparing the National Energy and Climate Plan (NECP) 2030. The NECP addresses five dimensions: decarbonisation, energy efficiency, energy security, internal energy market, and research, innovation and competitiveness. Further information on decarbonisation and GHG emissions/removals can be found in Chapter 4.2.</p> <p>Malta's final NECP has been submitted to the European Commission and published in December 2019. Aspects related to Annex I of the Regulation are being updated and are foreseen to be completed by Q3 2022. The NECP is also complementary to the Long-Term Renovation Strategy 2050.</p> |
| | | | | <p>2. An outline of envisaged financial resources and mechanisms for measures promoting low-carbon energy.</p> | Yes | (Refer to previous documents) | <p>Malta's NECP provides an overview of the investment needs and envisaged financial resources for measures included in the Policies and Measures Chapter (Section 5.3 of the Plan).</p> |
| 2.3. Effective promotion of the use of renewable energy across sectors and across | ERDF | RSO2.2. Promoting renewable energy in accordance | Yes | <p>Measures are in place which ensure:</p> <p>1. Compliance with the 2020 binding national renewable energy target and with this share</p> | Yes | <p>National Renewable Energy Action Plan for 2020 (2017) (https://drive.google.com/file/d/18afxVA-V6YmrNrF0yus6Xv-rmHuTnLCM/view)</p> | <p>The National Renewable Energy Action Plan includes policies and measures which ensured compliance with the 2020 binding national renewable energy target.</p> |

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| the EU | | with Renewable Energy Directive (EU) 2018/2001[1], including the sustainability criteria set out therein | | of renewable energy as a baseline up to 2030 or having taken additional measures in case the baseline is not maintained over any one-year period in accordance with the Directive (EU) 2018/2001 and Regulation (EU) 2018/1999. | | Malta's 2030 National Energy and Climate Plan (NECP) (https://www.energywateragency.gov.mt/wp-content/uploads/2021/10/MT-NECP-FINAL-2020-10-05_Corrigendum.pdf) | The National Energy Climate Plan (which supersedes the above-mentioned NREAP) shall ensure compliance with this share as a baseline up to 2030 in line with the Governance Regulation. |
| | | | | 2. In accordance with the requirements of Directive (EU) 2018/2001 and Regulation (EU) 2018/1999, an increase of the share of renewable energy in the heating and cooling sector in line with Article 23 of Directive (EU) 2018/2001. | Yes | Malta Low Carbon Development Strategy (2021) (https://unfccc.int/sites/default/files/resource/MLT_LTS_Nov2021.pdf) | Malta's Low-Carbon Development strategy (LCDS) includes measures that also target RES as well as measures that will contribute to RES heating and cooling, primarily through solar water heaters and heat pumps. The measures in the LCDS aim to increase the share of RES in the heating and cooling sector. The LCDS includes an increased ambition in relation to 2030 targets than the ones outlined in the NECP of 2019. |
| 2.5. Updated planning for required investments in water and wastewater sectors | ERDF CF | RSO2.5. Promoting access to water and sustainable water management | No | For each or both sectors, a national investment plan is in place and includes: 1. An assessment of the current state of implementation of Council Directive 91/271/EEC and of Council Directive 98/83/EC . | No | Draft National Investment Plan for the Water and Wastewater Sector 2022-2030 | With reference to the Urban Wastewater Treatment Directive, the Draft National Investment Plan presents an assessment of distance to compliance under Section 3.2. In 2020, Malta secured compliance on the Gozo agglomeration. Regarding the Drinking Water Directive, Malta is fully compliant with the old Directive (98/83/EC), whereas an assessment of distance to compliance on the Directive Recast (2020/2184/EC) is presented in Section 3.1 of the National Investment Plan. |
| | | | | 2. The identification and | Yes | (Refer to previous documents) | The Draft National Investment Plan |

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| | | | | <p>planning of any public investments, including an indicative financial estimation:</p> <p>(a) required to implement the Directive 91/271/EEC, including a prioritisation with regard to the size of agglomerations and the environmental impact, with investments broken down for each wastewater agglomeration;</p> <p>(b) required to implement Directive 98/83/EC;</p> <p>(c) required to match the needs stemming from Directive (EU) 2020/2184 , regarding in particular the revised quality parameters set out in Annex I of that Directive.</p> | | | <p>satisfies Criterion 2 by identifying public investments necessary as follows:</p> <p>a) UWWTD implementation: Section 4.2</p> <p>b) DWD (98/83/EC) implementation: Section 4.1</p> <p>c) DWD (2020/2184/EC): Section 4.1.</p> <p>An indicative financial estimate is also provided as outlined in the sections above.</p> |
| | | | | <p>3. An estimate of investments needed to renew existing wastewater and water supply infrastructure, including networks, based on their age and depreciation plans.</p> | Yes | (Refer to previous documents) | <p>The Draft National Investment Plan satisfies Criterion 3 by identifying public investments necessary as follows:</p> <p>a) UWWTD implementation: Section 4.2</p> <p>b) DWD (98/83/EC) implementation: Section 4.1</p> <p>An indicative financial estimate is also provided as outlined in the sections above.</p> |
| | | | | <p>4. An indication of potential sources of public financing, when needed to complement user</p> | No | (Refer to previous documents) | <p>The Draft National Investment Plan will aim to address Criterion 4 under Section 6. The foreseen financing resources are</p> |

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| | | | | charges. | | | indicative and subject to updates during the implementation of the Plan. |
| 2.6. Updated planning for waste management | CF | RSO2.6. Promoting the transition to a circular and resource efficient economy | Yes | <p>One or more waste management plans as referred to in Article 28 of Directive 2008/98/EC of the European Parliament and of the Council are in place, covering the entire territory of the Member State, and include:</p> <p>1. An analysis of the current waste management situation in the geographical entity concerned, including the type, quantity and source of waste generated and an evaluation of their future development taking into account the expected impacts of measures set out in the waste prevention programmes developed in accordance with Article 29 of Directive 2008/98/EC.</p> | Yes | Long Term Waste Management Plan 2021-2030 (https://era.org.mt/wp-content/uploads/2022/02/Long-Term-Waste-Management-Plan-v1.4.3-Spreads-Digital-Version.pdf) | The Ministry responsible for the Environment, Energy and Enterprise is the lead entity responsible for investment in waste management. The Waste Management Plan 2021-2030 was published in 2021. Further information concerning the analysis of the current waste management situation can be found in Chapter 2 Progress of the Public Consultation Document which provides an account of the type of waste that is generated and a thorough assessment of Malta's performance in reaching waste management targets. Measures promoting waste prevention can also be found in Chapter 4.3 of the document. |
| | | | | <p>2. An assessment of existing waste collection schemes, including the material and territorial coverage of separate collection and measures to improve its operation, as well as the need for new collection schemes.</p> | Yes | (Refer to previous document) | Reference to the current waste collection systems, schedules and rationale for regionalising waste collection can be found in Chapter 5 Modernising the waste collection system. A financial analysis of introducing new collection schedules is also found in this section. |
| | | | | <p>3. An investment gap assessment justifying the need for the closure of existing waste installations and additional or upgraded waste infrastructure, with an information of the</p> | Yes | (Refer to previous document) | An investment gap assessment has been embedded in Chapter 6 Waste Management and Resource Optimisation, whereby a description of the current infrastructure and the proposed additional capacities are |

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| | | | | sources of revenues available to meet operation and maintenance costs. | | | provided to address the gaps. The waste flow model in Chapter 3 defines the material flows at high-level through the proposed infrastructure. |
| | | | | 4. Information on the location criteria for how future site locations identification will be determined and on the capacity of future waste treatment installations. | Yes | (Refer to previous document) | A list of criteria that will be used for selecting locations of new waste management projects can be found in Chapter 6 Waste Management and Resource Optimisation. |
| 2.7. Prioritised action framework for the necessary conversation measures involving Union co-financing | ERDF | RSO2.7. Enhancing protection and preservation of nature, biodiversity and green infrastructure, including in urban areas, and reducing all forms of pollution | Yes | For interventions supporting nature conservation measures in connection with Natura 2000 areas within the scope of Council Directive 92/43/EEC : A priority action framework pursuant to Article 8 of Directive 92/43/EEC is in place and includes all elements required by the template for the priority action framework for 2021-2027 agreed by the Commission and the Member States, including the identification of the priority measures and an estimate of financing needs. | Yes | Prioritized Action Framework for Natura 2000 in Malta | Pursuant to Article 8 of Directive 92/43, the Ministry responsible for the Environment, Climate Change and Planning prepared the Prioritized Action Framework (PAF) which was submitted to the European Commission in 2021. The scope of this framework is to identify the financing needs and priorities that are directly linked to the specific conservation measures established for Natura 2000. Within this context, priority measures have been identified that contribute towards the EU Nature directives and seek to provide important socio-economic and ecosystem service benefits to society. Featured within the action framework are the list of prioritized measures to be carried out during the 2021 – 2027 MFF period and the estimated costs in line with section E.1.2 of the PAF. Reference to the monitoring and reporting mechanisms that are in place is also provided in section E.1.3 together with the relevant measures that are required to develop a holistic monitoring programme. In view of ongoing |

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| | | | | | | | assessments, this document continues to be updated to be aligned with the latest monitoring information and data gathering on habitats and species status. |
| 3.1. Comprehensive transport planning at the appropriate level | CF | RSO3.1. Developing a sustainable, climate resilient, intelligent, secure, sustainable and intermodal TEN-T | No | <p>Multimodal mapping of existing and planned infrastructures, except at local level, until 2030 is in place which:</p> <p>1. Includes economic assessment of the planned investments, underpinned by demand analysis and traffic modelling, which should take into account the anticipated impact of the opening of the rail services markets.</p> | Yes | <p>Transport Malta, ‘National Transport Master Plan: 2025 Malta’ (https://transportmalta.wetransfer.com/downloads/c0ed2f41cbdb8b47a22ef7c932bbebaf20170327084338/cfb89a)</p> <p>Transport Malta, ‘National Transport Strategy 2050’ (https://transportmalta.wetransfer.com/downloads/02a871c2a36e859b751f40dd405a4b4a20161202212452/4df52a)</p> | <p>The Ministry responsible for Transport, Infrastructure and Capital Projects is responsible for transport planning in Malta. A Transport Master Plan 2015-2025 as well as an overarching National Transport Strategy 2050 are in place.</p> <p>With respect to the economic assessment of planned investments, the existing Transport Master Plan provides an overview of the assessment used to identify major capital projects. Further information can be found in Chapter 3 of the National Transport Master Plan.</p> <p>At present, the Transport Master Plan is being reviewed also in terms of the transport model, to take into account the implementation of the Plan thus far as well as the current socio-economic realities and priorities.</p> <p>Malta is currently carrying out the review and extension of the National Transport Master Plan up to 2030 which aims to address the criteria under this Enabling Condition.</p> |
| | | | | 2. Is consistent with the transport related elements of the integrated | No | (Refer to previous document) | The current Transport Master Plan makes reference to the main transport |

| Enabling condition | Fund | Specific objective | Fulfilment of enabling condition | Criteria | Fulfilment of criteria | Reference to relevant documents | Justification |
|--------------------|------|--------------------|----------------------------------|---|------------------------|---------------------------------|---|
| | | | | national energy and climate plan. | | | elements that are relevant to the national energy and climate plan. A SWOT analysis for road-based transport was presented in the Plan which are likely to impact air quality. The reviewed version of the Master Plan shall also take into consideration the National Air Pollution Control Plan and the findings of the National Energy and Climate Change Plan. |
| | | | | 3. Includes investments in TEN-T core network corridors, as defined by the CEF Regulation, in line with the respective TEN-T core network corridors work plans. | Yes | (Refer to previous document) | <p>The 2025 Transport Master Plan identifies a list of projects that form part of the upgrades required to the TEN-T network, as indicated in Section 03.1 of the Plan. A similar assessment will be undertaken for further investments in TEN-T networks as part of the reviewed Master Plan.</p> <p>The current time horizon to complete the TEN-T Core network is currently 2030. The list of projects has already been identified to complete the TEN-T Core network as submitted as part of the Scan Med Corridor List. However further discussions within the context of the revision of the TEN-T Regulation updates are foreseen.</p> |
| | | | | 4. For investments outside the TEN-T core network corridors, including in cross-border sections, ensures complementarity by providing sufficient connectivity of the urban networks, regions and local communities to the core TEN-T and its nodes. | No | (Refer to previous document) | <p>The new Master Plan will be taking into consideration investments outside the TEN-T Core network corridors, including cross border sections.</p> <p>The current time horizon to complete the TEN-T Comprehensive network is 2050. Measures in relation to Digitisation</p> |

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| | | | | | | | (ITS, VTMS), Electromobility (MESD) and SUMP need to be taken into account. The Metro is planned for beyond 2030 therefore it is not foreseen to be part of this review of the TMP. |
| | | | | 5. Ensures interoperability of the rail network, and, where relevant, reports on the deployment of ERTMS according to Commission Implementing Regulation (EU) 2017/6 . | Yes | Not applicable. | This is not applicable to Malta since there are no rail networks across the country. The metro does not fall within this criterion. |
| | | | | 6. Promotes multimodality, identifying needs for multimodal or transshipment freight and passengers terminals. | No | (Refer to previous document) | <p>The reviewed Transport Master Plan shall continue to build upon the measures identified for multi-modal transport in Section 03.2 of the current Plan.</p> <p>This part needs to be re-developed. Multi modal hubs have been developed since 2016. The proposed revision of the TEN-T Regulation will guide us what is required in relation to multi modal hubs within urban nodes.</p> <p>Valletta was called the ‘urban hub’ in the current TMP; the TMP may aim to define the geographical boundary of Malta’s only urban node of Valletta (conurbation of 27 cities as per NSO).</p> |
| | | | | 7. Includes measures relevant for infrastructure planning aiming at promoting alternative fuels, in line with the relevant national policy frameworks. | No | National Policy Framework – Alternative Fuels Infrastructure for Transport in Malta 2018-2030 (https://mtip.gov.mt/en/Documents/NPF%20Malta.pdf) | The 2025 Master Plan includes a list of clean urban transport and infrastructure, as per Section 3.2.3. However, the need to identify measures relevant for infrastructural planning aimed at |

| Enabling condition | Fund | Specific objective | Fulfilment of enabling condition | Criteria | Fulfilment of criteria | Reference to relevant documents | Justification |
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| | | | | | | | <p>promoting alternative fuels will also be featured in the reviewed Transport Master Plan, which shall be in line with the National Policy Framework for alternative fuels 2018-2030.</p> <p>The TMP will take into account the newly proposed AFIR obligations on the Ten-T core, comprehensive network and urban node (Valletta conurbation).</p> |
| | | | | 8. Presents the results of the assessment of road safety risks in line with existing national road safety strategies, together with a mapping of the affected roads and sections and providing with a prioritisation of the corresponding investments. | No | Road Safety Strategy Malta 2014-2024 (https://www.aniapedia.it/UserFiles/File/20160108_road_safety_strategy_malta_2014-2024.pdf) | <p>A Malta Road Safety Advisory Council was set up and a National Road Safety Strategy 2014 – 2024 is in place.</p> <p>The current Transport Master Plan provides an assessment of the need to improve road safety through better research, engineering, education, amongst others, as per Section 2.2.10 of the Plan. The reviewed Transport Master Plan will outline a summary of the assessment of road safety risks in line with the existing Road Infrastructure Safety Management Directive.</p> |
| | | | | 9. Provides information on financing resources corresponding to the planned investments and required to cover operation and maintenance costs of the existing and planned infrastructures. | No | (Refer to previous document) | <p>Section 3.1.2 of the 2025 Transport Master Plan already provides information on the planned investments. The reviewed Master Plan shall aim to provide information on the financing resources related to the planned investments, including operation and maintenance costs of current and new infrastructures.</p> <p>Once the projects are identified, the</p> |

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| | | | | | | | financing sources will be identified. The current TMP earmarked the funding for 2014-2020, now the reviewed TMP will cover financing sources under the 2021-2027 and beyond. Funding beyond 2027 programming period however would be conditional to available funding (national and EU funding). |
| 4.3. Strategic policy framework for the education and training system at all levels | ERDF | RSO4.2. Improving equal access to inclusive and quality services in education, training and lifelong learning through developing accessible infrastructure, including by fostering resilience for distance and on-line education and training | Yes | A national or regional strategic policy framework for the education and training system is in place and includes: 1. Evidence-based systems for skills anticipation and forecasting. | Yes | Framework for the education strategy for Malta 2014 – 2024 (https://education.gov.mt/en/resources/documents/policy%20documents%202014/booklet%20esm%202014-2024%20eng%2019-02.pdf) | An education policy framework titled Framework for the Education Strategy for Malta 2014 – 2024 is in place and being implemented. The four overarching goals of the Framework will continue to be pursued beyond 2024. The purpose of the Education Excellence exercise was to kick start the renewal, alignment, support and subsequent implementation of the Ministry responsible for Education strategies and policies. A number of policies have been reviewed and renewed with a life cycle spanning up to 2030. These are underscored by the four broad goals of the Framework for Education Strategy 2014-2024. The broad goals of the Framework for Education Strategy are to provide more opportunities and flexibility in the education system. Malta committed itself to continue to take measures to modernise curricula, improve quality in teaching and assessment and promote digital skills. Therefore, the Ministry has extended the period of the Framework up to 2030. Jobsplus conducts periodical reviews on |

| Enabling condition | Fund | Specific objective | Fulfilment of enabling condition | Criteria | Fulfilment of criteria | Reference to relevant documents | Justification |
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| | | | | | | | the labour market, the services offered, and the skills needed by economic industries. |
| | | | Yes | 2. Graduate tracking mechanisms and services for quality and effective guidance for learners of all ages. | Yes | (Refer to previous document) | <p>MFHEA is the lead entity responsible for Graduate tracking.</p> <p>In view of the Eurograduate technical report, Malta prepared a strategic road map to develop its capacity and readiness to participate in a European Graduate Survey by 2022 as a basis for a national systematic graduate tracking initiative to ensure that graduate tracking studies at EU and national level become systematic. A national Working Group on Graduate Tracking is being set up to include main stakeholders to develop a national model for graduate tracking and prepare for Malta's participation in the Eurograduate study planned for 2022. Co-operation with national entities on career guidance initiatives is also held at VET, post-secondary and tertiary educational institutions.</p> <p>Malta will be implementing the Eurograduate survey using the questionnaire developed by the project consortium as it is, with adaptations to the national contexts. All data will be collected in line with the five areas for data collection through collaboration and communication with stakeholders, promotion of survey, preparation for</p> |

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| | | | | | | | participation and implementation of Eurograduate initiative. |
| | | | | 3. Measures to ensure equal access to, participation in and completion of quality, affordable, relevant, non-segregated and inclusive education and training, and acquisition of key competences at all levels including higher education. | Yes | <p>Inclusion Policy (2021 – 2030)</p> <p>National Vocational Education and Training Policy (2015) (https://mfhea.mt/wp-content/uploads/2021/09/National-Vocational-Education-and-Training-Policy.pdf)</p> <p>(Draft) National Strategy for Digital Education and Transversal Skills 2030</p> <p>(Draft) 2030 Strategic Vision for Further and Higher Education in Malta</p> <p>Malta Qualifications Framework Impact Review - Final Report (2021) (https://mfhea.mt/wp-content/uploads/2021/05/FinalReport_Feb2021.pdf)</p> <p>MCAST Strategic Plan 2022 -2027</p> <p>University of Malta Strategic Plan 2020-2025</p> | <p>Measures include:</p> <ul style="list-style-type: none"> •Free state schools for ages 3-18; •Free childcare scheme and students’ maintenance grants at further and higher education; •Learning support educators for children with disabilities; •Through MQF, students transition from VET to academic education and vice versa; •My Journey Reform; •Policy on Inclusive Education in Schools ensures inclusion for students; Two Targets address Smooth Transitions in Schools and Different Pathways available, from early years to secondary. Information on Post-Secondary opportunities and pathways for students in Year 11 are carried out yearly, including for students with individual educational needs and prospective ESLs; •Malta’s National Curriculum Framework for All (2012); •Specific learning outcomes for digital education; •Malta’s National Literacy Strategy 2021-2030 is raising literacy levels. Malta’s Recovery and Resilience Plan reforms includes “Reading Recovery”. •MCAST mainstream courses at all |

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| | | | | | | | <p>levels of the MQF;</p> <ul style="list-style-type: none"> •The Institute for Education offers qualifications up to Master's Degree, awards in education and post graduate certificates, and courses at the University of Malta. |
| | | | | <p>4. A coordination mechanism covering all levels of education and training, including higher education, and a clear assignment of responsibilities between the relevant national and/or regional bodies.</p> | Yes | (Refer to previous documents) | <p>A Policy Coordination Unit has been set up within the Ministry responsible for Education to liaise with the working group/committee of experts monitoring the implementation of current policies and drafting new or renewed policies.</p> <p>The Policy Coordination Unit will be working towards the implementation of the newly introduced monitoring system. After the adoption of each policy's work plan outlining key measures and indicators, the related monitoring arrangements will take place. The policy owners shall report their progress in implementing the measures according to their work plan.</p> <p>While the main focus of the Policy Coordination Unit has so far been the ongoing renewal of the strategic policy framework; the appointment of monitoring bodies responsible for the evaluation and review process of the ongoing implementation of the strategic framework shall now be the main priority. The process and methods identified shall include an internal exercise within the strategy unit for the</p> |

| Enabling condition | Fund | Specific objective | Fulfilment of enabling condition | Criteria | Fulfilment of criteria | Reference to relevant documents | Justification |
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| | | | | | | | selection of appropriate bodies within the necessary expertise to assess on a cyclical basis. |
| | | | | 5. Arrangements for monitoring, evaluation and review of the strategic policy framework. | Yes | (Refer to previous documents) | <p>A Policy Coordination Unit has been set up within the Ministry responsible for education to liaise with the working group/committee of experts monitoring the implementation of current policies and drafting new or renewed strategies. Various policy documents are currently being reviewed to incorporate new trends in educational needs and objectives, also to take into account the new realities brought about by COVID-19.</p> <p>All the Strategies falling within the remit of the Ministry contribute towards the overarching Strategic Policy Framework on Education (2014 - 2024). It is envisaged that the policies which are currently being reviewed and updated will include an evaluation process that is inherent in their implementation, which is envisaged to be carried out through research studies. In addition, it is also foreseen that the new policies for lifelong learning, inclusion, higher education, national literacy and digitalisation, amongst others, will include an evaluation/research of their policies as part of the action plan.</p> <p>Further details on monitoring and</p> |

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| | | | | | | | evaluation can be found in Malta's Recovery and Resilience Plan. |
| | | | | 6. Measures to target low-skilled, low-qualified adults and those with disadvantaged socio-economic backgrounds and upskilling pathways. | Yes | <p>(Draft) National Strategy for Lifelong Learning 2020-2030 (https://meae.gov.mt/en/Public_Consultations/MEDE/Documents/LLL%20POLICY%20Document.pdf)</p> <p>MCAST RPL Policy available on (https://www.mcast.edu.mt/wp-content/uploads/DOC_358_CORP_REV_A_RECOGNITION-OF-PRIOR-LEARNING-RPL-POLICY.pdf)</p> | <p>Several measures encouraging lifelong learning are in place. Further and higher education institutions implement a maturity clause for several courses, encouraging all adults to continue pursuing an education.</p> <p>The validation assessment of informal and non-formal learning is also continuously extending, an important step in promoting lifelong learning and facilitating access to learners not possessing any qualifications from formal education. Guidance services are also offered to finding the most adequate course.</p> <p>Lifelong learning courses are also offered to working adults whilst traineeship programmes and work exposure schemes are also offered to workers. In addition, MCAST offers part time evening courses whilst Jobsplus offers training opportunities to any individual of working age, irrespective of skills levels and employment status.</p> <p>MCAST offers the possibility of admissions to courses at all MQF Levels via alternative routes.</p> <p>Moreover, Jobsplus offers the Trade</p> |

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| | | | | | | | Testing System, set up in order to assess individuals who do not possess formal qualifications. A Certificate of Competence is awarded on successful pass. |
| | | | | 7. Measures to support teachers, trainers and academic staff as regards appropriate learning methods, assessment and validation of key competences. | Yes | LN 243 of 2017 – Institute for Education (https://legislation.mt/eli/ln/2017/243/eng) | <p>The Institute for Education (IfE), originally set up as an Institute in 2015 by virtue of Legal Notice 140 of 2015 (as amended by Legal Notice 240 of 2015), and then reconstituted as an agency by virtue of Legal Notice 243 of 2017, provides initial teacher training and continuous professional development to all those who give service in the education sector. Since its inception the IfE has created qualifications and awards in order to facilitate and improve Initial Teacher Training (equivalent to qualifications up to MQF level 7), a Master's Degree for prospective Leaders in the Education sphere, a Master's Degree in STEM Education and Management, and continuous professional development for Educators. The IfE is continuously creating courses to cater for the different needs of educators. It has also developed stand-alone accredited awards, and sessions both for educators and parents.</p> <p>Other higher educational institutions such as MCAST and the University of Malta also offer continuous professional development training to support educators and members of the Senior Management Team.</p> |

| Enabling condition | Fund | Specific objective | Fulfilment of enabling condition | Criteria | Fulfilment of criteria | Reference to relevant documents | Justification |
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| | | | | 8. Measures to promote mobility of learners and staff and transnational collaboration of education and training providers, including through recognition of learning outcomes and qualifications. | Yes | Manual of Procedures for Provider licensing and Programme Accreditation (2016) | <p>The European Credit System for Vocational Education and Training (ECVET) helps individuals in the transfer, recognition and assessment of their learning outcomes to facilitate mobility of learners. ECVET 2019 has been officially finalised and discussions have started on ECVET 2020. This process continues to provide guidelines on Recognition of Prior Learning which may be used by accredited educational institutions.</p> <p>Various educational institutions coordinate the mobility of educators through EU funded programmes such as ERASMUS+ to provide an opportunity to all learners to visit schools in the EU to promote the Education Strategy and enhance the possibility to achieve the aims set out in the Strategy.</p> <p>With regards to the recognition of learning outcomes and qualifications, the MFHEA is responsible for the accreditation of courses and training programmes in Malta, in line with SL 327.433.</p> <p>A manual of procedures in conformity with legislation was published in 2016. The Malta Qualifications Recognition Information Centre is the competent body within MFHEA recognising</p> |

| Enabling condition | Fund | Specific objective | Fulfilment of enabling condition | Criteria | Fulfilment of criteria | Reference to relevant documents | Justification |
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| | | | | | | | qualifications against the MQF. |
| 4.6. Strategic policy framework for health and long-term care | ERDF | RSO4.5. Ensuring equal access to health care and fostering resilience of health systems, including primary care, and promoting the transition from institutional to family- and community-based care | No | A national or regional strategic policy framework for health is in place that contains: 1. Mapping of health and long-term care needs, including in terms of medical and care staff, to ensure sustainable and coordinated measures. | No | National Health Systems Strategy for Malta 2020-2030: Investing Successfully for Healthy Future (Draft) Building Resilience Transforming Services - A Mental Health Strategy for Malta 2020-2030 (2019) (https://deputyprimeminister.gov.mt/en/Documents/National-Health-Strategies/Mental_Health_Strategy_EN.pdf) | The Draft National Health System Strategy (NHSS) for Malta 2020-2030: Investing successfully for a Healthy Future is foreseen to be finalised and published by November 2022 on the Ministry website https://deputyprimeminister.gov.mt/en/Pages/health.aspx . The Strategy identifies population growth, ageing and diversity as the main challenges to the Maltese health system as outlined under Chapter 3 of the draft Strategy. Policy actions to address these challenges are included throughout the NHSS and represent the core mission objectives, including: <ul style="list-style-type: none"> • To improve population health and wellbeing; • To improve the individual patient care experience; • To improve value in healthcare; and • To improve the experience of providing care for the health workforce. The NHSS encapsulates strategies that will facilitate the planning and implementation of policies, initiatives and investments by Health and other sectors to improve the health of the local population by preventing avoidable illness, detecting diseases as early as |

| Enabling condition | Fund | Specific objective | Fulfilment of enabling condition | Criteria | Fulfilment of criteria | Reference to relevant documents | Justification |
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| | | | | | | | possible, reducing health inequalities and delivering quality health services. |
| | | | | 2. Measures to ensure the efficiency, sustainability, accessibility and affordability of health and long-term care services, including a specific focus on individuals excluded from the health and long-term care systems, including those who are hardest to reach. | Yes | (Refer to previous documents) | <p>The draft Strategy incorporates several relevant measures, primarily aiming to improve population health and well-being (Chapter 4). Measures include improving the citizen's quality of life, addressing the widening health gap and addressing inequalities through the health systems (including through training).</p> <p>The draft Strategy also denotes the importance of improving the individual patient care experience (Chapter 5), including through enhancing equity through improved access to services, and the provision of integrated services through information technology.</p> <p>Measures related to improving the value of healthcare (Chapter 6) are also included, such as increasing capacity, delivering innovative services, modernise and upgrade existing infrastructure, develop networks and operationalise interconnectivity with other hospitals and institutions in other Member States, as well as develop environmentally friendly facilities and services.</p> <p>In addition, the draft Strategy also delves into harnessing innovation, technology and research in order to enhance efficiency, sustainability and</p> |

| Enabling condition | Fund | Specific objective | Fulfilment of enabling condition | Criteria | Fulfilment of criteria | Reference to relevant documents | Justification |
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| | | | | | | | affordability of the health system (Chapter 8). |
| | | | | 3. Measures to promote community and family- based services through de-institutionalisation, including prevention and primary care, home-care and community-based services. | Yes | (Refer to previous documents) | <p>Several relevant measures are incorporated within the draft Strategy which relate to such services. Chapter 5 elaborates on the strategic shift required to ensure coherence across healthcare and other organisations and emphasises the need for ambulatory and community settings thus removing barriers to access community and primary care services. Furthermore, the need to exploit the benefits of digital technologies is highly evident, in addition to improve preventive and rehabilitative efforts for better longer-term outcomes, as well as enhancing community support systems for the elderly.</p> <p>Chapter 6 also underscores the objective of enhancing capacity for treatment and care in the community through the development of Health Hubs, the upgrading of Health Centres, and the establishment of multi-disciplinary group family practices and community services for children and adolescents.</p> |

5. Programme authorities

Reference: point (k) of Article 22(3) and Articles 71 and 84 CPR

Table 13: Programme authorities

| Programme authorities | Name of the institution | Contact name | Position | Email |
|---|---|-------------------|-------------------|---------------------------|
| Managing authority | Planning and Priorities Coordination Division within the Ministry responsible for EU Funds | Jonathan Vassallo | Director General | jonathan.vassallo@gov.mt |
| Audit authority | Internal Audit and Investigations Department within the Ministry responsible for Internal Audit | Stefan Manicolo | Director General | stefano.manicolo.1@gov.mt |
| Body which receives payments from the Commission | Strategy and Implementation Division within the Ministry responsible for EU Funds | Edwin Camilleri | Chief Coordinator | edwin.a.camilleri@gov.mt |
| Body (other than managing authority) carrying out the accounting function | Strategy and Implementation Division within the Ministry responsible for EU Funds | Edwin Camilleri | Chief Coordinator | edwin.a.camilleri@gov.mt |

The repartition of the reimbursed amounts for technical assistance pursuant to Article 36(5) CPR if more bodies are identified to receive payments from the Commission

Reference: Article 22(3) CPR

Table 13A: The portion of the percentages set out in point (b) of Article 36(5) CPR that would be reimbursed to the bodies which receive payments from the Commission in case of technical assistance pursuant to Article 36(5) CPR (in percentage points)

6. Partnership

Reference: point (h) of Article 22(3) CPR

Malta is committed to ensuring that the principles of partnership and multi-level as set out in Article 8 of the CPR, and as further defined in Commission Delegated Regulation (EU) No 240/2014[1], are taken into account and promoted in the design and implementation of this Programme. In this regard, various stakeholders were involved in the consultation process of this Programme at different stages. During 2020, a series of thematic committee meetings as well as a meeting focusing on Gozo's needs were held to provide strategic input and guidance to the programming process. The adopted approach was based on desk-based research by technical experts on Malta's development needs. This captured the Policy Objectives and the Fund Specific Objectives, amongst others, as set in the proposed regulatory framework delving into the situation analysis and development needs of each thematic area. An assessment on Gozo's needs was also undertaken. The outcome of the research was presented during the relevant Thematic Committee and participants were invited to confirm or otherwise the information provided, as well as identify other areas of relevance, which were possibly not yet captured in the delivered presentation.

The key stakeholders that participated in these Thematic Committees included Government entities, urban and other public authorities, economic and social partners, relevant bodies representing civil society, environmental partners, as well as bodies responsible for promoting social inclusion, fundamental rights, rights of persons with disabilities, youths, gender equality and non-discrimination. The outcome of these meetings was taken into consideration in the drafting of this Programme. Amongst others, comments raised included:

- The importance to link R&I investment to the Smart Specialisation Strategy, once this is adopted, also noting that in Malta's context this cannot be very specific;
- The need to stimulate further research by higher education institutions and other organisations, including NGOs;
- To further support enterprises, also within the context of internationalisation, digitisation, green economy and Industry 4.0. Start-ups and scale ups were also referred to;
- The need to adopt more intelligent way to tackle waste;
- The need to address water management challenges for ground water and sea water;
- The importance of cultural heritage for tourism purposes;
- The need for investment in the core transport network, to enhance modal shift and to explore the usage of advanced technologies in the transport sector;
- The need to invest in mental health and in genetic screening;
- The need to focus on persons with disability with the aim to address their specific needs;
- The need to invest in education infrastructure;
- The need to attract more enterprises to Gozo, focus on niche tourism, enhance the tourism product and focus on a greener Gozo, including sustainable mobility.

Another consultation exercise was carried out with the Malta Council for Economic and Social Development (MCESD), which is the formally established structure in Malta where social dialogue and public consultations take place. The Council is composed of the main socioeconomic partners in Malta representing the main employer bodies, trade unions and civil society, as well as the Government.

Following the consultations outlined above, in 2021, a wide public consultation was launched on the ERDF/CF/JTF document for public consultation. This consultation exercise served to inform the public on

the vision and strategy that Government has for the utilisation of the funds and to provide an opportunity to the public to provide feedback and identify ways on how the programme could be improved. Feedback was received from a number of organisations, including the public administration, social partners and the voluntary sector. A number of independent individuals also provided their input to the process. The submissions received are broadly reflected in the Programme.

The main recommendations from the public consultation exercise include the following:

- The importance of funds and incentives made available in order to ensure the future competitiveness of the island;
- The need to support new industries, including in the green and digitalisation areas;
- The need to encourage and strengthen digitalisation efforts;
- Focus on SMEs, particularly on job creation and ensuring effective competition, including on a pan-European or international platform;
- The provision of support towards energy efficiency and renovation of buildings, renewable energy and the shift towards electric mobility;
- Enhancing education and training facilities; and
- Increased support towards health facilities, including mental health.

Further information on the partnership process may be found in the following link:

<https://eufunds.gov.mt/en/EU%20Funds%20Programmes/EU%20Territorial%20Programmes/Pages/Public-Consultation---EU-Funds-for-Malta-2021-2027.aspx>.

The MC shall be set up within three months of the Programme's approval to monitor the implementation of the Programme in line with Articles 38-41 of the CPR, the composition of which shall reflect a multi-level governance approach. In accordance with Article 3 of Commission Delegated Regulation (EU) No 240/2014[2], the members of the MC shall consist of partners from competent regional, local, urban and other public authorities, economic and social partners, and bodies representing civil society (including environmental authorities/partners, entities/experts responsible for promoting equality and non-discrimination, and non-governmental organisations).

Efforts and initiatives undertaken during the previous programming period to ensure the involvement of the relevant entities responsible for promoting equality, non-discrimination and accessibility in the various stages of implementation of the ERDF/CF Programme will continue under the post-2020 Programme, in accordance with national practices. In this regard, the participation of the National Commission for the Promotion of Equality (NCPE) and the Commission for the Rights of Persons with Disability (CRPD) in the MC is envisaged, as entities responsible for promoting equality and non-discrimination in the implementation of the Cohesion Policy Funds. Furthermore, the entity responsible for the implementation of the Charter for Fundamental Human Rights will also be included in the MC.

The MC shall meet at least once a year to review the implementation of the ERDF/CF/JTF Programme, including progress made towards achieving its objectives and examine issues that affect such performance. The MC shall be consulted at various stages in the implementation of the Programme, in accordance with responsibilities outlined in Article 40 of the CPR, such as providing an opinion on the amendments to the Programme as proposed by the MA, amongst others. MC consultations may also be undertaken through written procedure in line with the applicable Terms of Reference. Partners are thus kept updated on the state-of-play of the implementation of the Programme and are also invited to provide feedback and their contribution accordingly. On the basis of Article 40(1) of the CPR, MC members shall also examine the progress made in carrying out evaluations, syntheses of evaluations and follow-up

actions pertaining to any findings, as well as the implementation of communication and visibility actions.

Following the best practice applied under the previous ERDF/CF OP, one-to-one bilateral meetings and communication exchanges shall also be held with the relevant experts in particular with those partners who need to be consulted more frequently, in view of the implementation of specific programme objectives. Relevant partners shall also be involved in the implementation and monitoring of ERDF/CF/JTF operations through bilateral meetings during which feedback and input of the attending partners is taken into consideration.

The relevance of the partnership and multi-level governance shall also be reflected in ERDF/CF/JTF Application Forms, whereby in line with the applicable ERDF/CF/JTF selection criteria approved by the MC, additional points may be awarded for national synergies between institutes and public bodies, and also for projects involving multiple collaborations. In addition, these forms shall consist of a specific section whereby details of project partners are to be provided in relation to roles being taken and envisaged activities being implemented, with the aim of ensuring increased effectiveness and success of proposed operations. Regarding interventions under SUD, the Ministry responsible for European Union Funds will be responsible for the selection of operations and will be assisted by the Ministry for Gozo as well as representatives of the Gozo Regional Development Authority, relevant Line Ministries, the Managing Authority, relevant environmental authorities and other bodies as deemed relevant.

[1] Commission Delegated Regulation (EU) No 240/2014 of 7 January 2014 on the European code of conduct on partnership in the framework of the ESIF.

[2] Ibid.

7. Communication and visibility

Reference: point (j) of Article 22(3) CPR

Communication measures shall build upon the *Communication Strategy for Malta: ESIF (2014-2020)*[1], with the aim of building on lessons learnt, increasing transparency and visibility of the Fund.

The envisaged approach shall consider: the legal framework, defined objectives, Malta's experience in communicating EU Funds, the MA responsibilities, beneficiaries and other stakeholders, target audiences, key communication channels and messages, monitoring and evaluation indicators, budgetary allocation and timeframes.

Communication initiatives will be clear, concise and allow for necessary changes to ensure a strong impact and the widest outreach possible, including:

- The provision of unbiased information on ESIF opportunities to potential project proponents;
- An updated portal to act as the main point of information complementing actions via other media that will serve to target specific cohorts. The EU Funds website provides information on EU funded programmes. A new website is being developed. The latter will be in line with the information policies on accessibility emanating from Malta's 2021-2030 National Strategy on the Rights of Disabled Persons and will include a VIG portal generating publicity material to assist in the creation of artwork and having branding consistency;
- The promotion of the implementation of the Programme priorities and its progress through digital/printed campaigns;
- Visibility of results by paying particular attention to operations of strategic importance, including campaigns/press events and will be targeted and promoted through social media/TV throughout the 21-27 period;
- Assistance to beneficiaries in understanding publicity requirements;
- Consistency of messages and branding through the publication of VIGs and publicity kits in order to ensure appropriate and consistent recognition of the funds;
- Promotion of the role of each ESIF, and the EU's contribution to the overall socioeconomic development, including the contribution to the European Green Deal Strategy.

The main activities and responsibilities of the MA:

- Organising an information event for the launch of the Programmes;
- Organising an information event in 2026 on the progress of Programmes;
- Organising an information event for the closure of the Programmes;
- Promoting funding opportunities and ongoing of the Programme to different target groups;
- Communicating the benefits of EU funds through targeted activities with a special focus on green and smart issues;
- Displaying the EU flag at the MA premises;
- Publishing and updating the beneficiary online list;
- Promoting projects and programmes on the web and social media;

- Involving relevant stakeholders, as necessary;
- Using social media channels (incl. Facebook, Twitter and LinkedIn) in a dynamic, attractive and contemporary way, capturing Likes, ReTweets, Shares etc;
- Implementing quarterly media campaigns, and holding at least one physical event per year aiming for at least 35 publicity measures implemented until 2029;
- Assessing the impact of communication strategies through evaluations in 2025 and 2029 using tools that may include data collection, surveys or focus groups.

The main target groups are envisaged to be:

- The **Public**, sub-divided into:

-The Professional Public and Potential Multipliers of Information, including the media, information agencies, research/academic institutions, local councils, social partners, NGOs, trade, professional groups, potential contractors and economic operators, lobby groups and other organisations;

-The General Public, including different age groups, specific sub-groups which particular programmes or measures are designed to benefit;

-Sensitive cohorts who might require the necessary adaptation of communication tools, e.g., when dealing with the use of sensitive information.

- **Beneficiaries and Potential Beneficiaries**, which include public sector organisations, Ministries, departments, entities, authorities, public commissions, public sector foundations, local councils, other organisations such as social partners, business organisations, NGOs and VOs who conform to the eligibility criteria, as well as public or private firms which may be eligible for funding through Aid Schemes.

Downloadable Communication and VIGs and publicity kits will incorporate information and publicity requirements, and information on the appropriate use of the logos/emblems on different media, amongst others.

Monitoring and evaluation of communication activities shall be undertaken in relation to the achievement of output indicators, which can be categorised as follows:

- a) number of publicity measures implemented by 2029; and
- b) number of research activities/evaluations carried out by 2029.

Communication networks shall be established in line with Article 48 of the CPR. A National Communication Coordinator has been nominated to act as a contact point for all CPR funds. The Communications unit covering all programmes is centralised within the Strategy and Implementation Division within the Ministry responsible for EU Funds.

Around 6% of the TA allocation for ERDF is foreseen for information and communication actions.

[1] Communication Strategy for Malta: ESIF (2014-2020) (PPCD, 2015).

8. Use of unit costs, lump sums, flat rates and financing not linked to costs

Reference: Articles 94 and 95 CPR

Table 14: Use of unit costs, lump sums, flat rates and financing not linked to costs

| Intended use of Articles 94 and 95 CPR | Yes | No |
|--|-------------------------------------|-------------------------------------|
| From the adoption, the programme will make use of reimbursement of the Union contribution based on unit costs, lump sums and flat rates under the priority according to Article 94 CPR | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| From the adoption, the programme will make use of reimbursement of the Union contribution based on financing not linked to costs according to Article 95 CPR | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Appendix 1: Union contribution based on unit costs, lump sums and flat rates

A. Summary of the main elements

| Priority | Fund | Specific objective | Category of region | Estimated proportion of the total financial allocation within the priority to which the SCO will be applied in % | Type(s) of operation covered | | Indicator triggering reimbursement | | Unit of measurement for the indicator triggering reimbursement | Type of SCO (standard scale of unit costs, lump sums or flat rates) | Amount (in EUR) or percentage (in case of flat rates) of the SCO |
|----------|------|--|--------------------|--|--|-----------------------|--|-----------------------------|--|---|---|
| | | | | | Code(1) | Description | Code(2) | Description | | | |
| 1 | ERDF | RSO1.3. Enhancing sustainable growth and competitiveness of SMEs and job creation in SMEs, including by productive investments | Transition | 1.01% | 021. SME business development and internationalisation, including productive investments | 1. Investment in SMEs | RCO02. Enterprises supported by grants | Consultancy Service Reports | Number of Consultancy Service Reports | Lump sum | €5,000 per consultancy service representing the eligible cost per consultancy service report that fulfills the quality criteria as defined by the Intermediate Body for the scheme and published through Guidance Notes made available to the public through the Intermediate Body's website. |

(1) This refers to the code for the intervention field dimension in Table 1 of Annex I to the CPR and the Annex IV to the EMFAF regulation

(2) This refers to the code of a common indicator, if applicable

B. Details by type of operation

| | |
|--|---|
| Operation type short title | 1. Investment in SMEs |
| The managing authority received support from an external company to set out the simplified costs | <input type="checkbox"/> |
| Name of external company | |
| 1. Description of the operation type including the timeline for implementation (1) | The operation concerns the provision of consultancy services to SMEs. The identified need is to develop and implement new business models and facilitate access to finance to enterprises operating in various areas. This type of activity is planned to be made available from 2023 till 2029 once the similar activity financed through Operational Programme I 2014-2020 is discontinued. The targeted operations concerns all forms of enterprises within the territorial region of Malta and Gozo who apply for EU Funds. |
| 2. Specific objective(s) | RSO1.3. Enhancing sustainable growth and competitiveness of SMEs and job creation in SMEs, including by productive investments |
| 12. Total amount (national and Union) expected to be reimbursed by the Commission on this basis | 1,861,800.00 |

Indicators

| | |
|---|---|
| 3. Indicator triggering reimbursement (2) | Consultancy Service Reports |
| 4. Unit of measurement for the indicator triggering reimbursement | Number of Consultancy Service Reports |
| 5. Standard scale of unit cost, lump sum or flat rate | Lump sum |
| 6. Amount per unit of measurement or percentage (for flat rates) of the SCO | €5,000 per consultancy service representing the eligible cost per consultancy service report that fulfills the quality criteria as defined by the Intermediate Body for the scheme and published through Guidance Notes made available to the public through the Intermediate Body's website. |
| 7. Categories of costs covered by the unit cost, lump sum or flat rate | Consultancy services |
| 8. Do these categories of costs cover all eligible expenditure for the operation? | Yes |

| | |
|---|--|
| 9. Adjustment(s) method (3) | Not Applicable. |
| <p>10. Verification of the achievement of the units delivered</p> <ul style="list-style-type: none"> - describe what document(s)/system will be used to verify the achievement of the units delivered - describe what will be checked and by whom during management verifications - describe what arrangements will be made to collect and store relevant data/documents | <p>Intermediate Body</p> <p>The resultant output, i.e. the consultancy report submitted by the Beneficiary is checked for correctness, but also for quality, against a set of pre-established criteria before the payment is processed in the Structural Funds Database – the Managing Authority’s Management Information System. The quality assessment is done against pre-set and pre-announced parameters detailing what the report needs to include. These are described in detail in the online published Guidance Notes for applicants prepared and issued by the Intermediate Body depending on the type of consultancy output requested (Business Plan / Feasibility Study / Organisation and Operations or Process and Systems Review). The final product needs to include acknowledgement of support from EU funds. Moreover, upon completion of the operation the Beneficiary undertaking is asked to provide the Intermediate Body with an authenticated report drawn up by the Consultancy Service Provider outlining the level of service provided and its resultant output in line with the published Guidance Notes issued by the Intermediate Body.</p> <p>The Financial Control Unit of the Intermediate Body re-checks that the payment is arithmetically correct, and that the expenditure being claimed is in line with the Grant Agreement and applicable Regulations, and that relevant National and Community rules on eligibility have been complied with. Also checks are carried out on whether the request for reimbursement and any other required documents as detailed in the published Guidance Notes issued by the Intermediate Body are available before confirming acceptance to the next level of payment on the system. These checks are carried out on a 100% basis.</p> <p>Managing Authority</p> <p>The Implementation Unit of the Managing Authority carries out sample checks on all payments paid by the EU Payments Unit. Checks include eligibility checks, a quality assessment of the resultant output by assessing whether the published criteria in the Intermediate Body’s Guidance Notes have been adhered to and that the report includes good quality recommendations. The payments are then recommended for certification to the Managing Authority’s Financial Control Unit. The Financial Control Unit carries out a further random sample check of 25% on the payments raised in a Statement of Expenditure at Operation level to ensure that the information presented in the Structural Funds Database reflects the payments recommended for certification.</p> <p>Accounting Function</p> <p>The Accounting Function carries out additional sample checks on the payments recommended for certification by the Managing Authority. It also ensures that the necessary documentation backing up the Managing Authority’s request is completed and in file.</p> |

| | |
|---|--|
| <p>11. Possible perverse incentives, mitigating measures(4) and the estimated level of risk (high/medium/low)</p> | <ul style="list-style-type: none"> - The resultant output is not considered valid and up to the required standard in line with the Guidance Notes issued by the Intermediate Body. Risk level: High Mitigating measure: The Beneficiary might be requested to revise the report presented should it fail to respect the requirements as outlined in the Guidance Notes issued with the call for applications by the Intermediate Body. If the Beneficiary refuses to do so or insists on presenting a report which disregards the instructions issued by the Intermediate Body with the call for applications, then reimbursement is not affected, and the grant is withdrawn. - Beneficiary not finalising the operation within the set timeframe Risk level: Medium Mitigating measure: Unless there is the possibility for the Intermediate Body to grant an extension, following a request by the Beneficiary, the operation is not reimbursed, and the funds are re-allocated to another operation under the same Grant Scheme. - Dispute between the Beneficiary and service providers Risk level: Low Mitigating measure: There is an extensive list of Registered Service Providers and the Expression of Interest issued by the Intermediate Body is retained open. Therefore, at any point in time new service providers may apply to be considered for registration under the applicable Grant Scheme. Any changes to the Grant Agreement, including a change in the Service Provider needs to be approved by the Intermediate Body. |
|---|--|

(1) Envisaged starting date of the selection of operations and envisaged final date of their completion (ref Article 63(5) CPR).

(2) For operations encompassing several simplified cost options covering different categories of costs, different projects or successive phases of an operation, the fields 3 to 11 need to be filled in for each indicator triggering reimbursement.

(3) If applicable, indicate the frequency and timing of the adjustments and a clear reference to a specific indicator (including a link to the website where the indicator is published, if applicable).

(4) Are there any potential negative implications on the quality of the supported operations and, if so, what measures (e.g. quality assurance) will be taken to offset this risk?

C. Calculation of the standard scale of unit costs, lump sums or flat rates

1. Source of data used to calculate the standard scale of unit costs, lump sums or flat rates (who produced, collected and recorded the data, where the data is stored, cut-off dates, validation, etc.)

| |
|--|
| |
|--|

The data is stored in the Structural Funds Database (also referred to as SFD for short) which is a system developed for the Government of Malta for the management of the European Structural and Investment Funds. The system is designed to manage Programmes and operations in line with the requirements of the Common Provisions Regulation. The backbone of the SFD is the financial mechanism for the management of funds from operation or covenant as may be applicable, to invoice level. The SFD is used to record and store in computerised form data on each operation necessary for monitoring, evaluation, financial management, verification and audit. The database maintains accounting records in computerised form of expenditure declared to the Commission and keeps an account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for an operation. The database is also a centralised system linked to the Cohesion Funds' stakeholders, which include the Managing Authority, Audit Authority, Accounting Function, Intermediate Bodies, Beneficiaries, EU Payments Unit, and the Line Ministries.

The payment data is inputted in the SFD, while due to its sensitive commercial nature, the consultancy report, as the resultant output, is kept in file. Checks are carried out by different stakeholders prior to presenting a request for certification as outlined above, which management verifications are also uploaded on SFD.

To compute the lump sum, a Transactions Report was issued through the Structural Funds Database (MIS) capturing all paid and certified expenditure over a period of three years under the SME Consultancy Services Grant Scheme up till June 2019 at which time grants under this scheme were still paid based on actual costs incurred and paid. The data was analysed grant by grant. Grants which were classified as outliers were removed from the data set, as well as grants that were not yet fully paid. A simple average was then calculated on the certified costs left in the dataset to arrive at the lump sum.

The amounts used to arrive at the lump sum are all certified amounts which are backed up by management verifications carried out by the Intermediate Body as well as the Managing Authority.

2. Please specify why the proposed method and calculation based on Article 94(2) CPR is relevant to the type of operation.

Historical data gathered from the SME Consultancy Grant scheme and respective operations was used ensuring a high degree of relevance in the calculation methodology. This SCO was established in 2019 on the basis of the three preceding years (2017-2019) at the time. It is considered as still relevant and applicable for the 2021-2027 Programming Period.

3. Please specify how the calculations were made, in particular including any assumptions made in terms of quality or quantities. Where relevant, statistical evidence and benchmarks should be used and, if requested, provided in a format that is usable by the Commission.

A Transactions Report was issued through SFD 2014-2020 as at 11th July 2019. The cut-off date for paid payments taken was 29th June 2019. This report gives a list of all the transactions carried out under the 2014-2020 ERDF SME Consultancy Services Grant Scheme up until end June 2019. An analysis of each payment was carried out to extract the actual cost incurred through the invoice documentation uploaded at payment level and the Invoice Eligible Amount recorded at payment level excluding VAT, given that the

latter is an ineligible cost under the Scheme. Actual costs were used to ensure that the calculation method is based on the costs being incurred on the ground by the Beneficiaries.

The following points are being noted:

-Payment transaction ERDF.3.S1.Call1.0037/1 was zeroed by the Intermediate Body in the system. The payment was not processed and was therefore removed from the dataset.

-Payment transaction ERDF.3.S1.Call1.0046/1 was zeroed in the system through an adjustment and was therefore removed from the dataset.

-Payment transaction ERDF.3.S1.Call1.0106/1 was marked as not paid as at 29th June 2019. At the time the data was extracted and analysed, it was unsure whether this payment would be fully processed given that the Intermediate Body was waiting for additional documentation from the Beneficiary. This payment was therefore removed from the dataset at the time of the analysis.

-The costs taken into consideration from the payment documentation uploaded on SFD at payment level were all eligible.

-Payment ERDF.3.S1.Call1.0024/1 was processed for the amount of €4,000 (eligible) however the invoice amounted to €7,500. The reason that only €4,000 only were processed as eligible costs was because the Beneficiary listed €4,000 only as the eligible costs in his application in line with the Scheme's capping, and the remaining costs were listed as ineligible by the same applicant. However, given that for this study the Managing Authority was interested in the actual cost being incurred to capture its historical data, the amount of €7,500 was taken into consideration in the dataset.

-From experience, it was noted that the average cost for consultancy services was set around €5,000 per deliverable. The Managing Authority took a bracket of €2,500 upward and downward and established a range for which it considered costs and related grants as relevant to this study, the range being from €2,500 up to €7,500. Two payments (ERDF.3.S1.Call1.0043/1, and ERDF.3.S1.Call1.0094/1) representing two separate grants were removed from the dataset and deemed as outliers since their total eligible cost was just €2,000 per grant and therefore fell outside the established range.

Taking the remaining certified grants up till June 2019, the overall average was €5,041 (excluding VAT). This was rounded down for simplification purposes to €5,000. This is the eligible cost per consultancy service report that fulfills the quality criteria as defined by the Scheme.

This lump sum is being established in line with Article 53(3)(a)(ii) of the Common Provisions Regulation. When taking into consideration the dependency of SMEs in Malta on external consultancy services, the far-reaching objective of the state aid scheme and the fact that the maximum grant value is pegged at 80% of the lump sum based on a conservative average, SMEs requesting funding for consultancy services will be assisted to the barest minimum, whilst an appropriate level of match financing is nonetheless being provided.

4. Please explain how you have ensured that only eligible expenditure was included in the calculation of the standard scale of unit cost, lump sum or flat rate.

Apart from the consultancy services covered through the lump sum in question, SMEs benefiting from such grants are not allowed to request funding for additional items/services under the same scheme and grant. Therefore, the risk of double funding is limited if not completely avoided.

Furthermore, should the Managing Authority or Intermediate Body decide to change the structure in

which such consultancy fees are reimbursed for the 2021-2027 Programming Period, the way the claim for such costs is presented clearly delineates between the different categories of cost ensuring that there is no potential overlap when the claim is being drawn up.

Verification checks are also carried out by different entities along the payment process (Intermediate Body, EU Payments Unit, Managing Authority, Audit Authority) to ensure that the same cost category is not claimed in excess of the agreed to amount in the Grant awarded to each SME Undertaking or the same service is financed under another grant.

5. Assessment of the audit authority(ies) of the calculation methodology and amounts and the arrangements to ensure the verification, quality, collection and storage of data.

An assessment was carried out by the Internal Audit and Investigations Department and concluded on the 9th of September 2022. The Audit Authority notes that there are no material changes from the previous assessment undertaken by the same Authority and therefore has no reservations in recommending that the same methodology is kept. The Audit Assessment is uploaded under Other Documents.

Appendix 2: Union contribution based on financing not linked to costs

A. Summary of the main elements

| Priority | Fund | Specific objective | Category of region | The amount covered by the financing not linked to cost | Type(s) of operation covered | | Conditions to be fulfilled/results to be achieved triggering reimbursement by the Commission | Indicator | | Unit of measurement for the conditions to be fulfilled/results to be achieved triggering reimbursement by the Commission | Envisaged type of reimbursement method used to reimburse the beneficiary(ies) |
|----------|------|--------------------|--------------------|--|------------------------------|-------------|--|-----------|-------------|--|---|
| | | | | | Code (1) | Description | | Code (2) | Description | | |

(1) This refers to the code for the intervention field dimension in Table 1 of Annex I to the CPR and the Annex IV to the EMFAF regulation

(2) This refers to the code of a common indicator, if applicable

B. Details by type of operation

ERDF Priority 2

Development of a Second Electricity Interconnector

This investment aims to address Malta's needs in relation to improving its energy grid resilience, security of supply and grid stability, while also considering projections for energy demand.

The installation of a second interconnector is foreseen to lead to a lower long-term cost of electricity, lower carbon emissions and better security of supply. The second interconnector is foreseen to have a capacity of 200MW, with a similar connection to the first interconnector. While work was being done on the first interconnector, Government had already planned some enabling infrastructure for a second interconnector, thus facilitating the implementation of this project.[1]

Indicative timeframes for ERDF Operation of Strategic Importance 1

Planned Operation: Development of a Second Electricity Interconnector

Estimated Start Date: Q1 2021

Estimated Completion Date: Q4 2025

JTF Priority 8

Provision of onshore power supply: Operations of Strategic Importance

While berthed, vessels use their auxiliary engines and burn marine gas oil in order to meet their energy demand, resulting in emissions generated into the air and noise pollution. Investment will entail the connection of vessels to onshore electricity power supply whilst berthing which will therefore no longer require vessels to use their auxiliary engines.

Investment covers two operations of strategic importance relating to the provision of onshore power supply, at the Valletta Grand Harbour[2] and at Malta Freeport[3]. The proposed interventions take into account the recommendations put forward in Annex D of the 2020 European Semester Country Report for Malta.

The Grand Harbour investment will complement the ongoing "Grand Harbour Clean Air Project", launched in 2020 under the CEF, which is primarily directed towards supporting cruise liners in accessing OPSs.

Indicative timeframes for ERDF Operations of Strategic Importance 2 & 3

Planned Operation 2: Provision of Onshore Power Supply: Grand Harbour

Estimated Start Date: Q1 2021

Estimated Completion Date: Q4 2023

Planned Operation 3: Provision of Onshore Power Supply: Malta Freeport

Estimated Start Date: Q3 2021

Estimated Completion Date: Q4 2024

[1] Ibid.

[2] Operation of Strategic Importance 2.

[3] Operation of Strategic Importance 3.

1. Outline of the transition process and the identification of most negatively affected territories within the Member State

Reference: point (a)(b) of Article 11(2), Article 6

1.1. Outline of the expected transition process towards the Union's 2030 target for energy and climate and climate-neutral economy by 2050, in line with the objectives of the integrated national energy and climate plans and other existing transition plans with a timeline for ceasing or scaling down activities such as coal and lignite mining or coal fired electricity production

Malta's transition process towards a climate-neutral economy has been ongoing for decades starting and is reflected in the development registered in the last ten years in the energy sector as noted in Malta's *National Energy and Climate Plan (NECP) (2019)*[1] and Malta's *National Strategy for Research and Innovation in Energy and Water*[2], amongst others. This can be noted in the shift from coal to oil-based electricity generation in the early to mid-1990s, the closure of Marsa Power Station, the introduction of an electricity interconnector with Sicily in 2015 and the conversion of power generation from heavy fuel oil to cleaner LNG in 2017. This approach has resulted in a significant increase in power generation efficiency and a corresponding reduction in GHG emissions. Investments in the power generation sector have led to higher energy efficiency reflecting the Energy Efficiency First principle. The latter results in an overall conversion efficiency from 25-30% to more than 50%[3]. Greenhouse gas emissions from local conventional electricity generation in 2018 were almost 60.5% lower than in 1990. The emissions intensity of local electricity generation has improved substantially too. In 2018, CO₂ emissions per unit electricity generated by the Maltese public electricity sector stood at 0.4 kgs/kWh, half of what it was in 2005. The 200MW interconnector with the European grid, the commissioning of a new 205MW gas-fired power plant, an LNG facility for the provision of natural gas and the conversion of the recently built 149MW power plant to run on natural gas instead of heavy fuel oil[4] were considered critical steps to reduce Malta's reliance on heavy fossil fuel oil for energy generation.

Efforts were also directed towards strengthening Malta's energy policy by also focusing on maximizing Malta's effective RE potential. In fact, over recent years, Government supported the deployment of RE, especially PV, solar water heaters and heat pump water heaters (which are particularly well suited to Malta's geographic location). Steps were also taken towards the decarbonisation of the transport sector through investment in electrical shore supplies as well as support towards the transition of the use of electrical vehicles. These developments have resulted in significant primary energy savings and in substantial reductions in GHG emissions.[5]

Malta has the second lowest final energy consumption per capita across all EU Member States[6]. This may be particularly attributed to Malta's temperate climatic conditions and lack of energy-intensive industries. Notwithstanding this, Government remains committed towards further efforts to promote a shift towards a zero carbon economy in line with Malta's 2019 and 2020 CSRs, Malta's NECP (2019), the Low Carbon Development Strategy, the *Smart Specialisation Strategy*[7] and in line with the ambitions of the Green Deal and Paris Agreement, amongst others.

In addition, and in view of the European Climate Law which sets a legally binding target of a reduction of 55% by 2030 and zero greenhouse gas emissions by 2050, Government has embarked on the development of a National Strategy for the Environment 2050[8], which was launched for public consultation in September 2022. The strategy outlines the main environmental goals and objectives and builds on the Low Carbon Development Strategy (2021) which defines Malta's 2030 target of a 19% reduction in net

territorial non-ETS GHGs (relative to 2005) and the 2050 ambition to reach climate neutrality. On maritime transport, the strategy notes that emissions from ships berthing in Malta will continue to be reduced by providing shore-to-ship electricity facilities as a means of fostering decarbonisation in a complementary manner with other initiatives foreseen for other transport means.

The strategy and the transition process foreseen follow the principles of the European Green Deal[9], to transform the EU into a fair and prosperous society, whilst boosting the efficient use of resources by moving to a clean, circular economy, restoring biodiversity and reducing pollution.

Malta is now geared to build on the achievements adopted thus far and invest further to contribute towards the objectives of the European Green Deal. Malta's national framework is enshrined within its own Climate Action Act in 2015[10], which is supported by a number of strategies. Malta's NECP currently maps the transition process on the basis of five dimensions of the Energy Union, focusing on decarbonisation, energy efficiency, energy security, internal energy market, and research, innovation and competitiveness[11]. Furthermore, *Malta's Sustainable Development Vision for 2050*[12] further iterates alignment with EU's pace towards the transition to a low carbon economy and for fundamental changes in consumption and production patterns and improved utilisation of resources in the energy, and transport sectors, amongst others. The vision of this draft document notes that addressing climate change and GHG emissions issues is key. In 2021 Government launched the *Malta Low Carbon Development Strategy*[13] outlining Government's commitment to transform Malta into a low-carbon and climate resilient country. In September 2022, Government launched the draft National Strategy for the Environment 2050, outlining the main steps foreseen for a zero carbon economy.

Within this context, Malta's strategy, which is also aligned with EC investment guidance in the 2019[14] and 2020[15] Country Reports, is to focus on the decarbonisation of Malta's main ports mainly through the shift from the dependency of heavy fuel oils to electrical means of power supply. This transition is aimed to materialise throughout the implementation of the JTF plan whereby by the end of the implementation period, Malta's ports that are engaged in international trade, and therefore represent the highest emission trends, will have transitioned to cleaner energy. Further information on Malta's decarbonisation journey and recent trends in GHG emissions may be found under section 2.1 of this plan.

[1] Energy and Water Agency (2019) Malta's 2030 National Energy and Climate Plan, available from <https://www.energywateragency.gov.mt/2030-necp/>

[2] Ministry for Energy and Water Management, National Strategy for Research and Innovation in Energy and Water (2020), <https://mk0energywaterabbylt.kinstacdn.com/wp-content/uploads/2020/07/National-Strategy-for-Research-and-Innovation-in-Energy-and-Water-2021-2030-EWA-web.pdf>

[3] Energy and Water Agency (2019) Malta's 2030 National Energy and Climate Plan

[4] Malta's 2030 National Energy and Climate Plan December 2019, Malta's 2030 National Energy and Climate Plan December 2019.

[5] Ibid.

[6] Eurostat Final energy consumption in households per capita

https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=sdg_07_20&plugin=1

[7] Malta's Smart Specialisation Strategy 2021-2027; <https://mcst.gov.mt/wp-content/uploads/2022/01/RIS3-Strategy-2020-2027.pdf>

[8] Public Consultation, National Strategy for the Environment 2050, <https://era.org.mt/wp-content/uploads/2022/09/National-Strategy-for-the-Environment-2050-%E2%80%93-Public-Consultation-Draft.pdf>

[9] EC, The European Green Deal, COM(2019) 640 final.

[10] Chapter 543 Climate Action Act, ACT XVII of 2015 , as amended by Act XXXVI of 2020, <https://legislation.mt/eli/cap/543/eng/pdf> (accessed 01.09.2021)

[11] Ibid.

[12] Ministry for Sustainable Development, Climate Change and the Environment (2020) Malta's Sustainable Vision for 2050.

[13] Ministry for the Environment, Climate Change and Planning (2021). Malta Low Carbon Development Strategy. <https://environment.gov.mt/en/Documents/ministerialConsultations/maltaLowCarbonDevelopmentStrategy.pdf#page=20&zoom=100,0,0>

[14] Country Report Malta (EC, 2019).

[15] Country Report Malta (EC, 2020).

1.2 Identifying the territories expected to be the most negatively affected and justifying this choice with the corresponding estimation of the economic and employment impacts based the outline of Section 1.1

Malta[1] is a small island Member State with a total area of 316 km², facing a number of inherent disadvantages and challenges due to its natural and demographic characteristics. Malta is one of the most densely populated Member States within the EU with 1,595.1 persons per km² registered in 2019[2]. Gozo is the second smallest island of the archipelago whose insularity and peripherality distinguish it from Malta mainly through its smaller size (totalling 67km²), its smaller scale economic development, small population (34,430 inhabitants at end 2018)[3] and dependence on Malta for all logistics and access.

The JTF plan covers MT001 (Malta) corresponding to level 3 of the common classification of territorial units for statistics (NUTS level 3 regions). Malta is the mainland of the archipelago, providing for the main economic development of this insular state, which is heavily dependent on air and maritime connectivity with mainland Europe.

The JTF plan's approach to support Malta in its transition process towards a climate-neutral economy is aimed at the decarbonisation of international ports. The decarbonisation of ports shall be directed towards investment in mainland Malta. The identified port infrastructures in Malta, the Grand Harbour and the Malta Freeport provide the link to mainland Europe through its international two Core TEN-T Ports. These are located in the south of Malta and since they handle the international gateways of maritime transportation, they generate high economic activity which is key to Malta's competitiveness. This economic activity feeds into the blue economy sector, which is one of the most important pillars of the economy contributing towards 6% of total employment (surpassing the EU average of 1.8%).[4] However, such economic activity has created an impact on their surrounding environment due to the concentration of maritime emissions located within the Grand Harbour and the Freeport. The Grand Harbour area (both Northern and Southern Harbour Regions) registers the highest levels of Nitrogen dioxide (NO₂)[5]. Whilst traffic is a main contributory factor resulting from the economic activity generated in the area, the shipping industry contributes significantly to fine particulate matter of 2.5 microns levels in coastal cities in the Mediterranean[6]. In the case of the Freeport area, recorded air quality is rather good. Given Malta's predominant north-westerly wind, emissions generated are blown towards the sea. Despite this, Sulphur Dioxide (SO₂) is still recorded in the area, especially when wind changes direction.[7]

Given the importance of maritime services and the supporting port infrastructure for the Maltese economy and its socio-economic development Government is committed to support further economic growth through sustainable maritime operations including through the decarbonisation of the fuelling of the vessels through the provision of shore supplies infrastructure within the two Core TEN-T ports (Grand Harbour and Freeport). In Gozo, there are no Core TEN-T ports, consequently decarbonisation of port infrastructure is being channelled into mainland Malta. This investment will enable more efficient and sustainable maritime port operations with the aim to have a healthier and cleaner environment resulting from lower emissions, also directly contributing towards safeguarding public health and wellbeing of the residents within the impacted areas, both being densely populated. Besides the environmental benefits, such investment will also result in improved efficiency, lowering costs to both port users and end users, thereby making the two ports more attractive and competitive, generating growth in the maritime sector. In turn, this may contribute towards increased employment and improve quality of life through more economic wealth that would be created in line with the competitiveness and quality of life objectives of the Lisbon Agenda.

In terms of employment, the proposed approach for support from the JTF is not expected to have negative impacts on the labour market and current employment levels. Overall, JTF support is expected to indirectly create opportunities for jobs related to the green economy. In this regard, complementarity with the ESF+ will be sought for investment in skills through training and educational provision, as required. This is important for the country to have the necessary human resources for the generated green jobs directed towards the setting-up, management, upkeeping and maintenance of the proposed greener solutions.

[1] Including Gozo and Comino region.

[2] Eurostat <https://ec.europa.eu/eurostat/databrowser/view/tps00003/default/table?lang=en>

[3] NSO, Regional Statistics Malta – 2021 Edition, p. 13.

[4] European Commission, Directorate-General for Maritime Affairs and Fisheries, *The EU blue economy report 2019*, Publications Office, 2019, <https://data.europa.eu/doi/10.2771/437478>

[5] ERA, Passive Diffuse Network, Benzene & NO_x (2014-2019) levels in Malta; <https://era.org.mt/topic/passive-diffusive-tube-network/>

[6] Mark M. Scerri, Konrad Kandler, Stephan Weinbruch, Eduardo Yubero, Nuria Galindo, Paolo Prati, Lorenzo Caponi, Dario Massabò - *Estimation of the contributions of the sources driving PM_{2.5} levels in a Central Mediterranean coastal town, Chemosphere*. Retrieved from: <https://www.sciencedirect.com/science/article/abs/pii/S0045653518313699>

[7] Ibid.

2. Assessment of transition challenges, for each of the identified territories

Reference: point (c) of Article 11(2)

Territory: NUTS level 3 region - Grand Harbour & Malta Freeport

2.1. Assessment of the economic, social and territorial impact of the transition to a climate-neutral economy of the Union by 2050

Reference: point (c) of Article 11(2)

GHG Emissions and Air Pollutants: Malta and Europe

Malta's GHG emission trends, based on total national emissions over the time series 1990 to 2017, show a significant increase in total emissions up until 2012, subsequently followed by a rapid decrease over a period of just four years, with emissions in 2016 being lower than 1990 emissions. This drop is due to significant transitions to low carbon on which Government has embarked in recent years as referred to earlier under Section 1.1.[1]

Carbon dioxide (CO₂) emissions contribute the largest share of total national emissions (ETS and non ETS), which trend mirrors that of total national emissions changes. CO₂ accounted for more than 90% of total national GHG emissions between 1990 and 2003. A downward trend was however, registered between 2015 and 2017 whereby CO₂ accounted for less than 80% of total emissions[2]. Despite the progress registered, further mitigation measures are required in line with Malta's ambitions to transition towards a low carbon economy and the forecasted increase in energy demand as further outlined hereunder and as highlighted in the Malta Low Carbon Development Strategy (2021). In relation to maritime transport, Malta's emissions inventory suggests impacts of 69 thousand tonnes CO₂ associated with domestic marine navigation, equating to a 12% of the transport total (and 3% of total emissions for Malta)[3].

Main Contributory Sectors

Various economic activities contribute towards the GHG emissions, with the primary contributor being the transport sector with GHG emissions amounting to 30.3% of the total national GHG emissions and is only second to public electricity and production[4] with the main contributor being road transportation, amounting to 85% of the CO₂ equivalents of total national transport GHG emissions[5]. Gradual increases since 2007 have been registered[6] which increase is also reflected since 1990 as shown in Malta's NECP[7]. The level of emissions by this sector in Malta is at different heights when compared to the other economic sectors or households which are also considered as significant pollutants across the EU[8].

The international maritime sector is also a main contributor with the amount of GHG emissions estimated at 7,200 CO₂ equivalent (kt) emissions, representing the fuel sold to international vessels, such as cruise lines and cargo ferries, implying that most of these emissions are not taking place within the Maltese territory[9]. The shipping industry also has an impact on the levels of air quality, with the Grand Harbour area registering the highest NO₂ concentrations as referred to under Section 1.2. In the Freeport area this is more difficult to gauge as a result of Malta's north westerly wind which shifts pollution levels towards the sea. Notwithstanding, SO₂ is still recorded, despite at low levels especially when southern and south-easterly winds blow ship generated pollution inland.[10]

NECP projections on 'With Existing Measures' scenario show that Malta's primary and final energy consumption is expected to grow till 2040. The transport sector is expected to remain the highest consuming sector.

Maritime Transport

Malta as a maritime nation centrally located in the Mediterranean Sea is dependent on the maritime sector, in part due to its deep natural harbours and good quality ports which have served as an incentive to gear the island to offer services based on its natural endowments. Indeed, through its two Core Ten-T Ports, Malta provides a hub for international shipping, bunkering, ship supplies and towage services, ship

building and ship repair yards, modern facilities for transshipment and distribution as well as tourism services offered through the attraction of cruise liners and international yacht marina.

The importance of the maritime sector in Malta is evident by the fact that the Maltese Blue Economy sector, which is comprised of coastal tourism, marine living and non-living resources, port activities, ship building and repair as well as maritime transport, employs over 12,700 people or 6% of total employment and generates €344 million in Gross Value Added (GVA) equivalent to about 5% of GVA in Malta.[11] The blue economy sector is certainly one of the most important pillars of the economy with the share of employment in the sector registering the third highest share in Europe.[12]

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 passenger maritime routes provided by the Grand Harbour can essentially be categorised into three elements namely cruise liner activity, regional sea link to Sicily and domestic inner harbour ferries connecting Valletta's peninsula with Sliema on the West and the Three Cities on the East. On the other hand, the Port of Marsaxlokk is home to the Malta Freeport Terminal, which is a strategically located transshipment hub, which in 2020 catered for 2.44 million TEUs and 1,553 calls[13] 2,257 ship calls were the highest peak registered since 2004 amounting to 3.08m TEUs handled in 2016.

Port operations are a crucial link in Malta's economic and social development; however, they 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. In this regard, through the JTF plan Government is directed towards the decarbonisation of its international ports through investment in electrical shore power supplies.[14] Investments will enable the use of electricity powered through Malta's primary energy sources, including from renewable energy sources, and reduce the use of heavy fossil fuels to power ships within Malta's international harbours.

Government has already taken initial steps with the launching 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.[15]

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. Investment in international ports is being undertaken 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 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. Such investment in the Grand Harbour and the Freeport have been outlined in the European Commission's recommendations in *Annex D - Investment Guidance on Just Transition Fund 2021-2027* through the introduction of alternative power supply for ships.[16]

Taking into consideration the planned JTF investments, the main external benefit associated with the development of onshore power supply infrastructure is a reduction in local and overall air emissions from the consumption of electricity by vessels which would otherwise run on marine gasoil with 0.1% sulfur while berthed. A reduction in noise emissions generated by the vessels' auxiliary engines, although not substantial, is expected when engines are switched off if vessels are connected to onshore power facilities.

The impact of the proposed investment on employment in port onshore supply infrastructure is expected to have a neutral effect as the investment is more likely to see a shift in the type of power used with the same sectors, whilst also creating the use of new technologies. The investment is not steered towards the closing down on the industry but to invest further in the transport sector through sustainable means. The shift towards green transport and clean energy more broadly however requires upskilling and reskilling to ensure that the skills of the workforce remain relevant and abreast with economic development needs. Within this context, as also noted in the 2021-2027 ESF+ Programme, ESF+ will support training programmes in green skills to fully exploit and maximise the transition process whilst ensuring the necessary human resources.

[1] Malta's 2030 National Energy and Climate Plan December 2019, https://ec.europa.eu/energy/sites/ener/files/documents/mt_final_necp_main_en.pdf,

[2] Ibid.

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

[4] Figures for 2018. Malta reported 662.75 kt of equivalent CO₂ emissions from the transport during 2018 out of the circa 2,190.45 kilotonnes CO₂ equivalent emissions from the total energy sector.

[5] Malta Resources Authority and ERA, National Inventory Submissions 2020, <https://unfccc.int/ghg-inventories-annex-i-parties/2020>

[6] NSO News Release (093/2020), World Environment Day: 2020

https://nso.gov.mt/en/News_Releases/Documents/2020/06/News2020_093.pdf

[7] Malta's 2030 National Energy and Climate Plan December 2019, p.131, https://ec.europa.eu/energy/sites/ener/files/documents/mt_final_necp_main_en.pdf,

[8] Ibid.

[9] Malta Resources Authority and ERA, National Inventory Submissions 2020, <https://unfccc.int/ghg-inventories-annex-i-parties/2020>

[10] Malta's 2030 National Energy and Climate Plan December 2019, https://ec.europa.eu/energy/sites/ener/files/documents/mt_final_necp_main_en.pdf

[11] European Commission, Directorate-General for Maritime Affairs and Fisheries, *The EU blue economy report 2019*, Publications Office,

2019, <https://data.europa.eu/doi/10.2771/437478>

[12] The EU blue economy report 2019; <https://op.europa.eu/en/publication-detail/-/publication/676bbd4a-7dd9-11e9-9f05-01aa75ed71a1/language-en/>

[13] Malta Freeport Traffic Volumes TEUs Handled 2019; <https://www.maltafreeport.com.mt/about-us/accomplishments-2/traffic-volumes/>

[14] Transport Master Plan 2025, (p.218). The Plan is currently being reviewed.

[15] Infrastructure Malta, Grand Harbour Clean Air Project gets underway.

<https://www.infrastructuremalta.com/news/grand-harbour-clean-air-project-gets-underway>

[16] European Semester 2020 Overview of the investment Guidance on the just transition fund 2021-2027 per Member State (Annex D).

2.2. Development needs and objectives by 2030 in view of reaching a climate-neutral economy of the Union by 2050

The economic activities generated from the maritime sector are key for Malta's economic growth, though by their very nature they also create negative environmental externalities due to economic operations that rely on heavy fuel oils. Within the port, environmental impacts include air emissions as well as noise emissions, which in the Grand Harbour area affects half of the Maltese population considering that 49% live in the Northern Harbour and the Southern Harbour districts of Malta.[1] This is also compounded by the high employment activity in the area resulting from this economic activity, thereby creating an impact on the quality of life of a substantial part of Malta's population. Low air quality levels in the region have been registered with the levels of ultrafine particles and NO_x volumes being significantly higher around the Harbour.[2] This also reconciles with the Communication by the EU Commission on Clean Air for Europe which observed that the concentration of air pollutants in air is significant, particularly in port areas, due to marine related activities and ties in with the EU Commission's Recommendation (2006/339/EC) calling for the promotion of shore side electricity supplies for vessels berthing in Community ports.[3]

Facilitating efficient modes of intra and inter-transport systems that are sustainable, climate resilient, intelligent, and secure remains a priority for Malta[4] considering the challenges in terms of national competitiveness and its dependence on attracting foreign investment and the enhancement of entrepreneurship.

Investments in alternative fuel infrastructure

The deployment of alternative fuels infrastructure in ports is enshrined within the Directive[5] 2014-94/EU calling for Member States to install cost-effective and environmentally beneficial shore side electricity supply for waterborne vessels. It considers such investment as an important contributor towards the reduction in emissions and achieving climate ambition. Within this context, as well as following the recommendations of the EU Semester 2020, the two Main Maltese Ports, the Grand Harbour that is located in Valletta and the Malta Freeport (MFT) located in the Port of Marsaxlokk have been identified as possible areas of focus taking into consideration the traffic volumes generated in these ports and the resulting environmental impacts.[6] Investments through the JTF will thus focus on alternative fuel infrastructures and technology that is efficient and clean as opposed to the use of heavy fuel oils, thus contributing substantially to the reduction of GHG emissions in the Maltese Islands.

In addition, these decarbonisation measures will also be considered in complementarity with initiatives foreseen under the Cohesion Fund including the enhanced provision of charging pillars for land transport and clean urban mobility infrastructure as also complemented by RRP investment through the electrification of vehicles, amongst others. Such measures will also holistically aim to target the transition towards a zero-carbon economy.

[1] Regional Statistics Malta, 2019 Edition, NSO, Malta.

[2] Birdlife Malta, Air Quality in Valletta affected by cruise liners (2018);

<https://birdlifemalta.org/2018/07/air-quality-in-valletta-affected-by-cruise-liners/>

[3] EC, "An integrated Maritime Policy for the European Union" (COM (2007) 575 final).

[4] Country Report Malta 2019, Commission Staff Working Document [SWD(2019) 1017 final].

[5] Directive 2014/94/EU on the deployment of alternative fuels infrastructure.

[6] European Semester 2020 Overview of the investment Guidance on the just transition fund 2021-2027 per Member State (Annex D) https://ec.europa.eu/info/sites/info/files/annex_d_crs_2020_en.pdf

2.3. Consistency with other relevant national, regional or territorial strategies and plans

Reference: point (e) of Article 11(2)

In line with ongoing investments and Malta's policy framework, Government is committed towards decarbonising maritime transport operations with specific focus on Malta's two TEN-T Core Ports noting the expected results in reduced air and noise emissions, improved surrounding environment and quality of life. This approach is aligned with Malta's national Law and strategies including:

- *Malta's Climate Act* (Chapter 543 of the Laws of Malta; 2015) legalises the mitigation of GHGs[1]. JTP investments in decarbonisation infrastructure will contribute towards Malta's ambitions for climate neutrality. It will provide cleaner energy and will serve as a major climate mitigation effort in the Maltese ports' infrastructure due to the intended continuation of the shoreline supply project in the Grand Harbour of Malta and the Malta Freeport Terminal.

- *NECP* - JTP investments will also contribute to its objectives by reducing Malta's carbon footprint and dependence on heavy fuel oils through the investment in the OPS infrastructure. The overhaul in generation of heavy oils that will be achieved through the OPS supply will achieve higher energy efficiency, cleaner air, and decarbonisation. Such initiatives are considered critical for Malta which is such as small island with a high population density and significant maritime shipping sector and cruise liner industry.

- *Malta's National Transport Master Plan 2025*, which is currently being updated, highlights the importance of the provision of electrical shoreline supply as a mitigating measure against pollution. The implementation of JTP operations would thus address measures identified in such plan[2].

- *The National Transport Strategy 2050*: this strategy also notes that the utilisation of greener fuels and vehicles is critical in achieving the strategic goals of 'Sustainable Urban and Rural Environments' and 'Working towards Public Health'. It recognises the importance of the commitment to support the use of greener technologies and the use of cleaner and RE for transport systems to reduce green-house gas (GHG) emissions, improve air quality and reduce the negative impact of noise.

- *Draft National Strategy for the Environment 2050* - The proposed interventions include key areas such as ameliorating air quality and reducing GHG emissions, limiting noise, addressing climate change and mitigation through the use of cleaner energy[3]. Shifting to a carbon neutral economy will contribute towards the targets of Malta's Sustainable Vision for 2050[4] aimed to protect the environment whilst ensuring economic growth[5].

- *Malta's Low Carbon Development Strategy*[6] - JTP investments targeting decarbonisation will aim to build on the objectives of the strategy through supporting the reduction and mitigation of GHG emissions, ensuring adaptation to climate change and reducing air, light and transport pollution[7].

- *Malta Smart Specialisation Strategy 2021-2027*[8] aims to boost research, innovation and competitiveness, targeting specific areas related to the sustainable use of resources for climate change mitigation through energy efficiency measures[9]. JTP investments will contribute towards the smart specialisation ambitions by fostering technology focused on clean energy and reducing emissions.

- *Sustainable Development Vision for 2050* – this vision is based on three pillars, of which one revolves around *Safeguarding Our Environment* with the transition towards low-carbon energy being one of the key priorities[10].

- *National Strategy for Research and Innovation in Energy and Water*: The proposed measures will also be complemented by others aiming to further contribute to Malta's transition to a low-impact and decarbonised economy[11], including the reuse of grey water, water conservation and investments in energy efficiency.

The proposed investments also complement the *Sustainability Urban Mobility Plan (SUMP)* that is being developed for Valletta Region (the city and its surroundings), which is home to around 50% of Malta's population, the main commercial districts, the most popular tourist destinations, as well as two international gateways; Malta International Airport and the Cruise Port Terminal. The aim of the SUMP is to explore innovative solutions, as yet untested on the island, in order to improve mobility patterns, meet demands in the transport sector, and contribute towards making transport generally more sustainable[12]. The contributions of the different interventions earmarked around the Grand Harbour will contribute towards improving the air quality in the areas.

JTP interventions will also contribute to Malta's international requirements for climate mitigation in respect of the marine environment under the Barcelona Convention and its seven protocols[13]. Infrastructure shall be targeted at safeguarding the marine environment as well as adapting to climate change through the introduction of OPS in both Ports thus respecting the agreements made in the Mediterranean region under the United Nations Environment Programme (UNEP) Mediterranean Action Plan (MAP)[14]. Furthermore, the rule of international maritime safety and law shall be adhered overall in line with the United Nations Convention on the Law of the Seas (UNCLOS).

[1] Chapter 543 Climate Action Act, ACT XVII of 2015 , as amended by Act XXXVI of 2020; <https://legislation.mt/eli/cap/543/eng/pdf>

[2] Transport Master Plan 2025; <https://www.transport.gov.mt/strategies/strategies-policies-actions/nationaltransport-strategy-and-transport-master-plan-1343>

[3] ERA, National Strategy for the Environment.

[4] Ministry for Sustainable Development, Climate Change and the Environment (2020) Malta's Sustainable Vision for 2050.

[5] Ibid.

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

[7] Ibid.

[8] Malta Council for Science & Technology, 'Malta's Smart Specialisation Strategy 2021-2027'.

[9] Ibid.

[10] Malta's Sustainable Vision for 2050 (2020).

[11] National Strategy for Research and Innovation in Energy and Water 2021-2030.

[12] A Sustainable Urban Mobility Plan (SUMP) shall be developed for Valletta and its surrounding region, <https://civitas.eu/mobility-solutions/sump-for-valletta>

[13] UNEP, Barcelona Convention and Protocols <https://www.unenvironment.org/unepmap/who-we-are/barcelona-convention-and-protocols>

[14] United Nations Environment Programme (UNEP) Mediterranean Action Plan (MAP), <https://www.unenvironment.org/unepmap/>

2.4. Types of operations engaged

Reference: point (g-k) of Article 11(2) and Article 11(5)

Types of operations envisaged and their expected contribution to alleviating the impact of the transition:

Malta's road map towards reducing GHG emissions through the JTF is underpinned around investment in the transport sector by focusing on supporting operations primarily within the maritime transport realm in order for the sector to become greener and contribute towards the negative impacts of climate change and environmental degradation. The vision is to contribute towards investment for sustainable alternate solutions within the transport sector through the adoption of alternative supply to berthing vessels in Malta's ports[1].

On-shore power supply

Through the JTP, Government will seek to undertake the necessary investment to install onshore power supply at the Port of Valletta and the Freeport in Marsaxlokk. This investment will seek vessels to connect onshore power supply whilst berthing rather than retaining their auxiliary engines switched on. Although, the utilisation of onshore power supply is subject to the vessels being equipped with the necessary fitting, the maritime industry is slowly adapting to this new electrification provision[2] The need to contribute towards these expected results is even more accentuated by the reality that the Grand Harbour is located in close proximity to high-densely populated residential and business areas whilst the Freeport Terminal is located very closely to the fishing village of Marsaxlokk and the seaside location of Birzebbugia.

Given that vessels require energy while berthed, the proposed investment focuses on climate mitigation and environmental enhancement. In fact, while berthed, vessels use their auxiliary engines and burn marine gas oil with sulphur in order to meet their energy demand. In doing so, these vessels generate emissions into the air (CO₂, NO₂, SO₂, and particulates) as well as noise pollution. In this regard, the JTP will invest in the provision of Onshore Power Supply (OPS) for the Southern region of the Grand Harbour to provide electrical power to berthed vessels at a new cargo terminal which will be constructed shortly as well as the provision of electrical power to cargo transshipment vessels at the Freeport Terminal.

The planned JTP investment will compliment Onshore Power Supply investment currently being undertaken in three different locations within the Grand Harbour. JTF resources will be invested in the provision of Onshore Power Supply at Laboratory Wharf, Ras Hanzir in Paola, Magazine Wharf and Lascaris Wharf, so that the service will be used by cargo ships that carry RORO and general cargo as well as to Palumbo Shipyard where vessels enter the yard for repair and overhaul works and lastly the Malta Maritime Hub which provides various support services to commercial vessels. This extension will result in substantial efforts at decreasing GHG emissions in the maritime sector and inner harbour area and will result in the decrease in pollution of the marine environment, emissions into the air as well as noise[3]. Savings will also be achieved as a result of reducing the dependence on heavy fuel oils.

Around 24 vessels operating transshipment routes through the Malta Freeport (MFT) in 2019, were either OPS enabled or in the process of being enabled. It is estimated that in 2019 such vessels spent about 2,220 hours berthed at the MFT with over more than 80 calls and an estimated consumption of around 4,400MWh of energy. While berthed, currently, these vessels switch to their auxiliary engines and consume fuel thus resulting in air and climate emissions as well as noise emissions[4].

With regards to demand analysis, the future development of OPS is expected to grow on account of the 2% growth p.a. in the number of calls at MFT and 5% growth p.a. in the energy demand of vessels calling at MFT for around ten years in around seven years' time, reflecting a new build of larger ships with more reefers. Indications given by shipping lines utilising MFT are that the potential use of OPS is expected to double over the next five years, and the demand for OPS can be expected to increase however this is subject to further investment by shipping lines. The overall results in MFT investment through the JTP are

expected to cut emissions by about 40%, equivalent to 1,795tCO₂eq per year[5].

The expected result of the proposed investment is to contribute towards the significant reduction in GHG emissions when compared to the current scenario, thereby improving air quality. Another expected positive contribution is the reduction in noise pollution levels.

[1] European Semester 2020, Overview of investment guidance of on the just transition fund 2021-2027 per Member State (Annex D).

[2] Ibid.

[3] Malta's National Air Pollution Control Programme :Develop a shore supply action plan for the TEN-T Ports (2019), https://era.org.mt/wp-content/uploads/2020/06/NAPCP_ISBN_PDF_web.pdf

[4] E-Cubed Consultants (2020) Presentation on the Supply of an Onshore Power Supply at the Malta Freeport (Financial and Economic Assessment of Options).

[5] Cost Benefit Analysis of an onshore Power Supply at the Malta Freeport (2020).

Synergies and complementarities of the envisaged operations with other relevant Union programmes under the Investments for jobs and growth goal (supporting the transition process), other financing instruments (the Union Emissions Trading Modernisation Fund) to address identified development needs:

Synergies between different investments supported under the JTP and other EU funds are foreseen. Investments and reforms fostering decarbonisation under the JTP will complement RRP measures and ERDF/CF 2021-2027 interventions in efforts related towards the shift to a zero-carbon economy.

The ESF+ 2021-2027 Programme will serve as the main capacity building EU funding instrument which will complement interventions under various other EU funds and national initiatives with the objective of fostering green transition, amongst others. Such transition is in line with the short to medium term EU ambitions under the Green Deal and the European Digital Strategy, amongst others.

ESF+ support will be given to the development of programmes, including education and training programmes supporting the transition to the green economy, addressing green skills amongst others, which currently face skills shortages. Vocational and higher education, amongst others, will be supported to adapt to the emergence of environmentally friendly technologies as well as the development of new professional profiles linked to digital and greening, in an effort to reduce skills mismatches and foster a generation of professionals which are future proof. In this respect, ESF+ training measures targeting green skills as related to JTF and additional initiatives as mentioned above will be supported to aid in the transition process through the upskilling and reskilling of the related workforce.

Sectors and thematic areas envisaged to be supported under other Pillars:

At initial programming stage, interventions under the Just Transition Mechanism are foreseen under Pillar I. Taking into account the needs that might emerge during the implementation phase, interventions under Pillars II and Pillar III may be considered such as investments in renewable energy and green and sustainable mobility, including the promotion of green hydrogen, public research, digitalisation, environmental infrastructure for smart waste and water management, sustainable energy, energy

efficiency and integration measures, including the renovation and conversion of buildings, urban renewal and regeneration, the transition to a circular economy, land and ecosystem restoration and decontamination and social infrastructure, including care facilities and social housing, amongst others. Investments in other sectors may also be supported if they are consistent with the territorial just transition plan. Interventions foreseen under the JTF, RRP and other Cohesion Funds may therefore act as a baseline for further scaling up of actions through Pillars 2 and 3 of the Just Transition Mechanism, which may be considered during the programming period.

3. Governance mechanisms

Reference: point (f) of Article 11(2)

3.1 Partnership

In line with Article 8 of the CPR, and as further defined in Commission Delegated Regulation (EU) No 240/2014, Malta is committed to ensure that principles of partnership and multi-level governance are promoted in the design and implementation of the JTF Plan. The ERDF/CF/JTF document was launched for a wide public consultation in 2021, following which the relevant feedback was assessed to identify how the Plan could be improved.

With particular reference to the Monitoring Committee (MC), it shall be set up in line with Article 38-42 of the CPR. Members of the MC shall consist of partners from competent regional, local, urban and other public authorities, economic and social partners, and bodies representing civil society, including youth organisations, in line with Article 3 of the CPR. The MC shall meet at least once a year to review the implementation of the JTF Plan as part of the ERDF/CF/JTF Programme.

Additional information on the Partnership process and the MC is included in Section 6 of this Programme, and is also applicable to the JTF Plan.

3.2 Monitoring and evaluation

- Monitoring and evaluation measures planned, including indicators to measure the ability of the plan to achieve its objectives

The MA shall be responsible for monitoring and evaluation which will be undertaken both at the level of the supported interventions and at the level of the Plan. Focus will be held on the monitoring of milestones and targets to ensure that objectives are achieved. Monitoring data will be recorded in a computerised system of electronic data exchange available for beneficiaries and the MA as well as for other authorities responsible for management and control, including the Audit Authority (AA) and the body responsible for the Accounting Function. This system captures information pertaining to financial management and payments.

The MC will monitor the JTP's performance and meet at least once a year to review implementation, including progress made towards achieving its objectives and examine any issues affecting performance. The MC shall be consulted at various stages in implementation including on the Plan's amendments, amongst others. MC consultations may also be undertaken through written procedures in line with the applicable Terms of Reference.

Evaluation activities will be held in line with the CPR. The MA will prepare an evaluation plan which will then be implemented. A mid term evaluation is foreseen in 2024, taking into account the status of the Programme, in preparation of the assessment for each programme on the outcome of the mid-term review. MC members shall examine the progress made in evaluations, syntheses of evaluations and follow-up actions pertaining to any findings, including communication and visibility actions.

Similar to Cohesion Policy Programmes, bilateral meetings and regular monitoring shall be held with the relevant beneficiaries and partners, where necessary for monitoring purposes of the selected operations, in line with the MA's Manual of Procedures.

3.3 Coordination and monitoring body/bodies

Body or bodies responsible for coordinating and monitoring the implementation of the plan and their role

The programming and implementation of the JTP, the 2021-2027 Partnership Agreement and all EU Funded Plans and Programmes are coordinated by the Ministry responsible for European Funds. This approach aims to ensure that Malta maximises the use of EU funds, facilitates complementarity between initiatives under different funding streams and ensures a smooth transition between programming periods.

The Ministry responsible for EU Funds is responsible for the preparatory (programming), monitoring, control, follow-up of the audit process, evaluation activities including communication activities as required for the management of the Plan and the achievement of its objectives.

The Planning and Priorities Coordination Division (PPCD) within the said Ministry is entrusted to fulfil all relevant tasks related to the management and control.

The Line Ministry is primarily responsible to oversee beneficiaries' implementation of interventions within the Ministry's portfolio ensuring the inter-agency co-ordination for all the JTP actions implemented by any Department / public organisation forming part of the Ministry's portfolio.

The CA within the Ministry responsible for EU Funds is tasked with the accounting function as per Article 76 of the CPR and is responsible for a) drawing up and submitting payment applications to the Commission and b) drawing up and submitting the accounts confirming completeness, accuracy and veracity of the accounts according to Article 98 of the CPR and keeping electronic records of all the elements of the accounts, including payment applications.

The Internal Audit & Investigations Directorate (IAID) is the designated audit authority. The IAID is an independent unit within the Office of the Prime Minister established by a Legal Act. The IAID reports to the Internal Audit and Investigations Board (IAIB) within Cabinet Office. The AA is thus functionally independent of the PPCD.

The AA will carry out independent audits on the systems, JTP operations and audits on accounts conducted on expenditure included in a payment application presented to the Commission. The IAID will provide an opinion on the completeness, accuracy and veracity of the payments claim as submitted to the Commission.

4. Programme-specific output or result indicators

Reference: Article 12(1) JTF Regulation

Justification for the necessity of programme-specific output or result indicators based on the types of operations envisaged

The following Programme Specific and Common Indicators are being envisaged as an Output Indicator and Result Indicator for the JTF Plan, respectively:

PSO 06 Number of alternative fuels infrastructure

This output indicator is being proposed to cover the envisaged investment in ports, more specifically in relation to shore supplies. Shore supplies is considered as an alternative fuel infrastructure, but it is not a refuelling or recharging point. The proposed investment will provide the opportunity to keep the vessels' engines on and give direct supply of electricity to the vessels. Once the vessel is detached from the shore supply, then the engine turns off.

Consequently, this Programme Specific Indicator is being proposed to capture investment that is also a form of alternative fuelling infrastructure but is not a refuelling or recharging point.

PSO06 output indicator will contribute towards the Common Result indicator of reduction in GHG emissions.

RCR 29.JTP Estimated greenhouse emission

This common result indicator aims to result in the estimated reduced greenhouse gas emissions through the envisaged investment in ports. This indicator therefore measures the annual average estimation of savings in greenhouse gas emissions derived through the interventions. The estimation utilises an incremental approach in which annual average savings in GHG emissions from a scenario 'with the project' are compared to those in a counterfactual 'baseline' scenario, that is without the project.

Reference: point (g-k) of Article 11(2) and Article 11(5)

DOCUMENTS

| Document title | Document type | Document date | Local reference | Commission reference | Files | Sent date | Sent by |
|--|---------------------------|---------------|---|----------------------|--|-------------|-----------------|
| Legal Notice 411 of 2011 Public Procurement of Contracting Authorities or Entities in the fields of Defence and Security Regulations | Supplementary Information | 30-Sep-2022 | MT_ERDFCFJTF_LN 411 of 2011_G.1 | Ares(2022)6855176 | Legal Notice 411 of 2011 Public Procurement of Contracting Authorities or Entities in the fields of Defence and Security Regulations | 04-Oct-2022 | Pace, Maria Pia |
| Covenant between SAMB and MA | Supplementary Information | 30-Sep-2022 | MT_ERDFCFJTF_Covenant between SAMB & MAS_G.2 | Ares(2022)6855176 | Covenant between SAMB and MA | 04-Oct-2022 | Pace, Maria Pia |
| Covenant between the Managing Authorities and the Ministry responsible for Human Rights | Supplementary Information | 30-Sep-2022 | MT_ERDFCFJTF_Covenant_EU Charter HR_G.3 | Ares(2022)6855176 | Covenant between the Managing Authorities and the Ministry responsible for Human Rights | 04-Oct-2022 | Pace, Maria Pia |
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| University of Malta Strategic Plan 2020-2025 | Supplementary Information | 30-Sep-2022 | MT_ERDFCFJTF_UoM Strategic Plan 2020-2025_T4.3 | Ares(2022)6855176 | University of Malta Strategic Plan 2020-2025 | 04-Oct-2022 | Pace, Maria Pia |
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| Inclusion Policy | Supplementary Information | 30-Sep-2022 | MT_ERDFCFJTF_MFED_Inclusion_T4.3 | Ares(2022)6855176 | Inclusion Policy | 04-Oct-2022 | Pace, Maria Pia |

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| SEA Final Report/Monitoring Report/Adoption Statement for the ERDFCFJTF Programme 2021-2027 | Supplementary Information | 30-Sep-2022 | MT_ERDFCFJTF_SEA | Ares(2022)6855176 | SEA Final Report/Monitoring Report/Adoption Statement for the ERDFCFJTF Programme 2021-2027 | 04-Oct-2022 | Pace, Maria Pia |
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