EUROPEAN COMMISSION

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Summary of the Partnership Agreement for Malta, 2014-2020

Overall information

The PA covers five funds: the European Regional Development Fund (ERDF), the Cohesion Fund (CF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF).

The PA focuses on the following priorities:

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

These funds are the cornerstone of Malta's medium and long-term development strategy. They will mobilize additional public national and private funding for growth and job creation. Investments will focus on enhancing innovation activity and competitiveness of enterprises in order to increase their added value, stimulate growth, job creation and improve the performance of the research and innovation system, including the quality of higher education, cooperation with the business sector and increased private investment. One of the key features of Malta's development goals is its shift to a low carbon and more sustainable economy, which means increasing the share of renewable energy sources in the overall energy structure and promoting more sustainable modes of transports across the island.

Investing in human capital, helping people enter and remain in the labour market and improve their skills will be top priorities in Malta with a focus on challenges highlighted in the country specific recommendations. The funds will finance initiatives to improve education and training systems with a view to better matching the labour force skills with the market needs, in particular for tertiary education and vocational education, but also focusing on early childhood education and care, primary and secondary education. The funds will continue to finance projects that help people in difficulty and those from disadvantaged groups. Children, women, elderly and people with disabilities are all among those who should benefit the most. The ESF will also support Malta's efforts to improve the efficiency of its public administration through structural reforms, better regulation, good administration and governance with emphasis on the Judiciary system, on the public procurement procedures and on the improvement of service delivery.

Investments in these areas will be instrumental in helping Malta to respond to the Europe 2020 priorities and country specific recommendations for Maltese policy reforms under the European Semester in education, training, employment and renewable energy.

A substantial share of ESIF will be channelled to the transport sector. The Commission is of the opinion that improving sustainable transport modes is a key priority for Malta for the next programming period with a view to reducing its greenhouse gas emissions and reducing car usage, among the highest in Europe. In the waste sector, investments are still needed to make sure that EU environmental requirements are fulfilled.

As regards the support for Malta's agricultural sector and rural areas, the EAFRD will mainly focus on improving the competitive position of the agricultural sector, its adaptation to climate change and the preservation and protection of Malta's fragile natural resources. At the same time, specific attention will also be given to the improvement of the quality of life in rural areas. These objectives will be achieved through the promotion of a multifunctional agriculture with an important role for innovative approaches to assist the sector in becoming more sustainable. The importance of climate change for the further development of agriculture and the impact of the sector on the environment is also recognized. Therefore, EAFRD will support actions to address the need for more efficient utilisation of energy and resources, particularly water and energy. Funds are also made available for bottom-up initiatives that will contribute to the development of the local economy.

The EMFF will focus on development measures under TO 3, 4, 6 and 8. Thus it will target increasing the competitiveness of Maltese aquaculture and the sustainable management of natural resources for the marine fisheries sector. This includes initiatives to improve the quality of the produce and to promote the marketing of less common species among the catches. Almost half of the programmed budget will be used for the tasks of fisheries control and enforcement as well as data collection according to the requirements of the reformed Common Fisheries Policy. It will further support measures to diversify fishers' competences and job opportunities in the tourism sector and in maritime surveillance

Malta has chosen to finance investment under all 11 thematic objectives defined in the Regulations. Details on thematic objectives are presented in Table 1.

Chosen expected results

Investments are aimed at addressing main development gaps and thus strengthening social, economic and territorial cohesion. ESI funds will assist Malta in achieving national targets of EU2020 and its flagship initiatives:

- R&I expenditure in relation to GDP is to increase from 0.72% (2011) to 2% (2020)
- In relation to energy objectives, ESI Funds are expected to provide a significant contribution to helping Malta to achieve its 10% share of energy from renewable energy (2020) from the current 2.7% level (2012)
- The funds will also focus on promoting sustainable transport thus contributing to reducing greenhouse gas emissions as well as car usage
- The Funds will also be aimed at increasing the female employment rate, reducing youth unemployment, active inclusion of vulnerable groups and reducing early school leaving.

The commitments made in the Maltese National Reform Programme as well as the Council Recommendations for Malta (CSRs) were reflected in the PA. With this approach, interventions co-financed from European Structural and Investment Funds (ESIF) will reinforce the efforts of Malta aimed at carrying out the necessary reforms and the fulfilment of the Recommendations. The Partnership Agreement, which is the strategic framework for ESI Funds, sets out clear political commitments in line with the strategic goals of Europe 2020, the EU's growth strategy.

Budget

In 2014-2020 Malta is allocated approximately € 729 million for Cohesion Policy (ERDF, ESF, Cohesion Fund) including € 17 million for territorial cooperation and € 3.9 million for the FEAD. Additional € 97 million will be devoted to development of the agricultural sector and rural areas from the European Agricultural Fund for Rural Development (EAFRD). The allocation for European Maritime and Fisheries Fund (EMFF) amounts to some € 22.7 million. Details on the allocation are given in a table below.

Concentration of funds on limited number of priorities is one of the main principles of the reformed cohesion policy. For Malta, thematic concentration, meaning the level of ERDF or Cohesion Fund expenditure aimed at research and innovation (TO1), ICT (TO2), competitiveness of enterprises (TO3) and low carbon economy (TO4) in relation to allocation account for approximately 50%, including 12% for low carbon economy in line with the minimum requirements.

The share of ESF in the allocation of Structural Funds amounts to 21.6% or € 105.9 of which 30% will be dedicated to promote social inclusion and combatting poverty.

The whole territory of Malta belongs to transition regions, however with respect to the thematic concentration requirements, it is considered as a less developed region on account of its status as a NUTS 2 level region consisting solely of an island Member state.

Attention is given to the territorial dimension of interventions with respect in particular to interventions in favour of the sister island of Gozo which will receive 10% of all the funds allocation. At least 5% of the ERDF allocation will be invested in sustainable urban development actions implemented through a specific priority axis in the ERDF/CF operational programme. At least 5% of total EAFRD contribution to the rural development will be reserved for Leader / CLLD.

Approximately 20% of the allocation will make a contribution to climate change mitigation and adaptation measures.

Concentration of measures under the EMFF is manifest through the limitation to four Thematic Objectives - 3, 4, 6 and 8, out of which TO 3 and 6 together stand for 98% of the programmed expenditure. A strong accent lies both on the fostering of growth in terms of quality and value of the produce and on the preservation of natural resources as a basis for sustainability of the growth.

Programmes architecture

Cohesion policy will be delivered by 3 operational programmes (OPs), so 1 more compared to 2007-13 period:

- 1 national OP co-financed by ERDF and CF (Fostering a competitive and sustainable economy to meet our challenges)
- 1 national OP co-financed by ERDF(SME initiative: Stimulate Private Sector Investment for economic growth
- 1 national OP co-financed by ESF (Investing in human capital to create more opportunities and promote the wellbeing of society)

Moreover there is 1 Rural Development Programme (financed by EAFRD) and 1 Fisheries programme (financed by EMFF).

Details on allocations to operational programmes are presented in table 2.

Table 1: Allocation: breakdown by thematic objective and by fund (except territorial cooperation).

Thematic objective	ERDF	ESF	Cohesion Fund	EAFRD	EMFF	Total
	Euro					
1. Strengthening research, technological development and innovation	57,653,100	0	0	13,210,132	0	70,863,232
2. Enhancing access to, and use and quality of, ICT	30,748,320	0	0	0	0	30,748,320
3. Enhancing the competitiveness of SMEs, of the agricultural sector (for the EAFRD) and of the fishery and aquaculture sector (for the EMFF)	57,653,100	0	0	23,016,601	8,330,199	88,999,900
4. Supporting the shift towards a low-carbon economy in all sectors	46,122,480	0	0	8,299,113	100,000	54,521,593
5. Promoting climate change adaptation, risk prevention and management	0	0	0	14,957,491	0	14,957,491
6. Preserving and protecting the environment and promoting resource efficiency	76,870,798	0	141,532,371	20,131,735	12,464,578	250,999,482
7. Promoting sustainable transport and removing bottlenecks in key network infrastructures	28,403,760	0	76,209,738	0	0	104,613,498
8. Promoting sustainable and quality employment and supporting labour mobility	0	20,800,000	0	2,887,500	375,000	24,062,500
9. Promoting social inclusion, combating poverty and any discrimination	47,198,670	32,000,000	0	4,875,000	0	84,073,670
10. Investing in education, training and vocational training for skills and lifelong learning	26,904,780	37,939,848	0	6,056,250	0	70,900,878
11. Enhancing institutional capacity of public authorities and stakeholders and efficient public administration	0	8,800,000	0	0	0	8,800,000
Technical assistance	12,798,989	6,353,600	0	3,893,076	1,357,645	24,403,310
Total	**384,353,997**	**105,893,448**	**217,742,109**	**97,326,898**	**22,627,422**	**827,943,874**

Table 2: Allocation to programmes

Operational programme	Thematic objectives covered	ESI Fund	Allocation (EUR)
OP Fostering a competitive and sustainable economy	TO 1,2,3,4,6,7,9,10	ERDF, CF	369 353 997
OP SME initiative	TO 3	ERDF	15 000 000
OP Investing in human capital	TO 8,9,10,11	ESF	105 893 448
Rural Development Programme	TO 1,3,4,5,6,8,9,10	EAFRD	97 326 898
EMFF OP	TO 3,4,6,8	EMFF	22 627 422