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GOVERNMENT OF MALTA

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MALTA:

Recovery and Resilience Plan

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Malta:

Recovery and Resilience Plan

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General Objectives and Coherence of the Plan

PART 1

Part 1: General Objectives and Coherence of the Plan

1.1 Executive Summary

In May 2020, the European Commission proposed the Recovery and Resilience Facility (RRF) as the main pillar under the Next Generation EU. The Facility serves as a temporary recovery instrument in the form of loans and grants that aims to address the short to medium-term impact brought about by the coronavirus pandemic as well as serve as a supporting platform for the green and digital transitions.

In response to changing geopolitical and energy market conditions particularly in the aftermath of Russia's war of aggression on Ukraine, the European Commission also presented the REPowerEU proposal in May 2022. The REPowerEU seeks to reduce the dependence on unpredictable fossil fuels and speed the transition to clean energy.

The RRF is programmed at the level of each Member State and is implemented through the recovery and resilience plans (RRP) which outline a coherent package of structural reforms and public investment projects.

This RRP, including its REPowerEU Chapter, outlines Malta's strategic approach underpinning the investments to be supported through grants under the RRF for a total allocation of circa €328 million[1]. Malta shall avail itself of the voluntary transfers from the Brexit Adjustment Reserve (BAR) and the additional non-repayable financial support to contribute to the REPowerEU objectives. Currently, Malta is not planning to make use of the loan facility under this facility. The interventions envisaged aim to enable Malta to continue to combat the socio-economic impact of the pandemic, foster an environment of resilience and seize opportunities for green and digital transitions.

This RRP is in line with the Government's new socio-economic vision, which is expected to serve as the basis for the country's economic strategy. The Government's long-term economic vision rests on the following five principles:

1. Good Governance
2. A higher quality of life for all citizens
3. Investing in education
4. Renewal of Malta's infrastructure
5. Achieving a carbon neutral economy by 2050.

These priorities clearly align with the reform priorities espoused by the country specific recommendations (CSRs) within the European Semester process, while also tackling the areas identified by national authorities, the European Goals, as well as the Sustainable Development Goals (SDGs). Principle 4 and Principle 5 of the Government's long-term vision are also in sync with the Recovery and Resilience Plan Regulation, requiring that at least 37% of the global value

[1] Based on the RRP allocation and REPowerEU allocation (EUR 258.3 million and EUR 69.9 million respectively).

of the Plan is allocated to reforms and investments related to green transition and 20% allocated to the digital transformation. Government will ensure that these principles will guide the policy objectives to be pursued through Government intervention, including those funded through the national budget, as well as interventions using European funds, especially the Recovery and Resilience Facility.

Malta's strategic approach takes into account the common areas of interest arising from the European Green Deal's policy areas in relation to Climate targets, Clean Energy, Zero Pollution, Sustainable Mobility, Sustainable Industries, Biodiversity Strategy, Farm to Fork Strategy, Sustainable Agriculture and Renovation for cleaner Buildings, amongst others. In this regard, coordination is particularly relevant for areas of interventions that are thematically similar, such as those targeting the green and digital transitions, which priorities are reflected across multiple funds. Demarcations will be outlined taking into account the primary scope and objectives of the funds utilised. This will therefore facilitate synergies between the funds through strong coordination and cooperation.

With regard to EU funds, support through the RRF will substantiate the efforts made to mobilise, amongst others, Cohesion Funds under the 2014-2020 period and the objectives earmarked in the Coronavirus Response Investment Initiative and the Coronavirus Response Investment Initiative Plus, assistance under the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU) as well as the Support to mitigate Unemployment Risks in an Emergency (SURE) loan instrument. Furthermore, such support instruments will be complemented with the new Cohesion Policy instruments under the 2021-2027 Multi-annual Financial Framework[2]. The combination of these initiatives is expected to provide the framework for reform, investment and transformation which should underpin Malta's socio-economic growth in the upcoming decade.

The Recovery and Resilience Plan for Malta is being prepared in an environment that remains characterised by elevated uncertainty with regard to the socio-economic impact of the COVID-19 pandemic in Malta and the weakness in the external conditions and the resultant inflationary pressures from the escalation of the war in Ukraine . Whilst the pandemic is expected to have a negative impact on economic activity and employment prospects for 2021 and the war in Ukraine put further pressure on the economy, Government is well-placed to adopt measures to attenuate the impact of the COVID-19 pandemic and the impact of the war on enterprises, households and employment and ensure that the economy returns swiftly to the path of economic growth. In this regard, the following is an outline of Government's comprehensive and adequately balanced response to the current economic and social situation. These are also supplemented by additional reforms and investments included in the National Reform Programme.

The economic impact of the RRP has been modelled in Part 4, to quantify the lasting impact of the investments financed through the RRP, including the REPowerEU Chapter. They are expected to achieve substantial economic benefits. Indeed, based on simulations by the QUEST and SAMM models, output over the project rollout period (2022-2025) is expected to grow on average by 0.56% relative to the baseline. Moreover, the QUEST model shows that such investments will reap long-term economic benefits with output expected to stand around 0.24% in the long term (2040) relative to the baseline.

[2] Proposal for a Council Regulation laying down the multiannual financial framework for the years 2021 to 2027.

The qualitative impact assessment of the main reforms included in the RRP has also highlighted the long-lasting impact arising from both the REPowerEU Chapter and each individual component. The first component (addressing climate neutrality through enhancing energy efficiency, clean energy and a circular economy) is expected to generate the long-lasting impact in the reduction of energy consumption and the clean and efficient use of energy. Component 2 (addressing carbon-neutrality by decarbonising transport) will improve the air quality and reduce noise pollution, which will result in improvements in quality of life and overall health. Component 3 (fostering a digital, smart and resilient economy) will have long lasting impacts on the resilience of the Maltese economy both for domestic competitiveness and in relation to international markets. Component 4 (health) will improve the resilience of the health sector, which would lead to better health outcomes resulting in the population being more active in the labour market, raising productivity whilst sustaining future social protection expenditure. Component 5 (enhancing quality of education and fostering socio-economic sustainability) aims to bridge the gap between education provision and labour market needs. Through these initiatives, more employed individuals should earn higher wages, lessoning the burden on the social security system, resulting in enhanced fiscal sustainability in the long run. Finally, Component 6 (strengthening the institutional framework) seeks to enhance institutional capacity and governance of the judiciary, anti-money laundering framework and aggressive tax planning. These measures should improve business sentiment and trust in Maltese institutions, which will increase investment, efficiency and decrease bureaucracy and lead to improvements in the business environment. The REPowerEU Chapter aims towards reducing overall reliance on fossil fuels, improving energy efficiency and speeding the transition to clean energy.

1.1.1 Addressing the Challenges

In 2020, the Maltese economy contracted by 8.6% in real terms, arising mainly due to the decline in net exports. The preventive measures introduced to contain the spread of the pandemic resulted in a significant drop in household consumption, notwithstanding Government's supportive measure. The decline in consumption was mainly the result of declines in consumption related to restaurants and hotels, transportation, and recreation services. Policy measures were instrumental to alleviate the impact of the pandemic on the labour market, which sustained its positive performance in 2020, registering a 4.0% growth (National Accounts definition).

Economic activity is still conditioned by the pandemic, with uncertainty still characterising future expectations and behaviours. In Malta, in the beginning of 2021, the public health authorities announced that non-essential establishments were to temporarily discontinue operations.

The effect of the pandemic in 2020 on public finances was substantial. Revenue decreased considerably as a result of the substantial reduction in tax revenue, due to both reductions in indirect tax revenue and direct tax revenue. Additionally, Government expenditure increased substantially due to the COVID-19 related support measures as well as measures legislated by means of the 2020 Budget. This resulted in the fiscal situation deteriorating, with the surplus of 0.6% of Gross Domestic Product (GDP) recorded in 2019 turning into a deficit of 9.4% of GDP in 2020 whilst the debt ratio rose to 53.3% of GDP.

Apart from the challenges brought about by the pandemic, there are other national challenges which need to be addressed in the coming years. The Government's new socio-economic vision, which is expected to serve as the basis for the country's economic strategy seeks to address

all these challenges. The Government's long-term economic vision rests on the following five principles:

i. **Good Governance:** through targeted measures and reforms to strengthen the rule of law, the regulatory and supervisory authorities and the fight against money laundering and the financing of terrorism.

ii. **A higher quality of life for all citizens.** Malta's future economic growth depends on the transition towards an economic model, inspired by the principles of circular, green and blue economy, stimulated by a high level of competitiveness and innovation whilst sustaining social cohesion, equality and fair opportunities.

iii. Investing in **education**, which is crucial to sustaining medium to long term economic growth. By targeting education, we will ensure a dignified life for the entire population, so that everyone is enabled to fulfil his or her potential within a healthy environment. In addition, the creation of new opportunities is contingent on the development and renewal of the country's skills base and addressing mismatches.

iv. The fourth principle is that of supporting the renewal of **Malta's infrastructure** through the ongoing investments in roads, transport and technology thus supporting the country's competitiveness, the creation of prosperity and leading to a higher quality of life.

v. The final principle is that of achieving a **carbon neutral economy by 2050** with intermediary goals being set every ten years. This will ensure that the environment, which is crucial for achieving sustained economic growth and a better quality of life, is indeed prioritised. The sustainable management, preservation and conservation of our limited land and maritime natural resources are crucial for long-term healthy living environment and food production, as well as sustainable economic activities with high value added and high-quality jobs. Consideration must also be given to strategic documents contributing to the vision of carbon neutrality. These include the National Energy and Climate Plan, the Low Carbon Development Strategy, the National Strategy for the Environment, Waste Management Strategies and Malta's Sustainable Development Vision for 2050.

This RRP takes stock of all these challenges and seeks to address them in line with the Government's vision. This RRP outlines Malta's strategic approach underpinning the reforms and investments which will be undertaken by Government over the coming years. This Plan, including the REPowerEU Chapter, will be supported through grants under the RRF, including the additional non-repayable financial support to contribute to the REPowerEU objectives. Malta shall also avail itself of the voluntary transfers from the Brexit Adjustment Reserve (BAR). Currently, Malta is not planning to make use of loans under this facility.

1.1.2 Addressing the Six Pillars

Malta's RRP will be contributing towards the achievement of the six pillars described in Article 3 of the Regulation establishing the Recovery and Resilience Facility. The plan shall aim to use its grant element to effectively address challenges identified in the European Semester, and more particularly include measures directly contributing to the green and digital transitions in

line with the ambitions of the 2021 Annual Growth Strategy, including the European Flagships[3]. Indeed, the importance given to the green and digital transition is highlighted through the proportion of funds of the RRP, allocated to these objectives. 69%[4] of the RRP funding addresses improvements in energy efficiency in buildings, encourage and speed up the transition to cleaner energy and to reduce the overall reliance on fossil fuels, including to decarbonise the transport sector (REPowerEU Chapter, Component 1 and Component 2) and 26.2%[5] of the RRP funding is being absorbed by the digital dimension (Component 3, part of the investment in Component 4 and the investment in Component 6). 100% of the REPowerEU Chapter measures contribute to Climate Change.

I. Green transition

Government announced the achievement of a carbon neutral economy by 2050 as one of the five pillars of Malta's economic vision. Numerous reforms, investments and incentives have already been committed or implemented by Government in order to address this transition. Funding will be utilised to directly help towards the green transition through the REPowerEU chapter (addressing climate neutrality, energy security and efficiency), Component 1 (addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy) and Component 2 (addressing carbon-neutrality by decarbonising transport).

The reforms and investment included in the first component of the RRP contribute to climate change mitigation and adaptation objectives as well as the transition to a circular economy. These initiatives seek to foster a renovation wave aiming at transitioning this sector towards carbon neutrality. Reforms and investments will complement schemes and financial instruments targeting residential housing and commercial enterprises supported through ERDF funding during the 2014-2020 and the 2021-2027 period, amongst others. One of the reforms under this component is the development of a long-term renovating strategy, which was launched for consultation on 8th May 2021. This strategy will be outlining the objectives and measures to renovate Malta's building stock with a view of enhancing energy performance, use of renewable energy and reduction of related emissions with a view to achieve decarbonisation of building stock by 2050.

Government will also be fostering effective waste management through a robust waste governance framework, including through a waste collection reform. This reform aims to remodel waste collection, contributing further towards transition to a circular economy and building further resilience in the sector. Apart from the publication of the Waste Management Plan 2021-2030 and the Construction and Demolition (C&D) Waste Strategy for Malta, plans are underway for reforming the waste collection system, whilst also considering the introduction of fiscal incentives targeting recycled materials in construction.

[3] Communication from the Commission to the European Parliament, the European Council, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions, and the European Investment Bank Annual Sustainable Growth Strategy 2021.

[4] Based on the total RRP plan including the REPowerEU Chapter amounting to EUR 328.2 million.

[5] Based on the total RRP plan excluding the REPowerEU Chapter amounting to EUR 258.3 million.

Various investment projects are also being undertaken under this component in order to ensure the shift towards carbon neutrality. These investments include the renovation of and greening of public and private sector buildings, public hospitals and public schools, including retrofitting, through energy and resource efficiency measures. Additional investment will go towards the construction of a pilot near carbon neutral school, which will serve as a model for the future and provide a future-proof learning experience to students. Government will be leading by example, whilst accelerating the energy efficiency in public buildings and reducing energy poverty in the private sector through public schemes.

Through the second component, Malta seeks to promote the use of sustainable mode of transportation, whilst decarbonising this sector, which is a major contributor of greenhouse gas (GHG) emissions locally. Planned reforms include the adoption and implementation of policies promoting the sustainability of the transport sector, including by encouraging the use of collective and multimodal transport. The use of collective road public transport will be further promoted in order to decrease the dependency on private transportation. Government will be also enhancing the mobility management in the public system by promoting ride sharing mechanisms and the deployment of cleaner vehicles. Another initiative will seek to fast track the adoption and implementation of the Sustainable Urban Mobility Plan for the Valletta Region, which aims to improve the transport system in the mostly densely populated area of the Islands. In addition, remote working in the public service will be enhanced, contributing towards the reduction in daily trips and congestion, whilst improving air quality.

In line with these reforms, Government will be engaged in numerous investments promoting alternative modes of transport, such as the electrification of private and public transport. These investments include incentives for the private sector to encourage the purchase of electric vehicles, as well as the decarbonisation of the public service fleet and the part replacement of the Public Transport fleet.

Furthermore, through the initiatives outlined in the REPowerEU Chapter, Government aims at reducing overall reliance on fossil fuels, improving energy efficiency and speeding the transition to clean energy by strengthening and widening the electricity distribution network, through investments in the grid, distribution services and battery storage. In line with these investments, Government will also review the existing permitting systems in relation to RES to streamline processes and shorten timelines.

Components 1, 2 and the REPowerEU Chapter will also contribute to the EU's Biodiversity Strategy for 2030[6] which notes that pollution is one of the five main direct drivers of biodiversity loss. By reducing GHG emissions in line with the proposed measures mainly through the renovation of buildings addressing energy efficiency criteria, strengthening the distribution network, to promote and incentivise private investments in RES installations by facilitating the grid connection, and through the decarbonisation of transport, Malta's RRP aims to also address pollution thus reducing the impact on people's health and biodiversity. This stance is also in line with the EU

[6] European Commission, 2020. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions EU Biodiversity Strategy for 2030 [COM(2020) 380 final] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0380&from=EN

Action Plan: Towards Zero Pollution for Air, Water and Soil[7]. Furthermore, waste management measures supported under Component 1 through the enhancement of the waste policy framework are also aimed at reducing/preventing waste generation, improving its separation, recycling, reusability and treatment, which ultimately also aim to reduce the impact on biodiversity by addressing pollution.

Moreover, all the reforms and investments included in the RRP respect the do no significant harm principle as defined in the EU Taxonomy Regulation.

Besides the green policies deployed in the RRP, Malta is undertaking other green initiatives. In particular, Government submitted the National Energy and Climate Plan in December 2019. In the meantime, Government is finalising Malta's Low Carbon Development Strategy with a 2050 horizon which will also incorporate an action plan for the next ten years and every ten years after. Malta has submitted its National Air Pollution Control Programme (NAPCP) to the EU and is currently also working on an air quality plan to address exceedances of particulate matter (PM_{10}) in the inner harbour area.

In order to address this challenge a number of strategies were published in 2020, such as Wellbeing First, A Vision for a National Strategy for the Environment 2050 (which will be followed by the National Strategy for the Environment 2050 to achieve wellbeing and quality of life by 2050) and the National Strategy for Research and Innovation in Energy and Water (2021-2030). Other policies which are work in progress include Malta's 2050 Sustainable Development Strategy and the National Biodiversity Strategy and Action Plan (NBSAP).

II. Digital transformation

The COVID-19 pandemic has exacerbated the need to shift towards further digitalisation, as digital technologies proved to be fundamental in the collective effort to tackle the virus, while also supporting a new working and living reality, whereby remote working has substantially increased. Through Component 3, Malta seeks to fast track the digital transformation through policy reform, whilst focusing on reducing the digital divide, promote further digital skills and strengthen the Government's digital services. Malta is also in the process of finalising and implementing its smart specialisation strategy, which will focus on fostering business R&I and strengthening public-private cooperation to transform research results into market-ready solutions.

Government will be strengthening the resiliency, security and efficiency of its digital backbone and investing in appropriate digital solutions, devices and tools which will enable it to provide proactive action, secure services and streamlined operations to citizens and to the business sector. Another investment which will assist towards the digitalisation transformation is the digitalisation of the Merchant Shipping Directorate within Transport Malta. This project will enhance the operations and overall performance of this Directorate. Further digitalisation and modernisation of the public administration is also envisaged. This will be carried out through

[7] European Commission, 2021. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Pathway to a Healthy Planet for All EU Action Plan: 'Towards Zero Pollution for Air, Water and Soil' [COM(2021) 400 final] https://ec.europa.eu/environment/pdf/zero-pollution-action-plan/communication_en.pdf

public and intra-facing services by means of several solutions to improve the front-end customer experience, data sharing and reuse, virtual desktops, property transfer process, National Single Window for customs as well as digital tools for remote working solutions.

Part of the investment of Component 4 (Health) will also be contributing to the digital transformation and the resilience of the health system. Indeed, through the RRP, Government will fast track the transition of Malta's health care system towards one that is more reliant on digitalisation and new technologies with the aim of improving patient care, enhancing patient experiences, reduce waiting time and improve the quality of healthcare provision. This will be achieved through fostering digital pathology and through the adoption of new technologies to improve radiotherapy delivery.

The investment part of Component 6 (Strengthening the Institutional Framework), that is the digitalisation in the Justice System will also contribute towards this transformation. This investment includes digital solutions which will cater for an integrated eFiling system across the justice system with the Courts being at the core of such a system. Other digital solutions will target the particular needs of different segments of the Justice System such as digital solutions addressing the needs of the Asset Recovery Bureau and that of the Notaries and the Office of the Chief Notary.

In addition to the RRP reforms and projects, Malta is currently in the process of developing a new digital strategy for Malta, in line with recent economic and technological developments, and to turn the structural weaknesses heightened by the pandemic into an opportunity to digitalise the country further, while making available the necessary tools for citizens and businesses.

Malta ranked 5th out of all Member States in the Digital and Society Index (DESI) 2020, performing above average in all its five dimensions; that is in Connectivity, Human capital, Use of internet services, Integration of digital technology and Digital public services.

In recent years, Malta has adopted various measures to support businesses in the digital transformation process, thus enhancing the country's competitiveness. Some of these measures were directed to specific areas such as the Artificial Intelligence Strategy or the National E-Commerce Strategy. The setup of Tech.mt - a public-private partnership launched to work towards promoting Malta as a tech centre for innovative technologies - in 2019 was important for assisting businesses in innovation, digitalisation and internationalisation efforts, by facilitating collaborations and promoting the local technological industries abroad.

Malta is currently developing a National R&I Strategic Plan post 2020 and preparing the Smart Specialisation Strategy (RIS3) 2021-2027. The National R&I Strategy 2020 identified the need for continued investment in ICT infrastructures, and innovation using digital technologies. With reference to start-ups, Tech.mt is currently working (and soon launching) a strategic partnership with Industry leaders to offer assistance to start-ups and students who have an innovative concept but lack the knowledge or experience to move their concept forward.

III. Smart, sustainable and inclusive growth

Government is committed to continue enhancing the quality of life for all citizens. Government has indeed continued to contribute towards this principle through the budgetary process. Past Budgets had the aim of making work pay and ensuring that the social security system positively incentivises work effort and discourages dependency.

The Maltese Government launched a series of financial packages to address the health emergency needs, ease liquidity pressures on businesses and the safeguarding of jobs and household incomes. These measures included the wage supplement and allowing employers to implement different working conditions on a temporary basis in order to avoid redundancies. Government has also created a training scheme directed at the idle tourism workforce with opportunities to reskill and upskill the current human resource complement in order to prepare the sector to be able to provide an improved and stronger tourism product in the post COVID period.

Government has also ensured inclusion and equality through specific interventions aimed at supporting households that were unable to work due to the pandemic. Government also increased the benefit rates of the Contributory Unemployment Benefit.

Initiatives aimed to ease liquidity problems, include the deferral of tax payments, loan guarantees and interest rate subsidies to support access to credit, while also supporting business to facilitate remote working through measures supporting investment in telework equipment. A one-off lump sum grant was also provided with respect to those employees on mandatory quarantine. On the social side, a number of measures were introduced for individuals who were made redundant or who are now unable to work.

Jobsplus offers a number of schemes which target inclusive growth by re-skilling and up-skilling the labour force. While Jobsplus' schemes and training courses are offered to everyone of working age, some of the schemes are targeted towards vulnerable groups who find it more difficult to enter into and retain gainful employment, including long-term unemployed, disabled persons and substance abusers amongst others. The aim is to provide a level playing field for all by equipping the individuals with the necessary knowledge and skills to enter the labour market and facilitating their transition from unemployment to employment via on-the job and off-the job training. With the onset of the COVID-19 crisis, off-the-job training which was usually delivered on Jobsplus' premises have been migrated online. On-the-job training including traineeships and work exposure schemes where training is given on the premises of the employer has been impacted due to the lockdown period in sectors such as hospitality, tourism, and childcare. To such end, Jobsplus has offered employers and employees who felt uncomfortable doing their on-the-job training due to dire situation of COVID-19 the possibility of extended their contract. The latter course of actions ensured that there were no terminations of contracts by employers or trainees and the situation returned to normality post-lockdown.

In addition, through the RRP, Government will continue to strengthen the vocational education and training systems in order to mitigate early school leavers (ESL), address skills shortages and reduced the share of low skilled adults. Further integration of the unemployed is envisaged, which would continue to contribute towards the sustainability of the pension system, which will be reviewed on an ongoing basis as necessary.

Through the reforms and investments addressing climate neutrality through enhanced energy stability, efficiency, clean energy and a circular economy, as well as through the decarbonisation of transport, the main idea is to ensure that the economy continues to grow in a green, sustainable manner, whilst giving the necessary incentives to businesses and individuals to invest in a more sustainable manner.

The digitalisation component seeks to foster a digital, smart and resilient economy with a well-functioning internal market. The related reforms and investments aim to enhance digitalization and business continuity, increase the usage and span of Government e-services, and aim at a collective shift towards a digitized society. This will contribute towards further productivity, competitiveness, sustainable growth and better quality of life. Interventions in the private sector aim to support industry, in particular the tourism and manufacturing sectors, to digitalise in order to not only remain relevant notwithstanding the setbacks posed by the pandemic, but also to grow and come out stronger as an economic segment post-pandemic. The digitalisation of the law courts and the public services will ensure that these services are more inclusive, accessible, transparent and trustworthy, whilst increasing efficiency.

Through the health component, especially through the investment in the Blood, Tissue and Cell Centre, Government seeks to enhance the resilience of the health sector whilst guaranteeing universal access, high quality care and sustainable services. Through increased prevention, improved monitoring and better use of resources, Government will be ensuring that the healthcare system remains sustainable, whilst offering new services.

IV. Social and territorial cohesion[8]

Social cohesion

Social cohesion has been high on the Government agenda for the past years, with Government implementing various measures in the past budgets, along with EU funds, to transform the prospects of the working poor. Indeed, a lot has been done to support the integration of pensioners, the sick, single parents, persons with disabilities and others who fail to see a future for themselves and their families, with the rest of society. The same can be said of the reforms and investments included in this RRP, which seeks to increase social cohesion during this challenging time.

The reforms and investment in the educational and employment component indeed seek to encourage further education attainment and skill acquisition, whilst ensuring that no one is left behind. A lot of initiatives are being undertaken to ensure that people with different sensory processing issues, disabilities, interests and skillsets are supported to achieve their potential and are integrated with society. Integration is also encouraged for foreigners living in Malta. This includes the greater importance being given to vocational education and training, online courses which allow learners to follow courses at their own pace, setting up of multi-sensory learning rooms in colleges, as well as dedicated courses and services offered to third-country nationals. In addition, measures have also been undertaken to ensure the resilience of Malta's workforce and the sustainability of Malta's pension system.

[8] Latest data available at regional level is 2018.

With regards to the health sector, the proposed reforms and investments aim to foster improved resilience of the health sector whilst ensuring universal access, high quality of care and sustainable services. Sustainability in healthcare, will be sought through increased prevention, improved monitoring and improved maximisation of resources. Government has constantly prioritised the health sector, which services are free, making them accessible to all irrespective of their socioeconomic background or status.

The digitisation and modernisation of the public administration and the strengthening of the Government digital backbone seek to contribute towards overcoming the current barriers towards a smart and digital society, and thereby increase Malta's economic resilience and social cohesion. In particular, through these reforms, Government seeks to reduce the digital divide and promote digital skills, in addition to strengthening Government's digital services. Government will be also designing a programme aimed to assist and support families with low income to enable them to be connected and have access to computers and experience the benefits of technology use. This programme will not only aim to improve digital literacy and reduce the digital divide, but it will also aim to foster improved socio-economic cohesion.

In the area of transportation, apart from providing the necessary assistance to the user to invest in more environmental-friendly private modes of transportation, Government will continue to encourage the shift to collective public transportation. In particular, the Government will be widening further the cohorts eligible for free road public transport, which over the years have addressed students from the age of 14, persons with a disability and elderly persons (70 years and older). Better road infrastructure, increasing connectivity and accessibility all lead to more social cohesion.

On the climate neutrality aspect, numerous measures have been initiated in the past and are still ongoing, targeting both residential and commercial buildings to improve their energy efficiency and invest in renewable energy. Through the RRP, including the REPowerEU Chapter, investment will also target energy efficiency and energy security; renewable energy improvements in public and private sector infrastructure, whilst reforming the waste collection system.

Territorial Cohesion

Given Malta's geographical size, regional segregation is considered only due to the geographic split between Malta (main island) and Gozo, with the latter having a dedicated Ministry to ensuring it receives the attention and care it deserves. All of the interventions within the RRP will have a direct impact to Gozo and does not exclude Gozitans from benefiting from this fund. Although the RRP does not distinguish between reforms and investment in Malta and Gozo, Government has taken steps to ensure that work and employment opportunities in Gozo are not negatively impacted by the COVID-pandemic.

In this regard, Government launched a number of schemes during 2020 with the objective of sustaining employment generation in Gozo and to support business in their operations. As announced in the Budget for 2021, these schemes have been further extended and some even enhanced to further support and incentivise economic growth in Gozo. These include:

- The Employment Refund Scheme - aimed to promote the transition from high levels of part-time employment as primary employment into full-time.

- The Gozo Teleworking Scheme - offers a financial grant to employers in proportion to the number of days an employee is granted telework.
- The Gozo Back Office Employment Refund Scheme - provides aid to employers with the intention to attract highly skilled and educated workers to Gozo whilst reducing the existing disparities in average basic salaries between Malta and Gozo.

V. Health and economic, social and institutional resilience

Healthcare & Pension

Strengthening the resilience of the health sector in Malta is one of Government's top priority in line with CSR 1. A sharp rise in health expenditure was inevitable during 2020 and 2021 due to the COVID-19 pandemic. Nevertheless, once the impact of the crisis is over, Malta remains committed to strengthen the sustainability of public health through investment in primary and preventive care. The growing population, not only within the older age brackets, but also the large migrant workers' population, has also put pressure on the provision of public healthcare. Government continued to increase investment in primary health care and in the national eHealth infrastructure during this pandemic. In line with this RRP, Government will be developing and implementing a health policy framework aimed at making the health system more sustainable and resilient, with a particular focus on health prevention and a strong workforce. In addition, Government will review the national legislation framework related to the establishment of a blood, tissue and cell centre for Malta in view of the actual commissioning of this project.

Government continued to implement measures to lengthen the duration of working lives and to increase the income for pensioners, whilst at the same time encouraged the diversification of retirement income and reducing the dependency on state pension; with the ultimate aim of reducing the possible financial vulnerability of such a group. Whilst the starting position for pensions and healthcare expenditure in Malta is significantly lower than the EU average, Government remains committed to address the projected increase in age-related expenditure, notably by strengthening the labour market, raising potential output, and the continuation of the pension reform process in Malta.

Public administration

Through the investment in Government's digital backbone and the further digitalisation of the public administration envisaged through Component 3, Government seeks to ensure that the quality and efficiency in Government processes and procedures of public institutions is enhanced. This investment is expected to benefit not only the public sector but also private individuals, whilst increasing the productivity and competitiveness of businesses.

VI. Policies for the next generation

Investing in Education, Training and Digitalisation

Government's efforts focus on a more equitable, quality and inclusive education system have yielded improvements in relation to ESL, tertiary education attainment, reinforcement of skills, participation in adult learning, employment rate of recent graduates and participation in early

childhood education. Nonetheless, more reforms and investments are envisaged in order to continue registering advancements in this area. These include the strengthening of ESL prevention measures, focusing on skills acquisition both for students and adults, developing new educational pathways towards inclusive and quality education and implementing an effective education monitoring system. The deepening of the digital transformation through policy reform focuses not only on the reduction in digital divide, but also on the promotion of digital skills.

Reforms arising from the reviewed and adjourned Framework for Education Strategy for Malta 2014-2024, see the educational sector move from a 'one size fits all' system to a more inclusive and comprehensive learning system which equitably supports all children's individual talents and needs through quality academic, vocational and applied learning programmes.

In 2019, the National Inclusion Policy and relevant Framework set clear targets and timelines to achieve and ensure quality inclusion across all schools in Malta. This framework seeks to ensure equal learning opportunities and support to learners with different abilities and backgrounds by providing the necessary support and flexibility to educators and schools.

Malta's strategic objective for education is to have more people who have the cultural means to engage with our developing democracy and become actors in its development by 2030. Above all, it is about enabling more people to fulfil themselves at the personal, social, emotional, and intellectual level, in short, to become better human beings. This should not be hindered by differences in socio-economic, cultural, racial, ethnic, religious, gender and sexual status. While acknowledging that out-of-school factors like poverty and social exclusion affect student achievement, Government seeks to improve students' learning experiences by encouraging creativity, critical literacy, entrepreneurship, and innovation at all levels. The renewal of the pillars within the established broad goals of the Framework for Education Strategy are to provide more opportunities and flexibility in the education system. Malta will continue to take measures to modernise curricula, improve quality in teaching and assessment and promote skills including digital and literacy skills.

The goal is to continue prioritising digitalisation of work and technical methods, creating more easy access to and availability of a higher number of activities and resources adapted to e-learning, implementation of tools and methods of teaching and evaluation and re-activation of mobility in virtual and blended modalities ensuring social inclusion.

Quality Education requires proper investment to provide students with attractive learning environments, new programme content relevant to industry, and guidance and direction to achieve skills of independent learning. Addressing the skills gap and skills mismatch in the Maltese labour market is vital for competitiveness and employability. Jobsplus continues to offer the necessary training opportunities to address these issues.

Children and Youth Policies

A number of policies have been launched in the past years to guide implementation efforts in sectors that impact the lives of children and youth. These include the National Children's Policy, Positive Parenting Policy, National Adoption Strategy for Children and their Families 2019-2022, and Draft National Youth Policy 2021-2030.

A Positive Parenting (PP) Taskforce consisting of professionals in the field was set up with the objective to provide a number of recommendations aimed at strengthening services offered to families and to reach more vulnerable families, especially those expecting or welcoming a child. The PP Taskforce worked on strengthening mental health services offered to families, particularly expectant mothers; identifying the support needs of expectant mothers facing domestic violence or experiencing poverty; improving PP courses to reach parents needing guidance and support; and launching and evaluating the first phase of a PP media campaign aimed towards the general public. The second phase, launched in 2020, focuses on the positive upbringing between parents and their adolescent children.

In addition, Government is also implementing the National Adoption Strategy for Children and their Families 2019-2022. This strategy is based on the principles derived from the 1989 UN Convention on the Rights of the Child (UNCRC) and the 1993 Hague Convention in Respect of Inter-Country Adoption. Through its three priority areas and a specific focus on children's active participation, the strategy aims to consolidate and expand efforts to improve services for currently adopted children and their families as well as prospective adoptive families and children.

Malta's National Strategic Policy for Poverty Reduction and for Social Inclusion (2014-2024) contains 94 strategic policy actions which not only target the general population as a whole but also highlight concentrated efforts for members of four main vulnerable groups – one of which is children and young people. The At-Risk-Of-Poverty and Social Exclusion (AROPE) Rate for children in Malta exhibited a steady decline from 33% in 2013 to 23.6% in 2019. Indeed, since 2013, children at-risk-of-poverty or social exclusion decreased by 6,000 while the number of children not falling under this category increased by 12,000. Child poverty tends to be distributed evenly among girls and boys, although children amongst whom poverty and social exclusion prevailed were those whose parents were single (51%), low-skilled (40%), or foreign born (33.5%). Indeed, adjustment in Children's Allowance benefit has contributed to alleviate the at-risk-of-poverty rate for larger families.

In contrast to EU trends, young people in Malta are significantly less likely to be AROPE (16.8% in 2019) when compared to 20.1% of the general population. In 2019, the AROPE rate for young people in Malta was 10.4 percentage points lower than the EU average. A main driver behind this positive trend is the low rate of unemployment for Maltese youth when compared to their EU counterparts. Following the trends registered for the child poverty rate, from 2013 youth poverty exhibited a decline of 8.9 percentage points or 4,000 persons. During the same period, the number of young persons at risk of poverty or social exclusion decreased by 3,000. On another note, while in 2013, the youth AROPE rate for females (27.0%) in Malta was higher than that for males (24.3%), the reverse trend is seen nowadays, wherein the AROPE rate for males in 2019 (17.4%) was slightly higher than that for females (16.0%).

Pollution and Wellbeing

One of the Government's top priorities is to protect the health and wellbeing of the current and future generations. Over the years, Malta has been at the forefront of building resilience in health through continued investment in infrastructures and human resources within the health sector. Through the RRP, Government will continue to invest in new services through the Blood, Tissue and Cell Centre, whilst enhancing the resilience of the health sector through the various reforms that will be implemented in the coming years, which involve also preventive care.

Table 1.1: Link between EU pillars and RRP components and the REPowerEU Chapter

	Green Transition	Digital Transition	Smart, Sustainable and inclusive Growth	Social and territorial cohesion	Health and economic, social and institutional resilience	Policies for the next generation, children and youth, including education and skills
C1: Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy	✓		✓	✓	✓	✓
C2: Addressing carbon-neutrality by decarbonising transport	✓	✓	✓	✓		✓
C3: Digitalisation		✓	✓	✓		✓
C4: Strengthening the resilience of the health system		✓	✓	✓	✓	✓
C5: Enhancing the quality education and fostering socio-economic sustainability		✓	✓	✓	✓	✓
C6: Strengthening the Institutional Framework		✓	✓		✓	✓
REPowerEU Chapter	✓		✓	✓	✓	✓

Through its various reforms and investments targeting climate neutrality, improvements in energy efficiency and use of renewable energy, Government seeks to improve the air quality and consequent prevent the development of health issues. These include initiatives targeting cleaner road transport and more efficient and renewable energy sources in buildings.

1.1.3 Addressing the Sustainable Development Goals

As a signatory to the Agenda 2030 and its 17 SDGs, Malta has acknowledged that each country is primarily responsible for its own economic and social development and is in the process of developing its Sustainable Development strategy for 2050. The main themes of this strategy are enhancing economic growth, safeguarding our environment and social cohesion and wellbeing. These themes are directly linked to addressing the 17 SDGs, which as can be noted in Table 1.2, have also played a central part in the development of this RRP.

Table 1.2: Link between SDGs and the RRP components and the REPowerEU Chapter

	C1: Addressing climate neutrality through enhanced energy efficiency, clean energy & a circular economy	C2: Addressing carbon-neutrality by decarbonising transport	C3: Fostering a digital, smart and resilient economy	C4: Strengthening the resilience of the health system	C5: Enhancing the quality education & fostering socio-economic sustainability	C6: Strengthening the Institutional Framework	REPowerEU Chapter
1 No poverty			✓	✓	✓		
2 Zero hunger							
3 Good health & wellbeing	✓	✓		✓	✓		✓
4 Quality education	✓				✓		
5 Gender equality	✓		✓	✓	✓	✓	
6 Clean water & sanitisation	✓	✓					
7 Affordable & clean energy	✓	✓					✓
8 Decent work & economic growth	✓	✓	✓	✓	✓	✓	✓
9 Industry, innovation & infrastructure	✓	✓	✓	✓	✓		✓
10 Reduced inequalities			✓		✓	✓	
11 Sustainable cities and communities	✓	✓			✓		✓
12 Responsible Consumption & production	✓	✓			✓		✓
13 Climate action	✓	✓					✓
14 Life below water	✓	✓					✓
15 Life on land	✓	✓					✓
16 Peace, justice & strong institutions						✓	
17 Partnerships for the goals							

1.2 Link with European Semester: Addressing the CSRs

The RRP has been drawn in consistency with both the country-specific recommendations and the euro area recommendations.

1.2.1 Fiscal Sustainability related CSRs

2019 CSR 1: Ensure the fiscal sustainability of the healthcare and the pension systems, including by restricting early retirement and adjusting the statutory retirement age in view of the expected gains in life expectancy.

2022 CSR 1: In 2023, ensure that the growth of nationally-financed current expenditure is in line with an overall neutral policy stance, taking into account continued temporary and targeted support to households and firms most vulnerable to energy price hikes and to people fleeing Ukraine. Stand ready to adjust current spending to the evolving situation. For the period beyond 2023, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions.

Whilst the starting position for pensions and healthcare expenditure in Malta is significantly lower than the EU average, Government remains committed to address the projected increase in age-related expenditure, notably by strengthening the labour market, raising potential output, and the continuation of the pension reform process in Malta.

The sustainability of the healthcare system

Free healthcare at the point of care for its citizens has always been a tenet of the Maltese Government.

A sharp rise in health expenditure was inevitable during 2020 due to the COVID-19 pandemic. Nevertheless, once the impact of the crisis is over, Malta remains committed to counteract health expenditure growth arising from increases in the cost of healthcare provisions and developments in medical technology and best practices. The growing population, not only within the older age brackets, but also the large migrant workers' population, has also put pressure on the provision of public healthcare.

Malta intends to continue to address sustainability of healthcare through investments in primary and preventive care. Government's plans to expand primary care as an integral part of its healthcare strategy and the planned capital projects and recruitment will continue. Works on the development of the Southern Primary Care hub are ongoing. The overarching intent is to ensure that primary or community care becomes the first choice of patients, thus relieving pressure on acute hospital services. The national eHealth infrastructure – which links sectoral systems together for the exchange of health data – is also at an advanced stage.

As highlighted in Component 4, the investment funded under this Plan will be critical for the provision of the health care in Malta and will contribute towards the sustainability of the health system. In order to ensure that the workforce level is adequate, we will develop and use a bespoke tool to be able to plan the level of workforce necessary. We will also carry out a study on the barriers and facilitators for better integration and guarantee the wellbeing of the foreign workforce.

Malta participated fully in the EU joint procurement process for the purchase of a COVID-19 vaccine.

Pension reform

Government remains committed to ensure the sustainability of the pension system, as highlighted in Component 5. An independent working group has carried out an assessment of the current pension system and to follow up the report, with consultations with the relevant stakeholders. These will then aid in identifying adequate measures for the attention of policy-makers. Over recent years, Government has introduced numerous measures intended to lengthen the duration of working lives. This include the gradually increase in pensionable age, as well as incentives to defer early retirement and lengthen working careers were also implemented.

Government's policy efforts have also focused on diversifying retirement income and reducing the sole dependency on state pensions. Over the past four years, tax incentives were introduced and strengthened for individuals who invest in the Third Pillar Pension Scheme and for employers

who offer their employees a Voluntary Occupational pension scheme. In 2019, Government also launched the Home Equity Release which is a voluntary scheme that allows home-owner pensioners to raise their annual financial income and improve their standard of living by accessing the equity tied to their home.

1.2.2 Fiscal related CSR – COVID-19 pandemic

2020 CSR 1: Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. Strengthen the resilience of the health system with regard to the health workforce, critical medical products and primary care.

Effectively address the pandemic: Health aspect

Throughout the pandemic, Government has implemented and lifted measures in a staggered manner in response to the epidemiological situation.

Government introduced an amber list on the 22nd August 2020, requiring passengers travelling from countries on this list to present a negative PCR swab test taken no more than 72 hours before boarding the plane. Malta has also been very active at EU level, in the devising of a set of common criteria for measures to be taken for travellers. Government has been following ECDC advice, including on the identification of persons testing positive for COVID-19, followed by isolation and treatment. There are a number of testing centres around Malta and Gozo to take swabs and for the laboratory analysis. Positive cases are mandatorily followed-up by public health authorities. Indeed, Malta has had a consistently high testing rate per capita. In reaction to the spread of new variants, all areas with significantly higher incidence of new SARS-CoV-2 variants proven to be of higher virulence or higher risk of severe disease have been put on Malta's red list, i.e. outside its travel corridors. Malta has also sought to boost its sequencing capacity, particularly prioritising those positive cases with a direct or indirect link to exposure to travel especially to UK, Brazil, South Africa together with swabs from cases in fast growing clusters.

Malta has increased the available number of isolation beds and Intensive Therapy Unit beds, while separate COVID and non-COVID accident and emergency (A&E) areas have been created within the acute hospital for segregation purposes. There has been redeployment and re-training of medical staff. Early on in the pandemic Malta curtailed non-urgent medical services, postponing elective surgeries and outpatient appointments, and limiting to the carrying out of necessary procedures to allow for resources to be focused where they are most needed. The approach adopted included a strategy to restart these elective medical services, including preventive care, which were temporarily stopped during the acute phase of the first wave, to avoid possible serious complications or higher mortality rates in non-communicable disease (NCD) sufferers. Malta has also joined the EU joint procurement process for PPEs, laboratory reagents and tests, ventilators and vaccinations.

Vaccinations in Malta started being administered on 27 December 2020. The roll-out plan outlined that those aged over 85+, staff and residents in homes for the elderly and mental hospitals and frontline healthcare workers would be the first group to receive the vaccination. Following that,

other front liners and people aged over 80 would make up the second cohort, while the third cohort will include people with chronic illness; those aged over 70; staff in schools and childcare centres; those people aged over 50, those aged over 40 and finally those aged over 30. The rest of the population will be vaccinated after that. In order to facilitate the vaccination process, a number of public health vaccination centres have also been set up while it is planned that the vaccine will also be administered by family doctors.

Effectively address the pandemic: Economic aspect

Backed by a solid fiscal starting position, the Maltese Government immediately launched a series of financial packages to address the health emergency needs, ease liquidity pressures on businesses and the safeguarding of jobs and household incomes.

The Wage Supplement measure provides funds to business and the self-employed and is intended to support enterprises in retaining their employees. Initiatives aimed to ease liquidity problems, include the deferral of tax payments, loan guarantees and interest rate subsidies to support access to credit, while also supporting business to facilitate remote working through measures supporting investment in telework equipment. A one-off lump sum grant was also provided with respect to those employees on mandatory quarantine. On the social side, a number of measures were introduced for individuals who were made redundant or who are now unable to work. In June 2020, Government also launched a comprehensive recovery plan to regenerate the Maltese economy upon the gradual reopening of the economy from its partial lockdown. This plan is built on three main pillars, aimed at reducing costs for businesses and providing more liquidity, boosting domestic demand and providing direct support to industry while incentivising work.

In August 2020, Government announced an electricity bill and rent refund scheme for businesses. Businesses eligible for the Wage Supplement are to be awarded additional support in the first months after resuming operations. Such businesses are being assisted on 50% of a commercial rate account for the months of July, August, and September up to an amount of €1,500 per applicant.

The 2021 Budget built on previous years' initiatives aimed at reducing further the risk of poverty for the most vulnerable in society, by enhancing the adequacy of pensions, a higher tax refund rate, a children's allowance supplement and higher rate of supplementary assistance, amongst others. It also extended assistance for the purchase of residential property by means of the extension of existing reduced stamp duty schemes.

The 2021 Budget, together with the measures introduced in March 2021 as a result of the second partial lockdown, aimed to sustain the economic recovery, post pandemic, safeguard employment, ensure social protection and invest in sustainable development. It assisted companies to retain employment, bolstering their investment initiatives and helping start-ups with the implementation of innovative technology projects. Initiatives in this context included the extension of the economic regeneration initiatives in place in 2020 to 2021, including the wage supplement scheme and the re-issue of the economic regeneration vouchers, as well as an increase in the minimum threshold for VAT exempt trading to reduce the administrative burden on SMEs and through the extended concession on the stamp duty payable on the transfer of family businesses.

The Malta Tourism Recovery Plan, a €20 million plan aiding local tourism, was launched with the objective to attract free, independent travellers. The initiatives under this Plan include amongst

others the cancellation of licence fees for agencies falling under the Malta Tourism Authority (MTA) between January-December 2021, voucher schemes targeted at tourist staying at hotels, vouchers targeting divers and voucher targeting organisers of sport events.

Government has also allocated €300,000 towards a Post-Pandemic Support Scheme for Culture Heritage set to complement the COVID-related financial assistance already targeting cultural organisations. This scheme shall help eligible organisations weather the economic impact of the pandemic and secure future financial viability.

The Government has continued to issue different schemes targeted at different businesses which were negatively affected by the pandemic. In April, a new financial assistance package totalling €20 million was also launched. Some of the measures include the extension of the rent subsidy for businesses, extension of the electricity support scheme, a new cash grant of €1,000 for businesses and doubling of the 'Change to Grow 2021' scheme, which assisted businesses when employing external consultancy with respect to the regeneration of their business operations. The 'Restart' scheme shall also assist entrepreneurs who suffered significant losses leading to business closure. Pertinent businesses may be entitled to a maximum of €5,000 for consultation services, which can rise to €10,000 in assistance during the start-up phase of the commercial operations. Through the 'Smart and Sustainable Investment' scheme businesses may be eligible for up to a maximum of €50,000 in cash grants and tax credits. The grant is higher for start-ups, businesses operating in Gozo and investment creating green jobs. Moreover, cash grants of up to €50,000 and an additional 20% in tax credits will be granted to help companies invest sustainably in line with the European Green Deal.

When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment

Prior to the pandemic, Malta's debt-to-GDP ratio had fallen sharply. This provided the Government with space to respond to the coronavirus shock, without jeopardising debt sustainability. Once the pandemic subsides, the pace of the increase in debt is expected to slow down and be reversed to avoid any feedback loop between higher public debt and borrowing costs. This shall be achieved by reducing the fiscal deficit in a gradual, orderly manner that takes into account the need to continue providing some counter-cyclical support to the economy. Over the medium-term, fiscal discipline shall be maintained, returning the public debt-to-GDP ratio to a firm downward trajectory as outlined in the Update of the Stability Programme 2021.

Strengthen the resilience of the health system with regard to the health workforce, critical medical products and primary care

The number of intensive care (ITU) beds were increased significantly, from 20 to over 100 beds during the pandemic. The investments in acute bed occupancy in critical care units together with the acquisition of medical equipment will benefit contingency planning in future pandemics or national disasters. As previously mentioned, non-essential services were postponed allowing resources to be focused where they were most needed.

Where possible, certain services were offered over the telephone and online. A team of family doctors offered a service through telework, carrying out the daily follow-up service offered to COVID-19 positive patients in mandatory isolation at their homes, following discharge from

hospital or in mild cases not requiring hospitalisation. To address the issue of social distancing and other crisis response measures, teleconsultations measures at both primary and secondary care levels were introduced to facilitate the medical community to help patients manage their health conditions even when in isolation. IT services are also now more focused on facilitating remote delivery of healthcare services. During the pandemic, digital health has provided a unique opportunity to accelerate digitalisation capabilities to be implemented for the benefit of healthcare service delivery. There was the development and deployment of websites and mobile apps that assist in the control and management of the pandemic. The experience thus gained will surely enhance the potential uptake of any remote patient surveillance technologies in the future.

In light of the events experienced the past year, Government intends to review the national pandemic preparedness framework in order to ensure future resilience and preparedness.

The sustainability of the health sector will be achieved through the balancing of capital expenditure costs with the longer-term benefits of improved technologies and innovative treatments. The investment proposed in the RRP aims to foster improved resilience of the health sector whilst ensuring universal access, high quality care and sustainable services. The development of the Blood, Tissue and Cell centre for Malta will alleviate the country's dependency on others for the provision of invaluable blood, tissue and cell therapies needed in medical interventions and treatments. One of the reforms envisaged in fact seeks to give more prominence to health prevention. As an example, Government will be launching a Congenital Deafness Screening Programme, a remote patient glucose monitoring system for patients with diabetes type 1 aged 16+ and will also be launching an obesity surveillance programme amongst schoolchildren aged 4-5 years.

Another important reform relates to fostering a strong and sustainable workforce. In line with Government's plan to shift from outpatients to primary care, recruitment of specialists in Primary Care has also been ongoing through 2020. The healthcare workforce in Primary Care has played an instrumental role in the management of the pandemic, both in terms of care and follow-up of COVID-19 patients, as well as in the ongoing vaccination campaign. The implementation of the new Health Systems Strategy highlights the need to improve the wellbeing and address skills gaps of foreign health workers and in this regard, a study will be carried out to identify barriers and facilitate better the integration of the foreign workforce.

1.2.3 Education and Employment related CSRs

2020 CSR 2: Consolidate short-time work arrangements and ensure the adequacy of unemployment protection for all workers. Strengthen the quality and inclusiveness of education and skills development.

2019 CSR 3: Focus investment-related policy on … inclusive education and training.

Work Protection

In view of COVID-19, Malta has launched a holistic strategy to address the impacts of the pandemic, consisting of several interrelated schemes which aim at protecting jobs and mitigating unemployment as one of the central pillars. The positive economic situation as well as the Maltese

labour market situation proved to be an advantage when dealing with the unprecedented challenges which raised across the Eurozone due to the COVID-19 pandemic.

In order to mitigate a negative impact on the labour market, Government has introduced several measures aiming at protecting employment through financial aid such as the Wage Supplement Scheme which has been extended till the end of 2021 and using short working-time arrangements by firms and businesses themselves.

The Maltese Government has allowed for temporary changes in the working conditions to avoid redundancies through the issuing of permits under Article 42 of the Employment and Industrial Relations Act (Chapter 452 of the Maltese Legislation). The majority of temporary working conditions implemented were either a reduction in hours or periods of unpaid leave.

As previously mentioned, Government has also ensured inclusion and equality through specific interventions aimed at supporting households that were unable to work due to the pandemic. These included the provision of €800 per month (€500 per month for part-timers) to a number of groups of individuals who would otherwise have been at an increased risk of poverty and social exclusion.

In an effort to assess the adequacy of unemployment benefits whilst preserving the incentive to work, an assessment of unemployment benefits in Malta will be carried out as part of the RRP. In this regard, a monitoring process will be rolled out to regularly take stock of the effectiveness of policy measures that are in place.

Education and Skills

Government's efforts focus on a more equitable, quality and inclusive education system have yielded improvements in relation to Early School Leavers (ESL), tertiary education attainment, participation in adult learning, employment rate of recent graduates and participation in early childhood education.

As previously mentioned, in line with the Framework for Education Strategy for Malta 2014-2024, the educational sector is moving from a 'one size fits all' system to a more inclusive and comprehensive learning system which supports children's individual talents and needs through quality academic, vocational and applied learning programmes.

In addition to the reforms successfully implanted in the past years, Government seeks to strengthen the early school leaving prevention measures by focusing on skills acquisition. Through the Data Warehouse project, the Ministry for Education will be able to identify gaps in tackling ESL by tracking data of each student from childcare to the last stage of the education trajectory. The aim of this project is to act in a timely manner and assist students at risk of leaving schools at an early stage. Reforms are also being implemented to strengthen skills development and recognition, with a particular focus on low-skilled adults. This includes the setting up of e-college which will provide a comprehensive amount of online courses.

The Policy on Inclusive Education in Schools: Route to Quality Inclusion adopts a wide definition of inclusion, in accordance with the conclusions of the council of the European Union (2017) which covers learners with special needs, different sexual orientations, ethnic minorities and different

religions and high ability learners. The National Inclusive Education Framework invites schools to embark on a journey towards the development of high-quality inclusion, whilst embraces the principles of ownership, diversity, autonomy, planning and research. School personnel, particularly teachers and Learning Support Educators (Pedagogical Assistants) are strongly encouraged to apply the principles of Universal Design for Learning in their everyday interactions with all learners. This implies identifying barriers to learning i.e. physical, educational and/or social, cultural, linguistic that may occur at any stage in the learners' time at school. All schools are encouraged to make the physical environment as accessible as possible for all learners so as to make educational spaces more effective for all learners.

Moreover, Government has continued to provide support to children from a migrant background, continued to invest in multi-sensory learning rooms for students with severe additional needs (additional rooms will be created under the RRP), whilst continuing to offering services such as Early Intervention, Teacher of the Hearing Impaired, Teacher of the Visually Impaired, Home Tuition, Autism Spectrum Support Team, Guidance, Counselling, Anti-bullying, Anti-Substance, Child Safety and Career Guidance.

In order to ensure inclusion and access to education for all, free internet access to Scheme 9 students, was provided during the pandemic. A free computer/laptop or tablet and free internet was also provided for the duration of schools' closure, to ensure that students that may not have the means to have a device continue their online studies.

Government, through the Maltese Public Employment Service (Jobsplus), is providing training opportunities to the unemployed, inactive and people in employment, whilst companies are encouraged to offer training to their staff through the Investing in Skills scheme which is co-financed through the European Social Fund. Traineeship scheme, work exposure scheme, work placement and the Youth Guarantee Scheme are also available.

1.2.4 Investment related CSRs

2020 CSR 3: Ensure effective implementation of liquidity support to affected businesses, including the self-employed. Front-load mature public investment projects and promote private investment to foster economic recovery. Focus investment on the green and digital transition, in particular on clean and efficient production and use of energy, sustainable transport, waste management, research and innovation.

2019 CSR 3: Focus investment-related economic policy on research and innovation, natural resources management, resource and energy efficiency, sustainable transport, reducing traffic congestion and ….

2022 CSR 1: Expand public investment for the green and digital transition and for energy security, including by making use of the RRF, REPowerEU and other EU funds.

2022 CSR 2: Proceed with the implementation of its recovery and resilience plan, in line with the milestones and targets included in the Council Implementing Decision of 5 October 2021. Submit the 2021-2027 cohesion policy programming documents with a view to finalising their negotiations with the Commission and subsequently starting their implementation.

2022 CSR 4: Reduce overall reliance on fossil fuels by accelerating the deployment of renewables, promoting and enabling investments in wind and solar energy, including in floating offshore energy, further upgrading Malta's electricity transmission and distribution grids, and creating incentives for electricity storage to supply firm, flexible and fast responding energy. Reduce energy demand through improved energy efficiency particularly in residential buildings. Reduce emissions from road transport by addressing traffic congestion through improved service quality in public transport, intelligent transport systems and investing in soft mobility infrastructure.

Support to affected businesses, including the self-employed

Government introduced a number of measures aimed at retaining individuals in employment and support economic activity. To improve business liquidity, Government introduced tax deferrals (of Provisional Tax; Value Added Tax; Social Security Contributions) for business and self-employed for the months from March to June 2020. This measure was further extended in Government economic recovery plan whereby in March 2021 it was announced that payments due in August 2020 up to and including December 2021 are to be settled from May 2022.

Government, through the Malta Development Bank, has also launched the COVID-19 Guarantee Scheme (CGS). This measure provides guarantees to commercial banks to provide loans to established businesses operating in Malta that have been affected by the pandemic, to finance their working capital requirements (up to €10 million for SMEs and €25 million for large enterprises). This scheme is backed by a guarantee fund, in the form of a Government guarantee of €350 million, whereby it offers a 90% guarantee for each eligible working capital loan subject to a cap of 50% on the overall loan portfolio. The guarantee fund of €350 million can be leveraged up by the participating banks to a potential maximum portfolio of almost €780 million. Furthermore, Government is subsidising the interest rates of these loans for a period of two years, up to a maximum of 2.5%. The borrower can pay an interest rate as low as 0.1 per cent, net of the guarantee fee. By end 2020, 537 facilities across all economic sectors were approved under the CGS, covering total sanctioned lending of €408.1 million.

The Small Loans Guarantee Scheme aims to reduce the need for soft collateral, ensuring that businesses who are not in a position to offer guarantees to banks will still be able to benefit from cheap credit made available under the first two complementary instruments.

A number of businesses and households applied with MFIs in Malta for a moratorium on loan repayments. As at end January 2021, there were 1,690 loans subject to a moratorium on repayments. The total value of loans subject to a moratorium stood at €685.3 million, or 5.8% of total outstanding loans to Maltese residents.

Malta Enterprise is currently planning two measures for SMEs which will provide (i) guarantees for investment projects and (ii) soft loans for expansions in new markets on the basis of a business plan.

Front-load mature public investment projects and promote private investment to foster economic recovery

By means of the June 2020 economic regeneration plan, Government is assisting local businesses carrying out digital promotion in new markets, including through an export credit guarantee scheme for the establishment of new export markets, and incentivising the construction sector to modernise its machinery and equipment.

The 2021 Budget provides for the continued upgrading of Malta's infrastructure through the ongoing investments on roads, transport and technology. In addition, over the medium-term, Government shall carry out several capital and infrastructural projects in industrial areas, including the extension of the Life Sciences Park, the upgrade of the Kordin Business Incubation Centre, investment at the Marsa ex-landfill and a new logistics hub.

In view of the forthcoming programming period (2021-27) some €2.27 billion in the form of grants will be invested over the coming 7 years in order to support in the addressing of Malta and Gozo's challenges as well as to enable the country to make a leap forward, particularly in areas which are of strategic national and European importance.

Such investments will primarily aim to combat the socio-economic effects of the pandemic, foster recovery and resilience and support Malta in reaching its green and digital ambitions, including its transition towards a zero-carbon economy. EU funds shall also aim to contribute towards other ambitions outlined in the Common Agricultural Policy, Cohesion Policy and Common Fisheries Policy, as well as migration and security based on Malta's needs, national sectoral policies as well as in line with the challenges identified through the European Semester process.

Investment targeting the green and digital transition

The Maltese Government continues to target investment in both the green transition (as highlighted in the REPowerEU Chapter and Components 1 and 2) and the digital transition (Components 3, 4 and 6).

Investment targeted towards the green transition contributes towards the implementation of CSR4 2022, namely by reducing overall reliance on fossil fuels through improving energy efficiency and speeding the transition to clean energy, and by reducing emissions from road transport through addressing traffic congestion.

Through the REPowerEU initiative, the Government will invest €69.9 million towards reducing overall reliance on fossil fuels, improving energy efficiency, and strengthening the electricity network as outlined in the REPowerEU Chapter.

Through Component 1 of the RRP, Government will be investing €70.1 million related to energy efficiency in buildings. This will include the renovation and greening of public and private sector buildings, including retrofitting through energy and resource efficiency measures. It also includes an investment in the renovation and retrofitting of public hospitals. In addition, this will include the construction of a pilot near carbon-neutral school and the renovation, retrofitting and renewable energy in public schools.

Government will be allocating another €94.3 million from the RRP to address carbon-neutrality in the transport sector. Reforms tackled under Component 2, such as the further promotion of using collective road public transport, seek to reduce traffic congestion and to continue encouraging the use of alternative modes of transport. Other related investment measures undertaken through the RRP focus on having cleaner transportation. This includes the incentives for electric vehicles in the private sector, the decarbonisation of the public service fleet, as well as the replacement of part of the Public Transport fleet.

Government also continues to promote the greening of the economy through different incentives targeting the greening of facades and retrofitting of front gardens of existing dwellings, shops and offices within our urban areas, solar farms and restoration and preservation of Urban Conservation Areas (UCAs).

In the context of sustainable transport and reducing traffic congestion, Government is promoting incentives to reduce private vehicle use and emissions, through the use of electric vehicles (both by the private and public sector), more energy efficient vehicles (through the scrappage scheme) and more effective public transportation. Public transportation is free for numerous age-cohorts. Government has also introduced free school transport. Government has also incentivised the use of alternative modes such as car sharing, maritime transport and cycling.

Waste management has continued to be a policy priority for this Government. An investment-needs plan was announced earlier this year aimed at modernising and upgrading the current waste infrastructure and to centralise in one location in order to maximise economies of scale as much as possible, through the ECOHIVE project. In addition to such an investment, the Government is fostering effective long-term waste management through a robust waste governance framework, which includes a reform in waste collection, as explained in Component 1.

As highlighted in Component 3, Malta is currently finalising its Smart Specialisation Strategy 2021-2027, with a focus on fostering business R&I and strengthening the public-private cooperation. The aim is to raise awareness amongst the private sector on how innovative processes can improve their business standing. This will be accompanied by awareness on funding scheme, whilst the process to apply for funding will be simplified. Government will aim to facilitate the design of inter-agency account management of clients between Malta Enterprise and the Malta Council for Science and Technology in order to raise awareness and provide guidance to potential beneficiaries in a more targeted and effective manner.

This reform process will also encourage stronger public-private cooperation to transform research results into market-ready solutions. Within this context, an assessment of the interactions between high education institutions and industry will be carried out with a view to improvement the current operational framework.

A number of projects has been undertaken through the Horizon 2020 (166 projects by end of January 2021), through the National R&I Fund (€13.3 million allocated budget by end January 2021) and through the Space Research Fund (7 projects). Moreover, in response to the COVID-19 pandemic, the COVID-19 R&D fund was issued in 2020 to fund projects that could provide innovative solutions to the pandemic.

Following the launch of the National AI Strategy in 2019, which received huge interest both locally and internationally, the Malta Digital Innovation Authority (MDIA) published for consultation

the AI Innovative Technology Arrangements (ITA) Guidelines, the AI System Auditor Control Objectives, the AI ITA Nomenclature and the AI ITA Blueprint Guidelines.

Tech.mt is responsible for promoting the uptake of emerging technologies such as IoT, AI, RPA and Cloud by businesses. As part of this promotion, a national study is envisaged to take place to obtain a deeper insight to how businesses perceive such technologies and assess their investment appetite.

In line with its aim to be a leader in the digital sphere, Malta is also currently in the process of updating its national digital strategy. The Strategy is expected to be launched in the third quarter of 2021.

Government will be allocating €67.7 million from the RRP to fast track the digital transformation. This will be achieved through strengthening the resiliency, security and efficiency of the government digital backbone and investing in appropriate solutions, devices and tools. This will enable Government to provide proactive action, secure services and streamlined operations to citizens and the business sector. Further digitalisation and modernization of the public administration is also planned. This will include public and intra-facing services, through several solutions to improve the front-end customer experience, data sharing and reuse, virtual desktops, property transfer processes, National Single Window for customs and digital tools for remote-working solution. The digitisation of the Merchant Shipping Directorate within Transport Malta is also envisaged, whilst Government will be rolling out measures to intensify the digitalisation of the private sector.

Through this investment in digitalisation, Governments seeks to enhance business continuity, increase the usage and span of Government e-services, whilst aiming at shifting society to a more digital dimension, which will further enhance productivity, competitiveness, sustainable growth, whilst enhancing further the quality of life.

Government will also be investing in digitalisation in pursuance of a more resilient health system. This aims towards enhancing efficiency and reducing the waiting time, whilst improving patient care, enhance the patient experiences and improving the quality of healthcare provision. In addition, Government will also be investing in the digitalisation of the justice system in order to ensure a smoother workflow and more efficient administration of justice, in line with the justice reform. This investment will include, amongst other things, central national integration elements such as employing Robotic Process Automation, Gov Hybrid Cloud usage, e-ID authentication and Single-Sign-On used for various services.

1.2.5 Institutional framework related CSRs

2020 CSR 4: Complete reforms addressing current shortcomings in institutional capacity and governance to enhance judicial independence. Continue efforts to adequate assess and mitigate money-laundering risks and to ensure effective enforcement of the anti-money laundering framework. Step up action to address features of the tax system that facilitate aggressive tax planning by individuals and multinationals.

2019 CSR 2: Address features of the tax system that may facilitate aggressive tax planning by individuals and multinationals, in particular by means of outbound payments. Strengthen

the overall governance framework, including by continuing efforts to detect and prosecute corruption. Continue the ongoing progress made on strengthening the anti-money laundering framework, notably regarding enforcements. Strengthen the independence of the judiciary, in particular the safeguards for judicial appointments and dismissals, and establish a separate prosecution service.

2022 CSR 3: Take action to effectively address features of the tax system that may facilitate aggressive tax planning by individuals and multinationals, including by ensuring sufficient taxation of outbound payments of interests, royalties, and dividends, and amending the rules for non-domiciled companies.

Strengthening the Institutional framework has been high on Government's agenda in the past years and will continue to be of particular importance. Component 6 highlights the planned reforms and investments in this area.

Judiciary

Over the past months the Maltese Government has driven numerous legislative amendments through Parliament aimed at strengthening the institutional capacities. Further reforms within the justice system are being undertaken targeted at improving the quality and efficiency of court proceedings, whilst increasing human capital remains a priority.

Through the unanimous approval by the House of Representatives of Act No. XLIII of 2020 -*An Act to amend the Constitution of Malta relative to the appointment of judges and magistrates*, which was published on 7 August 2020, the Chief Justice is appointed by the President, based on a resolution supported by at least two-thirds of all the Members of the House of Representatives. In addition, it is now possible to issue public calls for vacancies within the judiciary, which has already resulted in the appointment of eight additional members of the judiciary. Furthermore, through Act XLV of 2020, Parliament is no longer involved in the dismissal procedure of judges and magistrates.

Through the adoption of Act XXV of 2019 the dual role previously held by the Attorney General, namely, as prosecutor and as legal advisor to the Government has been separated. This has led to the creation of the Office of the State Advocate, which is a separate Office from the Office of the Attorney General, which is the Chief Public Prosecutor. Amendments to the Attorney General Ordinance (Chapter 90) by way of Act XXV of 2019 also introduced provisions for the taking over of prosecutions by the Office of the Attorney General, whilst the police will remain responsible for investigative work. The Government has also implemented the reform concerning the judicial review of decisions not to prosecute and other decisions of the Attorney General. This includes the assignment of the status of injured party at law to specific institutions when reporting a corrupt practice.

Government will also be reinforcing the institutional capacity to fight against corruption, whilst implementing the National Anti-Fraud and Corruption Strategy (NAFCS). This strategy's main objectives relate to improving capacity building, enhancing communication, maximising national co-operation, and maximising EU and International co-operation.

Another reform implemented by Government relates to the appointment of the Permanent Commission Against Corruption (PCAC). Via Act XLVI of 2020, the appointment is now made by the President of Malta who, in appointing the Chairman shall act with a Resolution of the House supported by the votes of not less than two-thirds of all the members of the House. In appointing one of the two other members, the President shall act in accordance with the advice of the Prime Minister and in appointing the other member shall act in accordance with the advice of the Leader of the Opposition.

The Proceeds of Crime Act (Act No. V of 2021) has recently re-defined the structure of the Asset Recovery Bureau, whilst outlining its relationship with and reinforcing its independence from the Government. This Act has also required the Bureau to establish relations with equivalent institutions outside Malta, that is, with both European and international bodies.

Government has also reformed the appointment of the Commission of Police in line with the recommendations of the Venice Commission, in order to establish a more transparent and competitive process. The Malta Police Force has in September 2020, also launch its Transformation Strategy for 2020-2025, which seeks to increase trust in police officers, whilst transforming the current police organisation.

Anti-money Laundering

Malta continues to be committed to preventing, detecting and prosecuting money laundering and terrorist financing activities. Financial crime threatens the safety of society, the integrity of its financial system, and the stability of the economy.

In 2020 the National Coordinating Committee on Combating Money Laundering and Funding of Terrorism Regulations (NCC) worked on the new national anti-money laundering/combating terrorist financing/targeted financial sanctions (AML/CFT/TFS) strategy and action plan for 2021–2023, which replaces the implemented Strategy for 2017–2020. This new national strategy action plan provides a detailed list of the actions expected from each competent authority. Whereas the 2017-2020 AML/CFT national strategy plan focused on addressing the gaps that impeded the ability to effectively combat ML/TF, the focus of the strategy for 2021–2023 is on effectively operationalising the means and tools set in the previous strategy, aiming towards effective measures and targeted actions.

Additionally, there were legislative provisions to enhance the AML/FT framework, such as:

- The transposition of 5th AMLD;
- The transposition of the EU Directive 2019/1153 of the European Parliament and of the Council of 20 June 2019;
- Adoption of Act VIII of 2019 which amended the Malta Financial Services Authority Act - further strengthening of the MFSA's structure and processes;
- Proceeds of Crime Act (Act V of 2021) - for the setting up of the Asset Recovery Bureau (ARB);
- Subsidiary Legislation 233.07 amended, as of 7th July 2020 - enables the Commissioner for Revenue to detain any cash where there are indications that it is related to criminal activity.

Following the presentation of its response to the MONEYVAL Mutual Evaluation Report, Malta was referred for an evaluation by the FATF. After reporting on the specific Immediate Outcomes

earlier in March, the evaluation process on part of the FATF is still underway with the process expected to be completed in the June 2021 FATF Plenary and Working Group meetings.

Malta is committed to retain the high level of political and institutional commitment in this field. In that regard, Malta is committing to follow-up and take the necessary decisions to address the outcome of the FATF evaluations once this is concluded.

Aggressive Tax Planning

Malta has taken numerous actions addressing aggressive tax planning, such as the implementation of ATAD 1, ATAD 2, Council Directive (EU) 2018/822 concerning Mandatory Disclosure Rules, as well as the ratification of the OECD Multilateral Instrument, which contains provisions like the Principal Purpose Test that allow the possibility for the limitation of benefits under Malta's tax treaties where schemes attempt to obtain any undue advantage. Government will indeed be removing the incentive of exempting dividends derived from bodies of persons resident in jurisdictions listed in the Code of Conduct Group list of non-cooperative jurisdictions.

In relation to the enactment of specific transfer pricing legislation, an enabling provision is to be introduced in primary tax legislation, making it possible to introduce specific legislation by way of subsidiary legislation and guidelines. At the moment, consultation with relevant stakeholders is underway so as to determine the various aspects that the introduction of transfer pricing legislation entails.

Government also intends to carry out a study to provide sufficient information and guidance for the formulation of appropriate policies concerning measures relating to outbound and inbound dividend, interest and royalty payments between companies established in Malta to related companies established in jurisdictions that either form part of the EU list of non-cooperative jurisdictions or that are considered to be a zero-tax or low-tax jurisdictions. The study shall contain adequate analysis to clarify the discussion on how to effectively strengthen anti-BEPS measures in the fight against tax fraud and tax evasion. Moreover, a spontaneous exchange of information relating to individuals that in future will be granted Citizenship by Naturalisation for Exceptional Services by Direct Investment (Citizenship Regulations) will be implemented to mitigate the risk of aggressive tax planning by individuals.

1.3 Common challenges: European Flagships

Malta's RRP will contribute to the European Flagships identified in the 2021 Annual Sustainable Growth Strategy as highlighted in Table 1.3 below.

Table 1.3: RRP link with European Flagships

Flagship	Existing strategies/targets	Reforms	Investments	Expected contribution to reaching EU objectives
Renovate	Carbon neutrality by 2050	Develop a long-term renovation strategy	Investments in the renovation and greening of public and private sector buildings, including retrofitting through energy and resource efficiency measures.	Initiatives foreseen under the RRP will directly contribute towards the renovate flagship and the European Green Deal by ensuring buildings, particularly public and private sector buildings, are more energy efficient.
Power up		Review of existing permitting systems to streamline processes and accelerate permit-granting procedures for renewable energy projects	Investment in the construction of pilot near-carbon-neutral school to serve as a model for the future and provide a future-proof learning experience to students and the investment in strengthening the grid outlined in the REPowerEU Chapter.	Initiatives will directly contribute towards the renovate flagship and the European Green Deal by ensuring that the new public-school building is a nearly zero-carbon building targeting both energy efficiency measures and renewable energy measures. Initiatives foreseen in the REPowerEU chapter, will also contribute towards speeding up increase RES usage and modernising networks.
Recharge and refuel	Carbon neutrality by 2050	Promoting further use of collective road public transport Enhanced mobility management in the public service	Enhancing the uptake of electric vehicles in the public and private sectors, and the public transport fleet.	These initiatives aim to promote collective and/or cleaner transport means with a view to reducing congestion and the number of passenger cars on the road resulting in cleaner and sustainable transport. Furthermore, charging facilities for road transport will also contribute directly to the recharge ambitions under this flagship.
Modernise	A new digital Strategy is being developed	Deepening the digital transformation, public administration through policy reform	Digitising Government services, including the Government backbone and e-services, the maritime register and the law courts.	The aim of these initiatives is to further strengthen the resilience, accessibility and the security of the Government digital infrastructures and services.
		Establishing schemes to enable digital intensification in the private sector	Rolling out measures to intensify the digitalisation of the private sector.	Enable the digital intensification of operations in the private sector by facilitating the uptake of advanced technologies.
Reskill and upskill	Framework for Education Strategy for Malta 2014-2024	Strengthening VET with a focus on early school leaving prevention measures, fostering skills development amongst low skilled adults and promoting inclusive education.		Reskilling and upskilling in VET will contribute towards the reskill and upskill flagship and enable Malta to reduce its rate of early school leavers and low skilled adults amongst others.

Synergies with other programming instruments

Government's commitment towards enhancing recovery and resilience will continue to be strengthened through the 2021–2027 Multi Annual Financial Framework, which aims to complement investments and reforms foreseen under the RRP.

As outlined under Part 3 of this plan, interventions under Cohesion Policy Funds will complement the RRP with a focus on Malta's smart, digital and green transitions. Interventions foreseen will contribute towards the Modernise and Recharge and Refuel flagships through the promotion of the uptake of digital technologies, the decarbonisation of ports and uptake of clean energy amongst others. Furthermore, synergies will also be ensured with regard to improved connectivity, as well as quality and accessible social, health and education services. Reskilling and upskilling will be primarily targeted under the ESF+ which serves as the main fund for an improved and resilient work force. The ESF+ fund will not only aim to address gaps identified in the education and labour market industries, including capacity building in the green and digital industries, health, education as well as measures aimed to retain job maintenance and promote growth but also foster long-term inclusivity and employability at the local level among specific cohorts, in particular migrants, children and youths.

Detailed complementary interventions supported through EU funding instruments are further outlined in Part 3 of this Plan.

1.4 Gender equality and equal opportunities for all

The Maltese Government is committed to ensuring gender equality and equal opportunities for all. The reforms and investments that Malta intends to carry out over the coming years help to strengthen equal opportunities for all, especially the most vulnerable groups.

Measures implemented under this RRP shall aim to target accessibility, where necessary, to ensure equal access for persons with disabilities and senior citizens. The policy reform process and initiatives emanating therefrom will uphold the principles of gender equality, equal opportunities and non-discrimination (including accessibility) in line with, amongst others:

- Equality between men and women: Chapter 456 Equality for Men and Women Act; and Chapter 452 Employment and Industrial Relations Act
- Equal opportunities: LN 85/2007 Equal Treatment of Persons Order; and LN 181/2008 Access to Goods and Services
- Non-discrimination including accessibility for persons with disabilities: Chapter 413 Equal Opportunities (persons with disability) Act

Consultation, with the necessary stakeholders will also take place to ensure that there are equal opportunities for all. In the case of for instance the digital area, the Foundation for Information Technology Accessibility (FITA) shall be consulted, where necessary, as the principal advocate and coordinator for making digital technology accessible for persons with a disability in Malta.

Any publicity / advertising in relation to investments will be free from stereotypes or any type of discrimination. This will be ensured by liaising with the National Commission for the Promotion of

Equality for support as necessary. With respect to equal opportunities the investment is gender-neutral and makes no distinction of race, creed or sexual orientation. Moreover, the any selected contractor would commit to ensure equal opportunities with the employees. Particular initiatives, such as the promotion of remote working in the public service will continue to contribute to equality objectives and family-friendly measures making it easier to combine professional and caring responsibilities. Particular needs of staff with mobility challenges may also be further addressed through this reform taking into consideration the advantages of working from home.

With regard to the education dimension, Government will be undertaking numerous initiatives to ensure equal opportunities for all, by for instance, by integrating multi-sensory rooms in schools, providing more opportunities in terms of vocational education, providing targeted assistance to migrants and through the Data Warehouse Project, which will seek to identify potential early school leavers and enable the necessary intervention to take place before it is too late.

Initiatives under this RRP, will also be complemented with initiatives under the Cohesion Policy, which target, amongst others, the gender pay gap, integration and inclusion of vulnerable and disadvantaged persons, including migrants, persons with a disability and youths and children who come from disadvantaged backgrounds.

i. Equality of treatment and opportunities between women and men

Female participation in the labour market is important to ensure everyone benefits from the proceeds of economic growth. In this regard, Malta has undertaken a series of interrelated measures designed to create favourable labour market conditions to ease access to employment and retention for all. Furthermore, the terms and condition of employment and career progression are safeguarded when in employment, the right to equal treatment is protected by law through the Equal Treatment in Employment Regulations (SL 452.95 of the Laws of Malta).

In order to attract more women to the labour market and to find a better work-life balance, Government has introduced the Free Childcare Scheme way back in 2014 and has since been further extended to parents in education or to the terminally ill, apart from those in employment. Overall, the scheme sought to close the gender gap in employment and assist families in enhancing their income through the encouragement of female participation in gainful employment. In the period spanning since its launch to December 2020, 21,954 children have benefited from this service at one point in time while more than €100 million was invested on this scheme. The scheme has achieved a relative success as the employment rate for women aged 20-64 has experienced a year-on-year increase, increasing by 22.4 pp from 51.7% in 2013 to 76.1% in 2022.

With the onset of the COVID-19 pandemic, a disproportionate effect was expected to hit female workers due to the closure of schools and childcare centres. However, targeted and well-timed measures from Government, including a parental benefit to employees who have school-aged children and whose work cannot be availed through teleworking facilities ensured that the unemployment rate of women did not increase. To the contrary, national data shows that the number of females in total gainful employment as of September 2020, i.e. post-partial lockdown, has increased when compared to September 2019.

Government is in the final stages of publishing its first Strategy and Action Plan on Gender Equality and Gender Mainstreaming. This strategy and action plan shall aim at identifying and eradicating gender-based obstacles, by strengthening the gender perspective at all levels and

stages of policy making. In fact, the action plan shall include concrete, measurable actions towards gender equality by strengthening the collection of gender-disaggregated data and addressing equal access and opportunities to the workplace, including measures targeted to combat segregation and equal pay for work of equal value. It also addresses the reconciliation of work, private and family life as a key gender equality principle, which can be attained when women and men share caring responsibilities and duties.

A Bill on gender quotas was also approved in April 2021, which will also ensure that if a gender gets less than 40% of the available seats, a maximum of twelve seats, six on either side of the House of Parliament, can be added. This Bill will ensure that more women will be represented in Parliament as from the next election.

ii. Women and men have the right to equal pay for work of equal value

The Constitution of Malta guarantees same wages for female workers for same work as carried out by their male counterparts. The Employment and Industrial Relations Act regulates the equal pay for equal work provision and requires that employees in the same class of employment are entitled to same rate of remuneration for work of equal value. An employee as a private individual can institute action before the Industrial Tribunal when there is an alleged breach of the principle of equal pay for work of equal value.

Furthermore, the National Commission for the Promotion of Equality has implemented an EU funded project, *Prepare the Ground for Economic Independence* (PGEI), which is aimed at addressing the gender gaps over the life-cycle through: the development of an equal pay tool; the provision of training to trade union representatives; awareness raising campaigns; and the enhancement of the NCPE Equality Mark. The latter serves as an ongoing policy initiative since it encourages companies/organisations to make gender equality one of their values and management to recognise and promote the potential of all employees irrespective of their gender and caring responsibilities. By December 2020, there were 112 certified organisations employing over 26,500 individuals; an increase of 26 organisations and 5,700 individuals since 2018.

Organisations are also able to opt to be 'equal pay certified' through the use of this Equal Pay Tool which will verify the organisation's equal pay for work of equal value between women and men during Equality Mark audits.

iii. The right to equal treatment and opportunities regarding employment, social protection, education, and access to goods and services available to the public, regardless of gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation

When in employment, the right to equal treatment is protected by law through the Equal Treatment in Employment Regulations (SL 452.95 of the Laws of Malta). Jobsplus, Malta's Public Employment Services (PES), strives to provide a level-playing field for all and ensuring that there is no discrimination when it comes to the provision of its services. As such, Jobsplus' schemes and training courses are offered to all residents of the Maltese islands, regardless of gender or status, given that the eligibility criteria are met.

Furthermore, Malta's strategic objective up to 2030 is to have more people who have the cultural means to engage with the democratic system and become actors in its development. Above

all, it is about enabling more people to fulfil themselves at the personal, social, emotional and intellectual level, thus enabling active and responsible citizenship in an inclusive society. This should not be hindered by differences in socio-economic, cultural, racial, ethnic, religious, gender and sexual status. While acknowledging that out-of-school factors like poverty and social exclusion affect student achievement, Government seeks to improve students' learning experiences by encouraging creativity, critical literacy, entrepreneurship and innovation at all levels.

Inclusivity and equity have characterised Maltese education provision in recent years. A national policy of inclusion of learners with individual learning needs in mainstream schools was accompanied by the scaling down of special schools. Following an external audit report, the concept of inclusivity has been widened to include learners with disabilities, learners with different sexual orientation, learners from ethnic minorities and different religions, high ability learners and learners from disadvantaged backgrounds to reflect the students' cohort in Maltese schools. This reality is being addressed by the Policy on *Inclusive Education in Schools: Route to Quality Inclusion*[9]. The policy underscores that inclusion, equity and quality education can be nurtured through a whole-school approach. The policy adopts a wide definition of inclusion, in accordance with the conclusions of the council of the European Union (2017) which covers learners with special needs, different sexual orientations, ethnic minorities and different religions and high ability learners.

In addition, a National Inclusive Education Framework has been designed to cover ten central themes and invites schools to embark on a journey towards the development of high-quality inclusion. Schools are invited to implement, review and commit towards inclusive policies and practices, thus providing high quality education for all learners to embrace social equity and achieve an inclusive society.

Government is in the final stages of publishing its first Action Plan against Racism, targeting various spheres of life, and proposing measurable initiatives. The National Action Plan was launched for Public Consultation on 9th October 2020 and consultations were received up to 9th November 2020. The proposed Anti-Racism Strategy is currently awaiting Cabinet's approval. The proposed Anti-Racism Strategy (2021-2023) aims at confronting and eliminating racism in all its forms, individual, systemic and societal; and to stimulate and support intercultural inclusion. The Strategy is articulated around four principles: equality, diversity, interaction and participation.

As noted in point i), Government is also in the final stages of publishing its first Strategy and Action Plan on Gender Equality and Gender Mainstreaming.

Emphasis is also being made on enhancing better social inclusion in this regard. In order to enhance better inclusion of all groups in society and link this with the provision of goods and services, the GEMMA Initiative was developed. The initiative disseminated financial planning related material online and conducted online seminars discussing the impact of COVID-19 on the Maltese scenario based on information obtained through their Household Pulse Survey.

In order to combat such adverse consequences such as loneliness and social isolation which were exacerbated by the pandemic amongst vulnerable groups, helplines for persons with

[9] And other subsequent updates to this policy.

disability, the elderly, as well as the general public experiencing mental health difficulties were also introduced. Within care homes, virtual video chatting applications were utilised for residents to maintain some level of social interaction with loved ones who were otherwise unable to visit.

iv. Equal opportunities of under-represented groups shall be fostered

The fostering of equality of opportunity requires targeted action and strategic policies which keep in mind the principles of mainstreaming and intersectionality. In this regard, Parliament is currently debating the Equality Bill (Bill 96), a far-reaching legislative proposal which takes an intersectional approach to discrimination in all its forms and in all spheres of life.

This bill, which was inspired by the EU's ongoing goal to establish the horizontal directive, is currently at committee stage in Parliament. It brings together Malta's current provisions on equality and non-discrimination; strengthens them; and widens the scope of their application to all spheres of public life equally. Bill 96 also ensures that all EU standards on equality and non-discrimination are met and exceeded.

1.5 Coherence

Government's new socio-economic vision rests on five principles: good governance, higher quality of life for all citizens; education; Malta's infrastructure and carbon neutrality by 2050. These priorities clearly align with the reform priorities espoused by the CSRs within the European Semester process, while also tackling the areas identified by national authorities. Government will ensure that these principles will guide the policy objectives to be pursed through Government intervention, including the national budget as well as through the use of European funds, especially the Recovery and Resilience Facility.

Malta's RRP aims to continue to combat the socio-economic impact of the pandemic, foster an environment of resilience and cease opportunities for green and digital transitions. With regard to EU funds, support through the RRP will complement the efforts made to mobilise, amongst others, Cohesion Funds under the 2014-2020 period through the Coronavirus Response Investment Initiative and the Coronavirus Response Investment Initiative Plus, assistance under the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU) as well as the Support to mitigate Unemployment Risks in an Emergency (SURE) loan instrument.

Furthermore, such support instruments will be complemented with the new Cohesion Policy instruments under the 2021-2027 multi-annual financial framework. The combination of these initiatives is expected to provide framework for reform, investment and transformation which should underpin Malta's socio-economic growth and sustainability in future.

In particular, through the RRP, the Government seeks to address six areas through the different components identified in part 2. Furthermore, the reform and investment included in the *REPowerEU Chapter* shall also address climate neutrality, ensure security of electricity supply and increase take up of renewable energy sources.

With regard to Component 1 *Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy*, the development of a long-term renovation strategy is in sync

with the investment segment of that component which will focus on the renovation of public and private sector buildings, public hospital and public schools. The reform in the waste management and the investment in the construction of a near-carbon-neutral school will contribute towards the circularity of the economy and in giving the greening of the economy another boost.

Component 2 *Addressing carbon-neutrality by decarbonising transport* also seeks to tackle the needed reduction in air pollution and as a result, improved quality of life for society. Indeed, the reforms seek to promote the sustainability of the transport sector, by encouraging the use of collective and multimodal transport. Reforms include also the promotion of remote working and enhanced mobility management in the public service. The investments are focused on the decarbonisation of the private sector fleet, the public service fleet and the Public Transport fleet.

Component 3 *Fostering a digital, smart and resilient economy* focuses on promoting the digital skills and reducing the digital divide. This reform will ensure that there will be further interest by citizens and the business sector in the uptake of online Government services, which will be enhanced further through the investment in the government digital backbone and digital solutions. In addition, the finalisation and implementation of Malta's Smart Specialisation Strategy, with a particular focus on fostering business R&I and strengthening public-private cooperation will be a further success through the complementary rolling out of measures to encourage digitalisation in the private sector.

Component 4 *Strengthening the resilience of the health systems* involves a key investment in the establishment of a blood, tissue and cell centre for Malta, which requires the reviewing of the related national legislative framework. Moreover, planned investments in the digitalisation and new technologies in the public health system will enhance its resilience. The development and implementation of a health policy framework aimed at making the health system more sustainable and resilient, will ensure that there are also enough expertise and resources available for the successful completion of the investment.

In Component 5 *Enhancing the quality education and fostering socio-economic sustainability*, the educational reforms focus on the need to strengthen skill acquisition and development, whilst having a more inclusive and quality education. Through these reforms, students will be provided with an attractive and viable learning path, which will help in reducing the current high share of ESLs and break the cycle of having another generation of low-skilled adults in the coming years.

Component 6 focuses on *Strengthening the Institutional Framework*. Whilst the investment component seeks to digitalise the justice system, in order to increase the efficiency and the reliability of the system, the reform components seek to improve the institutional capacity and governance so as to enhance judicial independence. Both these aspects are necessary in order to improve the quality, efficiency and independence of the judicial system.

Description of Reforms and Investments

PART 2

A. Component 1: Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy

1. Description of the component

Summary Box - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy

Policy area/domain: Green: Energy and circular economy

Objective: Foster policy reforms and investments in green transition through energy efficiency in buildings, whilst facilitating reforms in renewable energy and waste management.

Reforms and/ investments:

The policy reforms and investments outlined hereunder aim to directly contribute to the challenges outlined in Country Specific Recommendation (CSR) 3 of 2019 and 2020 relating to, amongst others, the green transition in particular the clean and efficient use of energy and waste management. CSRs 1 and 4 of 2022 will also be targeted, primarily in relation to the green transition, as well as vis-à-vis improving energy efficiency. RRP reforms and investments will form part of a holistic approach being adopted to address Malta's needs and challenges whereby complementary interventions planned under the REPowerEU Chapter and the Cohesion Funds, amongst others, will also complement this Component as further outlined in Part 3 of this plan.

Reforms:

i) Develop a long-term renovation strategy.

ii) Fostering effective waste management through a robust waste governance framework including reforming the waste collection system.

Investments:

i) Investment in the renovation and greening of public and private sector buildings, including retrofitting through energy and resource efficiency measures EUR 30m;

ii) Investment in the renovation and retrofitting of public hospitals EUR 12.2M;

iii) Investment in the renovation, retrofitting and renewable energy in public schools EUR 10M;

iv) Investment in the construction of a pilot near-carbon-neutral school to serve as a model for the future and provide a future-proof learning experience to students EUR 14.9M;

v) Renewable energy investments in roads and public spaces. EUR 3M.

Estimated cost: The overall estimated cost of this component to be covered by the Recovery and Resilience Facility amounts to EUR 70.1 M.

2. Main challenges and objectives

a) Main challenges

Energy Sector

Malta's reform and transition process towards climate-neutrality is reflected in the significant 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]. This can be noted in the shift from coal to oil-based electricity generation in the early to mid-1990s 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, CO_2 emissions per unit electricity generated by the Maltese public electricity sector stood at 0.4 kgs/kWh, half of what it was in 2005.

[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

Furthermore, Malta currently has the second lowest final energy consumption per capita across all EU Member States[4]. 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 energy efficiency and renewable energy in line with Malta's 2019, 2020 and 2022 CSRs, Malta's NECP (2019), the Draft *Smart Specialisation Strategy*[5] and in line with the ambitions of the Green Deal and Paris Agreement.

The specific characteristics of Malta's energy system and market, such as its small size, its dependency on a single electricity distributor / supplier, the absence of natural gas and district heating and cooling networks, and the small size and number of suppliers and market players, limit the range of measures available to meet energy savings obligations.

As outlined in Malta's NECP (2019), population, employment and economic growth is deemed to have resulted in a 7% increase in total final energy consumption in 2017. Steep increases in population and GDP in a relatively short time span have made it difficult to restrain energy consumption which maintained an upward trend during 2018 and 2019.

In Malta's case, buildings are associated with indirect emissions of greenhouse gases, through the use of electricity sourced from the national grid, which is supplied by local generated electricity or by the interconnector. The increased stock of solar energy PVs across the islands through policies promoting such transition has enabled a lower than traditional 'business as usual' approach. In this respect, renewable energy from grid-connected PV systems replaced 189.6GWh in 2018, lowering the dependency on the gas-powered station and contributing towards 7.14% of the total electricity supply to the Maltese islands. While it is recognised that Malta's geography and size present real limitations every effort will continue to be made to ensure that investment in green energy generation is pursued.

In accordance with Article 5 (1) of the Energy Efficiency Directive (2012/27/EU)[6] public authorities are required to renovate 3% of buildings owned and occupied by central government. Furthermore, in line with the EU Energy Performance of Buildings Directive (EPBD) EU 2018/844[7], the long-term renovation strategy shall support the renovation of the national public and private stock of residential and non-residential buildings, into a highly energy efficient and decarbonised building stock by 2050 by facilitating the cost-effective transformation of existing buildings into nearly zero-energy buildings. Within this context, intensified efforts are required to enable the building stock to shift towards a carbon neutral scenario.

[4] Eurostat Final energy consumption in households per capita

[5] Draft for Public Consultation Document- Malta's Smart Specialisation Strategy 2021-2027 (October 2020, Malta); http://mcst.gov.mt/wp-content/uploads/2020/10/Malta-RIS3-2021-2027_DRAFT-PUBLIC-CONSULTATION-Oct2020.pdf

[6] Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on Energy Efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32012L0027&from=EN

[7] Directive (EU) 2018/844 of the European Parliament and of the Council of 30 May 2018 amending Directive 2010/31/EU on the energy performance of buildings and Directive 2012/27/EU on energy efficiency https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018L0844&from=IT

Waste Management Sector

Malta's high population density, limited land space and lack of economies of scale coupled with geophysical conditions and growth expansion are also factors contributing to the challenges of sustainable waste management. Waste generation status quo projections made within the context of Malta's *Waste Management Plan* (Consultation Document, 2020), estimate that "the total Municipal Solid Waste (MSW) generated in 2030 will reach 423kt". This scenario projects that in 2030 the 'black bag' (in which MSW is collected), would "constitute around 47% of total MSW generated which equates to 200kt." Within this context, further efforts to mitigate such challenges are necessary.

b) Objectives

i. Energy sector

The proposed reforms and investments shall aim to foster a renovation wave with the aim of enabling the sector to transition towards a carbon neutral sector. Reforms and investments will complement schemes and financial instruments targeting residential housing and commercial enterprises supported through ERDF funding during the 2014-2020 and the 2021-2027 period, amongst others including REPowerEU initiatives under the REPowerEU Chapter.

In relation to energy efficiency and renewable energy promotion in the residential sector, several schemes have been launched which seek to encourage the use of systems that are either energy efficient or generate renewable energy intended to lower household's dependency on the electrical grid. These schemes continued to operate during 2020 and were further extended in 2021. Support schemes for medium and large-scale renewable energy installations are also being supported. Additional investment targeting residential and commercial buildings in energy efficiency and renewable energy is implemented through the Smart Finance for Smart Buildings (SFSB) Financial Instrument. The instrument is supported through Cohesion Policy, as complemented by energy grant schemes issued for the industry sector in the 2007-2013 period. Furthermore, Government's efforts to green the Maltese economy have also focused on Solar Farms, restoration and preservation of Urban Conservation Areas (UCAs), the restoration of rural roads and the greening of the tourism industry through awards like the Green Mobility Hotel Award and Labelling Scheme in 2019.

The NECP notes that significant advances have been made in Malta in the past years with regards to energy poverty[8]. Whereas in 2013 this stood at 23.4%[9], in 2019 this amounted to 7.8%[10]. This challenge was addressed by the reduction in energy bills following the significant investments

[8] For NECP purposes, this is measured as the percentage of households unable to keep their homes adequately warm in winter.

[9] NECP

[10] Eurostat (2021) Eurostat News Can you afford to heat your home? https://ec.europa.eu/eurostat/en/web/products-eurostat-news/-/ddn-20210106-1?redirect=/eurostat/en/news/whats-new

in energy infrastructure and through the implementation of a number of national policies and measures as outlined below:

- The Energy Benefit scheme administered by the Ministry responsible for Social Security, under which vulnerable households receive a direct reduction in their utility bills, besides an overall change in Malta's *National Energy Policy* which also resulted in significant reductions in electricity and water tariffs for both citizens and businesses.
- The Eco-reduction scheme for residential households.
- The provision of professional advice, free-of-charge, by the Energy and Water Agency to vulnerable and low-income households on energy efficient appliances and behaviour.
- Financial schemes aimed at reducing energy and water consumption in low income/ vulnerable households through the replacement of old and inefficient appliances, the result of collaboration between the Energy and Water Agency and the LEAP centres[11] within the Foundation for Social Welfare Services.

As noted in the draft *Long-Term Renovation Strategy*[12], Government remains committed to providing incentives in residential buildings including through PV schemes, renovation and energy efficiency measures. This commitment is estimated to result in about €119 million being allocated to such schemes through a combination of sources of finance.

Investments under this RRP aim to focus on the decarbonisation of public buildings with the objective of further promoting the benefits of renovation, energy efficiency and renewable energy measures amongst the general public whilst building on the success of the past and present initiatives.

The renovation investments presented in this component of the RRP take into account the aspirations put forth in the REPowerEU Plan[13], the European Commission's Renovation Wave Strategy[14] and the European Flagship 'Renovate' (COM (2020) 575). These investments shall also aim to target where possible renewable energy generation thus complementing the European Flagship 'Power Up' and REPowerEU objectives by integrating RES interventions. Measures implemented under this RRP shall be in line with parameters set by national regulatory frameworks

[11] These centres are organised regionally and aim at reaching as many vulnerable people as possible in order to provide support within the family framework so as to reduce poverty.

[12] Ministry for the Environment, Climate Change and Planning (2021) Long-Term Renovation Strategy 2050- Consultation Document May 2021

https://environment.gov.mt/en/Documents/ministerialConsultations/longTermRenovationStrategy2050.pdf

[13] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions (2022) REPowerEU Plan COM(2022) 230 final; https://eur-lex.europa.eu/resource.html?uri=cellar:fc930f14-d7ae-11ec-a95f-01aa75ed71a1.0001.02/DOC_1&format=PDF

[14] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions A Renovation Wave for Europe - Greening Our Buildings, Creating Jobs, Improving Lives https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1603122220757&uri=CELEX:52020DC0662

in relation to ensuring accessibility, equal access for persons with disabilities and senior citizens as well as to uphold the principles of gender equality, equal opportunities and non-discrimination (including accessibility) as outlined under Part 1 of this plan.

Initiatives under this RRP will be complemented by interventions under Cohesion Policy which will aim to further enable the shift towards clean energy use, generation and storage, amongst others. This holistic approach aims to also contribute to the *EU's Biodiversity Strategy for 2030*[15] which notes that pollution is one of the five main direct drivers of biodiversity loss. To this end, by reducing GHG emissions in line with the proposed measures, the RRP aims to address air pollution generated from buildings thus reducing the impact on people's health and the environment. This stance is also in line with the EU Action Plan: *Towards Zero Pollution for Air, Water and Soil*[16].

ii. Waste management

Given the commitment to achieve the EU's key principles to use resources sustainably, in line with the EU's Circular Economy, Bio-Economy Strategy, Farm-to-Fork Strategy, and Biodiversity Strategy, Malta aims to further strengthen its reform of waste management through the establishment and implementation of the *Waste Management Plan 2021-2030*.

Malta's waste management reform process will build upon efforts made under Cohesion Policy Funds in previous programming periods, in particular projects aimed at extending waste separation and collection services in order to improve the waste separation system and encourage sustainable waste practices by households, including through campaigns, amongst others.

Waste management continues to be a policy priority in Malta. As outlined in Part 3 of this document, Malta's waste management reform process shall also be complemented with investments funded through the Cohesion Policy Funds and the Common Agriculture Policy.

Under the Cohesion Fund 2021-2027, planned investment includes the possibility of capturing by-products of the organic waste treatment as well as eliminating as far as possible landfilling of organic waste. Furthermore, investments through other sources of finance are also envisaged under the draft waste management plan, these include: the Waste to Energy plant which is intended to manage non-recyclable waste from household and commercial waste streams; the Material Recovery Facility which will aim to sort recyclable waste such as paper, plastic and metals; and the Thermal Treatment Facility which shall accept a range of hazardous waste fractions for treatment which may be potentially harmful to human health or the environment, and that may not be landfilled. In addition, in line with the reuse concept, plans are also underway to open 4 reuse centres whereby incoming items will be assessed for potential reuse.

[15] European Commission, 2020. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions EU Biodiversity Strategy for 2030 [COM(2020) 380 final]

https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0380&from=EN

[16] European Commission, 2021. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Pathway to a Healthy Planet for All EU Action Plan: 'Towards Zero Pollution for Air, Water and Soil' [COM(2021) 400 final] https://ec.europa.eu/environment/pdf/zero-pollution-action-plan/communication_en.pdf

In this respect, a holistic approach towards the achievement of a circular economy will be followed. This approach will ultimately also aim to reduce the impact on biodiversity by addressing pollution.

3. Description of the reforms and investments of the component

a) Reforms:

i. Develop a Long-Term Renovation Strategy

Challenges: One of the main challenges in relation to the renovation of buildings is the high renovation and initial costs. The Price Property Index (PPI) at the beginning of 2020 stood at 124.14%, which is a slight shift downwards from the PPI for 2019 which was 130.81% however still significantly high[17]. The investment needed to significantly improve the energy and resource performance of buildings, including renovations, requires substantial costs and suitable financing solutions especially when taking into consideration the economic impacts of the COVID-19 pandemic. The limited amount of qualified and specialized labour in the workforce required for the certification and installation of energy efficiency compliance is also another challenge to renovation projects[18].

Given Malta's specificities and challenges, increasing energy efficiency in buildings remains an important objective for the overall transition process. This can be achieved through an enhanced policy and regulatory framework thus reducing energy consumption and moving towards sustainable environmental practices.

Objectives: The aim is to develop a long-term strategy that outlines objectives and measures to renovate Malta's building stock with a view of enhancing energy performance, use of renewable energy and reduction of related emissions and therefore achieve decarbonisation of building stock by 2050.

In 2020, Government announced 'climate neutrality by 2050' as one of the five pillars of Malta's economic vision. In this regard, with the aim of strengthening its focus and setting the basis for reforms and investments to be implemented, Malta's first step in the reform process is to enhance its policy framework through the development of the *Long-Term Renovation Strategy (LTRS)*.

The draft *Long-Term Renovation Strategy*[19] is in line with the EU Energy Performance of Buildings Directive (EPBD). It is a key action of Malta's efforts for Clean Energy and to achieve the decarbonisation of the building stock by 2050. The strategy aims to address:

[17] National Statistics Office: Property Price Index: Q2/2019-Q1/2020, https://nso.gov.mt/en/News_Releases/Documents/2020/07/News2020_111.pdf

[18] Ibid.

[19] Ministry for the Environment, Climate Change and Planning (2021) Long-Term Renovation Strategy 2050- Consultation Document May 2021

- Worst-performing buildings,
- Split-incentive dilemmas and market failures;
- Provide an overview of the national building stock addressing key areas such as energy poverty and public buildings;
- Provide indicative milestones for 2030, 2040 and 2050;
- Review policies and actions implemented as part of previous LTRS;
- Propose new ones to stimulate cost-effective renovation of buildings;
- Define initiatives to promote skills and education in the construction and energy efficiency sectors;
- Provide an estimate of expected energy savings and wider benefits.

The draft *Long-Term Renovation Strategy* addresses actions that trigger renovation; the revision of the methodology for calculating the energy performance of a building and enforcement; the implementation of energy management systems in public buildings; incentives to promote energy generation in buildings and the promotion of smart technologies. The draft strategy also outlines the key challenges to renovate the building stock as well as current barriers in the sector, which include:

i. Technical aspects, including challenges related to interventions carried out on the building fabric and the introduction of certain technologies in different types of buildings;
ii. Legal and regulatory aspects, which cover the relevant legislation, as well as the regulations that are in place to support the operationalization and enforcement of the legislation;
iii. Commercial and financial aspects, which cover the financing tools and mechanisms for implementing energy efficiency improvement measures;
iv. Institutional aspects, which cover factors such as consistency of policies and measures, transparency and accountability, good governance, and the capability of institutions to execute the policies and measures to improve energy efficiency in buildings;
v. Other aspects, including for example awareness & expertise, such as the skills and knowledge to design and implement good policies and measures.

One of the barriers identified within the *Long-Term Renovation Strategy* is the fragmentation of competences between different Ministries and Government entities with regards to buildings. Government has fully acknowledged the need to streamline the policies in relation to energy performance in buildings. For this reason, in 2019, the Buildings Construction Agency was established with responsibility for policies related to buildings. In 2021, the Buildings and Construction Authority Act No. XIV of 2021[20] was enacted establishing an Authority which is responsible for the regulation, improvement and sustainable management of the building and the construction industry in Malta. This represents a key milestone of this reform. The Buildings and Construction Authority is expected to be fully operational in line with the provisions of the Act by Q1 2023. This process shall see the integration of the Building and Construction Agency within the Authority.

The construction industry in Malta is based on small and micro-enterprises, most of which are engaged in new construction projects and therefore often resulting in a shortage of skilled workforce available to carry out renovations, as new builds are generally larger and less diverse

[20] Buildings and Construction Authority Act No. XIV of 2021https://legislation.mt/eli/act/2021/14/eng

projects. There are concerns over the competence of skilled workers and equipment installers, especially when non-conventional systems need to be installed. This issue is currently being addressed by the Building Industry Consultative Council (BICC), through the introduction of a Construction Industry Skill Card (CISC) in 2017, which is an accreditation scheme intended to improve and maintain higher standards, improved health and safety practices and employment conditions in the construction industry.

Another key milestone of this reform is the training and certification of professionals in the construction industry. In fact, the draft Strategy includes a specific measure to continue building skills capacity. The Strategy will aim to promote a new wave of upskilling and reskilling with a view to obtain a skill card. Certification will be extended to installers of several technologies and a life-long-learning approach will be adopted through regular training sessions addressed to skill card holders. In order to ensure adequate implementation of the regulation, upskilling of architects, engineers and contractors, is also deemed important, particularly in the short-term.

This reform process shall be supported by investments under this plan and other funding, including EU funding as outlined under Part 3 of this document. Furthermore, Malta's reform efforts aim to address the skills gaps identified in Malta's 2020 CSR on the provision of targeted training schemes to improve the energy performance of buildings. In this regard, the upskilling of workers in the sector and the training of workers from other sectors on a range of areas, including energy and resource efficiency, climate resilient housing, renewable energy technologies and digital technologies in housing shall continue to be targeted through complementary EU funding as outlined under Part 3 of this Plan. Such reform will build on training courses developed such as *ISE 2020 - Net Zero Energy Building Strategies* which targets EPC assessors, practicing professionals and project managers in the building industry and building services.

Implementation: The Ministry responsible for the Environment is responsible for the finalisation of the *Long-Term Renovation Strategy* and the implementation of the related milestones.

Taking into consideration principles of openness and transparency, the necessary consultations with a wide array of relevant stakeholders will be undertaken for the *Long-Term Renovation Strategy* in order to secure active participation in this important reform process.

Target group: The construction industry, energy providers, renovation companies, construction sector workers, architecture and engineering services, general public.

Timeline: The respective timelines are presented in the Annex 2.1.

ii. Fostering effective waste management through a robust waste governance framework including waste collection reform

Challenges: To reduce GHG emissions from waste, foster improved waste management and contribute to environmental sustainability.

Malta's characteristics relating to limited economies of scale and demographic pressures from economic growth and limited land size present challenges in Malta's transition to a circular economy, as well as in the decoupling of economic growth from waste generation and the

reduction of generated waste. The *Waste Management Plan 2021-2030*, has identified several key challenges to achieving effective waste management:

- Limited economies of scale. Malta's plan for regionalization of waste collection and the centralization of plants will aim to implement sustainable waste management practices which benefit from economies of scale;
- Demographic pressures from Malta's economic success but limited land size;
- Decoupling economic growth from waste generation, ensuring that whilst economic prosperity is retained, the amount of waste generated is reduced;
- Acknowledging the real cost of waste management and correlating this with the responsibility of those who generate waste. The Plan's chapters on Waste Management Infrastructure and Extended Producer Responsibility outline the measures to rectify this challenge;
- Public engagement to make conscious choices to prevent the generation of waste and to make a concerted effort to separate their waste at source. This will be addressed through waste prevention initiatives and educational campaigns;
- Robust management and data information systems. Malta's plan for robust Data Management aims to address this challenge.

The level of GHG emissions from waste, particularly solid waste, registered an increasing trend between 1990 and 2007 as reflected in Malta's NECP (2019). Although the general trend since 2008 is that emissions have decreased since the peak experienced in 2007, estimated emissions vary with gradual increases and decreases registered between 2010 and 2017. Malta's Draft *Low Carbon Development Strategy* and NECP thus identify waste as one of the areas with potential for carbon emissions reduction.

Objectives: The aim is to reform waste collection thus contributing further towards transition to a circular economy and to build further resilience in the sector. The *Waste Management Plan 2021-2030* that is currently being finalised is in line with the EU provisions regarding the adoption of such a plan by Member States. Its strategic objectives aim to:

a) Maximise the resource value in waste through different management options;
b) Innovate by designing waste prevention initiatives to lower Malta's per capita generation rate;
c) Reform the collection system to increase economies of scale, harmonise collection practices and modernize the collection fleet;
d) Build the necessary waste management facilities to treat recyclable, organic and residual waste to achieve Malta's targets;
e) Study the feasibility of an enhanced producer responsibility framework to complement Malta's transition to a circular economy and reflect further on the true cost of waste management; and
f) Promote further the involvement of the private sector in waste management.

As part of the reform process and in line with this Plan, Directive (EU) 2018/849, Directive (EU) 2018/850, Directive (EU) 2018/851 and Directive (EU) 2018/852[21] have been transposed into national legislation through seven legal notices[22]. The Legislative instruments adopted in terms of waste are aimed to satisfy the EU requirements under the EU waste package. In a bid to improve circular economy in Malta, Extended Producer Responsibility (EPR) schemes are deemed an effective tool. Malta decided to enact a separate and distinct legal mechanism for extended producer responsibility. The Extended Producer Responsibility Framework Regulations were adopted as part of the Waste Package transposition and aim to improve existing extended producer responsibility frameworks to establish a level playing field and to ensure that waste management costs are borne by producers. Moreover, the *Waste Management Plan* (WMP) includes a measure to assess the feasibility of expanding EPR obligations to additional waste streams such as tyres and textiles which currently are not obligatory under EU regulations. Should the study deem that EPR can be applied to any of these additional waste streams, legislation targeting new waste streams through EPR may be enacted.

This process is also supported by the drafting of additional waste regulations[23] targeting Single-Use Plastics (SUP) aiming to address part of Malta's 2020 budget measures whereby the importation, production, sale and distribution of certain single use plastic (SUP) items will be prohibited. These measures and regulations prohibit the importation and production of such SUP items from 1st January 2021, whilst their selling and distribution will be prohibited as from 1st January 2022. In this regard, a key milestone in this reform process will be undertaken in 2021 with the entry into force of the updated Environment Protection Act taking into account the above-mentioned legal framework. Moreover, following a public consultation exercise held in 2019 on the Strategy on *Single-Use Plastics*, and an analysis of feedback received, this Strategy is being finalised.

[21] Directive (EU) 2018/849 of the European Parliament and of the Council amending Directives 2000/53/EC on end-of-life vehicles, 2006/66/EC on batteries and accumulators and waste batteries and accumulators, and 2012/19/EU on waste electrical and electronic equipment

Directive (EU) 2018/850 amending Directive 1999/31/EC on the landfill of waste;

Directive (EU) 2018/851 amending Directive 2008/98/EC on waste; and

Directive (EU) 2018/852 amending Directive 94/62/EC on packaging and packaging waste.

[22] https://legislation.mt/eli/ln/2021/152/eng;https://legislation.mt/eli/ln/2021/151/eng; https://legislation.mt/eli/ln/2021/150/eng;https://legislation.mt/eli/ln/2021/149/eng; https://legislation.mt/eli/ln/2021/148/eng;https://legislation.mt/eli/ln/2021/147/eng; https://legislation.mt/eli/ln/2021/146/eng

[23] Ministry for the Environment, Climate Change and Planning (2020). Closed Public Consultation on the Restrictions on Placing on the Market of Single-Use Plastic Products Regulations, 2020

https://meae.gov.mt/en/Public_Consultations/MECP/Pages/Consultations/RestrictionsonPlacingontheMarketofSingleUsePlasticProductsRegulations2020.aspx

Ministry for the Environment, Climate Change and Planning (2020). Closed Public Consultation on the Restrictions on Placing on the Market of Lightweight Plastic Carrier Bags Regulations, 2020

https://meae.gov.mt/en/Public_Consultations/MECP/Pages/Consultations/RestrictionsonPlacingontheMarketofLightweightPlasticCarrierBagsRegulations2020.aspx

This process shall also be complemented by the adoption of the final Construction and Demolition (C&D) Waste Strategy for Malta. The latter will further help the transition towards a more circular economy and hence closing the loop of products' lifecycles. The Strategy aims to identify options for improving the management of waste arising from construction and demolition activities, by primarily addressing the current issues within the sector as well as highlight the possible short-term and long-term measures to be adopted, with a view to shifting the treatment of such waste away from disposal and backfilling to the preparing for re-use and recycling.

C&D waste constitutes the largest share of waste generated in the Maltese Islands. Hence it was deemed appropriate to have a specific strategy to focus on the waste management of this waste stream. The draft Strategy was published for public consultation between 20 November 2019 and 22 January 2020. The Strategy shall identify 4 main specific priority areas which are deemed as crucial for the management of construction and demolition waste in Malta, viz:

- Planning and design: targets the construction industry, with specific measures aiming to tackle the problem at source by demolishing or constructing in a sustainable manner;
- Waste management: lists specific measures to improve waste logistics both at the development site as well as off-site;
- Quality management: focuses on measures associated with increasing the confidence in C&D waste management practices as well as improving the quality of C&D recycled materials; and
- Policy and regulatory framework: deals with improvements in policy and framework conditions in order to break the link between development and waste generation.

In particular, the specific measures shall include:

1. Setting up standards for the Construction industry. Standards shall concern: 1) Best practices for (de)construction, aimed at reducing the C&D waste generated and ensuring waste generated is suitable for treatment in line with the waste hierarchy. This shall include separating hazardous fractions, facilitating re-use and high-quality recycling and set up mandatory sorting systems (at least for wood, mineral fractions, metal, glass, plastic and plaster); 2) The classification of C&D waste by type, material, composition and weight, aimed to encourage on-site separation as well as improve the quality of the waste streams for subsequent re-use or recycling; 3) Appropriate excavation works, with the aim to re-use excavated rock for the purposes of construction; 4) Dimensions of internal and external apertures of residential dwellings aimed at encouraging the re-use of fittings as well as reduce diversification bringing about economies of scale. These standards shall be incorporated within the regulatory framework and shall be an essential requirement prior to the issuance of an executable Development Permit.

2. Introduce a New Regulatory Framework Directed at the Management of C&D Waste. Successful management of C&D waste can only take place if the appropriate regulatory framework is in place. The national legal framework will be developed and discussed with all actors involved along the construction and demolition chain.

3. Enforce Recovery through Restoration of Void Spaces. The ERA in collaboration with the Planning Authority shall carry out an exercise to identify quarries, which have been declared as partly exhausted, exhausted or inactive, with the aim to restore such areas to their former state through backfilling operations. The Government will provide support in the form of quarry restoration schemes to operators of excavation voids who want to restore inactive or

exhausted quarry sites to high environmental standards. In addition, this measure also aims to encourage the crushing of C&D material entering a void space for backfilling, in order to make efficient use of such space. In this context, the Government will introduce incentives with the aim to encourage quarry operators to crush material prior to backfilling.

The *Construction and Demolition Waste Strategy* for Malta should be viewed as an opportunity, which will set the path towards an efficient and effective construction and demolition waste management system, by including specific measures to improve waste identification and source separation through the development of standards for the classification of waste and de-construction and the introduction of a new regulatory framework directed at the management of such waste, thereby promoting a transition towards a circular economy and the development of markets for secondary materials. This shall be in line with the EU waste legislation and guidelines on the management of construction and demolition waste.

One of the main measures of the strategy[24] is the submission of pre-demolition audits (PDA) which will be made mandatory for high-density residential developments (serving 16 or more units). Such audits will provide an estimate of the C&D waste expected to be generated on site as well as highlight the chosen deconstructing and dismantling practices for better C&D waste management. Furthermore, no executable permit shall be issued by the Planning Authority prior to the submission of a pre-demolition audit to ERA for approval. Hazardous materials shall be removed correctly and systematically from developing sites prior to excavation, demolition and construction works. A detailed methodology on the process of hazardous waste separation shall also be defined in the pre-demolition audits prepared. Such waste shall be treated and disposed of in accordance with the relevant waste legislation.

While the implementation of the forthcoming *Construction and Demolition Waste Strategy* will have its challenges, it is envisaged that by the end of 2022 standards for the construction industry will be established whilst recovery through restoration of void spaces will be enforced. Moreover, a New Regulatory Framework Directed at the Management of C&D Waste will be introduced by the end of 2023.

Another important aspect of the Waste Management reform is the need to improve waste collection through the transition to a regionalised and harmonised national waste collection schedule, whereby waste collection services will be consolidated from 68 local councils across Malta and Gozo to six regions. This aims to deliver increased economies of scale, and better utilization of the relevant vehicle fleet thus optimising investment costs. The reform process is earmarked to phase out the current collection services by 2022[25].

Moreover, as a follow-up milestone to the regionalisation of waste collection, revised legislation on packaging material allowing for the regional collection of packaging waste is also expected to enter into force by end 2022. This will build on the legislation for the regional collection of waste established through the Local Government Act. Regional councils will be responsible for the logistics to enable economies of scale, whilst the producers will be responsible for the financing.

[24] Construction and Demolition Waste Strategy for Malta, Public Consultation Document.

[25] *Draft Long-Term Waste Management Plan*, Table 17: Selected Collection Service Standards Selected for Modelling pg. 122

Implementation: The Ministry responsible for the Environment is responsible for the finalisation and implementation of the *Long-Term Waste Management Plan* and the related measures being implemented as noted above.

Target group: Central Government, regional councils, official actors (Environment and Resources Authority), the general public, commercial sectors.

Timeline: The respective timelines are presented in the Annex 2.1.

b) Investments

i. Investment in the renovation and greening of public and private sector buildings, including retrofitting, through energy and resource efficiency measures

Challenges: Public buildings require adequate retrofitting to ensure a shift towards reduced carbon, thus improving the energy efficiency of public buildings and reducing the carbon emissions, reducing energy demand, lowering consumption and limiting energy waste.

Concurrently, this investment will also address the market failure in the private sector in the field of energy and environmental performance in buildings. The investment also envisages State aid measures for the private sector, with the aim to improve the energy and environmental performance of buildings by targeting negative externalities, thus contributing towards energy savings, the reduction of greenhouse gas and air pollutant emissions. It will complement the financial instruments being supported under ERDF 2014-2020 and other financial support envisaged under ERDF 2021-27.

In this regard, further investment is required to foster a new renovation wave in an effort to achieve cost efficient energy savings whilst contributing towards the objectives of Article 5 (1) of the Energy Efficiency Directive 2012/27/EU[26], Article 7(1)(b) of Directive (EU) 2018/2002[27] and Malta's ambitions to achieve cumulative end-use energy savings of 82.2 ktoe by end 2030[28] (NECP, 2019).

Objectives: The first category under this investment has the objective to accelerate the increase of energy efficiency in public buildings. In this way Government aims to lead by example by strengthening its renovation wave across public buildings. The building renovations undertaken will be compliant with the requirements for major renovations or would lead to a reduction of primary energy demand (PED). The investment is expected to decarbonise buildings and have positive social and environmental implications.

[26] Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on Energy Efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC

[27] Directive (EU) 2018/2002 of the European Parliament and of the Council amending Directive 2012/27/EU on energy efficiency https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018L2002&from=EN

[28] Energy and Water Agency (2019) Malta's 2030 National Energy and Climate Plan

The investment will target renovation in public infrastructure and supporting measures compliant with energy efficiency criteria and take due account of resource efficiency, climate adaptation measures and the adoption of digital technologies as relevant. In selecting interventions, due account will be taken of worst-performing buildings that have the highest potential for energy savings as well as logistical issues that have a bearing on the realistic implementation of the interventions. The renovation of public buildings is envisaged to cover at least 9,232m^2. Renovation measures shall include: (i) retrofitting and finishing works, (ii) internal and external apertures, (iii) photovoltaic panels and heat pumps (where possible). The renovation shall entail at least a 30% reduction of primary energy demand (PED).

The second category under this investment priority involves state aid support in the form of grants to address the high upfront costs of building renovation in the private sector, including commercial and other non-residential buildings. This will contribute to the green transition by retrofitting at least 40,605m^2. The improvement of energy performance will be certified by issuing an EPC before and after renovation. The building renovations undertaken will be compliant with the requirements for major renovations or leads to a reduction of primary energy demand (PED) of at least 30%.

Implementation: The Ministry responsible for Public Works will be responsible for implementing of the renovation measure in public building. This investment shall not give rise to State Aid implications since the investments shall target buildings owned and managed by public authorities that do not carry out an economic activity within the meaning of Art. 107 TFEU.

The Measures and Support Division within the Ministry responsible for EU Funds will be responsible for implementing the measures earmarked for investments in private buildings. The State aid measures will be open to SMEs as well as large undertakings. While it is envisaged that these measures will be in line with the General Block Exemption Regulations (GBER), other applicable State aid legal basis in the area of climate, environmental protection and energy is not excluded.

Target group: Users of public buildings, the public administration, the public sector, the private sector, the general public.

Timeline: The respective timelines are presented in the Annex 2.1.

ii. Investment in the renovation and retrofitting of public hospitals

Challenges: Addressing the identified investment need of reducing carbon emissions from public hospitals through the renovation and retrofitting investment initiative. The shift towards maximised energy efficiency is particularly important for such buildings given their continuous use and high energy consumption.

An area of intervention will be the public mental health hospital, which includes buildings that are over 150 years old. Such blocks are protected by the heritage authorities and the type of interventions undertaken are controlled by the cultural heritage authority. This investment shall complement renovations and energy efficiency measures undertaken throughout the years to reduce energy consumption in existing hospitals and long-term care facilities.

Objectives: The aim of this investment is to reduce energy demand and consumption in public hospitals, particularly at Mount Carmel Hospital. To illustrate, it is estimated that Block 1 of this hospital has an EPC rating C (135) with a calculated energy consumption of 436.91 kWh/m^2/year and 298.54kg of CO_2 emissions per m^2/year. The implementation of the intended EE measures for this block is estimated to improve its Energy Performance Rating to a rating of A (49), with an energy consumption of 218.19kWh/m^2/year and 107.77kg of CO_2/m^2/year. This will result in savings of 218.72kWh/m^2/year and 190.77kg of CO_2/m^2/year.

The model adopted for Block 1 of the hospital will serve as a basis for further retrofitting in other buildings within the hospital footprint. The overall investment will also result in improved wellbeing for patients and other users of hospitals. Moreover, apart from increasing the renovated building-floor area of public buildings, this investment will also have a broader socio-environmental impact due to the reduction in GhG emissions. Such investment shall further promote energy efficient and renewable energy interventions amongst the general public, reflecting Government's commitment to become an early adopter of energy efficiency improvements in line with Commission Recommendation (EU) 2019/786 and accelerating Malta's renovation rate.

Following the analysis of EE and RES measures applicable for the improvement of energy performance in Mount Carmel Hospital Block 1, the following measures were considered as the most effective:

- Installation of Roof Insulation;
- Wall Insulation;
- Replacement of the existing fluorescent lighting with LED equivalent;
- Installation of Renewable Energy Generators through the installation of a 70kWp PV system with a rating of 350W or better;
- Replacement of existing single glazed apertures with double or triple glazed windows and doors having a U value of 2.00W/m^2K or better;
- Installation of shading for apertures;
- Replacement of conventional heating, ventilation and air-conditioning (HVAC) system with Variable Refrigerant Flow (VRF) systems of high coefficient of performance /energy efficiency ratio (COP/EER) and with centralised control and limits. Ventilation shall be provided with heat recovery to further improve the energy performance;
- Improvement of the Water Heating System including the installation of a solar water heating system.

Implementation: The Ministry responsible for Health will be responsible for this initiative.

This investment shall not give rise to State Aid implications since the investments target public hospital buildings that form an integral part of the national public health service, which is not an economic activity within the meaning of Art. 107 TFEU.

Target group: Users of public hospitals, the general public.

Timeline: The respective timelines are presented in the Annex 2.1.

iii. Investment in the renovation, retrofitting, and renewable energy in public schools

Challenges: Addressing the identified investment need of cutting carbon emissions from public schools by increasing energy efficiency and RES in such buildings. Old buildings have the highest potential for energy savings when compared to new buildings while logistical issues would also need to be taken into account. Such buildings have low insulation levels and inefficient equipment, thus the application of retrofitting measures on such buildings is essential to improve the energy performance of such buildings and reduce the overall emission levels.

Objectives: The aim of this investment is to increase energy efficiency and RES in public schools, namely St. Benedict College Għaxaq Primary School and Gozo College Nadur Primary School. This renovation process will aim to transform schools into near carbon neutral schools as well as to promote the use of RES technology. The building renovations undertaken will be compliant with energy efficiency criteria. This will complement investments undertaken during previous programming periods which reflects Malta's proactiveness in its endeavours to renovate public schools and to build new schools in line with the requirements of Directive 2012/27/EU and Directive (EU) 2018/2002. These include *inter alia* the optimization of indoor health, air quality and comfort, besides the other standard requirements of high energy efficiency, low carbon emissions and extensive use of renewable energy systems (RES).

The overall investment will result in significant positive social implications such as improving the conditions in schools through retrofitting, promoting energy efficiency and renewable energy and awareness of energy savings through renovation projects and showcasing in the education sector, thus further encouraging potential EE and RES investment in the private sector. In this regard, apart from increasing the renovation building-floor area rate potential of public buildings, this investment will also have a broader socio-environmental impact due to the reduction in GHG emissions, whilst improving school environment.

Implementation: The renovation and retrofitting of each school shall involve amongst others the upgrading of existing services, refurbishment of the building fabric and fixtures, internal design and decoration, and re-design of movement paths within the school keeping in mind the relationships between different areas, needs and uses. This will be done while targeting optimum energy efficiency improvement aimed to achieve carbon-neutrality.

Renovations shall take into account resource efficiency, climate adaptation measures, adoption of digital technologies and affordability, amongst others. Related measures shall mainly address:

- insulation in walls and roofs;
- green roofs and green walls within the building;
- water saving fixtures;
- installation of solar panels/devices;
- recycling of rainwater;
- solar shading devices; and
- heat pump water heaters.

Optimum energy efficiency and cost-optimality studies are being conducted on the new design concepts for this purpose.

The Ministry responsible for Education is responsible for implementing this investment.

This investment shall not give rise to State Aid implications since it targets public buildings used as schools as part of the national public education service. Such activity does not constitute an economic activity within the meaning of Art. 107 TFEU.

Target group: Users of school buildings, children and educational staff including community stakeholders using school facilities after school hours where applicable.

Timeline: The respective timelines are presented in the Annex 2.1.

iv. Investment in the construction of a pilot near carbon neutral school to serve as a model for the future and provide a future-proof learning experience to students

Challenges: Investment in the design and construction of a new near carbon-neutral school to serve as a pilot showcase project for investments in this area. It will also serve as a model for future environmentally-friendly and sustainable learning environments in line with the ambitions of the EU Energy Performance of Buildings Directive EU 2018/844 and the Energy Efficiency Directive (2012/27/EU).

Objectives: The investment will aim to achieve standard requirements of high energy efficiency, taking into account resource efficiency, climate adaptation measures, adoption of digital technologies and affordability. Apart from increasing energy efficiency in public schools, the construction of this near carbon neutral school (St. Theresa College Msida Primary School) will also serve as a pilot project for future investments. It is earmarked to showcase the optimization of indoor heath, air quality, high energy efficiency, low carbon emissions and extensive use of renewable energy systems, thus serving to also promote energy efficiency potential amongst users. The school building itself and the methods and technologies used in its construction and operations will also serve as a basis for the promotion of sustainable development amongst students. In this regard, accessibility shall also be targeted to ensure equal access for persons with disabilities.

Implementation: The Ministry responsible for Education shall implement this investment.

The new school will feature appropriate and cost-optimal measures to bring the design of the school to nearly zero-energy status. The school will serve as a showcase for future schools and resource centres. Alternative approaches integrating energy renewables to meet operational demand will be adopted while remaining emissions from operational energy use will mostly be offset to achieve net zero carbon status. This investment is expected to serve as a model to lead the market shift toward zero energy buildings and a model of sustainability. The school will also feature a childcare centre which will hold a capacity of circa 120 pupils and will be equipped with qualified teaching personnel.

Energy efficiency measures foreseen (from an energy point of view as well as cost-optimality), include:

- Rooftop photovoltaic systems
- T5 or LED lighting
- Heat pump water heaters
- Roof insulation
- High efficiency air-conditioners
- Shading on windows
- Double/triple glazing apertures to reduce loss of heat

Through this investment, St. Theresa College Msida Primary School consisting of a total area of approximately 14,499m^2 will be a Class A building. With reference to environmentally friendly measures, the following is expected to be undertaken which will further promote the school as an inspirational example:

- **Insulation in Walls and Roofs** - keeping the area cool in the hotter months, and warm during the winter, minimising the need to run heating and cooling units (air conditioning) regularly.
- **Water Saving Fixtures** - to reduce the flow of sanitary facilities flushing and to lower water usage by about four percent in water taps.
- **Recycling of Rainwater** – to be used for landscape irrigation and flushing of sanitary facilities.

This investment shall not give rise to State Aid implications since it targets a public building that will be used as a public school as part of the national public education service. Such activity does not constitute an economic activity within the meaning of Art. 107 TFEU.

Target group: Users of school buildings, children and educational staff including community stakeholders making use of school premises after school hours where applicable.

Timeline: The respective timelines are presented in the Annex 2.1.

v. Renewable energy investments in roads and public spaces

Challenges: Malta's s small size and other logistical limitations inherent in the Maltese islands continue to pose restrictions in terms of renewable onshore and offshore energy generation. In recent years, Government has continued to explore options to increase renewable energy generation as well as to incentivise the use of already available RE measures across households, industry and public buildings and spaces. To this effect various nationally funded schemes are in place to support such investments by households as well as private operators. Notwithstanding these efforts, it is considered important that further investments in renewable energy are pursued in future. In this regard, every effort will be made to explore opportunities for investment in renewable energy by Government with a view to reduce emissions and generate clean energy.

Objectives: In order to contribute towards the decarbonisation effort, public investments in renewable energy technologies and infrastructure will be pursued. This will not only generate green energy and thus reduce emissions but will also serve as demonstration to the public on the further use of renewable energy.

Investments under the RRP will therefore support the installation of photovoltaic infrastructure in roads, footpaths and other public open spaces. Where appropriate a digital display will be installed next to the solar installation to give the public information about the daily generation figures and corresponding carbon dioxide emission savings. This will aim to create more environmental awareness about the carbon footprint generated in day-to-day activities which should lead towards improved environmental choices. This investment in photovoltaic infrastructure is expected to generate circa 143kW of renewable energy.

Implementation: The Ministry responsible for Public Works will be responsible for implementing this measure.

This measure targets investments in the public domain with the RES infrastructure resulting from the investment being owned by public authorities that do not carry out an economic activity and as a result of the investment will not carry out an economic activity within the meaning of Art. 107 TFEU. Moreover, at least 80% of the electricity generated by the specific RES installations are for "self-consumption" by public authorities. Therefore, the investment falls outside the scope of State aid rules.

Target group: Users of public facilities and infrastructure, the general public.

Timeline: The respective timelines are presented in the Annex 2.1.

4. Open strategic autonomy and security issues

This is not applicable for the reforms and investments outlined in this Component.

5. Cross-border and multi-country projects

Cross-border and multi-country projects are not foreseen to be implemented directly through the reforms and investments being targeted under this Component of the Recovery and Resilience Plan.

6. Green dimension of the component

Regulation (EU) 2021/241[29] establishing the Recovery and Resilience Facility (RRF) sets a binding target of at least 37% of the Plan's total allocation to contribute to climate mainstreaming.[30] Decarbonisation of buildings contributes towards reaching the targets for climate neutrality by

[29] REGULATION (EU) 2021/241 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 12 February 2021 establishing the Recovery and Resilience Facility

[30] Communication COM (2020) 575 on the Annual Sustainable Growth Strategy 2021 sets out a climate target of 37% for each national Recovery and Resilience Plan, to follow the commitment of the European Council of July 2020

2050. High energy efficient buildings need to be intelligently designed for sustainability and supplied with key enabling technologies, renewable energy, and designed and constructed with re-use and circularity solutions to ensure a more efficient use of natural resources. This component provides an opportunity for transforming and improving Malta's existing public building stock as part of the green recovery.

Taking into account the six climate and environmental objectives defined in Regulation (EU) 2020/852 (Taxonomy Regulation), the proposed interventions under this component will contribute towards the green transition. The proposed reforms and investments will also contribute to climate change mitigation and adaptation objectives as well as the transition to a circular economy. This directly relates to the energy efficiency measures, reductions in GHG emissions and climate change adaptation measures which will be pursued in the Reforms outlined in this component. Reforms directly related to waste management also aim to support Malta in the transition to a circular economy by increasing the potential for increased separation at source and waste prevention.

This Component contributes 24% to the climate mainstreaming target obligations and 11% to the environmental ambitions of the RRP[31].

In line with Annex VI of the RRF Regulation (EU) 2021/241, it is deemed that the following investments can be linked to the intervention fields and corresponding climate change and environmental objectives coefficients as shown in Table T2 annexed to this document.

Taking into consideration the measures being implemented and the targets set in terms of renovation which aim to achieve nearly zero-carbon buildings, investment (i) on the renovation public and private sector buildings, investment (ii) on the renovation and retrofitting of public hospitals and investment (iii) on renovation, retrofitting and renewable energy in public schools, all contribute directly to the following:

- Intervention Field 026bis - Energy efficiency renovation or energy efficiency measures regarding public infrastructure, demonstration projects and supporting measures compliant with energy efficiency criteria; and
- Intervention Field 024ter - Energy efficiency and demonstration projects in SMEs or large enterprises and supporting measures compliant with energy efficiency criteria.

Moreover, investment (iii) on renovation, retrofitting and renewable energy in public schools, together with investment (iv) in relation to the construction of pilot near-carbon-neutral school to serve as a model for the future and provide a future-proof learning experience to students and investment (v) renewable energy investments in roads and public spaces, also aim to contribute to the increase in RES share through the planned measures. The latter two investments shall contribute directly to Intervention Field 029 - Renewable energy: solar as noted in the annex.

As an investment that will involve the construction of a near-carbon-neutral school and that will also contribute towards the increase in RES share as indicated earlier, investment (iv) will also contribute to Intervention Field 025ter - Construction of new energy efficient buildings in line with Annex VI of the RRF Regulation (EU) 2021/241.

[31] RRP allocation of EUR 258,275,901, excluding the REPowerEU Chapter

Referring to Section 2 of this Component, by addressing GHG emissions and enhancing waste management, this component also aims to contribute to the *EU's Biodiversity Strategy for 2030*[32]. Apart from aiming to address climate change mitigation, this envisaged reduction in pollution shall result in reduced impacts on biodiversity including citizens and natural ecosystems. The interlinkages of climate change and biodiversity have thus been taken into account through the proposed measures, ensuring that these are both compatible with policies for the protection of biodiversity in Malta and the goals of creating a climate-resilient and low carbon economy.

7. Digital dimension of the component

Regulation (EU) 2021/241 establishing the Recovery and Resilience Facility sets a binding target of at least 20% of the plan's total allocation to contribute to the digital transition or to the challenges resulting from it. Investment in this area will not be directly aimed at targeting the digital transition. The renovation wave will however provide an indirect opportunity to apply research and innovation results and scale up successful and clean energy transition initiatives. The evolution of the uptake of digital technologies/systems in the renovation and the waste sector will also be monitored. The holistic approach introduced in Malta's Draft *Long-term Waste Management Plan*, includes the digitalisation of waste data management in Malta, which is expected to increase efficiency and productivity, save costs, reduce administrative burden and streamline compliance with reporting obligations. In this regard, the waste reform also contributes indirectly to Government's efforts to support the digital transition.

8. Do no significant harm

INTRODUCTION

1. This 'Do No Significant Harm' (DNSH) assessment is being carried out with respect to Component 1 of Malta's Recovery and Resilience Plan.

2. The reforms proposed under this component are:
    i. Develop a *Long-Term Renovation Strategy*; and
    ii. Fostering effective waste management through a robust waste governance framework including reforming the waste collection system.

3. The following investments are proposed under Component 1:
    i. Investment in the renovation and greening of public and private sector buildings, including retrofitting through energy and resource efficiency measures;
    ii. Investment in the renovation and retrofitting of public hospitals;
    iii. Investment in the renovation, retrofitting and renewable energy in public schools;

[32] European Commission, 2020. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions EU Biodiversity Strategy for 2030 [COM(2020) 380 final]

iv. Investment in the construction of pilot near-carbon-neutral school to serve as a model for the future and provide a future-proof learning experience to students; and

v. Renewable energy investments in roads and public spaces.

4. The preliminary concept paper for schools[33] describes how the new St. Theresa College Msida Primary School will be constructed and how the schools of Għaxaq and Nadur will be extensively renovated/refurbished to be in line with the EU Energy Performance of Buildings Directive (EPBD) EU 2018/844.

METHODOLOGY

5. In accordance with the Commission Notice on Technical Guidance on the application of "do no significant harm" under the Recovery and Resilience Facility Regulation[34] the DNSH assessment is carried out in 2 steps:

   i. Part 1 – Member States should filter the six environmental objectives to identify those that require a substantive assessment;

   ii. Part 2 – Member States should provide a substantive DNSH assessment for those environmental objectives that require it.

6. The Technical Guidance provides two tables that must be used to carry out the 2 assessments. The tables contained in the Guidance are reproduced below and were used to undertake the DNSH assessment of Component 1.

7. With regards to the assessment of the Policy Reform the Guidance states that while all measures require a DNSH assessment, a simplified approach can be taken for measures that have no or an insignificant foreseeable impact on all or some of the six environmental objectives. By design, certain measures might have a limited bearing on one or several environmental objectives. In this case, Member States may provide a brief justification for those environmental objectives and focus the substantive DNSH assessment on environmental objectives that may be significantly impacted. *For instance, a labour market reform intended to increase the overall level of social protection for the self-employed would have no or an insignificant foreseeable impact on any of the six environmental objectives, and a brief justification could be used for all six objectives.*

DNSH ASSESSMENT – CLIMATE NEUTRALITY REFORMS

8. Description of Reform:

Develop a Long-Term Renovation Strategy.

[33] Ministry for Education, Foundation for Tomorrow's Schools, Towards a Carbon Neutral Schools' Infrastructure – Preliminary Concept Paper.

[34] European Commission, 2021, Technical guidance on the application of "do no significant harm" under the Recovery and Resilience Facility Regulation

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation		X	Malta's first Reform for Component 1 aims to develop a *Long-Term Renovation Strategy* that promotes the renovation of Malta's building stock with a view of enhancing energy performance, use of renewable energy and reduction of related emissions to achieve decarbonisation of building stock by 2050. The Building and Construction Authority Act No. XIV of 2021 was enacted in 2021. This represents a key measure to ensure the concrete establishment of responsibilities for the regulation, improvement and sustainable management of the building and construction industry in Malta. Another key measure of this reform, as also identified in the draft Strategy, aims to address challenges related to upskilling and reskilling of the related workforce and includes a specific measure to continue building skills capacity in the construction industry. In relation to Malta's 2020 draft *Long-Term Renovation Strategy*, the Environment & Resources Authority commented that the Strategy is unlikely to have any significant adverse impacts on the environment[1]. In this respect, since the measures outlined in this reform form part of the said Strategy, these are also not expected to have adverse impacts.
Climate change adaptation		X	
The sustainable use and protection of water and marine resources		X	
The circular economy, including waste prevention and recycling		X	
Pollution prevention and control to air, water or land		X	
The protection and restoration of biodiversity and ecosystems		X	

[1] Letter dated 11th February 2021 from CEO Environment Resources Authority to CEO Building & Construction Agency

9. Description of Reform:

Fostering effective waste management through a robust waste governance framework including reforming the waste collection system.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation	X		
Climate change adaptation		X	The reform that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle.
The sustainable use and protection of water and marine resources		X	The reform is unlikely to have a significant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle.
The circular economy, including waste prevention and recycling		X	The reform is in line with the relevant national waste management plan and waste prevention programme, in accordance with Article 28 of Directive 2008/98/EC as amended by Directive 2018/851/EU.
Pollution prevention and control to air, water or land		X	The reform is unlikely to have a significant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle.
The protection and restoration of biodiversity and ecosystems		X	The reform that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle. The reform in the waste collection system is not likely to negatively affect biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas).

Part 2 Assessment

Questions	No	Substantive Justification
Climate change mitigation: Is the measure expected to lead to significant GHG emissions?	X	The measure is not expected to lead to significant GHG emissions because the reform entails an improvement in waste collection through the transition to a regionalised and harmonised national waste collection schedule, whereby waste collection services will be consolidated from 68 local councils across Malta and Gozo to six regions. This will lead to increased economies of scale, and better utilization of the relevant vehicle fleet. Additionally, the draft Waste Management Plan (WMP) is undergoing a Strategic Environmental Assessment process. In its consultation reply on the SEA Screening Note on the WMP, ERA highlighted a number of concerns including uncertainty over whether or not an Appropriate Assessment (AA) on the WMP is required. The outcomes and recommendations of the SEA and AA (if deemed necessary) shall be included in the WMP.

DNSH – INVESTMENTS

10. Description of the investment:

Investment in the renovation and greening of public and private sector buildings, including retrofitting through energy and resource efficiency measures.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation	X		
Climate change adaptation	X		
The sustainable use and protection of water and marine resources		X	The projects that are supported by the measure are unlikely to have a significant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle. No environmental degradation risks related to preserving water quality and water stress are identified by any of the project components. No environmental degradation risks related to preserving water quality and water stress are identified, as water wastage will be reduced by installing water fixtures to reduce the flow of sanitary facilities flushing. Additionally, rainwater will be collected in specifically constructed wells; the water will be used for landscape irrigation and flushing of sanitary facilities.
The circular economy, including waste prevention and recycling	X		
Pollution prevention and control to air, water or land	X		
The protection and restoration of biodiversity and ecosystems		X	The projects supported by the measure have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle. The projects all concern existing buildings in urban areas. Additionally, the projects do not concern buildings located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, as well as other protected areas).

Part 2 Assessment

Questions	No	Substantive Justification
Climate change mitigation: Is the measure expected to lead to significant GHG emissions?	X	The measure is not expected to lead to significant GHG emissions because: - The buildings are not dedicated to extraction, storage, transport or manufacture of fossil fuels; - The renovation programme in public buildings has the potential to reduce energy use, increase energy efficiency, leading to a substantial improvement in energy performance of the buildings concerned, and significantly reduce GHG emissions. As such, the projects will contribute to the national target of energy efficiency increase per year, set out according to the Energy Efficiency Directive (2012/27/EU) and the Nationally Determined Contributions to the Paris Climate Agreement. This measure will lead to a reduction in GHG emissions. The renovation programme may target, amongst others: ~ The Replacement of existing glazing with glass of lower U value; ~ The Installation of external shading to apertures; ~ The Installation of external wall insulation; ~ The Replacement of existing lighting with LED equivalent; ~ The Installation of roof insulation and reflective painting; ~ The Installation of a Building Management System; ~ The Installation of Instantaneous Water Heaters; ~ The Replacement of conventional air-conditioners; and ~ The installation of a BIPV system.
Climate change adaptation. Is the measure expected to lead to an increased adverse impact of the current climate and the expected future climate, on the measure itself or on people, nature or assets?	X	The physical climate risks that could be material to this measure were assessed as part of an exposure analysis, covering current and future climate, which demonstrated that buildings in the targeted climate zone will be exposed to heatwaves. The measure requires the economic operators to ensure that the technical building systems in the renovated buildings are optimised to provide thermal comfort to the occupants even in those extreme temperatures. There is thus no evidence of significant negative direct and primary indirect effects of the measure across its life cycle on this environmental objective.

The transition to a circular economy, including waste prevention and recycling: Is the measure expected to: (i) lead to a significant increase in the generation, incineration or disposal of waste, with the exception of the incineration of non-recyclable hazardous waste; or (ii) lead to significant inefficiencies in the direct or indirect use of any natural resource at any stage of its life cycle, which are not minimised by adequate measures; or (iii) cause significant and long-term harm to the environment in respect to the circular economy?	X	The measure requires the economic operators carrying out the building renovation to ensure that at least 70% (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site will be prepared for re-use, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol. The measure includes technical specifications for the renewable energy generation equipment that can be installed about their durability, reparability and recyclability. In particular, operators will limit waste generation in processes related to construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol.
Pollution prevention and control: Is the measure expected to lead to a significant increase in the emissions of pollutants into air, water or land?	X	The measure is not expected to lead to a significant increase in the emissions of pollutants into air, water or land because: - The operators carrying out the renovation are required to ensure that building components and materials used in the building renovation do not contain asbestos nor substances of very high concern as identified on the basis of the list of substances subject to authorisation set out in Annex XIV to Regulation (EC) No 1907/2006; - The operators carrying out the renovation are required to ensure that building components and materials used in the building renovation that may come into contact with occupiers emit less than 0,06 mg of formaldehyde per m³ of material or component and less than 0,001 mg of categories 1A and 1B carcinogenic volatile organic compounds per m³ of material or component, upon testing in accordance with CEN/TS 16516 and ISO 16000-3 or other comparable standardized test conditions and determination method; - Appropriate measures will be taken to reduce noise, dust and pollutant emissions during renovation works.

11. Description of the investment:

Investment in the renovation and retrofitting of public hospitals.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation	X		
Climate change adaptation	X		
The sustainable use and protection of water and marine resources		X	The projects that are supported by the measure are unlikely to have a significant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle. No environmental degradation risks related to preserving water quality and water stress are identified by any of the project components. No environmental degradation risks related to preserving water quality and water stress are identified, as water wastage in the school projects will be reduced by installing water fixtures to reduce the flow of sanitary facilities flushing. Additionally, rainwater will be collected in specifically constructed wells; the water will be used for landscape irrigation and flushing of sanitary facilities.
The circular economy, including waste prevention and recycling	X		
Pollution prevention and control to air, water or land	X		
The protection and restoration of biodiversity and ecosystems		X	The projects supported by the measure have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle. The projects all concern existing buildings in urban areas. Additionally, the projects do not concern buildings located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, as well as other protected areas).

Part 2 Assessment

Questions	No	Substantive Justification
Climate change mitigation: Is the measure expected to lead to significant GHG emissions?	X	The measure is not expected to lead to significant GHG emissions because: - The buildings are not dedicated to extraction, storage, transport or manufacture of fossil fuels; - The renovation programme in hospitals has the potential to reduce energy use, increase energy efficiency, leading to a substantial improvement in energy performance of the buildings concerned, and significantly reduce GHG emissions. As such, the projects will contribute to the national target of energy efficiency increase per year, set out according to the Energy Efficiency Directive (2012/27/EU) and the Nationally Determined Contributions to the Paris Climate Agreement; - The renovation programme will, amongst others, include: ~ Replacement of the existing lighting with LED equivalent; ~ Installation of Renewable Energy Generators; ~ Installation of Roof Insulation; ~ Wall insulation; ~ Replacement of existing glazing with glass of lower U value; ~ Installation of shading for apertures; ~ Replacement of conventional HVACs with VRF systems of high COP/EER and with centralised control and limits. Ventilation will be provided with heat recovery to further improve the energy performance; and ~ Improvement of the Water Heating System with the existing boiler being replaced with a more energy efficient system, and the insulation of the piping and the calorifier improved. A solar water heating system will be installed to further enhance the energy efficiency of the water heating system.
Climate change adaptation. Is the measure expected to lead to an increased adverse impact of the current climate and the expected future climate, on the measure itself or on people, nature or assets?	X	The measure requires economic operators to ensure that the technical building systems in the renovated buildings are optimised to provide thermal comfort to the occupants.

The transition to a circular economy, including waste prevention and recycling: Is the measure expected to: (i) lead to a significant increase in the generation, incineration or disposal of waste, with the exception of the incineration of non-recyclable hazardous waste; or (ii) lead to significant inefficiencies in the direct or indirect use of any natural resource at any stage of its life cycle, which are not minimised by adequate measures; or (iii) cause significant and long-term harm to the environment in respect to the circular economy?	X	The measure requires the economic operators carrying out the building renovation to ensure that at least 70% (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site will be prepared for re-use, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol. The measure includes technical specifications for the renewable energy generation equipment that can be installed about their durability, reparability and recyclability. In particular, operators will limit waste generation in processes related to construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol.
Pollution prevention and control: Is the measure expected to lead to a significant increase in the emissions of pollutants into air, water or land?	X	The measure is not expected to lead to a significant increase in the emissions of pollutants into air, water or land because: - The operators carrying out the renovation are required to ensure that building components and materials used in the building renovation do not contain asbestos nor substances of very high concern as identified on the basis of the list of substances subject to authorisation set out in Annex XIV to Regulation (EC) No 1907/2006; - The operators carrying out the renovation are required to ensure that building components and materials used in the building renovation that may come into contact with occupiers emit less than 0,06 mg of formaldehyde per m^3 of material or component and less than 0,001 mg of categories 1A and 1B carcinogenic volatile organic compounds per m^3 of material or component, upon testing in accordance with CEN/TS 16516 and ISO 16000-3 or other comparable standardised test conditions and determination method; - Appropriate measures will be taken to reduce noise, dust and pollutant emissions during renovation works.

12. Description of the investment:

Investment in the renovation, retrofitting and renewable energy in public schools.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation	X		
Climate change adaptation	X		
The sustainable use and protection of water and marine resources		X	The projects that are supported by the measure are unlikely to have a significant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle. No environmental degradation risks related to preserving water quality and water stress are identified by any of the project components. No environmental degradation risks related to preserving water quality and water stress are identified, as water wastage in the school projects will be reduced by installing water fixtures to reduce the flow of sanitary facilities flushing. Additionally, rainwater will be collected in specifically constructed wells; the water will be used for landscape irrigation and flushing of sanitary facilities.
The circular economy, including waste prevention and recycling	X		
Pollution prevention and control to air, water or land	X		
The protection and restoration of biodiversity and ecosystems		X	The projects supported by the measure have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle. The projects all concern existing buildings in urban areas. Additionally, the projects do not concern buildings located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, as well as other protected areas).

Part 2 Assessment

Questions	No	Substantive Justification
Climate change mitigation: Is the measure expected to lead to significant GHG emissions?	X	The measure is not expected to lead to significant GHG emissions because: - The buildings are not dedicated to extraction, storage, transport or manufacture of fossil fuels; - The renovation programme in schools has the potential to reduce energy use, increase energy efficiency, leading to a substantial improvement in energy performance of the buildings concerned, and significantly reduce GHG emissions. As such, the projects will contribute to the national target of energy efficiency increase per year, set out according to the Energy Efficiency Directive (2012/27/EU) and the Nationally Determined Contributions to the Paris Climate Agreement; - The renovation programme will, amongst others, include: ~ Roof and ground insulation including installation of green roofs and green walls; ~ Installation of photo voltaic panels; ~ Water saving fixtures; ~ Collection and reuse of rainwater; ~ Solar shading; ~ Heat pump water heaters that are much more efficient than electric resistance models; ~ Installation of building management systems; ~ Replacement of glass with lower U values; ~ Replacement of light fixtures with energy efficient ones.
Climate change adaptation. Is the measure expected to lead to an increased adverse impact of the current climate and the expected future climate, on the measure itself or on people, nature or assets?	X	The measure requires economic operators to ensure that the technical building systems in the renovated buildings are optimised to provide thermal comfort to the occupants.

The transition to a circular economy, including waste prevention and recycling: Is the measure expected to: (i) lead to a significant increase in the generation, incineration or disposal of waste, with the exception of the incineration of non-recyclable hazardous waste; or (ii) lead to significant inefficiencies in the direct or indirect use of any natural resource at any stage of its life cycle, which are not minimised by adequate measures; or (iii) cause significant and long-term harm to the environment in respect to the circular economy?	X	The measure requires the economic operators carrying out the building renovation to ensure that at least 70% (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site will be prepared for re-use, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol. The measure includes technical specifications for the renewable energy generation equipment that can be installed about their durability, reparability and recyclability. In particular, operators will limit waste generation in processes related to construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol.
Pollution prevention and control: Is the measure expected to lead to a significant increase in the emissions of pollutants into air, water or land?	X	The measure is not expected to lead to a significant increase in the emissions of pollutants into air, water or land because: - The operators carrying out the renovation are required to ensure that building components and materials used in the building renovation do not contain asbestos nor substances of very high concern as identified on the basis of the list of substances subject to authorisation set out in Annex XIV to Regulation (EC) No 1907/2006; - The operators carrying out the renovation are required to ensure that building components and materials used in the building renovation that may come into contact with occupiers emit less than 0,06 mg of formaldehyde per m³ of material or component and less than 0,001 mg of categories 1A and 1B carcinogenic volatile organic compounds per m³ of material or component, upon testing in accordance with CEN/TS 16516 and ISO 16000-3 or other comparable standardised test conditions and determination method; - Appropriate measures will be taken to reduce noise, dust and pollutant emissions during renovation works.

13. Description of investment:

Investment in the construction of a pilot near-carbon-neutral school to serve as a model for the future and provide a future-proof learning experience to students.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation	X		
Climate change adaptation	X		
The sustainable use and protection of water and marine resources		X	The projects that are supported by the measure are unlikely to have a significant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle. No environmental degradation risks related to preserving water quality and water stress are identified by any of the project components. No environmental degradation risks related to preserving water quality and water stress are identified, as water wastage in the school projects will be reduced by installing water fixtures to reduce the flow of sanitary facilities flushing. Additionally, rainwater will be collected in specifically constructed wells; the water will be used for landscape irrigation and flushing of sanitary facilities.
The circular economy, including waste prevention and recycling	X		
Pollution prevention and control to air, water or land	X		
The protection and restoration of biodiversity and ecosystems		X	The projects supported by the measure have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle. The projects all concern existing buildings in urban areas. Additionally, the projects do not concern buildings located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, as well as other protected areas).

Part 2 Assessment

Questions	No	Substantive Justification
Climate change mitigation: Is the measure expected to lead to significant GHG emissions?	X	The measure is not expected to lead to significant GHG emissions because: - The building is not dedicated to extraction, storage, transport or manufacture of fossil fuels; - The construction of the school has the potential to reduce energy use, increase energy efficiency, leading to a substantial improvement in energy performance of the buildings concerned, and significantly reduce GHG emissions). As such, the projects will contribute to the national target of energy efficiency increase per year, set out according to the Energy Efficiency Directive (2012/27/EU) and the Nationally Determined Contributions to the Paris Climate Agreement.
Climate change adaptation. Is the measure expected to lead to an increased adverse impact of the current climate and the expected future climate, on the measure itself or on people, nature or assets?	*X*	The measure requires economic operators to ensure that the technical building systems in the new building are optimised to provide thermal comfort to the occupants.
The transition to a circular economy, including waste prevention and recycling: Is the measure expected to: (i) lead to a significant increase in the generation, incineration or disposal of waste, with the exception of the incineration of non-recyclable hazardous waste; or (ii) lead to significant inefficiencies in the direct or indirect use of any natural resource at any stage of its life cycle, which are not minimised by adequate measures; or (iii) cause significant and long-term harm to the environment in respect to the circular economy?	X	The measure includes technical specifications for the renewable energy generation equipment that can be installed about their durability, reparability and recyclability. In particular, operators will limit waste generation in processes related to construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol.
Pollution prevention and control: Is the measure expected to lead to a significant increase in the emissions of pollutants into air, water or land?	X	The measure is not expected to lead to a significant increase in the emissions of pollutants into air, water or land.

14. Description of the investment:

Renewable energy investments in roads and public spaces.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation	X		
Climate change adaptation		X	The project that is supported by the measure is unlikely to have a significant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle.
The sustainable use and protection of water and marine resources		X	The project that is supported by the measure is unlikely to have a significant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle. No environmental degradation risks related to preserving water quality and water stress are identified.
The circular economy, including waste prevention and recycling	X		
Pollution prevention and control to air, water or land	X		
The protection and restoration of biodiversity and ecosystems	X		The projects supported by the measure have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle. Additionally, the project does not concern investment located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, as well as other protected areas).

Part 2 Assessment

Questions	No	Substantive Justification
Climate change mitigation: Is the measure expected to lead to significant GHG emissions?	X	The measure is not expected to lead to significant GHG emissions because: - The installations are not dedicated to extraction, storage, transport or manufacture of fossil fuels. - The installation of solar footpaths will include photovoltaic panels with the aim of generating renewable energy and reducing carbon dioxide emissions.
The transition to a circular economy, including waste prevention and recycling: Is the measure expected to: *(i) lead to a significant increase in the generation, incineration or disposal of waste, with the exception of the incineration of non-recyclable hazardous waste; or* (ii) lead to significant inefficiencies in the direct or indirect use of any natural resource at any stage of its life cycle, which are not minimised by adequate measures; or (iii) cause significant and long-term harm to the environment in respect to the circular economy?	X	The measure requires the economic operators carrying out the project implementation to ensure that at least 70% (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site will be prepared for re-use, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol. The measure includes technical specifications for the renewable energy generation equipment that is being installed about their durability, reparability and recyclability. In particular, operators will limit waste generation in processes related to construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol.
Pollution prevention and control: Is the measure expected to lead to a significant increase in the emissions of pollutants into air, water or land?	X	The measure is not expected to lead to a significant increase in the emissions of pollutants into air, water or land.
Protection and restoration of biodiversity and ecosystems: Is the measure expected to be: (i) significantly detrimental to the good condition and resilience of ecosystems; or (ii) detrimental to the conservation status of habitats and species, including those of Union interest?	X	The measure is not expected to be detrimental to the good condition and resilience of ecosystems or to the conservation of habitats and species.

9. Milestones, targets and timeline

The respective milestones, targets and timelines are presented in the Annex 2.1.

10. Financing and costs

The overall estimated cost of this component amounts to EUR 70.1 M.

11. Loan request justification (if applicable)

N/A

Milestones and Targets for Component 1

ANNEX

Sequential Number	Component Name
1	Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy

Sequential Number	Component Reference	Reform / Investment	Measure -Short title	Is this a sub-measure for green and digital tagging? (Yes or leave empty)
0	0 - Overall		Overall impact of the plan	
1	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy	Reform	C1.R.1 - Develop a long term renovation strategy	
2	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy	Reform	C1.R.2 - Fostering effective waste management through a robust waste governance framework including reforming the waste collection system	
3	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy	Investment	C1.I.1 - Investment in the renovation and greening of public and private sector buildings, including retrofitting through energy and resource efficiency measures	
4	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy	Investment	C1.I.2 - Investment in the renovation and retrofitting of public hospitals	
5	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy	Investment	C1.I.3 - Investment in the renovation, retrofitting and renewable energy in public schools	Yes
6	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy	Investment	C1.I.4 - Investment in the construction of a pilot near-carbon-neutral school to serve as a model for the future and provide a future-proof learning experience to students	
7	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy	Investment	C1.I.5 - Renewable energy investments in roads and public spaces	
8	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy	Investment	C1.I.1 (a)- Investment in the renovation and greening of public and private sector buildings, including retrofitting through energy and resource efficiency measures - public sub-measure	Yes
9	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy	Investment	C1.I.4 (a) - Investment in the construction of a pilot near-carbon-neutral school to serve as a model for the future and provide a future-proof learning experience to students - EE sub-measure	Yes
10	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy	Investment	C1.I.4 (b) - Investment in the construction of a pilot near-carbon-neutral school to serve as a model for the future and provide a future-proof learning experience to students - RES sub-measure	Yes
11	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy	Investment	C1.I.1 (b)- Investment in the renovation and greening of public and private sector buildings, including retrofitting through energy and resource efficiency measures - private sector sub-measure	Yes

Table 2.1. Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Timeline for completion (indicate the quarter and the year)		Data source /Methodology	Responsibility for reporting and implementation	Description and clear definition of each milestone and target	Assumptions/ risks	Verification mechanism
					Unit of measure	Baseline	Goal	Quarter	Year					
1.1	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.R.1 - Develop a long term renovation strategy	Milestone	Entry into force of the Building and Construction Authority Act	Provision in the Act indicating the entry into force of the Building and Construction Authority Act No. XIV of 2021				Q2	2021	Government Gazette	Ministry responsible for the Environment	Entry into force of the Building and Construction Act with the aim to establish a Regulator for Buildings. The authority shall be responsible for the regulation, improvement and sustainable management of the building and construction industry in Malta.	n/a.	Copy of the Publication in the Government Gazette and reference to the relevant provisions indicating the entry into force, accompanied by a summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. This summary document shall include a reference to the provisions which fulfil the relevant elements of the milestone, as listed in the description of the milestone and the corresponding measure in the CID, with appropriate links to or copies of the document(s) mentioned in the summary document.
1.2	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.R.1 - Develop a long term renovation strategy	Milestone	Building and Construction Authority- fully operational	The Building and Construction Authority is fully operational in line with ACT No. XIV of 2021				Q1	2023	Ministry responsible for the Environment	Ministry responsible for Public Works and Planning	The Building and Construction Authority is foreseen to be fully operational in line with ACT No. XIV of 2021. In line with established administrative procedures the Authority shall be resourced to enable it to effectively fulfil its mandate under the Act.	Risk: The processes relating to the transfer of responsibilities/ creation of new responsibilities and/or functions may take longer than envisaged.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. This summary document shall include as an annex the following evidence: (a) a comprehensive list and brief description of the nationally funded resources, including staffing positions at the Building and Construction Authority, indicating which positions have been filled, the organisational chart and the allocated budget for the following year and medium term; and (b) Copy of the ACT No. XIV of 2021.
1.3	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.R.1 - Develop a long term renovation strategy	Milestone	Training and certification of professionals in the construction industry	Launch of training and certification of professionals in the construction industry				Q4	2022	Ministry responsible for the Environment	Ministry responsible for Public Works and Planning	Open call for applications for a training and certification program for professionals and tradesmen of various levels in the buildings and construction industry to enhance the capacity for renovation courses. It shall target an array of professionals and tradesmen at various levels within the local construction eco-system.	Assumption: This measure is adopted as planned in the Long-Term Renovation Strategy.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. This summary document shall include as an annex the following evidence: (a) copy of the publication of the open call for training and certification program ; and (b) justification that the technical specifications of the call are fully aligned with the description, criteria and conditions as set out in the milestone and of the description of the reform in the CID.
1.4	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.R.1 - Develop a long term renovation strategy	Target	Professionals in the construction industry trained and certified		Number	0	500	Q2	2023	Ministry responsible for the Environment	Ministry responsible for Public Works and Planning	Number of professionals in the construction industry trained and certified with skills card.	Assumption: This measure is adopted as planned in the Long-Term Renovation Strategy.	Summary document duly justifying how the target (including the relevant elements of the target, as listed in the description of the target and of the corresponding measure in the CID annex) was satisfactorily fulfilled. This document shall include as an annex an anonymised list of the references of the individual certificates (skill cards) proving that the training programmes have been completed.
1.5	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.R.2 - Fostering effective waste management through a robust waste governance framework including reforming the waste collection system	Milestone	Entry into force of the updated Environment Protection Act	Provision in the Act indicating the entry into force of the Act				Q4	2021	Ministry responsible for the Environment	Ministry responsible for the Environment	Entry into force of the updated Environment Protection Act whereby the importation, production, sale and distribution of certain single use plastic (SUP) items, namely plastic bags, cutlery, straws and plates shall be prohibited.	NA	Copy of the publication in the Government Gazette and reference to the relevant provisions indicating the entry into force, accompanied by a summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. This summary document shall include a reference to the provisions which fulfil the relevant elements of the milestone, as listed in the description of the milestone and the corresponding measure in the CID annex, with appropriate links to or copies of the document(s) mentioned in the summary document.

Table 2.1. Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

1.6	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.R.2 - Fostering effective waste management through a robust waste governance framework including reforming the waste collection system	Milestone	Study on the feasibility of expanding Extended Producer Responsibility obligations to additional waste streams	Publication of a study on the feasibility of expanding Extended Producer Responsibility obligations to additional waste streams				Q4	2024	Ministry responsible for the Environment	Ministry responsible for the Environment	Study on the feasibility of expanding Extended Producer Responsibility obligations to additional waste streams published. The aim of this study is to assess the feasibility of extending the Extended Producer Responsibility obligations, which are currently in place for some waste streams, to additional waste streams, including tyres and textiles. The study shall be carried out by an independent contractor, selected through public procurement.	Assumption: A timely implementation of the WMP in line with the plan's parameters.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. This summary document shall include as an annex the following evidence: (a) a copy of and link to the published study; and (b) a copy of the call for tenders, terms of reference and notification of award related to the selection of the independent contractor.
1.7	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.R.2 - Fostering effective waste management through a robust waste governance framework including reforming the waste collection system	Milestone	Entry into force of legislation that may be deemed appropriate by the study on the feasibility of targeting new waste streams through Extended Producer Responsibility	Provision in the Act indicating the entry into force of the Act				Q4	2025	Government Gazette	Ministry responsible for the Environment	Entry into force of new legislation for the waste streams deemed appropriate by the study on the feasibility of expanding Extended Producer Responsibility obligations to additional waste streams.	Risk: Extended Producer Responsibility on additional waste streams may not be deemed feasible in the study.	Copy of the Publication in the Government Gazette and reference to the relevant provisions indicating the entry into force, accompanied by a summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. This summary document shall include a reference to the provisions which fulfil the relevant elements of the milestone, as listed in the description of the milestone and the corresponding measure in the CID annex, with appropriate links to or copies of the document(s) mentioned in the summary document. This summary document shall, more specifically, include: (a) a reference to the provisions which fulfil expanding the Extended Producer Responsibility obligations to additional waste streams according to the findings of the study document; and (b) a summary of the independent contractor's findings on the feasibility of expanding Extended Producer Responsibility obligations to additional waste streams
1.8	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.R.2 - Fostering effective waste management through a robust waste governance framework including reforming the waste collection system	Milestone	Adoption of the Construction and Demolition Waste Strategy for Malta	Online publication of the Construction and Demolition Waste Strategy for Malta				Q4	2021	Ministry responsible for the Environment	Ministry responsible for the Environment	Adoption of the Construction and Demolition (C&D) Waste Strategy. The Strategy shall be in line with the EU waste legislation and EU Construction and Demolition Waste Protocol. The Strategy shall identify specific measures in four main priority areas: 1. Planning and design: aiming to tackle the problem at source by demolishing or constructing in a sustainable manner; 2. Waste management: measures to improve waste logistics both at the development site as well as off-site; 3. Quality management: measures associated with increasing the confidence in C&D waste management practices as well as improving the quality of C&D recycled materials; and 4. Policy and regulatory framework: shall propose improvements in policy and framework conditions in order to break the link between development and waste generation. The proposed regulatory framework shall comply with the EU legislation and guidelines on construction and demolition waste. The measure shall not lead to a significant increase in the disposal of waste, or create disincentives to preparing for reuse and recycling of waste.	Risk: The Adoption of the strategy may take longer than expected in view of amendments undertaken in respect of feedback given during the public consultation and amendments required in view of changes to the EU and national strategic and legislative framework.	A summary document, duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. More specifically, the summary document shall briefly explain how the Construction and Demolition Waste Strategy complies with the EU waste legislation and EU Construction and Demolition Waste Protocol. It shall also describe the specific measures identified in relation to the 4 priority areas of the milestone and how the measures achieve the objective therein. The summary document shall also explain how the Construction and Demolition Waste Strategy avoids leading to a significant increase in the disposal of waste or creating disincentives to preparing for reuse and recycling of waste. The summary document shall include as an annex a copy of and link to the published Construction and Demolition Waste Strategy.
1.9	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.R.2 - Fostering effective waste management through a robust waste governance framework including reforming the waste collection system	Milestone	Adoption of standards for the Construction Industry	Adoption of standards for the construction industry				Q4	2022	Ministry responsible for the Environment	Ministry responsible for the Environment	Adoption of standards for the construction industry. Standards shall concern: 1) Best practices for (de)construction, aimed at reducing the Construction and Demolition (C&D) waste generated and ensuring waste generated is suitable for treatment in line with the waste hierarchy provided in the Article 4 of the Directive 2008/98/EC on waste. 2) The classification of C&D waste by type, material, composition and weight, aimed to encourage on-site separation as well as improve the quality of the waste streams for subsequent re-use or recycling; 3) Appropriate excavation works, with the aim to re-use excavated rock for the purposes of construction; 4) Dimensions of internal and external apertures of residential dwellings aimed at encouraging the re-use of fittings as well as reduce diversification bringing about economies of scale. These standards shall be incorporated within the regulatory framework and compliance with these standards shall be an essential requirement prior to the issuance of an executable Development Permit.	Risk: Delays in the adoption of the Construction and Demolition Waste Strategy may result in delays in the adoption of the standards.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. This summary document shall include a reference to the relevant provisions which fulfil the relevant elements of the milestone, as listed in the description of the milestone and the corresponding measure in the CID annex, with appropriate links to or copies of the document(s) mentioned in the summary document. The summary document shall include as an annex the following evidence: (a) copy of the adopted standards; and (b) a copy of the publication in the Government Gazette (if relevant) and reference to the relevant provisions whereby the standards for the construction industry were incorporated within the regulatory framework indicating their entry into force or a letter confirming adoption of the standards by the competent authority

Table 2.1. Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

1.10	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.R.2 - Fostering effective waste management through a robust waste governance framework including reforming the waste collection system	Milestone	Entry into force of a new regulatory framework for the management of construction and demolition waste	Provision in the new regulatory framework indicating the entry into force of the new regulatory framework				Q4	2023	Ministry responsible for the Environment	Ministry responsible for the Environment	Entry into force of a new regulatory framework for the management of construction and demolition waste in Malta. The regulatory framework shall be developed and discussed with all actors involved along the construction and demolition chain. The regulatory framework shall comply with the EU waste legislation and EU Construction and Demolition Waste Protocol and Guidelines. The main objective of the regulatory framework is to set in place a legal framework that would focus on the construction industry in a holistic manner, from the placement on the market of construction products to the management of waste generated from such industry, taking into consideration the industry's environmental impact at each stage. The regulatory framework shall be structured on the four main priority areas indicated in the strategy to ensure a shift towards a more circular economy: (i) the prevention and better management of C&D waste at each stage of the development, that is at the demolition, excavation and construction stages; (ii) the separation of waste at source; (iii) promoting the development of secondary markets for end-of-life resources, as well as ensuring that there is a shift from recovery and disposal to reuse and recycling. In addition, the said regulations shall clearly identify and define the roles and responsibilities of the actors (such as developers, contractors, architects and property owners) involved in the sector.	Risk: Delays in the adoption of the Construction and Demolition Waste Strategy may result in delays in the adoption of the regulatory framework for the management of construction and demolition waste.	Copy of the Publication in the Government Gazette and reference to the relevant provisions indicating the entry into force, accompanied by a summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. This summary document shall include a reference to the relevant provisions which fulfil each of the elements of the milestone, as listed in the description of the milestone and the corresponding measure in the CID annex, with appropriate links to or copies of the document(s) mentioned in the summary document.
1.11	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.R.2 - Fostering effective waste management through a robust waste governance framework including reforming the waste collection system	Milestone	Recovery of construction and demolition waste through backfilling in void spaces (quarries)	Conditions are in place for the recovery of construction and demolition waste in void spaces				Q4	2022	Ministry responsible for the Environment	Ministry responsible for the Environment	The following conditions are in place for the recovery of construction and demolition waste in void spaces to restore them in their original state with high environmental standards: (i) the Environment and Resource Authority, in collaboration with the Planning Authority has identified the quarries, which have been declared as partly exhausted, exhausted or inactive and determined the volume contained therein; (ii) a set of terms of reference for the restoration of void spaces to their original state; (iii) mechanisms to incentivise the crushing of material prior to backfilling, such as including the crushing of material prior to backfilling as a requirement when publishing call for tenders involving construction works by Government entities. The definition of such mechanisms shall be determined following consultation with stakeholders, including potential beneficiaries, the relevant authorities and also other primary stakeholders. The measure shall not lead to a significant increase in the disposal of waste, or create disincentives to preparing for reuse and recycling of waste. The waste used for backfilling shall be suitable non-hazardous waste substituting non-waste materials and shall be limited to the amount strictly necessary, in line with Article 3(17a) of Directive 2008/98/EC on waste.	Delays in the adoption of the regulatory framework may impinge on timely implementation of the mechanisms put in place	Report duly justifying how the milestone, (including all its constitutive elements, as listed in the description of the milestone and corresponding measure in the CID annex) was satisfactorily fulfilled. The report shall ascertain that the conditions (i, ii, iii) included in the description of the milestones are in place. The report shall also explain how the recovery of construction and demolition waste through backfilling void spaces complies with the Construction and Demolition Waste Strategy and how it does not lead to a significant increase in the disposal of waste, or how it does not create disincentives to preparing for reuse and recycling of waste. This report shall include as an annex the following evidence: (a) the document of the Environment and Resource Authority, in collaboration with the Planning Authority, identifying the quarries, which have been declared as partly exhausted, exhausted or inactive and determined the volume contained therein (b) a copy of the set of terms of reference for the restoration of void spaces. (c) a description of the mechanisms put in place to incentivise the crushing of material and the outcome of the stakeholder consultation for their determination. Copies of the relevant documentation related to the definition and entry into operation of such mechanisms shall be provided; and (d) For each quarry, a certificate or similar document issued by a perit or engineer or technical expert certifying that the waste used for backfilling was suitable non-hazardous waste substituting non-waste materials and that it was limited to the amount strictly necessary, in line with Article 3(17a) of Directive 2008/98/EC on waste.
1.12	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.R.2 - Fostering effective waste management through a robust waste governance framework including reforming the waste collection system	Milestone	Setting up of six municipal regional bodies responsible for waste collection across Malta and Gozo	Responsibility for collection shifted to regions, including collection of recyclables and all waste collection centres are fully operational.				Q4	2022	Ministry responsible for the Environment	Ministry responsible for Local Government	Responsibility of waste collection shall shift from 68 Local Councils to six regions: a) Port (including 11 Local Councils), b) Southern (12 Local Councils), c) Eastern (12 Local Councils), d) Western (10 Local Councils); e) Northern (9 Local Councils), f) Gozo (14 Local Councils) The transition of waste collection to six centres is completed. The six centres are fully operational and in charge of collecting waste.	Risk: Regionalisation may not commence on time due to administrative delays, which may be mitigated.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex), was satisfactorily fulfilled. This summary document shall include, as an annex, the following evidence: validation certificates or similar document, signed by contracting authority confirmed by the Permanent Secretary responsible for Local councils, demonstrating that the waste collection in the six Regional Councils is fully operational and that the six Regional Councils are in charge of collecting waste in a manner that is compliant with the description of the milestone.

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1.13	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.R.2 - Fostering effective waste management through a robust waste governance framework including reforming the waste collection system	Milestone	Entry into force of revised legislation on packaging material to allow for the regional collection of packaging waste	Provision in the revised legislation indicating the entry into force of the revised legislation				Q4	2022	Ministry responsible for the Environment	Ministry responsible for Local Government	Entry into force of revised legislation on packaging material which allows for the regional collection of packaging waste. This will build on the legislation for the regional collection of waste which was established through the Local Government Act. Regional councils shall be responsible for the logistics to enable economies of scale, whilst the producers shall be responsible for the financing.	Risk: Regionalisation may not commence on time and thus may not be implemented on time due to administrative delays. This will be mitigated through adequate governance.	Copy of the publication in the Government Gazette and reference to the relevant provisions indicating the entry into force, accompanied by a summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. This summary document shall include a reference to the relevant provisions which fulfil each of the elements of the milestone, as listed in the description of the milestone and the corresponding measure in the CID annex, with appropriate links to or copies of the document(s) mentioned in the summary document.
1.15	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.I.1 - Investment in the renovation and greening of public and private sector buildings, including retrofitting through energy and resource efficiency measures	Milestone	Contracted services for the renovation for public buildings	Contracts signed for the procurement of renovation services for selected public buildings covered by this investment				Q2	2023	Ministry responsible for Public Works	Public Works Department within the Ministry responsible for Public Works	All contracts signed for the procurement of renovation services of public buildings with an area of at least 9,232 m^2. The renovation shall achieve a reduction of primary energy demand (PED) of at least 30%.	Assumption: Respective procurement procedures are launched by Q4 2021.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex), was satisfactorily fulfilled. More specifically this summary document shall justify how the renovation work is expected to achieve a reduction of primary energy demand (PED) of at least 30%. This summary document shall include as an annex, the following evidence: (a) a copy of the publication of the call for tenders, technical specifications and notifications of award, for contractors to carry out the works. (b) the contracts signed with all chosen contractual counterparts; and (c) for each contract a justification that the technical specifications of the contract are fully aligned with the description, criteria and conditions set out in the milestone and the description of the investment in the CID annex.
1.16	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.I.1 - Investment in the renovation and greening of public and private sector buildings, including retrofitting through energy and resource efficiency measures	Target	Public buildings renovated		m2	0	9232	Q4	2025	Ministry responsible for Public Works	Public Works Department within the Ministry responsible for Public Works	Renovation of the public buildings supported is completed, covering at least 9,232 m^2. The renovation shall achieve a reduction of primary energy demand (PED) of at least 30%.	Risk: procurement delays and delays in implementation can have an impact on the completion date.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex), was satisfactorily fulfilled, also specifying the total area renovated. The summary document shall also include as an annex the following evidence: (a) the energy performance certificates before and after the renovation action (showing the reduction in primary energy demand achieved); (b) certificate provisional acceptance or similar document signed by the perit or engineer specifying the area (m2) renovated.
1.17	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.I.1 - Investment in the renovation and greening of public and private sector buildings, including retrofitting through energy and resource efficiency measures	Milestone	Launch of call for applications for grants targeting the renovation of private sector buildings	Grants targeting the renovation of private sector buildings, including commercial and other non-residential buildings launched				Q1	2022	Measures and Support Division, Ministry responsible for EU Funds	Measures and Support Division, Ministry responsible for EU Funds	Launch of call for applications for the selection of applicants for grants targeting the renovation of private sector buildings for retrofitting and energy efficiency (including commercial/non-residential buildings). The area financed under this investment shall be of at least 40,605m^2.	Assumption: No delays are experienced in the launch of the schemes.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex), was satisfactorily fulfilled. This summary document shall include as an annex the following evidence: copy of and link to the publication of the call for applications for the selection of applicants for grants targeting the renovation of private sector buildings for retrofitting and energy efficiency.
1.18	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.I.1 - Investment in the renovation and greening of public and private sector buildings, including retrofitting through energy and resource efficiency measures	Target	Private sector buildings renovated		m2	0	40605	Q2	2026	Measures and Support Division, Ministry responsible for EU Funds	Measures and Support Division, Ministry responsible for EU Funds	Completion of renovation of at least 40,605 m^2 in private sector buildings supported by the grants targeting the renovation of private sector buildings. The renovation shall achieve a reduction of primary energy demand (PED) of at least 30%.	Assumption: Sufficient eligible applications are received from the private sector and awarded by Q2 2024.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex), was satisfactorily fulfilled. This summary document shall more specifically justify how the renovation works achieve a reduction of primary energy demand (PED) of at least 30%. The summary document shall include as an annex the following evidence: (a) the list of individual renovation actions completed (containing for each of them, a unique identifier), including for each of the private sector buildings renovated the size (m2), the reference to the grant agreement supporting the renovation, the reference to the individual energy performance certificates before and after renovation action, the reference to the primary energy demand indicated in the energy performance certificates carried out by a registered Energy performance of Buildings assessor before and after the renovation, and the amount of primary energy saving achieved; and (b) the weighted average reduction in primary energy demand (using as weights the renovated surface area of buildings).

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1.19	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.I.2 - Investment in the renovation and retrofitting of public hospitals	Milestone	Energy Performance Audit of Mount Carmel Public Hospital	Completion of Energy Performance and Energy Audit of Mount Carmel Public Hospital.				Q2	2022	Accessibility to the reports from the responsible bodies	Ministry responsible for Health	Completion of Energy Performance Audit at Mount Carmel Hospital in compliance with Directive 2010/31/EU to establish the Energy Performance Certificate class of the respective blocks and identify the applicable Energy Efficiency renovation measures.	n/a.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include reference to the relevant parts of the energy performance audit indicating its compliance with Directive 2010/31/EU and as an annex the following evidence: (a) the Energy Performance Certificate class; and 2) an indication of the identified applicable Energy Efficiency renovation measures
1.20	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.I.2 - Investment in the renovation and retrofitting of public hospitals	Milestone	Contracted services for the renovation and retrofitting of Mount Carmel Public Hospital	All contracts signed for the renovation of Mount Carmel public hospital.				Q4	2024	Ministry responsible for Health	Ministry responsible for Health	All contracts signed for the procurement of renovation services for Mount Carmel Public Hospital of at least 5,600m^2. The renovation shall achieve a reduction of primary energy demand (PED) of at least a 30%.	Assumption: Respective procurement procedures are launched by Q4 2022.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. This summary document shall more specifically justify how the renovation work is expected to achieve a reduction of primary energy demand (PED) of at least 30%. The summary document shall include as an annex the following evidence: (a) copy of the publication of the call for tenders, technical specification, notifications of award for contractors to carry out the works; and (b) the contracts signed with all chosen contractual counterparts.
1.21	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.I.2 - Investment in the renovation and retrofitting of public hospitals	Target	Blocks of Mount Carmel hospital renovated		m2	0	5600	Q2	2026	Ministry responsible for Health	Ministry responsible for Health	Renovation of blocks at Mount Carmel Hospital covering an area of at least 5,600m^2. The renovation shall achieve a reduction of primary energy demand (PED) of at least 30%.	Risk: procurement delays and delays in implementation can have an impact on the completion date.	Summary document duly justifying how the target, including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex, was satisfactorily fulfilled, also specifying the total area renovated. This summary document shall more specifically justify how the renovation works achieve a reduction of primary energy demand (PED) of at least 30%. The summary document shall include as an annex the following evidence: (a) brief description of the action per block; (b) aggregated energy performance certificates before and after the renovation action (showing the reduction in primary energy demand); and (c) certificate of provisional acceptance or similar document signed by the perit or engineer demonstrating that the renovation has been completed. This certificate shall also attest the renovated area (m2) of the blocks.
1.22	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.I.3 - Investment in the renovation, retrofitting and renewable energy in public schools	Milestone	Energy Performance Audit of two Public Schools	Completion of assessment of overall Energy Performance and Energy Audit of two public schools.				Q4	2021	Ministry responsible for Education	Ministry responsible for Education	Completion of energy Performance Audit of two public school buildings (St. Benedict College Ghaxaq Primary and Gozo College Nadur Primary School) in compliance with Directive 2010/31/EU to establish their Energy Performance Certificate class and identify applicable Energy Efficiency renovation measures. Completion shall mean the delivery of an audit report.	Due to the nature of the milestone, and the early identification of the sites in question, no significant delays are envisaged.	Summary document duly justifying how the (milestone including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include reference to the relevant parts of the energy performance audit indicating its compliance with Directive 2010/31/EU and as an annex the following evidence: (a) the energy performance audit; (b) in relation to each of the schools, an indication of the Energy Performance Certificate class; and (c) in relation to each of the schools, an indication of the applicable Energy Efficiency renovation measures.
1.23	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.I.3 - Investment in the renovation, retrofitting and renewable energy in public schools	Milestone	Contracted services for the renovation of two Public Schools	Contracts signed for the renovation of two Public Schools				Q1	2022	Ministry responsible for Education	Ministry responsible for Education	All contracts signed for the procurement of renovation of two public school buildings (St. Benedict College Ghaxaq Primary and Gozo College Nadur Primary School) covering a total area of more than 9,710 m^2. The renovation shall achieve a reduction of primary energy demand (PED) of at least a 30%.	Assumption: No delays in public procurement.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. This summary document shall more specifically justify how the renovation work is expected to achieve a reduction of primary energy demand (PED) of at least 30%. The summary document shall also include, in an annex, the following: (a) copy of the publication of the call for tenders, technical specifications, and notifications of award related to the selection of contractors to carry out the works; (b) a list of the official references of contracts signed with all chosen contractual counterparts; and (c) for each contract, a justification that the technical specifications of the contract are fully aligned with the description, criteria and conditions set out in the milestone and the description of the investment in the CID annex.

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1.24	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.I.3 - Investment in the renovation, retrofitting and renewable energy in public schools	Target	Two public schools renovated		m2	0	9710	Q4	2023	Ministry responsible for Education	Ministry responsible for Education	Renovation works of two public schools (St. Benedict College Għaxaq Primary School and Gozo College Nadur Primary School), which together cater for around 500 students, shall be completed. The renovation shall achieve a reduction of primary energy demand (PED) of at least 30%.	Risk: procurement delays and delays in implementation can have an impact on the completion date.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include as an annex the following evidence: (a) brief description of the actions; (b) the energy performance certificates before and after the renovation action, and the energy saving achieved; and (c) certificate of provisional acceptance or similar document signed by the perit or engineer demonstrating that the two public schools have been renovated.
1.25	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.I.4 - Investment in the construction of a pilot near-carbon-neutral school to serve as a model for the future and provide a future-proof learning experience to students	Milestone	Contracted services for construction works of a near carbon neutral school	Contracts signed for the construction of the near carbon neutral School				Q1	2022	Ministry responsible for Education	Ministry responsible for Education	Signed contracts for the procurement of construction works for the near carbon neutral school. The construction shall ensure that a Primary Energy Demand (PED) that is at least 20% lower than the NZEB requirement is met.	Risk: procurement delays and delays in implementation can have an impact on the completion date.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. More specifically, this summary document shall justify how the renovation work is expected to achieve a reduction of primary energy demand (PED) of at least 20% lower than the NZEB requirement. The summary document shall include as an annex the following evidence: (a) a copy of the publication of the call for tenders, technical specification, notifications of award related to the selection of contractors to carry out the works; (b) a list of official references to the contracts signed with all chosen contractual counterparts; and (c) for each contract, a justification that the technical specifications of the contract are fully aligned with the description, criteria and conditions set out in the milestone and the description of the investment in the CID annex.
1.26	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.I.4 - Investment in the construction of a pilot near-carbon-neutral school to serve as a model for the future and provide a future-proof learning experience to students	Target	Construction of a near-carbon neutral school completed		m2	0	14499	Q4	2023	Ministry responsible for Education	Ministry responsible for Education	Construction works of the near-carbon neutral school are completed. The school is estimated to cater for around 500 students and to have a land surface area of at least 14,499 m^2. The construction shall ensure that a Primary Energy Demand (PED) that is at least 20% lower than the NZEB requirement is met.	Risk: procurement delays and delays in implementation can have an impact on the completion date.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include as an annex the following evidence: (a) certificate of provisional acceptance or similar document signed by the perit or engineer demonstrating that the construction works of the near-carbon neutral school are completed. This certificate shall also attest that (i) the school caters for around 500 students (with an explanation of how this was ensured in the construction of the school, in terms of the capacity of rooms, facilities); and (ii) the school land surface area; and (b) a copy of the performance certificate showing that Primary Energy Demand is at least 20% lower than the NZEB requirement.
1.27	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.I.5 - Renewable energy investments in roads and public spaces	Target	Installation of photovoltaic infrastructure in public open spaces		kW	0	143	Q2	2024	Ministry responsible for Transport	Ministry responsible for transport	Installed generation capacity of photovoltaic infrastructure in roads, footpaths and other public open spaces in Malta and Gozo.	Risk: procurement delays and delays in implementation can have an impact on the completion date.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall also include, in an annex: (a) the certificate of provisional acceptance or similar document signed by the contractor and the perit or warranted engineer demonstrating that the photovoltaic installations had been installed; and (b) a list of the new equipment, its generation capacity and the location where it was installed.

Table 2 Estimated cost of the plan and green and digital impact

Table to be filled in with the estimates of expected costs in EUR in current prices. This table should provide a summary of the key information on costing for each reform/investment. Additional, more detailed information should be submitted separately. "Estimated costs": Please note that only the costs for which RRF funds are requested should be entered here. "Funding from other sources": Please state here the source and amount in cases, in which the same reform/investment or a reform/investment that is closely linked receives or is expected to receive funds from other sources (which should not cover the same costs). "Methodology used and description of the costs": Please describe briefly the methodology and mention the main cost drivers. "Source of methodology" (if any): Please provide references to the methodology and data sources that you used. "Specify source" and "Possible reference to past EU programs" (under comparative costing data): Please mention past investment/reform projects that are benchmarks for the cost estimate and the source of the costs for these projects. "Independent validation" (if any): Please provide the name of the validating organisation/agency, and a reference to the validation document.

Sequential Number	Related Measure (Reform or Investment)	Relevant time period		Estimated costs for which funding from the RRF is requested									Funding from other sources (as requested by Art. 8 in the Regulation)				COFOG level 2 category *(or "Not relevant" in case of a revenue measure)*	Methodological Information		Comparative costing data from past reforms/investments			Independent validation (encouraged)	Green and digital objectives *Please indicate if 0%, 40% or 100% of the reform/investment contributes to the objective. For reforms/investments and the climate objective, use the methodology for climate tracking as set out in Annex 6A and justify their choice for each investment and each reform. For reforms/investments related to environmental objectives, use the same methodology. For the digital objective, use the methodology as set out in Annex 6B. In all cases, please indicate the relevant intervention field for every reform/investment by choosing the most appropriate one, reflecting the nature, focus, objective, or expected outcome of the reform/investment. If several intervention fields can be applied, provide a motivation in the description of the component. As a general rule, a reform/investment should be assigned one intervention field.*						
				Total requested		If available: split by year							From other EU programmes		From National budget or other sources									Green objectives			Digital objectives		Tagged RRF contribution	
		From date	To date	Amount (mn EUR)	Repayable financial support (loans) / Non-repayable financial support (grants)	2020	2021	2022	2023	2024	2025	2026	Amount (mn EUR)	Specify the EU programmes *[Breakdown by programme if relevant (e.g. regional operational programme)]*	Amount (mn EUR)	Specify source		Methodology used and description of costs	Specify source	Amount (mn EUR)	Specify source	Possible reference to past EU programs	Name of the validating entity and reference to the validation		Intervention field	Climate Tag	Environmental Tag	Intervention field	Digital Tag	Climate	Digital
1	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.1.1 (a)- Investment in the renovation and greening of public and private sector buildings, including retrofitting through energy and resource efficiency measures - public sub-measure	01/10/2021	31/12/2025	10	Grants		0.4	1.4	2.3	2.5	3.4	0.0			0.0		05.3 - Pollution abatement	**Project House (PH)** The cost allocation for this component was based on the BOQ of Contract Reference CT2149/2020 (Annex 6 Annex 5- Summary BoQ) which is the contract awarded through a Public Procurement Process for the Refurbishment of Project House, Floriana to upgrade its Energy Performance, including Energy Efficient PC and Monitor. **Other public buildings** The methodology of costing was based on establishing an applicable rate for the retrofitting and finishings, taking into account the following assumptions: a. the rate established by the Projects House (PH) project was taken as a baseline rate; b. the application of a 15% adjustment rate to take into account a number of variables, including: - the other public buildings that will benefit from this measure still need to be determined. - most office public buildings are in the Valletta area which is a world heritage site. In this area, any works contracts are significantly more expensive than those carried out in other localities since there are increased mobilisation costs due to limitations on the use of heavy machinery/equipment. - interventions in public buildings in the Valletta area must respect its historical aspect for conservation purposes and thus may require restoration expertise and the possibility to resort to increased manual work. - most Public Buildings have an energy performance rating of C or less. On the basis of the assumption that the proportion between the cost components is similar to the Project House (PH) Public Building BOQ, a costs per sqm for Other Public Buildings was estimated based on the PH BoQ. Overall, it is estimated that a minimum total area of 9,232 sqm will be addressed as part of the retrofitting interventions in public buildings (taking into account the different elements of the project) after considering a risk factor of 10%. The risk factor aims to cater for unknown factors which may lead to potential differences between the rates set on proxy projects and actual buildings that are going to be retrofitted. The actual floor area to be covered will be determined at implementation stage following the completion of the procurement process. All costings claimed under the RRP exclude VAT amounts.	Project House-BoQs						026bis - Energy efficiency renovation or energy efficiency measures regarding public infrastructure, demonstration projects and supporting measures compliant with energy efficiency criteria [6]	100%	40%			10	0
2	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.1.1 (b)- Investment in the renovation and greening of public and private sector buildings, including retrofitting through energy and resource efficiency measures - private sector sub-measure	01/01/2022	30/06/2026	20	Grants			1	3	6.0	6.0	4.0	0.0		0.0		05.3 - Pollution abatement	General Assumption: It is assumed that the components making up this project are: - Retrofitting and finishing works - Internal apertures - External apertures - Photovoltaic panels The methodology of costing was based on establishing an applicable rate for the retrofitting and finishings for other public buildings, taking into account the following assumptions: a. the rate established by the PH was taken as a baseline rate; b. the application of a 10% adjustment rate to take into account number of factors, including: - catering for different type of buildings, also noting that some interventions can be on buildings in the Valletta area. - sites might be in different localities and of different size and accessibility might be a critical factor on costs in relation to manoeuvring and the kind/size of equipment and procedures that can be used. - most enterprises that are likely to be influenced to invest as a result of this grant support measure are expected to have buildings with an energy performance rating of C or less. On the basis of the assumption that the proportion between the cost components is similar to the Project House BOQ of Contract Reference Reference CT2149/2020, a costs per sqm for each component was estimated based on the PH BoQ. Overall, it is estimated that a minimum total area of 18,272 sqm will be addressed as part of the retrofitting interventions in public buildings (taking into account the different elements of the project) after considering a risk factor of 10%. The risk factor aims to cater for unknown factors which may lead to potential differences between the rates set on proxy projects and actual buildings that are going to be retrofitted. The actual floor area to be covered will be determined at implementation stage. All costings claimed under the RRP exclude VAT amounts.	Project House BoQ						024ter - Energy efficiency and demonstration projects in SMEs or large enterprises and supporting measures compliant with energy efficiency criteria[3]	100%	40%			20	0
3	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.1.2 - Investment in the renovation and retrofitting of public hospitals	01/03/2020	30/06/2026	12.2	Grants		1.8	2.9	5.0	2.0	0.5	0.0			0.0		05.3 - Pollution abatement	The total cost and cost per item were based on the BOQ worked out by FMS for Block 1. These costings were then extrapolated to cover other additional areas within the same hospital. Overall, it is estimated that a minimum total area of retrofitting of 5,600 sqm will be undertaken within Mount Carmel Hospital (taking into account the different elements of the project) after considering a risk factor of 10% to cater for potential differences between the rates set on proxy projects and the area of the hospital that is going to be retrofitted. The actual floor area to be covered will be determined at implementation stage following the completion of the procurement process. All costings claimed under the RRP exclude VAT amounts.	Mount Carmel Hospital BoQs		Methodology for assessment was based on current contract, market research and past projects. **Renovation and Finishing works** The Methodology for assessment was based on the BoQ as prepared by the technical experts of the Foundation for Medical Services and market research. The total estimated price was set within the BoQ was set at €4.1 million and the Tender was launched on the open market through the Tender; CT 2477/2020 - Conversion to High Energy Efficiency Standards of Premises in Mount Carmel Hospital, Block 1 using Environmentally Friendly Construction Materials and Products. A total of 12 bids were received with an average bid value amounting to €4,210,189.22 resulting in a difference of only 2% from the BoQ prepared by experts which amounted to a total of €4,128,963. **Load Bearing Structure** The Methodology for assessment was based on the contract that there is in place for this sub-component. It was noted that the BoQ pricing for this component was computed by the Foundation for Medical Services. A contract for this sub components with a value of €783,808 has been signed with Bava Holdings. **Apertures and Aluminium** Apertures & Aluminium Features have been deemed comparable to the MCAST Resource Centre (MRC) given the nature of energy efficient interventions. In total 55 similiar Apertures were fitted at MRC for a total cost of €52,150. Cost per aperture for MRC amounted to €1,001 after inflation while for MCH cost per aperture amounted to €1,084 a difference of 8.3%. **Photovoltaic solar cells** Photovoltaic solar cells at MCH block 1 are comparable to the Photovoltaic solar cells at the OHSA Building. The system at OHSA costed a total of €26.4K and consisted of 38 Photovoltaic solar cells. Hence the rate per Photovoltaic solar cell amounted to €695.54 which when inflated by 5.6% the rates amounts to €734.49. The rate per Photovoltaic solar cell for MCH amounted to €682 resulting in a difference of -7%.	ERDF MT OPI 2014-2020			026bis - Energy efficiency renovation or energy efficiency measures regarding public infrastructure, demonstration projects and supporting measures compliant with energy efficiency criteria [6]	100%	40%			12.2	0
4	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.1.3 - Investment in the renovation, retrofitting and renewable energy in public schools	01/10/2021	31/12/2023	10.0	Grants		2.0	2.0	3.0	3.0		0.0			0.0		05.3 - Pollution abatement	Public Schools The methodology of costing was based on establishing an applicable rate for the retrofitting and finishings for other public buildings, taking into account the following assumptions: a. the rate established by the PH was taken as a baseline rate; b. the application of a 15% adjustment rate to take into account a number of factors, including: - that the schools in question are old buildings. - as the buildings are schools the interventions have to be planned over specific periods of time when schools are not in use. This limits the speed of intervention and the periods when works can be carried out with the resultant impact on contract costs. On the basis of the assumption that the proportion between the cost components is similar to the Project House BOQ of Contract Reference Reference CT2149/2020, a costs per sqm for each component was estimated based on the PH BoQ. Overall, it is estimated that a minimum total area of retrofitting of 9,710sqm will be undertaken as part of the retrofitting interventions in public schools (taking into account the different elements of the project) after taking into account the adjustment factor mentioned above. The actual floor area to be covered will be determined at implementation stage following the completion of the procurement process. All costings claimed under the RRP exclude VAT amounts.	Project House BoQs						026bis - Energy efficiency renovation or energy efficiency measures regarding public infrastructure, demonstration projects and supporting measures compliant with energy efficiency criteria [6]	100%	40%			10	0
5	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.1.4 (a) - Investment in the construction of a pilot near-carbon-neutral school to serve as a model for the future and provide a future-proof learning experience to students - EE sub measure	01/10/2021	31/12/2023	14.4	Grants		4.8	9.6				0.0			0.0		09.1 - Pre-primary and primary education	Methodology for costings for the construction component of this investment was based on tenders that were launched on the market and that were awarded (CT2110/2020, FTS DO 92-05-18, FTS DO 02-12-18 and CT 2322/2019). For the other components, since contracts are yet to be issued and currently detailed BoQs are not available, the costs for each component was used based on the rate of a past project namely the MRC project. Overall, it is estimated that a total area of at least 14,000 sqm will be covered (taking into accoun the different elements of the project). The actual floor area to be covered will be determined at implementation stage following the completion of the procurement process. All costings claimed under the RRP exclude VAT amounts.	MCAST Resource Centre		The Methodology for assessment for the building and construction was based on actual contracts that are in place for this sub-component. Contracts for the M&E and finishing works are yet to be issued and currently detailed BoQs are not available. Consequently, the methodology on comparability used was based an the balancing figure to reach €14.9M under the RRF. The total project cost under RRF has been estimated at €14.9M while Construction and PV systems have been estimated to cost €5.9M. Hence M&E and finishing works can amount to approximately €9M under the RRF. To confirm this allocation, a comparative assessment for the M&E on the basis of a rate/sqm was based on a past project namely the MRC project. For the MRC project, the rate after inflation of 5.6% amounted to €396/sqm. With a total area of 14,499 sqm for the CMPS, the total M&E cost should be within the region of €5M under the RRF. In the case of finishings, with a total area of 14,499 sqm for the CMPS, the total finishings cost shall amount to €4M under the RRF bringing it in line with the remaining balance of €9M on the project.	ERDF MT OPI 2014-2020			025ter - Construction of new energy efficient buildings[5]	40%	40%			5.76	0
6	1 - Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy - C1.1.4 (b) - Investment in the construction of a pilot near-carbon-neutral school to serve as a model for the future and provide a future-proof learning experience to students - RES sub measure	01/10/2021	31/12/2023	0.5	Grants			0.5				0.0			0.0		09.1 - Pre-primary and primary education	The allocation for this component was based on the extrapolation of the cost/sqm for the photovoltaic solar cells at MCH with the roof area of the carbon neutral pilot school project. It is assumed that on the bases of the estimated floor area, circa 733 units can be installed. The actual units to be covered will be determined at implementation stage following the completion of the procurement process. All costings claimed under the RRP exclude VAT amounts.	MCAST Resource Centre		Photovoltaic solar cells at the pilot school project are comparable to the Photovoltaic solar cells at the OHSA Building. The system at OHSA costed a total of €26.4K and consisted of 38 Photovoltaic solar cells. Hence the rate per Photovoltaic solar cell amounted to €695.54 which when inflated by 5.6% the rates amounts to €734.49. The rate per Photovoltaic solar cell for the CMPS amounts to €682 resulting in a difference of -7%.	ERDF MT OPI 2014-2020			029 - Renewable energy: solar	100%	40%			0.5	0

Table 2 Estimated cost of the plan and green and digital impact

Table to be filled in with the estimates of expected costs in EUR in current prices. This table should provide a summary of the key information on costing for each reform/investment. Additional, more detailed information should be submitted separately. "Estimated costs": Please note that only the costs for which RRF funds are requested should be entered here. "Funding from other sources": Please state here the source and amount in cases, in which the same reform/investment or a reform/investment that is closely linked receives or is expected to receive funds from other sources (which should not cover the same cost). "Methodology used and description of the costs": Please describe briefly the methodology and mention the main cost drivers. "Source of methodology" (if any): Please provide references to the methodology and data sources that you used. "Specify source" and "Possible reference to past EU programs" (under comparative costing data): Please mention past investment/reform projects that are benchmarks for the cost estimate and the source of the costs for these projects. "Independent validation" (if any): Please provide the name of the validating organisation/agency, and a reference to the validation document.

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B. Component 2: Addressing carbon-neutrality by decarbonising transport

1. Description of the component

Summary Box - Addressing carbon-neutrality by decarbonising transport

Policy area/domain: Green: Mobility and transport

Objective: This component aims to contribute towards Malta's resilience and commitments concerning national GHG emissions reduction targets in line with international and national policy and strategic frameworks. More specifically, this component seeks to contribute to the EU's collective 55% net GHG emissions reduction target by 2030 when compared to 1990 levels in accordance with Article 3 (1) of the European Climate Law[1]. The objective of this component is to contribute towards national efforts aimed at facilitating cleaner, smarter and more sustainable mobility in line with Malta's *National Energy and Climate Plan for 2030* (2019)[2], the *2050 Low Carbon Development Strategy*[3], Malta's *National Reform Programme* (2020)[4] and Malta's *National Transport Strategy for 2050*.

RRP reforms and investments, in addition to interventions planned under Cohesion Policy and national funds aim to holistically contribute towards addressing CSR 3 of 2020, CSR 3 of 2019 and CSRs 1 and 4 of 2022 with a focus on the green transition, sustainable transport and the reduction of traffic congestion.

[1] Partial General Approach for a Regulation of the European Parliament and of the Council on establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/1999 (European Climate Law), 12261/20 (European Commission, 2020)

https://www.consilium.europa.eu/media/46514/st12261-en20.pdf

[2] Energy and Water Agency (2019) Malta's 2030 National Energy and Climate Plan, available from https://www.energywateragency.gov.mt/2030-necp/

[3] The drafting of the Low Carbon Development Strategy is currently underway. Malta's Low Carbon Development Strategy (2017, Public Consultation Document); https://meae.gov.mt/en/Public_Consultations/MSDEC/Documents/MSDEC%20LCDS%20Vision.PDF

[4] Malta National Reform Programme (Ministry of Finance and Financial Services, 2020), https://mfin.gov.mt/en/Library/Documents/NRP/NRP_2020_final_version_04052020.pdf

The component follows the concept of the **European Flagship 'Recharge and refuel'** by promoting future-proof clean technologies and accelerating the use of sustainable transport through the use of zero and low emission vehicles thus making the Maltese Islands cleaner and contributing to reaching the 2050 climate neutrality objective. Such initiatives are in also complementary to the REPowerEU objectives.

Reforms and investments:

Reforms:

i) Stimulating the adoption and implementation of policies promoting the sustainability of the transport sector, including by encouraging the use of collective and multimodal transport

The decarbonisation of the transport sector will be supported through a two-fold approach. Firstly, the enhancement of a policy framework that will lay the parameters for sustainable transport development in Malta which addresses current and future needs; and the promotion of a combination of land and sea transport methods to maximise resources, encourage modal shift and reduce pollution through the decarbonisation of means of transport.

This approach will enhance the sustainability of the transport sector and provide viable and green alternatives to the use of private cars, as necessary, in line with the 2020 and 2022 Country Specific Recommendations[5] [6].

ii) Promoting further use of collective road public transport

This reform shall aim to further promote the use of public transport by widening the cohorts eligible for free road public transport. This will contribute towards decarbonisation in this area and will complement other reforms envisaged in the area of road transport that collectively will have a material impact on the achievement of Malta's climate targets.

iii) Expediting the finalisation and implementation of a Sustainable Urban Mobility Plan (SUMP) for the Valletta Region

This reform will aim to fast track the adoption and implementation of the SUMP for the Valletta region with the aim of improving transport systems and ensuring transport sustainability. The SUMP covers the northern and southern harbour area capturing more than 40% of the entire population of the Maltese Islands.

iv) Reducing the socio-economic and environmental impact of vehicles in urban areas

This reform will aim to establish open and car free spaces across Malta and Gozo in line with the measures outlined in *Malta's Transport Master Plan*. The aim of this

[5] 2020 Country Specific Recommendations, pp. 5, 7.

[6] 2022 Country Specific Recommendations, pp. 9-10.

reform is to identify areas that can be pedestrianized as well as ancillary facilities to create open spaces within urban areas.

v) Promoting remote working in the public service

Through this reform, remote working in the public service will be enhanced as part of Government's multi-faceted approach towards the decarbonisation of the transport sector. This reform will contribute towards a reduction in daily commutes, traffic congestion and improve air quality.

vi) Enhanced mobility management in the public service

Government aims to lead by example by improving the mobility management policies of the Maltese public service. Such initiatives will be consolidated through the development and promotion of ride sharing mechanisms and the deployment of cleaner vehicles such as electric fuelled vehicles. This policy reform shall also aim to address the deployment of sustainable shared mobility services across government institutions where possible through the adaptation of the system to enhance collective transport measures across the public service.

Investments:

i) Enhancing the uptake of electric vehicles in the private sector EUR 50.3M;

ii) Decarbonising the public sector fleet EUR 10M; and

iii) Part replacement of the Public Transport Fleet EUR 34M.

Estimated cost: The overall estimated cost of this component to be covered by the Recovery and Resilience Facility amounts to EUR 94.3M.

2. Main challenges and objectives

a) Main challenges

In Malta, GHG emission trends have decreased since 2012 in comparison with the previously registered increasing trend as noted in the National Energy and Climate Plan (NECP). However, road transport remains one of the major contributors to GHG emissions taking into consideration increased demand for mobility and population growth. The NECP further notes that Malta's GHG emission trends may be due to greater demand met across the years for major emitting activities, particularly energy generation and mobility (i.e. road transport) as population growth increased. Road transport's gradual increase throughout the years, mainly driven by the increase in mobility amounted to a share of 26% of total national emissions (and an increase of 80.3% over 1990 road transport emissions) in 2018. According to Malta's *National Policy Framework - Alternative*

Fuels Infrastructure for Transport in Malta[1], the transport sector is significantly dependent on fossil fuels, equivalent to 74% of fuel used in the inland market and accounting for the largest share of the total conventional energy consumed in Malta.

Over the last 40 years, insufficient spatial planning and decentralisation of retail, administration and jobs away from the centre coupled with increased popularity of and dependency on private cars have led to increased spatial separation between homes, and places of work and education, the creation of new centres, and the loss of critical mass along many public transport routes. Government is fully cognisant of these undesirable trends but is also aware that major land use changes to bring about transit-oriented development are, by nature, long-term.

There are no rail-based systems in Malta, and therefore no direct substitutes for travel by road for the internal transport of passengers and goods except between accessible coastal areas. For journeys outside of coastal areas, there are no alternatives for the transport of goods by road and the bus service is the only high-capacity alternative to the private car. The bus service, extensive in its network as it is, cannot foreseeably cater for all travel movements directly in the shorter term, given the complex spatial distribution of trips resulting from decentralisation. Journeys between certain towns of lower-level demand are invariably longer, more time consuming and more inconvenient than the alternative of private travel.

Malta is aware of its limitation in this regard, with the reliance on vehicle transport is due to the absence of other non-road modes of internal transport as noted also by Eurostat[2] which attributes higher motorisation rates to "suburban, rural and peripheral regions, especially when these lack alternative modes of inland passenger transport". In recent years, Malta has promoted internal travel by sea as an alternative to road transport as much as possibly feasible. So far, the various initiatives have been successful, however the potential demand for modal shift is limited to journeys made between accessible coastal areas, which represents less than 10% of all travel movements. The accessibility of coastal areas is also limited due to climate and other weather conditions which impinge on the feasibility and safety of berthing facilities along the coast. It should be underlined that Malta's poly-centric urban layout means that travel between certain urban centres is not within walking distance. Moreover, the use of bicycles is also limited because of the respective distances and topography, rendering them to be of very little real alternative to other forms of road transport to make a material impact.

In terms of environmental taxes, Malta contributes significantly to transport taxes in comparison to other EU Member States with households' share in transport taxes exceeding 75%[3]. An Annual Circulation License Fee is applicable for each motor vehicle used on the road, which fee is

[1] Ministry for Transport, Infrastructure and Capital Projects, National Policy Framework: Alternative Fuels Infrastructure for Transport in Malta 2018-2030, https://mtip.gov.mt/en/Documents/NPF%20Malta.pdf

[2] European Commission, Luxembourg: Publications Office of the European Union, 2020. Eurostat Regional Yearbook https://ec.europa.eu/eurostat/documents/3217494/11348978/KS-HA-20-001-EN-N.pdf/f1ac43ea-cb38-3ffb-ce1f-f0255876b670?t=1601901088000

[3] Eurostat (2020). Environmental tax statistics -Statistics Explained

https://ec.europa.eu/eurostat/statistics-explained/pdfscache/5085.pdf

calculated according to the vehicle specifications including age and the vehicle's carbon dioxide emissions. Vehicle taxes thus aim to reduce the number of highly polluting, inefficient cars. In contrast, incentives targeting low vehicle annual license fees apply for electric cars in order to promote their uptake. In fact, electric vehicles and plug-in electric vehicles are already exempt from registration tax and also from the annual road license fee for five years from the date of first registration.

Incentives targeting congestion were also introduced in 2021 where owners of all registered vehicles, including motorcycles, can apply for their vehicle to be licensed for sole use on weekends and public and national holidays and benefit from a reduction of 35% in their annual circulation license fee. Such incentive aims to reduce both GHG emissions and traffic congestion by reducing the number of vehicles on the road network during weekdays.

Although an increase in taxation and charges levied on the use of private cars may be considered a conventional approach to reducing travel demand in many cities, it may not be applicable to the same extent in Malta, given the specificities of the transport system whilst also noting the substantial fees already imposed. The excise duty on fuel in Malta is currently much higher than the minimum ETD rates (50% more than the minimum for both leaded and unleaded and 20% more for diesel). According to the latest data, energy taxes in transport as a percentage of total taxes in Malta is also higher than the EU average (16.7% in Malta, 10.8% in the EU for 2018). Past experience has shown that demand has been largely unresponsive to changes in the price of fuel, licence and/or registrations for new cars. Higher costs tend to be absorbed by car owners and in the case of transport operators, passed on to their users. This tends to result in a higher expenditure on transportation, both in actual and in a proportional nature when compared to other expenditure, rather than a shift in transportation mode. As a result, increasing further transport taxation would burden households, particularly low-income households. Due to socio-economic reasons as well as limited impact on the use of road transport and the mode of transport used; the introduction of additional fiscal measures is not envisaged nor deemed viable and effective, especially taking into account the realities on the ground in Malta.

b) Objectives

Building on the successful measures implemented thus far to incentivise the Maltese community to use different means of transport modes, Malta aims to focus on measures which either encourage the development and use of green travel modes or measures aimed to facilitate the reduction in need to travel. The pandemic has in fact shown that the reduction in need to travel has been the most effective way to curb environmental impacts posed by the transport sector. Substituting fossil fuel-based transport by zero emission alternatives will reduce air pollution and noise with positive effects on public health.

The proposed reforms and investments 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*[4], and Malta's *Sustainable Development Vision for 2050*. Such investments directly relate

[4] The drafting of the Low Carbon Development Strategy is currently underway. Malta's Low Carbon Development Strategy (2017, Public Consultation Document); https://meae.gov.mt/en/Public_Consultations/MSDEC/Documents/MSDEC%20LCDS%20Vision.PDF

to measures identified in the National Reform Programme (2020) and are in accordance with Malta's *National Transport Strategy for 2050*[5] which encourages the use of greener fuels and vehicles through Guiding Principle 4.

The policy reform process and initiatives emanating therefrom will uphold the principles of equality and non-discrimination (including accessibility) in line with, amongst others:

- Equality between men and women: Chapter 456 Equality for Men and Women Act; and Chapter 452 Employment and Industrial Relations Act;
- Equal opportunities: LN 85/2007 Equal Treatment of Persons Order; and LN 181/2008 Access to Goods and Services;
- Non-discrimination including accessibility for persons with disabilities: Chapter 413 Equal Opportunities (persons with disability) Act.

Apart from complementing the European Flagship, *Recharge and Refuel*, this component also aims to contribute to the *EU's Biodiversity Strategy for 2030*[6] which notes that pollution is one of the five main direct drivers of biodiversity loss. To this end, by reducing GHG emissions in complementarity with REPowerEU objectives, Malta's RRP aims to reduce the impact of pollution on people's health and the environment. This stance is also in line with the *EU Action Plan: 'Towards Zero Pollution for Air, Water and Soil*[7]. The interlinkages of climate change and biodiversity have thus been taken into account through the proposed climate adaptation and mitigation measures, ensuring that these are both compatible with policies for the protection of biodiversity in Malta and the goals of creating a climate-resilient and low carbon economy.

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

[6] European Commission, 2020. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions EU Biodiversity Strategy for 2030 [COM(2020) 380 final]

https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0380&from=EN

[7] European Commission, 2021. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions Pathway to a Healthy Planet for All EU Action Plan: 'Towards Zero Pollution for Air, Water and Soil' [COM(2021) 400 final] https://ec.europa.eu/environment/pdf/zero-pollution-action-plan/communication_en.pdf

3. Description of the reforms and investments of the component

a) Reforms:

i. Stimulating the adoption and implementation of policies promoting the sustainability of the transport sector, including by encouraging the use of collective and multimodal transport

Challenges: Malta's NECP (2019) projects that the number of road vehicles will continue to increase as a result of population growth and economic development, thus underlining the need for further action to improve the sustainability of the transport sector and decarbonising this sector. National statistics reflect an overall increasing trend of GHG net emissions in the transport sector with a 20% increase in 2018 over 2007 GHG net emissions, amounting to an average increase of 4% on a yearly basis (albeit several reductions recorded in 2009, 2011 and 2016) and an average 3% increase in newly registered licensed vehicles across the years.

Although advances have been made based on measures being implemented through Malta's current *National Electromobility Action Plan* (2013) aimed to assist in increasing the deployment of Electric Vehicles (EVs) and alternative fuels infrastructure, Malta needs to ensure that its related policies and measures meet the demand foreseen for the necessary infrastructure, taking into consideration its GHG reduction targets and the projected growth as mentioned in the previous section of this document. The transition towards the electrification of vehicles is also being challenged by the low uptake experienced due to high price differential.

Malta's transport network caters for over 1 million daily trips. Although most of these trips are carried out using private vehicles, an extensive public transport system, comprising of bus and ferry routes, encompasses an estimated 19% of all trips[8]. About 1.5 million passenger trips were made on the existing ferry service between Cottonera, Valletta and Sliema in 2018 as ferry commute in the Grand Harbour and Marsamxett Harbour areas is becoming increasingly popular as an alternative mode of travel in this region. Ferry services in the Grand Harbour interchange with bus services at four different points – Sliema, Valletta (Lascaris), Cospicua and Sliema (Marsamxett)[9]. Interoperability is fundamental for the development of an efficient intermodal transport system, which in turn ensures good access for users across the whole network.

Objectives: This policy reform aims to facilitate the implementation of measures under Malta's Transport Master Plan and the adoption of a revised plan. The development, implementation and monitoring of the plan are specific measures necessary for the implementation of Malta's *National Transport Strategy 2050*. This reform is in line with Malta's increased ambitions, in light of the Green Deal, to speed up the transition of the transport sector towards zero carbon and less congestion. Such policy reform will take into account this situational context to ensure and

[8] Transport Malta (2021). CT2066/2021 - Tender for the Commissioning of a National Household Travel Survey https://www.etenders.gov.mt/epps/cft/prepareViewCfTWS.do?resourceId=7414975

[9] Source: Infrastructure Malta (2019), Maritime Infrastructure News Report, https://www.infrastructuremalta.com/projects/maritime-infrastructure

uphold Malta's targets and commitments related to the achievement of climate neutrality by 2050 and the sustainability of the sector.

The *National Transport Strategy* (NTS) provides a vision for the transport sector in Malta for the years up to 2050. It describes the strategic goals and direction to achieve these goals as well as identifies indicators to measure progress. The vision for the NTS is to provide a sustainable transport system which is efficient, inclusive, safe, integrated and reliable for people and freight, and which supports attractive urban, rural and coastal environments and communities where people want to live and work, now and in the future. Six strategic goals have been developed in the context of the vision. These goals which were developed on the basis of research, policy review, and analysis are as follows:

i. to support economic development;
ii. to promote environmental and urban sustainability;
iii. to support social development and inclusion;
iv. to provide accessibility and mobility;
v. to be safe and secure; and
vi. to work towards public health and safety.

A number of result indicators have been established for each of these six strategic goals' long-term targets to aim for 2025, 2030 and 2050.

The *Transport Master Plan* (TMP) is the first operational plan published within the longer-term framework of the *National Transport Strategy 2050*. It contains more than 80 measures aimed at achieving sustainable mobility in passenger and goods transport within the Maltese islands. These include policy, economic and regulatory measures, planning and design measures, physical and technical and supporting measures. The TMP contains timelines for the implementation of each measure, sets out the monitoring process and establishes short to medium term quantified targets.

The ten-year TMP is currently undergoing a mid-term review, as part of the monitoring mechanisms in place, which involves mapping of progress on the implementation of the planned measures and quantifying their contribution so far towards achieving the 2025 targets. Since the publication of the TMP in 2016 there have been policy developments (at both the EU and national level) in relation to strategic goals (ii) and (iv), in particular with regard to decarbonisation of transport. Therefore, the current TMP will be extended to 2030 and further measures will be explored, defined and assessed for their impacts on modal share, vehicle fleet composition and GHG emissions from the road transport sector in particular. These measures shall aim to ensure alignment with the 2050 *National Transport Strategy* on the basis of national targets set towards the achievement of climate neutrality.

The process will entail carrying out a national household travel survey (a census involving 6% of Maltese households) to quantify current travel patterns, behaviour and gauge public opinion on new potential measures to be included in the updated TMP. It will also assess the impact of the COVID-19 pandemic on travel pattern and behaviour. The survey will be used to assess new policy measures, such as free public transport and remote working to be able to develop new measures in the short, medium and long-term.

The measures identified in the Plan shall continue to guide Malta in enhancing the sustainability of transport through EU and national funding. Taking into consideration the critical aspects for Malta in terms of linked transport needs and specificities, the reduction of traffic congestion remains an important element in investments undertaken.

In recent years, Government invested heavily in the transport sector through various fronts, including strengthening the road network, promoting public transport and enhancing multimodal mobility, amongst others. By the end of 2020, taking into account interventions under Cohesion Policy (both 2007-2013 and 2014-2020 periods), 16.63km of roads were upgraded. It is also expected that through the interventions being carried out during the 2014-2020 Programming Period, 410 tons of CO_2 per year will be decreased from the current levels of transport emissions.

In order to continue addressing congestion and decarbonisation challenges, investments in TEN-T roads and multimodal shifts are also foreseen under Cohesion Policy funds 2021-2027. Whilst the decarbonisation of road transport rolling stock and the promotion of alternative modes will be primarily supported through the RRP, such initiatives will be complemented by the provision of charging infrastructure and the decarbonisation of ports through other EU funds, primarily the Connecting Europe Facility (CEF) and the Just Transition Fund (JTF). In addition, initiatives promoting sustainable urban mobility and investments in TEN-T infrastructure are also foreseen under ERDF and Cohesion Fund (CF).

Furthermore, through national funds, Government is currently undertaking studies for a possible introduction of a mass rapid transport (MRT) system in Malta, including light rail. The study includes options analysis, development of best option, feasibility study, development of the network and a Strategic Outline Business Case. The first phase of the study has been completed and Government is now moving to proceed with the second stage of the studies, including the continuation of the development of the proposed network in greater detail, geo-technical studies and other studies such as a more detailed financial appraisal and a number of financing and operational models. The outcomes of the next phase of studies will help to determine whether the project is viable within the local context.

Last but not least with the aim of instilling a long-term behavioural change towards sustainable mobility, an important part of this reform shall be the implementation of an awareness-raising campaign targeting the general public. In this regard, following the adoption of *2030 Transport Master Plan*, an awareness raising campaign targeting sustainable low-carbon transport will be undertaken with the aim of fostering increased modal shift, including the enhanced use of public transport and increased uptake of electric cars by promoting their expected impacts. This campaign shall be based on needs and challenges identified in Malta's *Transport Master Plan 2030* and shall be linked with planned measures, reforms and investments as applicable.

Implementation: This reform shall involve close collaboration and consultation with relevant stakeholders, including the general public. The revision of Malta's *Transport Master Plan 2025* is currently underway which process is being led by the Ministry responsible for Transport.

Taking into consideration principles of openness and transparency, a public consultation for all stakeholders will be held on the *Transport Master Plan 2030* in view of the revisions being made to encourage extensive discussion and participation in the reform process.

All elements of the reform process (National Household Survey and the Awareness Raising Campaign) will be led by the Ministry responsible for Transport.

Target group: The general public (transport users).

Timeline: The respective timelines are presented in the Annex 2.2.

ii. Promoting further use of collective road public transport

Challenges: In line with measures identified in the current *Transport Master Plan*, Malta's transport reform process includes the promotion of collective public transport. In recent years, various initiatives have been undertaken in this regard including free Travel Schemes for 14 -20-year-olds, Student Tal-Linja Cardholders who are over 20 years old, and Tal-Linja Cardholders who either have a disability or are over 70 years old. The public transport reform which brought about a radical change in the provision and operation of bus services and quality of service resulted in an 83.6% increase in bus passenger trips between 2010 and 2019.

In more recent years, investment focused on service digitalisation (which is now highly advanced) with 87% of all passengers using smart travel cards and the majority of bus users benefiting from free Wi-Fi onboard, travel apps for journey planning and real time information on bus arrivals.

Table 2.1: Bus Service Patronage 2010-2020

Year	Pax
2010	**31,277,114**
2011	33,152,731
2012	34,030,681
2013	39,438,822
2014	43,687,135
2015	42,160,228
2016	43,253,238
2017	48,053,045
2018	53,467,404
2019	**57,409,385**
2020*	33,776,664

*Service significantly affected by the COVID-19 pandemic

Modal shift from car to bus is being encouraged by Government through incentives, primarily by offering fare-free public transport, given to four cohorts of the population. To date, fare-free public bus transport has been made available to persons as follows:

- 2017: 18-year olds;
- 2018: 16 to 20-year olds;
- 2019: 14-year olds + students 21 years and over;
- 2020: 75 years and over + disabled persons;
- 2021: 70 years and over.

The cohorts currently benefiting from fare-free bus travel today are:

a) Youths 14 to 20 years old;
b) Students 21 years old and over;
c) Disabled persons;
d) Elderly persons 70 years old and over.

The reasoning behind offering fare-free public bus travel for the younger cohorts was aimed to encourage the younger generation to adopt public transport as their means of travelling, postponing or even not considering making use (even purchasing a means) of private transport. The reason for offering fare free bus travel to the older cohort aimed to accelerate the decision of this group to stop making use of their private vehicles earlier. Whereas fare-free concessions for disabled persons is in line with government policy to make public transport fully accessible to all.

Through the public transport reform process, measures enhancing service quality were also undertaken including the introduction of new buses to address increased capacity and energy efficiency, increased frequency on a number of routes and modification to existing routes.

In addition, 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.

In October 2018, free collective school transport for all primary and secondary school students was also introduced by Government through national funds with the aim of further decarbonising transport. Although the effect of these measures on emissions has yet to be fully assessed, it is estimated that this measure has led to a reduction of circa 6,300 car trips. Furthermore, in 2020, over €2.5 million in grants were allocated to the purchasing of environmentally friendly vehicles and electric vehicles (including pedelecs). As a result of an investment of €1.6 million in incentive grants in 2020 (as of August 2020), 278 electric vehicles and 246 pedelecs were registered, while an additional €1.06 million were given in incentive grants for the purchase of 912 new-environment friendly vehicles (scrappage scheme). In April 2021, Government launched the largest package of transport financial grants to support a further roll out of sustainable and efficient means of transport.

Road infrastructure interventions undertaken through the Cohesion Fund (CF) and the Connecting Europe Facility (CEF) also aim to address decarbonisation through reduced bottlenecks, congestion and increased connectivity in line with Malta's *Transport Strategy 2050*[10] and Malta's *Transport Plan 2025*[11]. In this regard, Government has continued to invest in the road network, including the opening of all seven flyovers at the Multi-level Junction in Marsa and the opening of the Santa Luċija Roundabout Underpass, while the first new road as part of the Central Link Project was also opened.

Investment in road infrastructure is permitting the creation of bus lanes to increase inter-modality and reduce dependency of private cars. In recent years the bus operator has invested significantly in the digitalisation of the service. Measures include:

[10] National Transport Strategy 2050 (TM, 2016), https://www.transport.gov.mt/strategies/strategies-policies-actions/national-transport-strategy-and-transport-master-plan-1343

[11] Transport Master Plan 2025 (TM, 2016), https://www.transport.gov.mt/strategies/strategies-policies-actions/national-transport-strategy-and-transport-master-plan-1343

- Provision of disability-friendly accessible website for journey planning, timetables and travel information;
- Sending out regulator email newsletters for subscribers;
- Equipping all buses with automated vehicle location devices for information and service optimisation;
- Setting up traffic control centres at premises of operator and regulator;
- Provision of real-time 'next stop' (digital and audible announcements) information on board all buses;
- Provision of real-time 'next bus' information at key bus stops and bus stations;
- Installation of CCTV at key junctions and bus stations;
- Introduction of integrated smart travel card with online payment facility;
- Introduction of travel app with real time bus arrival information;
- Provision of on-board Wi-Fi for all buses;
- Use of contactless bank cards, smartphones or smartwatches to make public transport more efficient.

With reference to accessibility, a number of measures have been implemented throughout the years to ensure equal access to mobility targeting both public transport and urban mobility infrastructure. These include amongst others:

- Low floor public transport buses equipped with a wheelchair ramp and having a step free entrance. This allows wheelchair users to board buses without any assistance;
- Priority seating in public transport buses for use by persons with mobility impairment, pregnant women, persons carrying infants and the elderly;
- Public transport signal buttons and ticketing machines located at a height within easy reach for wheelchair users and other passengers with mobility restrictions;
- Public transport buses are also equipped with audio and visual systems which announce the name of the next bus stop and the final destination. These two aids are intended, amongst other things, to assist passengers with visual or hearing impairments with their journey.

The above are also complemented by investment in urban mobility facilities, usually within proximity of public transport bus stops, such as pedestrian and cycling bridges allowing for safer commuting modes including cycling access and accessible facilities.

Objectives: Over the past six years, considerable investment has been made in the public bus fleet and technology to ensure that Malta's public transport continues to fulfil its role as the most sustainable mode of transport for Malta. Based on passenger data, changes have also been proposed and implemented in the route network to further increase efficiency, service and reliability. In 2019, average route reliability as measured across the whole network was very high[12]. Customer satisfaction surveys show that customer satisfaction increased from 77% to 79% in the period 2018-2019, with departure punctuality improving from 84% to 89% and arrival from 70% to 74%. This shows that the measures being implemented by investing in the bus service as well

[12] Transport Malta Annual Report- 2019 https://www.transport.gov.mt/0011-Transport-Malta-Annual-Report-2019-web.pdf-f5200

as the infrastructural investments in the road network are yielding results. Nevertheless, Malta plans to continue investing to address congestion also by the removal of bottlenecks including those on the TEN-T network.

Noting the results achieved for public transport free travel schemes in 2019 as mentioned in the previous section, this reform shall aim to further promote the use of public transport through enhanced free public transport travel measures. The RRP will therefore enshrine Government's commitment towards the sustainability of the transport sector. This will complement other RRP reforms and investments including REPowerEU initiatives and interventions funded through other EU and national funds envisaged in the area of road transport that collectively will have a material impact on the achievement of Malta's climate and transport ambitions.

Government intends to continue with its strategy of widening the cohorts eligible for fare free bus travel, as follows:

a. Young children between the ages of 4 and 13 years.

- Current passenger trips: 322, 438 (2019);
- Estimated additional trips: 30,000 per annum;
- Objective: to further introduce the younger generation to public transport at a young age. This will also help to target the promotion of public transport amongst adults (guardians/ parents) by making public transport more affordable especially to low-income households and vulnerable groups. This action also aims to further address social cohesion and reduce disparities.

b. Persons 60 to 69 years old.

- Current passenger trips: 3,645,183 (2019);
- Estimated additional trips: 182,000 per annum;
- Objective: to further accelerate the decision of persons within this age group to renounce/ reduce private car usage at an earlier stage. Similarly, this also aims to increase social cohesion by addressing economic inequality amongst this cohort.

Implementation: The implementation of this measure is being led by the Ministry responsible for Transport in cooperation with Malta Public Transport Services Ltd.

This reform shall introduce new cohorts of the population that will be provided with free access to scheduled road public transport services.

Target group: The general public (transport users).

Timeline: The respective timelines are presented in the Annex 2.2.

iii. Expediting the finalization and implementation of a Sustainable Urban Mobility Plan (SUMP) for the Valletta Region

Challenges: The high urban density, concentration of commercial activity, limitations for transport connectivity, including due to the concentration of cultural and topographical landscape and the urban sprawl significantly impinge on the sustainable development of transport solutions in the Valletta region. Within this context, the SUMP is necessary to identify decarbonization and environmental solutions that will be feasible considering such constraints.

The implementation of a Sustainable Urban Mobility Plan for Valletta City between 2006 and 2010 has led to at least a 10% modal shift from the use of private cars to alternative modes of transport[13]. This framework served as a basis for the development of a SUMP on a regional scale in order to achieve an increased impact.

Objectives: The objective is the finalisation and implementation of the Sustainable Urban Mobility Plan for the Valletta Region. The plan focuses on the northern and southern harbour regions which capture over 40% of the total population of the Maltese Islands[14]. As part of the SUMP, a Sustainable Urban Logistics Plan for Valletta City is also being undertaken with the aim of making urban logistics sustainable, therefore minimising negative impacts on congestion and the environment.

The Sustainable Urban Mobility Plan (SUMP) seeks to improve the quality of life and mobility in Malta. It aims to facilitate cost-effective, energy-efficient, seamless mobility thus making the region more attractive through better planning. Through stakeholder consultations, the challenges and gaps were identified, and a number of measure packages are being developed. These focus on peripheral parking schemes that encourage more sustainable modes of transport including cycling and walking in the city core, the localization and implementation of local transport hubs, cycling infrastructure, car sharing and on demand transport services[15], enforcement, electric vehicles and urban logistics. On the last item, a separate study, data collection and a Sustainable Urban Logistics Plan (SULP) is being developed. The SULP which feeds into the SUMP, looks at the logistics scenario within the city of Valletta and the plan will support economic growth while preserving the city's attractiveness and the health of citizens, visitors and the environment. It has been identified that this can be achieved by exploring further the opportunities that exist through the better application of freight logistics solutions to modernise the vehicle fleet, to improve the efficiency of road freight operation and to make significant operational cost savings.

Implementation: This reform shall involve close collaboration and consultation with relevant stakeholders, including the general public. The finalisation of the SUMP and SULP will be led by the Ministry responsible for Transport.

[13] Environment and Resources Authority (2019) Malta National Air Pollution Control Programme https://ec.europa.eu/environment/air/pdf/reduction_napcp/MT%20final%20NAPCP%2018March20.pdf

[14] Data as at December 2019 provided by the National Statistics Office (2021).

[15] One can book a vehicle via phone call or mobile app.

Taking into consideration principles of openness and transparency, a public consultation will be held on the SUMP to encourage the general public, civil society organisations, trade unions, business organisations, political parties, governmental institutions, amongst others to contribute and participate in the reform process.

Target group: The general public, residents and the business community in the Valletta region.

Timeline: The respective timelines are presented in the Annex 2.2.

iv. Reducing the socio-economic and environmental impact of vehicles in urban areas

Challenges: Malta is one of the most densely populated countries in the world. In terms of demographics and level of urbanisation, Malta as a country can be comparable to a small European city with the increased limitation that Malta does not have a rail system in place.

The reliance on vehicle transport is due to the absence of other non-road modes of internal transport as noted also by Eurostat[16] which attributes higher motorisation rates to "suburban, rural and peripheral regions, especially when these lack alternative modes of inland passenger transport".

In this respect, reforms and investments in clean and smart urban mobility may create or safeguard the urban environment, cater for the needs of an ever-increasing population, and stimulate local jobs and private investments within urban core areas.

Objectives: This reform will aim to establish open and car free spaces across Malta and Gozo in line with the measures outlined in Malta's *Transport Master Plan*. The aim of this reform is to promote the regeneration of public squares and community spaces of our village and town cores including through the identification of landscaping and pedestrianisation areas with the aim of reducing the dependency of private vehicles on set days for set period of time.

This reform will foster safe and quiet space for residents, the elderly, children and families, amongst others, to spend their free time out in the open, while creating more opportunities for local businesses and merchants and creating a space for artists and local organizations to organize activities. The policy reform and its implementation are being planned over a span of three years covering at least one region every year.

Implementation: The open spaces reform is a joint initiative between the Ministry responsible for Transport and the Ministry responsible for Local Government. Local Government within different regions will establish a working relationship, a spirit of collaboration between the parties in relation to slow street sustainable mobility. The Authority for Transport as the national regulator, will assist and facilitate in the processing of ideas / initiatives submitted by the Local Councils Association after consultation with the related Local Council/s. This will lead to more accessible public areas for safe walking and biking.

[16] Eurostat (2020). Environmental tax statistics -Statistics Explained

https://ec.europa.eu/eurostat/statistics-explained/pdfscache/5085.pdf

Target group: The general public, urban localities, local businesses.

Timeline: The respective timelines are presented in the Annex 2.2.

v. Promoting remote working in the public service

Challenges: Malta's small size and geophysical realities present limited options for modal shifts to reduce carbon emissions in transport. This is further compounded by the absence of rail systems which further exposes Malta's reliance on road transport. Dependency on private car transport in Malta is thus high with the collective amount up to mid-2020, being some 395,400 licensed motor vehicles. From this amount 79.6% (304,000) were passenger vehicles 13.9% are commercial motor vehicles and 8.1% are motorcycles/quadricycles. Up to June 2020, some 234,800 vehicles amounting to 59.4% were petrol fuelled whilst only 1.2% (4,900) were electric and hybrid motor vehicles which reflects a low uptake of clean energy vehicles in Malta and Gozo[17].

As outlined in Malta's *National Transport Strategy 2050*, pollution stands out among the environmental impacts of transport. Road transport is the main source of particulate matter and represents an important share in the emissions of a number of other pollutants, including nitrogen oxides, volatile organic compounds, ozone, sulphur dioxide, metallic compounds and benzene. These impacts are especially severe in Malta due to the high car dependency and an old car fleet[18].

Results of a recent study undertaken by the Malta Business Bureau on remote working in Malta, shows that about 33% of the respondents[19] use their private car less than 5 times a week and that the mean number of rides to work stood about 4 per week[20]. Whilst the majority of the full-time respondents worked an average of 16.6 hours from home, about 23.4 hours were still performed from the workplace thus necessitating travel at least 3 to 5 days a week[21]. In this regard, a more holistic remote working policy will aim to further improve the current arrangements and seek to achieve improved results.

Objectives: Based on experience from the COVID-19 pandemic Malta is developing policies, plans and promotion of digitalisation to encourage remote working and further expansion of online services in order to practically reduce the number of motorised trips on the road network with

[17] NSO, News Release, Motor Vehicles: Q2/2020
https://nso.gov.mt/en/News_Releases/Documents/2020/07/News2020_121.pdf, (accessed on 09.12.2020)

[18] Transport Malta, National Transport Policy 2050 for Malta, p. 149. https://www.transport.gov.mt/strategies/strategies-policies-actions/national-transport-strategy-and-transport-master-plan-1343

[19] The study was undertaken amongst diverse NACE code sectors as shown in table 2 of the study

[20] Malta Business Bureau, 2021. Working from home in Malta: Implications for Business and the Environment
https://mbb.org.mt/media/studies/working-from-home-in-malta-implications-for-business-and-the-environment/

[21] Ibid.

the aim of reducing traffic congestion, especially during peak commuting hours. Such initiatives will also complement interventions foreseen under Component 3 of this RRP and those under the REPowerEU Chapter.

Taking stock of this reality and other flexible work arrangements adopted during the pandemic, Government aims to design a comprehensive remote working policy that is future-looking and takes due account of digitalisation. This will not only create a robust framework for remote working in the public service and therefore enable a better work-life balance for its employees but will also contribute towards the reduction of daily commutes, traffic congestion and emissions. Since the public sector is one of the largest sectors in terms of employment with about 21.7% of employees registered as at end October 2020[22], this reform is envisaged to have a wide impact. It can also provide insights and best practice for the business community to follow.

The promotion of sustainable practices in energy and resource efficiency, waste and water will help in ensuring that emissions are not transferred from work offices to homes. As a result of Malta's mild climate however, private dwellings in Malta are already very energy efficient, generally requiring no space heating or cooling during the periods March to June and October to November. This is evidenced by the recent cost optimal studies of energy efficiency of dwellings. According to Eurostat, the Maltese residential sector is responsible for 18% of final energy consumption, which includes energy used for the building itself as well as appliances (compared to an EU average of 26%). Malta's analysis of EPCs shows that the average assumed consumption[23] of a Maltese dwelling is 4,410 kWh per year, equivalent to 41kWh per m^2 on average. This includes only the energy required by the dwellings (space heating and cooling, lighting and hot water) and excludes appliances such as televisions and refrigerators. In particular, this figure is based on energy needs of the heating, cooling, water heating and lighting system.

New buildings (built from 2015 onwards) appear to on average consume 20% less energy than the existing ones. Such new building stock as well as buildings undergoing deep renovations are obliged to abide with the standards in Technical Document F[24] and have insulated roofs, resulting in cost optimal U-values[25] given also Malta's temperate climate. Given that traditionally most dwellings have incorporated shading, adaptive comfort is also easily achievable in the summer months without space cooling. With winters where the lowest temperature rarely reaches 5°C, space heating is also rarely required for buildings built in accordance with Technical Document F.

[22] National Statistics Office (2021) 042/2021 News Release: Registered Employment: October 2020 https://nso.gov.mt/en/News_Releases/Documents/2021/03/News2021_042.pdf

[23] As the data are based on EPCs, the energy consumption levels are based on a theoretical calculation.

[24] Building Regulations Office, Technical Guidelines F, https://epc.gov.mt/legislation

[25] Insulation of the building fabric is measured through the U-value, which estimates the resistance the wall offers to the outside temperature. The value is expressed in W/m2K, which means that the more efficient a building is, the lower this value would be.

Government has repeatedly provided grant incentives to households for the installation of Photovoltaic Installations. Data from NSO[26] shows that in 2017 there were 21,500 domestic PV installations, 94% of the total PV installation in Malta. The combined output of the domestic, public and commercial PV amounted to 158GWh. This of course further contributes to making households more energy efficient thereby lowering total emissions.

The above-mentioned study also examined respondents' behaviour at home versus at work in respect to the use of air-conditioning, printing, water and unseparated waste. Results show that overall, employees tend to avail themselves of printing (74%) and of air-conditioning (53%) more at work than at home. Increased sustainable waste management seems also to be more practiced at home than at work (30%).

As part of its drive to encourage remote working, Government is promoting the use of remote workspaces in offices in main towns and cities through regional hubs. A number of remote workspaces have already been officially opened in various localities in Malta including St. Venera, Birkirkara, Ħal Qormi, and Mosta and more recently in San Ġwann, Birgu, Żurrieq, Msida, and Valletta. The possibility to work from home or through regional hubs is expected to reduce journeys to and from work and therefore traffic congestion.

Through this reform, remote working in the public service will be better structured and facilitated. It will therefore be a complementary measure to reduce transport congestion, emissions and improve air quality.

This initiative will also complement Malta's continued pursuit of equality objectives and family-friendly measures by further facilitating the combination of professional and caring responsibilities. This reform will also facilitate employment possibilities for persons with mobility challenges taking into consideration the advantages of remote working.

Implementation: This reform will be led by the Ministry responsible for Public Administration.

Target group: Government of Malta employees.

Timeline: The respective timelines are presented in the Annex 2.2.

vi. Enhanced mobility management in the Public Service

Challenges: In the public service, the vehicle fleet is operated in a decentralised manner which limits the transition towards an integrated and interoperable, sustainable public service transport system. The limited coordination in terms of usage is also a barrier for efficient and effective transport services.

It is estimated that currently the government fleet of general use vehicles is composed of around 466 vehicles. These vehicles are not assigned with a particular officer, but rather used as pool cars within each Ministry or Department. Planning of transport services across government

[26] NSO, Renewable Energy from Photovoltaic Panels.

authorities is challenging taking into consideration the different tasks, specificities and needs of public administration services.

Objectives: The objective of this reform is the deployment of sustainable shared mobility services across government institutions, where possible, through the adaptation and digitisation of the system to enhance collective transport measures across the public service. Digitalisation of public service transport will be sought whenever possible to enable more sustainable, effective and efficient shared mobility services across government potentially resulting in a reduced vehicle fleet and reduced congestion and travel time, and therefore further decreasing GHG emissions. It is expected that this measure together with the conversion of the public fleet sector's vehicles will result in a more efficient and clean transport service for the public sector which will aid to further instil and promote the shift to cleaner and shared modes of public transport amongst the general public.

The first action of this reform will entail a study to assess public service transport infrastructure currently in place across the Maltese Islands in general and specifically at the respective ministries and departments. A census of all government general-use cars will be carried out, to also identify the number of daily trips carried out by the government fleet, along with the mapping of these trips. This shall aim to enable a better and more efficient organisation of the fleet.

Results of the study shall determine whether the volume and frequency of short trips merit the introduction of broader mobility solutions. The government fleet trip mapping exercise shall aim to aid in the selection of hub locations with maximal impact by targeting areas of greatest activity.

Using information obtained from the study, the needs and infrastructure required to cater for the greening of the current government fleet, to efficiently handle the increased load of electric vehicles and ensure a smooth transition to green vehicle procurement will be identified. This includes charging points and other alternative fuel infrastructure, along with any infrastructural needs arising from new transport systems.

This process will result in the identification of a more efficient transport system, including feedback on an enterprise-grade smart mobility platform for the fleet management of general use vehicles taking into consideration green travel plans. Results of the study shall also determine whether during their idle time (such as during the evening of weekdays and during weekends) these vehicles can be offered for use by the general public outside the general office hours of Government Ministries and Departments. The outcomes of the study will lead to the development and implementation of a public service mobility plan.

Implementation: The implementation of this reform shall be led by the Ministry responsible for Public Administration. This reform shall involve the development of an enhanced mobility management plan and promotion of ride sharing mechanisms resulting in greener and cleaner mobility in the public service. The study is being funded through national funds.

Target group: The Public Service.

Timeline: The respective timelines are presented in the Annex 2.2.

b) Investments

i. Enhancing the uptake of electric vehicles in the private sector

Challenges: Malta has seen an overall increasing trend of GHG net emissions in the transport sector with a 20% increase in 2018 over 2007 GHG net emissions, amounting to an average increase of 4% on a yearly basis (albeit several reductions recorded in 2009, 2011 and 2016) and an average 3% increase in newly registered licensed vehicles across the years. As specified in the previous sections of this plan, NECP projections show that Malta's primary and final energy consumption is expected to grow till 2040 with transport remaining the highest consuming sector, and road transport contributing to approximately half of the total share of transport.

Taking into account this situational context and Malta's targets related to the achievement of climate neutrality by 2050 sizeable private and public investment is required to promote and sustain this transformation for the effective reduction of greenhouse gas emissions in the transport sector. This investment must be viewed within the wider efforts for the decarbonisation of the transport sector as well as efforts to shift to collective mobility and reduce bottlenecks.

The current price differential for electric vehicles remains a challenge for the effective uptake of cleaner vehicles. Thus, in order to ensure a more meaningful shift towards low carbon transport and the critical mass necessary to make a significant leap in GHG emission reduction in line with the 2030 targets, further support is necessary to address this market failure.

Objectives: The main objective of this investment is to decarbonise the transport sector through a reduction of emissions emanating from the road transport sector in Malta by promoting and enhancing the uptake of electric vehicles in the private sector, including the commercial sector, with the aim of instigating a wider shift towards greener fuels and vehicles. In line with the European Commission's Sustainable and Smart Mobility Strategy, and with Flagship 1 – Boosting the uptake of zero-emission vehicles, this investment targets the increased accelerated conversion of the private sector fleet to clean transport amounting to circa 5,600 electric vehicles. This is expected to result in a reduction of CO_2 emissions from the private transport sector fleet estimated at about 6,200 tonnes[27] annually.

The Electric Vehicle Grant scheme has been in operation since 2014, which scheme is updated and refined each year using market research. The scheme takes into consideration the following factors:

a) Current market prices of ELV, new and used;
b) Price differential between Used ELV and New ELV;
c) Price differential between comparable vehicle models ELV and ICE;
d) Market supply / model availability of new ELV vehicles available as Right-Hand Drive;
e) Market demand as indicated by the yearly uptake of grants made available since 2016.

[27] Estimated on a combination of 3,500 small size petrol and small size diesel vehicles (passenger cars). CO_2 emission data per passenger car was based on information obtained from MRA inventory regarding emissions per vehicle category, which is the official inventory as approved by UNFCCC and European Commission reviewers.

The structure of the grant scheme has been designed to optimise the number of ELV vehicles being registered with the uptake of grants. The following shows the design for the scheme to be offered in 2021.

ELV Scheme for passenger and goods carrying vehicles – Budget €2,500,000 supported through national funds.

a) Private Individuals

Grant	Purchased Vehicle (ELV)		Scrapped Vehicle (ICE)	
	Type	Age from First Registration	Type	Age from Year Manufacture
€9,000	M1, N1	New	M1, M2, N1, N2	> 10 years
€8,000	M1, N1	New		N/A
€5,000	M1, N1	Used < 6 months & < 6,000km odom.	M1, M2, N1, N2	> 10 years
€4,000	M1, N1	Used < 6 months & < 6,000km odom.		N/A
€3,000	M1, N1	Used < 15,000km < 36 months	M1, M2, N1, N2	> 10 years
€2 ,000	M1, N1	Used < 15,000km < 36 months		N/A
€1,000	M1, N1	Used < 36 months & < 72 months		N/A

b) Registered business, registered Private Companies[28], Local Councils and registered Non-Government Organization (NGO's)

Grant	Purchased Vehicle (ELV)		Scrapped Vehicle (ICE)	
	Type	Age from First registration	Type	Age from Year Manufacture
€12,000	N1, N2, M2, M3	New	M1, M2, N1, N2	> 10 years
€11,000	N1, N2, M2, M3	New		N/A
€9,000	M1	New	M1, M2, N1, N2	> 10 years
€8,000	M1	New		N/A
€5,000	M1, M2, N1, N2	Used < 6 months & < 6,000km odom.	M1, M2, N1, N2	> 10 years
€4,000	M1, M2, N1	Used < 6 months & < 6,000km odom.		N/A
€3,000	M1, N1, N2	Used < 15,000km < 36 months	M1, M2, N1, N2	> 10 years
€2,000	M1, N1, N2	Used < 36,000km < 36 months		N/A
€1,000	M1, N1, N2	Used < 36 months & < 72 months		N/A

[28] Registered business and registered Private Companies, an amount of grant as stipulated in the De Minimis Regulations (i.e. a maximum of €200,000 (or €100,000 in the case of undertaking performing road freight transport for hire or reward) in de minimis aid per single undertaking over a period of three consecutive fiscal years) and grant can be availed with a mix and match of vehicles in the above Table.

The schemes implemented thus far will be used as a basis for the development of more ambitious schemes that will be supported through RRP under this component with a view to stimulate further demand and accelerate take up. In designing and implementing the schemes particular attention will be given to an intensification effort in Gozo, in line with the objective to accelerate Gozo's transition towards carbon neutrality.

Therefore, it is envisaged that the schemes for 2022, 2023, 2024 and 2025 will be revised whereby the following criteria will be taken into consideration:

1. Price convergence between ICE and electric vehicles for all similar models, and
2. Take up of vehicles applying for the grant during 2021.

The new schemes under the RRP, which will aim to further the take up of EVs will also aim to reduce congestion on the road by promoting the uptake of alternative modes of transport including motorcycles and pedelecs.

In order to sustain the process towards the electrification of transport, a number of measures have been taken to date including the installation of some 56 charging pillars. The rollout of additional charging pillars is expected to continue as part of the SMITHS with 108 unitary AC charging pillars with Mode 3 sockets for AC charging cables with Type 2 connectors and 22 fixed DC CHAdeMO and DC CCS charging cables and a Mode 3 socket for AC charging cables with Type 2 connectors. Considering the increase in electric vehicles in future, plans are also underway to install additional charging pillars across Malta and Gozo through Cohesion Policy Funds and the Just Transition Fund.

With the aim of addressing challenges faced in relation to residential charging of electric vehicles, initiatives were undertaken in 2020 and 2021 with cheaper electricity tariffs introduced to EVs owners. A complementary pilot project was also introduced where the charges covering installation and equipment costs for a second metre were waved, with a fixed flat rate of €0.1298 per unit applied during the off-peak period (00.00 hrs – 06.00 hrs).

These initiatives shall complement other initiatives aimed at addressing social needs and challenges in the mobility sector through national grants for the licensing of new wheelchair accessible M1, or M2, or M3 category vehicles[29]. These vehicles will be used for the transport of passengers for hire or reward so that persons who make use of wheelchairs may have easy and unaided access to these services. The overall objective of this scheme is to introduce accessible public-transport vehicles which may be used by persons with disabilities.

Furthermore, this investment will continue to be complemented by the provision of training courses offered by MCAST for qualified and experienced automotive mechanics seeking to broaden their knowledge on electric vehicles. Upskilling and re-skilling will also be targeted under ESF+ as part of wider initiatives to foster the green transition, as well as growth and jobs.

[29] Government Gazette – 9th April 2021. Government Notice No. 480. https://www.transport.gov.mt/GG.pdf-f6214

Implementation: The investment involves financial incentives for the purchase of private and commercial electric vehicles, in combination with scrapping schemes where applicable. The grant subsidies will better reflect the price differential of EVs when compared to conventionally fuelled cars thus accelerating the take up process.

The implementation will be coordinated by the Ministry responsible for Energy, in cooperation with other relevant partners, as necessary.

The direct beneficiaries of the above schemes are the private sector, including the commercial sector. To the extent that private households are involved no State Aid issues will arise. In case of undertakings a specific State Aid measure will be designed. The necessary notifications of the measure as well as monitoring and annual inventory reporting will be done in line with the respective State Aid rules.

Target group: Users of conventional-fuelled vehicles and prospective buyers of ICE vehicles.

Timeline: The respective timelines are presented in the Annex 2.2.

ii. Decarbonising the public sector fleet

Challenges: As mentioned previously, bearing in mind Malta's situational context and its targets related to the achievement of climate neutrality by 2050 public investment is required to promote and sustain this transformation for the effective reduction of greenhouse gas emissions in the transport sector by also focusing on the public service.

Objectives: The main objective of this investment is decarbonising the transport sector in Malta by promoting and enhancing the uptake of electric vehicles in the public service. This objective is in line with the European Commission's Sustainable and Smart Mobility Strategy, and more notably with Flagship 1 – Boosting the uptake of zero-emission vehicles.

This investment shall also aim to address the deployment of sustainable shared mobility services across government institutions where possible through the adaptation and digitisation of the system to enhance collective transport measures across the public service as complemented by the reform outlined earlier in this document. It is estimated that about 250 cars of the current fleet are converted to electric vehicles resulting in an estimated reduction of about 415 tonnes of CO_2 emissions[30] annually.

Altogether, the application of shared mobility services and the expected reduction of the Government fleet through the said reform, should result in a cleaner and reduced Government vehicle fleet on the road network resulting also in reduced traffic congestion during work hours. Moreover, as mentioned in reform 6 above, results of the study on mobility management in the public service shall also determine how best to use these vehicles during idle time (i.e. evening of weekdays and weekends).

[30] Estimated on a combination of 250 small, medium size, petrol and diesel vehicles (passenger cars). CO_2 emission data per passenger car was based on information obtained from MRA inventory regarding emissions per vehicle category, which is the official inventory as approved by UNFCCC and European Commission reviewers.

Through this investment, Government aims to lead by example and promote the uptake of electric vehicles.

Implementation: This process will be led by the Ministry responsible for Energy.

Once the mobility management plan of the public service is adopted in line with the reform described above, discussions will be held with the competent authorities in order to ensure: (i) the conversion of the government fleet to greener vehicles by the identified timeframes; and (ii) the establishment of ride sharing mechanisms.

Target population: The public administration, general public.

Timeline: The respective timelines are presented in the Annex 2.2.

iii. Part Replacement of the Public Transport Fleet

Challenges: Malta's Public Transport Fleet currently operates on conventional fuel and consists of a fleet of around 435 route buses. Investments in decarbonising the public transport system will facilitate inter-modal connections so as to encourage more use of public transport whilst achieving the targets of climate neutrality by 2050 and the effective reduction of greenhouse gas emissions in the public transport sector.

Objectives: The main objective of this investment is to decarbonise part of the public transport sector in Malta by promoting and enhancing the uptake of about 100 electric buses in the public transport fleet. This objective is in line with the European Commission's Sustainable and Smart Mobility Strategy, and more specifically with Flagship 1 on enhancing the uptake of zero-emission vehicles and will entail the replacement of current existing public transport stock (Euro 5 buses). The outcome will be the provision of clean collective public transport resulting in an overall reduction of CO_2 emissions from the public transport sector estimated at about 330 tonnes annually[31]. This will complement national investments undertaken in the previous years to promote the upgrade of more environmentally friendly vehicles in the private sector through various schemes to reduce emissions generated from road traffic thereby improving air quality. In addition, it will also directly link with similar public transport past investments whereby Malta Public Transport has also increased its fleet to cater for enhanced services, whilst investing in more efficient models (Euro 6 buses). Complimenting this measure is the shift from the centralised route system to one with various hubs and the promotion of the modal shift through the seamless integrated ticketing, increased and enhanced bus routes, and the provision of free public transport to persons in different age cohorts to further enhance the use of collective transport as mentioned in previous sections of this document.

With the aim of ensuring service quality, Malta Public Transport remains committed towards customer satisfaction and has a system of online surveys which help to gather the necessary data in this regard.

[31] Estimated on 100 diesel buses. CO_2 emission data per bus was based on information obtained from MRA inventory regarding emissions per vehicle category, which is the official inventory as approved by UNFCCC and European Commission reviewers.

Implementation: The Ministry responsible for Transport will lead the implementation of this investment in cooperation with Malta Public Transport Services Ltd. The investment will involve the part replacement of the transport fleet between 2022 and 2025 and will be done gradually so as not to disrupt the entire public transport system. It is expected that circa 100 diesel public transport buses will be replaced by electric buses. The part replacement will serve as an important step towards the eventual electrification of the public transport fleet in future.

Taking into consideration Malta's geophysical realities and public transport in Malta, the interventions envisaged are not expected to give rise to State Aid implications.

Following a competitive tender, a service concession contract for provision of the scheduled bus services in Malta was awarded. This contract gives exclusive rights to a single operator to perform scheduled bus services in Malta and Gozo. The contract includes the requirement for the operator to fulfil a number of public service obligations (including minimum frequency, concession fares and operation of unprofitable routes) which the operator would not normally undertake in a commercial interest.

According to the Communication from the European Commission on interpretative guidelines concerning Regulation (EC) No 1370/2007 on public passenger transport services by rail and by road (2014/C 92/01), the legal basis for public bus transport is Regulation (EC) 1370/2007.

Target population: The general public.

Timeline: The respective timelines are presented in the Annex 2.2.

4. Open strategic autonomy and security issues

This is not applicable for the reforms and investments outlined in this Component.

5. Cross-border and multi-country projects

Cross-border and multi-country projects are not foreseen to be implemented directly through the reforms and investments being targeted under this Component of the Recovery and Resilience Plan.

6. Green dimension of the component

The Regulation COM (2020) 408 establishing a Recovery and Resilience Facility sets a binding target of at least 37% of the plan's total allocation to contribute to the green transition or to the challenges resulting from it[32]. The transport sector is one of the main contributors to the country's

[32] Communication COM (2020)575 on the Annual Sustainable Growth Strategy 2021 sets out a climate target of 37% for each national Recovery and Resilience Plan, to follow the commitment of the European Council of July 2020.

greenhouse gas emissions. The transport sector is also responsible for a high environmental impact in terms of pollution (air, water, soil, and noise). Taking into consideration Malta's geophysical realities, transport modes' limitations and the expected increased demand for mobility as projected in Malta's NECP, to achieve climate neutrality by 2050, a 90% reduction in transport emissions is needed thus making this investment critical to shift towards carbon neutrality[33].

The investments in this component will target national GHG emission reduction targets in line with international and EU policy frameworks and will structure and coordinate efforts to make national mobility cleaner and more sustainable. This will aid to contribute to the 55% net GHG emissions reduction target by 2030 when compared to 1990 levels in accordance with Article 3 (1) of the European Climate Law. This objective is in line with, and forms part of Malta's overall strategic framework towards decarbonization of transport as identified in Malta's *National Energy and Climate Plan for 2030* (2019)[34] and Malta's *National Reform Programme* (2020)[35], amongst others. This reform will encompass the objectives of the EU's Green Deal to achieve carbon neutrality in the EU by 2050.

This Component contributes 37% to the climate mainstreaming target obligations and 15% to the environmental ambitions of the RRP[36].

As noted in Section 2 of this Component, by addressing the reduction of GHG emissions and air pollution in a multifaceted manner through the Component's reforms and investments, this component also aims to contribute to the *EU's Biodiversity Strategy for 2030*[37]. In this respect, apart from aiming to address climate change mitigation through the decarbonisation of transport, this envisaged reduction in pollution shall result in reduced impacts on biodiversity including citizens' and natural ecosystems.

In line with Annex VI of the RRF Regulation (EU) 2021/241, it is deemed that the following investments can be linked to the intervention fields and corresponding climate change and environmental objectives coefficients as shown in table T2 annexed to this document.

With reference to investments 2, 3 and 4, these aim to reduce the number of conventional vehicles on the roads and replace them with zero-emission rolling stock. As noted in the previous section of this document, apart from targeting electric cars, investment 2 shall also target the provision

[33] Ministry for Energy and Water (2019). Malta's 2030 National Energy and Climate Plan https://ec.europa.eu/energy/sites/ener/files/documents/mt_final_necp_main_en.pdf

[34] Ibid.

[35] Ministry for Finance and Financial Services (2020). Malta National Reform Programme https://finance.gov.mt/en/Library/Documents/NRP/NRP_2020_final_version_04052020.pdf

[36] RRP allocation of EUR 258,275,901, excluding the REPowerEU Chapter.

[37] European Commission, 2020. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions EU Biodiversity Strategy for 2030 [COM(2020) 380 final]

of alternative modes of transport (such as motorcycles and pedelecs), further addressing congestion related issues.

It is understood that the code chosen for these investments is able to cater for Malta's specificities, primarily the lack of rail. In order to avoid imbalances and ensure a level playing field between Member States in relation to the implementation of EU funds, Malta's specificity is acknowledged in various provisions at EU level. For instance Article 10(2)(b) of Regulation (EU) No 1316/2013 on establishing the Connecting Europe Facility[38] lays down the following eligibility for CEF grants to ensure that Member States with no railway networks (such as Malta and Cyprus) enjoy the same level of EU grant support as those MS which do have railway networks.

Investment 3, taken within the broad context of reform 6 on enhanced mobility management in the public service, also aims to reduce GHG emissions whilst also targeting congestion through shared mobility and reduced cars fleet.

The part-conversion of the public transport fleet from conventionally fuelled buses to electric buses under investment 4 further aims to contribute to climate change and environmental objectives through collective transport. More importantly, the contribution of these investments should also be taken into account within the overall context as complemented by RRP reforms and investments undertaken under other funds as described in this Plan.

Further details on the expected impact of these investments and reforms is presented under Part 4 of this plan.

7. Digital dimension of the component

Regulation (EU) 2021/241 establishing a Recovery and Resilience Facility sets a binding target of at least 20% of the plan's total allocation to contribute to the digital transition or to the challenges resulting from it[39]. The reforms and investments envisaged, particularly the enhanced mobility management in the Public Service are envisaged to contribute indirectly[40] to the digital transition through smart and integrated mobility solutions thus further contributing to decarbonisation and reduction of GHG emissions.

[38] Regulation (EU) No 1316/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/2010

[39] Communication COM (2020)575 on the Annual Sustainable Growth Strategy 2021 proposes setting a 20% digital target for each national Recovery and Resilience Plan.

[40] Investment in the digital aspects are not foreseen under the RRP.

8. Do no significant harm

There are clear commitments and mechanisms in each of the reform and investments to ensure that the *do no significant harm* principle is respected and effectively implemented for the other environmental objectives as defined in the EU Taxonomy Regulation. The investments being proposed through the reforms will ensure that the *do no significant harm* principle is respected as well as the environmental objectives that need to be considered in accordance with Article 17 of Regulation 2020/852. The vehicles that will be purchased will be in line with the environmental requirements for car manufacturing, and the vehicles that have reached their end of life will be dismantled in accordance with EU Directive 2000/53/EC on the end-of-life vehicles. Water use or wastage is not envisaged as well as activities that will cause pollution, disrupt ecosystems and natural habitats, or cause excessive waste.

INTRODUCTION

1. This 'Do No Significant Harm' (DNSH) assessment is being carried out with respect to Component 2: Addressing carbon-neutrality by decarbonising transport. The objective of this component is to structure and coordinate national efforts towards making mobility cleaner and more sustainable.

2. Malta's RRP describes the Reforms for this component as:
    i. Stimulating the adoption and implementation of policies promoting the sustainability of the transport sector, including by encouraging the use of collective and multimodal transport;
    ii. Promoting further use of collective road public transport;
    iii. Expediting the finalisation and implementation of a Sustainable Urban Mobility Plan for the Valletta Region;
    iv. Reducing the socio-economic and environmental impact of vehicles in urban areas;
    v. Promoting remote working in the public service;
    vi. Enhanced mobility management in the public service.

3. With regards to the investment of Component 2, Malta's RRP describes the following actions:
    i. Enhancing the uptake of electric vehicles in the private sector;
    ii. Decarbonising the public sector fleet; and
    iii. Part replacement of Public Transport Fleet.

METHODOLOGY

4. In accordance with the Commission Notice on Technical guidance on the application of "do no significant harm" under the Recovery and Resilience Facility Regulation[41], the DNSH assessment is carried out in two steps:

[41] European Commission, 2021, Technical guidance on the application of "do no significant harm" under the Recovery and Resilience Facility Regulation

i. Part 1 – Member States should filter the six environmental objectives to identify those that require a substantive assessment;
ii. Part 2 – Member States should provide a substantive DNSH assessment for those environmental objectives that require it.

5. The Technical Guidance provides two tables that must be used to carry out the two assessments. The tables contained in the Guidance are reproduced below and were used to undertake the DNSH assessment of the investments proposed under Component 2.

6. With regards to the assessment of the Policy Reform the Guidance states that while all measures require a DNSH assessment, a simplified approach can be taken for measures that have no or an insignificant foreseeable impact on all or some of the six environmental objectives. By design, certain measures might have a limited bearing on one or several environmental objectives. In this case, Member States may provide a brief justification for those environmental objectives and focus the substantive DNSH assessment on environmental objectives that may be significantly impacted. *For instance, a labour market reform intended to increase the overall level of social protection for the self-employed would have no or an insignificant foreseeable impact on any of the six environmental objectives, and a brief justification could be used for all six objectives.*

DNSH – TRANSPORT REFORMS

7. Description of reform:

Stimulating the adoption and implementation of policies promoting the sustainability of the transport sector, including by encouraging the use of collective and multimodal transport.

The decarbonisation of the transport sector will be supported through a two-fold approach. Firstly, the enhancement of a policy framework that will lay the parameters for sustainable transport development in Malta which addresses current and future needs; and the promotion of a combination of additional land and sea transport measures to maximise resources, encourage modal shift and reduce pollution through the decarbonisation of means of transport.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation	X		
Climate change adaptation		X	The main thrust of the reform is to reduce GHG emissions as well as congestion. In addition, a measure (Measure 2.8.2.3) in the *Transport Master Plan 2025* in relation to transport infrastructure states "Incorporate climate change considerations at the planning and design stage to reduce retro-fitting costs". The reform is likely to have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle.
The sustainable use and protection of water and marine resources		X	The main thrust of the reform is to reduce GHG emissions as well as congestion. The reform is likely to have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle.
The circular economy, including waste prevention and recycling		X	The main thrust of the reform is to reduce GHG emissions as well as congestion. The reform is likely to have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle.
Pollution prevention and control to air, water or land		X	The main thrust of the reform is to reduce GHG emissions as well as congestion. Transport measures aimed at improving air quality and noise reduction in busy area feature prominently in the TMP 2025. The reform is likely to have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle.
The protection and restoration of biodiversity and ecosystems		X	The main thrust of the reform is to reduce GHG emissions as well as congestion. The reform is likely to have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle.

Part 2 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation: *Is the measure expected to lead to significant GHG emissions?*		X	Malta's transport reform centres around the National Household Survey still to be carried out, subsequent updating of the Transport Master Plan and relevant studies. It is noted that the current National Transport Strategy and Transport Master Plan have both undergone a Strategic Environmental Assessment[1] (SEA) in accordance with Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment (SEA Directive). The reform encompasses additional studies and reports that will be formulated on sustainable transport. Any material updates to the Transport Master Plan will require a SEA. Any recommendations emerging from the SEA need to be taken on board. Additionally, the Transport Master Plan will seek to identify measures that lead to GHG reduction and also provide estimated data for the Environment & Resources Authority to work out the potential GHG reductions through the implementation of the Master Plan measures.

[1] Adi Associates Environmental Consultants Ltd, INECO, Systematica, 2016. Development of a National Transport Model Supporting Strategy Development in Malta - Strategic Environmental Assessment on Malta's National Transport Strategy and Master Plan Environmental Report; https://transportmalta.wetransfer.com/downloads/fbd72ee1b0892c2054a4c9610022e0b920161202145820/27bbd5

8. Description of reform:

Promoting further use of collective road public transport.

This reform shall aim to further promote the use of public transport by widening the cohorts eligible for free road public transport. This will contribute towards decarbonisation in this area and will complement other reforms envisaged in the area of road transport that collectively will have a material impact on the achievement of Malta's climate targets.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation	X		
Climate change adaptation		X	The main thrust of the reform is to provide free public transport to different cohorts in order to reduce use of the private vehicle and therefore also address congestion. The reform is likely to have an insignificant foreseeable impact on the environmental objectives, taking into account both the direct and primary indirect effects across the life cycle.
The sustainable use and protection of water and marine resources		X	
The circular economy, including waste prevention and recycling		X	
Pollution prevention and control to air, water or land		X	
The protection and restoration of biodiversity and ecosystems		X	

Part 2 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation: *Is the measure expected to lead to significant GHG emissions?*		X	The reform is intended to increase public transport patronage with a consequent reduction in private vehicle use. The reform is expected to have a positive impact in terms of reducing GHG emissions, although this has not been quantified.

9. Description of reform:

Expediting the finalisation and implementation of a Sustainable Urban Mobility Plan for the Valletta Region.

The objective is the finalisation and implementation of the Sustainable Urban Mobility Plan for the Valletta Region. The plan focuses on the northern and southern harbour regions which capture over 40% of the total population of the Maltese Islands. As part of the SUMP, a Sustainable Urban Logistics Plan for Valletta City is also being undertaken with the aim of making urban planning sustainable, therefore minimising negative impacts on congestion and the environment.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation	X		
Climate change adaptation		X	The SUMP currently being developed will include a number of measures. which following the results of a public consultation are intended to be implemented over a ten-year period. This SUMP covers 27 of the 68 local councils. Through stakeholder consultation, the challenges and gaps were identified, and a number of measure packages are being considered. These focus on peripheral parking schemes that encourage more sustainable modes of transport including cycling and walking in the city core, the localisation and implementation of local transport hubs, cycling infrastructure, car sharing and on demand transport services, enforcement, electric vehicles and urban logistics. On the latter, a dedicated sustainable urban logistics plan (SULP) is being developed specifically for the City of Valletta. The SULP which feeds into the SUMP, looks at the logistics scenario within the city of Valletta and the plan will support economic growth while preserving the city's attractiveness and the health of citizens, visitors and the environment. It has been identified that this can be achieved by exploring further the opportunities that exist through the better application of freight logistics solutions to modernise the vehicle fleet, to improve the efficiency of road freight operation and to make significant operational cost savings. The final draft of the SUMP will be subject to a public consultation which will feed into the finalisation of the document. At least 9 local administrative units within the Valletta Region will be improved with at least one eligible type of mobility solution, outlined in the SUMP.
The sustainable use and protection of water and marine resources		X	
The circular economy, including waste prevention and recycling		X	
Pollution prevention and control to air, water or land		X	
The protection and restoration of biodiversity and ecosystems		X	

Part 2 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation: *Is the measure expected to lead to significant GHG emissions?*		X	The aim of the measures is therefore to discourage/ prohibit the use of motorised ICE vehicles in core centres, thereby leading to behavioural changes in mobility patterns. It is expected that such measures may encourage the uptake of other more sustainable modes, which is expected to contribute to the reduction in GHG emissions, though at this stage this is not quantified.

10. Description of reform:

Reducing the socio-economic and environmental impact of vehicles in urban areas.

The aim of the reform is to promote the regeneration of public squares and the community spaces of village and town cores including through the identification of landscaping and pedestrianisation areas with the aim of reducing the dependency of private vehicles on set days for specific periods of time. The idea is to have a safe and quiet space for residents, the elderly and children and families to spend their free time out in the open, while creating more opportunities for local businesses and merchants and creating a space for artists and local organizations to organize activities. This will be supported with dedicated electric public transport that would support accessibility and discourage the use of personal cars.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation		X	The regeneration of public squares and community spaces to reduce dependency of private vehicles and encouraging alternative travel modes such as walking and cycling is positive, although the extent of the reform and its impacts is unclear. Although specific details are not available on how the reform will be implemented it is unlikely that it would have a significant impact on the environmental objectives.
Climate change adaptation		X	
The sustainable use and protection of water and marine resources		X	
The circular economy, including waste prevention and recycling		X	
Pollution prevention and control to air, water or land		X	
The protection and restoration of biodiversity and ecosystems		X	

11. Description of reform:

Promoting remote working in the public service.

Through this reform, remote working in the public service sector will be enhanced as part of Government's multi-faceted approach towards the decarbonisation of the transport sector. This reform will contribute towards a reduction in daily commutes, traffic congestion and improve air quality.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation	X		
Climate change adaptation		X	The main thrust of the reform is to design a comprehensive remote working policy that is future looking and takes due account of digitisation. It is intended to create a robust framework for remote working in the public service therefore enabling a better work-life balance and will also contribute towards the reduction of daily commutes, traffic congestion and emissions. The reform is likely to have an insignificant foreseeable impact on the environmental objectives, taking into account both the direct and primary indirect effects across the life cycle.
The sustainable use and protection of water and marine resources		X	
The circular economy, including waste prevention and recycling		X	
Pollution prevention and control to air, water or land		X	
The protection and restoration of biodiversity and ecosystems		X	

Part 2 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation: *Is the measure expected to lead to significant GHG emissions?*		X	The reform is intended to reduce commuting to main offices whilst promoting work from workspaces closer to the family home. The aim is to reduce private vehicle use particularly during rush hours and promote clean mobility. The reform is expected to have a positive impact in terms of reducing GHG emissions.

12. Description of reform:

Enhanced mobility management in the public service.

Government aims to lead by example by improving the mobility management policies of the Maltese public service. Such initiatives will be consolidated through the development and promotion of ride sharing mechanisms and the deployment of cleaner vehicles such as electric fuelled vehicles. This policy reform shall also aim to address the deployment of sustainable shared mobility services across government institutions where possible through the adaptation of the system to enhance collective transport measures across the public service.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation	X		
Climate change adaptation		X	The reform in mobility management in the public service is aimed at encouraging ride sharing mechanisms and the deployment of cleaner vehicles such as electric vehicles through the formulation of a *Green Travel Plan*. The reform will be based on a study that is yet to be conducted that will assess public service transport infrastructure currently in place across the Maltese Islands in general and specifically at the respective ministries and departments. A census of all government general use cars will be carried out, to also identify the number of daily trips carried out by the government fleet, along with the mapping of these trips. Results of the study will determine whether the volume and frequency of short trips merit the introduction of broader mobility solutions, such as the use of e-bikes and e-scooters for short distance trips. The government fleet trip mapping exercise will aim to aid in the selection of hub locations with maximal impact by targeting areas of greatest activity. Since the study has not been conducted it cannot be concretely concluded that none of these objectives will be significantly affected by the reform, but it is anticipated that measures recommended in the study will be taken on board in the reform and that any new infrastructure will be subject to the necessary assessments through the planning and environment permitting processes.
The sustainable use and protection of water and marine resources		X	
The circular economy, including waste prevention and recycling		X	
Pollution prevention and control to air, water or land		X	
The protection and restoration of biodiversity and ecosystems		X	

Part 2 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation: *Is the measure expected to lead to significant GHG emissions?*		X	Reform in mobility management in the public service is aimed at encouraging ride sharing mechanisms and the deployment of cleaner vehicles such as electric vehicles through the formulation of a *Green Travel / Mobility Plan*. At this stage, the studies for the formulation of the Plan have not been conducted but it is expected that the outcome of the study will conclusively show how GHG emissions will be reduced as a result of the implementation of the Plan.

DNSH – INVESTMENTS

13. Description of investment:

Enhancing the uptake of electric vehicles in the private sector.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation		X	The main aim of the investment is to address Malta's resilience and commitments towards its national GHG emissions reduction targets in line with the international and national policy and strategic framework. Specifically, the measure is expected to result in a reduction of CO_2 emissions from the private transport sector fleet estimated at about 6,720 tonnes annually or 621,600g CO_2 per kilometre.
Climate change adaptation		X	The activities that are supported by the measure have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle.
The sustainable use and protection of water and marine resources		X	The activities that are supported by the measure have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle. The measure will not result in environmental degradation risks related to preserving water quality and water stress in accordance with the Water Framework Directive (2000/60/EC).
The circular economy, including waste prevention and recycling	X		
Pollution prevention and control to air, water or land	X		
The protection and restoration of biodiversity and ecosystems		X	The actions supported by the measure have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle.

Part 2 Assessment

Questions	No	Substantive Justification
The transition to a circular economy, including waste prevention and recycling: Is the measure expected to: (i) lead to a significant increase in the generation, incineration or disposal of waste, with the exception of the incineration of non-recyclable hazardous waste; or (ii) lead to significant inefficiencies in the direct or indirect use of any natural resource at any stage of its life cycle, which are not minimised by adequate measures; or (iii) cause significant and long-term harm to the environment in respect to the circular economy?	X	This measure is likely to generate waste from the gradual replacement of conventional fuel vehicles with electric vehicles. Measures are in place to manage waste both in the use phase (maintenance) and the end-of-life of the fleet, including through reuse and recycling of batteries and electronics (in particular critical raw materials therein), in accordance with the waste hierarchy. The schemes will not encourage the premature scrapping of serviceable vehicles. Vehicles will be scrapped and processed by an Authorised Treatment Facility (ATF) according to the end-of-life vehicles directive (2000/53/EC).
Pollution prevention and control: Is the measure expected to lead to a significant increase in the emissions of pollutants into air, water or land?	X	This measure is not expected to lead to a significant increase in the emissions of pollutants into air, water, or land because it is intended to reduce air pollution through the replacement of conventional fuel vehicles to electric vehicles.

14. Description of investment:

Decarbonising the public sector fleet.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation		X	The main aim of the investment is to address Malta's resilience and commitments towards its national GHG emissions reduction targets in line with the international and national policy and strategic framework. Specifically, the measure is expected to convert about 250 government vehicles resulting in an estimated reduction of 27,750g CO_2 per kilometre or a reduction of about 300 tonnes of CO_2 emission annually.
Climate change adaptation		X	The activities that are supported by the measure have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle.
The sustainable use and protection of water and marine resources		X	The activities that are supported by the measure have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle. The measure will not result in environmental degradation risks related to preserving water quality and water stress in accordance with the Water Framework Directive (2000/60/EC).
The circular economy, including waste prevention and recycling	X		
Pollution prevention and control to air, water or land	X		
The protection and restoration of biodiversity and ecosystems		X	The actions supported by the measure have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle.

Part 2 Assessment

Questions	No	Substantive Justification
The transition to a circular economy, including waste prevention and recycling: Is the measure expected to: (i) lead to a significant increase in the generation, incineration or disposal of waste, with the exception of the incineration of non-recyclable hazardous waste; or (ii) lead to significant inefficiencies in the direct or indirect use of any natural resource at any stage of its life cycle, which are not minimised by adequate measures; or (iii) cause significant and long-term harm to the environment in respect to the circular economy?	X	This measure is likely to generate waste from the gradual replacement of conventional fuel vehicles with electric vehicles. Measures are in place to manage waste both in the use phase (maintenance) and the end-of-life of the fleet, including through reuse and recycling of batteries and electronics (in particular critical raw materials therein), in accordance with the waste hierarchy. Where possible, public fleet vehicles will either be re-sold and redeployed and if scrapped will be processed by an Authorised Treatment Facility (ATF) according to the end-of-life vehicles directive (2000/53/EC).
Pollution prevention and control: Is the measure expected to lead to a significant increase in the emissions of pollutants into air, water or land?	X	This measure is not expected to lead to a significant increase in the emissions of pollutants into air, water, or land because it is intended to reduce air pollution through the conversion of conventional fuel vehicles to electric vehicles.

15. Description of investment:

Part Replacement of the Public Transport Fleet.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation		X	The main aim of the investment is to address Malta's resilience and commitments towards its national GHG emissions reduction targets in line with the international and national policy and strategic framework. Specifically, the measure is expected to result in an overall reduction of CO_2 emissions from the public transport sector of about 401 tonnes annually.
Climate change adaptation		X	The activities that are supported by the measure have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle.
The sustainable use and protection of water and marine resources		X	The activities that are supported by the measure have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle. The measure will not result in environmental degradation risks related to preserving water quality and water stress in accordance with the Water Framework Directive (2000/60/EC).
The circular economy, including waste prevention and recycling	X		
Pollution prevention and control to air, water or land	X		
The protection and restoration of biodiversity and ecosystems		X	The actions supported by the measure have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle.

Part 2 Assessment

Questions	No	Substantive Justification
The transition to a circular economy, including waste prevention and recycling: Is the measure expected to: (i) lead to a significant increase in the generation, incineration or disposal of waste, with the exception of the incineration of non-recyclable hazardous waste; or (ii) lead to significant inefficiencies in the direct or indirect use of any natural resource at any stage of its life cycle, which are not minimised by adequate measures; or (iii) cause significant and long-term harm to the environment in respect to the circular economy?	X	This measure is likely to generate waste from the gradual replacement of conventional fuel buses with electric ones. Measures are in place to manage waste both in the use phase (maintenance) and the end-of-life of the fleet, including through reuse and recycling of batteries and electronics (in particular critical raw materials therein), in accordance with the waste hierarchy. Where possible, public fleet vehicles will either be re-sold or redeployed. Where they need to be scrapped, they will be processed by an Authorised Treatment Facility (ATF) according to the end-of-life vehicles directive (2000/53/EC).
Pollution prevention and control: Is the measure expected to lead to a significant increase in the emissions of pollutants into air, water or land?	X	This measure is not expected to lead to a significant increase in the emissions of pollutants into air, water, or land because it is intended to reduce air pollution through the conversion of conventional fuel vehicles to electric vehicles.

9. Milestones, targets and timeline

The respective milestones, targets and timelines are presented in the Annex 2.2.

10. Financing and costs

The overall estimated cost of this Component amounts to EUR 94.3M.

11. Loan request justification (if applicable)

N/A

Milestones and Targets for Component 2

ANNEX

Sequential Number	Component Name
2	Addressing Carbon-Neutrality by Decarbonising Transport

Sequential Number	Component Reference	Reform / Investment	Measure -Short title	Is this a sub-measure for green and digital tagging? (Yes or leave empty)
0	0 - Overall		Overall impact of the plan	
1	2 - Addressing Carbon-Neutrality by Decarbonising Transport	Reform	C2.R.1 - Stimulating the adoption and implementation of policies promoting the sustainability of the transport sector, including by encouraging the use of collective and multimodal transport	
2	2 - Addressing Carbon-Neutrality by Decarbonising Transport	Reform	C2.R.2 - Promoting further use of collective road public transport	
3	2 - Addressing Carbon-Neutrality by Decarbonising Transport	Reform	C2.R.3 - Expediting the finalisation and implementation of a Sustainable Urban Mobility Plan (SUMP) for the Valletta Region	
4	2 - Addressing Carbon-Neutrality by Decarbonising Transport	Reform	C2.R.4 - Reducing the socio-economic and environmental impact of vehicles in urban areas	
5	2 - Addressing Carbon-Neutrality by Decarbonising Transport	Reform	C2.R.5 - Promoting remote working in the public service	
6	2 - Addressing Carbon-Neutrality by Decarbonising Transport	Reform	C2.R.6 - Enhanced mobility management in the Public Service	
8	2 - Addressing Carbon-Neutrality by Decarbonising Transport	Investment	C2.I.2 - Enhancing the uptake of electric vehicles in the private sector	
9	2 - Addressing Carbon-Neutrality by Decarbonising Transport	Investment	C2.I.3 - Decarbonising the public sector fleet	
10	2 - Addressing Carbon-Neutrality by Decarbonising Transport	Investment	C2.I.4 - Part Replacement of the Public Transport Fleet	

Table 2.2. Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Timeline for completion (indicate the quarter and the year)		Data source /Methodology	Responsibility for reporting and implementation	Description and clear definition of each milestone and target	Assumptions/ risks	Verification mechanism
					Unit of measure	Baseline	Goal	Quarter	Year					
2.1	2 - Addressing Carbon-Neutrality by Decarbonising Transport - C2.R.1 - Stimulating the adoption and implementation of policies promoting the sustainability of the transport sector, including by encouraging the use of collective and multimodal transport	Milestone	National Household Travel Survey	Completion of the National Household Travel Survey				Q4	2021		Ministry responsible for Transport	The National Household Travel Survey is completed. This survey shall aim to quantify current travel patterns, behaviour and gauge public opinion on new potential measures to be included in the updated Transport Master Plan. Completion of the survey refers to the moment where the data collection and analysis for the survey have been carried out and findings have been identified in written report.	Assumptions: no delays are experienced in the signing of the memorandum of understanding between Malta's National Statistics Office and Transport Malta; No delays are experienced in the procurement process for the commissioning of the NHTS.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. This summary document shall include as an annex the following evidence: a copy of the written report summarising the methodology and findings of the National Household Travel Survey.
2.2	2 - Addressing Carbon-Neutrality by Decarbonising Transport - C2.R.1 - Stimulating the adoption and implementation of policies promoting the sustainability of the transport sector, including by encouraging the use of collective and multimodal transport	Milestone	Completion of an Awareness Raising Campaign on sustainable zero and low carbon transport	Completion of the awareness campaign				Q4	2025	Ministry responsible for Transport	Ministry responsible for Transport	The awareness raising campaign for the general public is completed. The campaign shall be a nation-wide initiative that targets all sectors of society. Different media shall be used including print, TV and social media. The aim of the campaign shall be to promote a behavioural shift in the use of transport modes. The Campaign shall promote greener modes of transport to promote multimodality for essential travel, and a more sustainable mobility system across the Islands.	Assumptions: no delays are experienced in the adoption of the 2030 Transport Master Plan. Results of other reforms and investments will link with this measure and help to widen the impact on the general public both indirectly and directly.	A report duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The report shall include: (a) a description of each activity carried out as part of the awareness raising campaign (including dates, media used, duration where relevant, a description of the content and links to the digital versions of the content, where relevant and copies of print campaign materials); and (b) an explanation of (1) how the campaign has aimed to promote a behavioural shift towards the use of greener transport modes, promote multimodality for essential travel, and a more sustainable mobility system across the Islands; (2) how all sectors of society have been targeted.
2.3	2 - Addressing Carbon-Neutrality by Decarbonising Transport - C2.R.2 - Promoting further use of collective road public transport	Target	Number of people in the new cohort groups with access to free public transport		Number	0	103000	Q4	2023	Ministry responsible for Transport	Ministry responsible for Transport	Number of people belonging to the newly identified cohorts that may benefit from free public transport.	Risk: Significant changes in population demographics may impact the number of persons in the identified cohort groups.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall, more specifically, indicate how the selection of the cohort groups are underpinned by the National Household Travel Survey and shall include, as an annex: (a) redacted copy of the Memorandum of Understanding between the operator and the Ministry responsible for Transport specifying that all holders of personalised tal-linja cards can use free public transport; (b) link to and a copy of the relevant information page of the website of the Ministry responsible for Transport indicating the selected cohorts who can use free public transport; (c) copy of the written report summarizing the findings of the National Household Travel Survey; and (d) official declaration signed by the relevant Ministry certifying the net increase in the number of people in the new cohort.

Table 2.2. Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

2.4	2 - Addressing Carbon-Neutrality by Decarbonising Transport - C2.R.3 - Expediting the finalisation and implementation of a Sustainable Urban Mobility Plan (SUMP) for the Valletta Region	Milestone	Publication of the Sustainable Urban Mobility Plan for the Valletta Region	Online publication of the Sustainable Urban Mobility Plan for the Valletta Region				Q4	2022	Ministry responsible for Transport	Ministry responsible for Transport	Online publication of the Sustainable Urban Mobility Plan for the Valletta Region, setting out eligible interventions to be implemented through the Sustainable Urban Mobility Plan. Eligible types of interventions are: peripheral parking schemes that encourage more sustainable modes of transport including cycling and walking in the city core; the localisation and implementation of local transport hubs, cycling infrastructure, car sharing among several people and on demand transport services; the deployment and use of electric vehicles and charging infrastructures in densely populated urban areas and urban logistics, such as through the implementation of last-mile solutions, including for commercial purposes and supporting alternative mobility solutions.	Assumption: all relevant stakeholders contribute in a timely manner towards the drafting and finalisation of the SUMP. Risk: as a result of Covid-19 measures feeding into the drafting of the plan (gathering of data through stakeholders' meetings etc..) may be delayed.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall, more specifically, describe how the solutions set out for interventions fall under the eligible types of interventions as set out in this milestone. A link to the Sustainable Urban Mobility Plan for the Valletta Region and a copy of the document shall also be provided as an annex to the summary document.
2.5	2 - Addressing Carbon-Neutrality by Decarbonising Transport - C2.R.3 - Expediting the finalisation and implementation of a Sustainable Urban Mobility Plan (SUMP) for the Valletta Region	Target	Local Administrative Units within the Valletta Region with improved urban mobility solutions under the Sustainable Urban Mobility Plan.		Number	0	9	Q2	2025	Ministry responsible for Transport	Ministry responsible for Transport	In at least nine local administrative units within the Valletta Region, at least one eligible type of interventions from the Sustainable Urban Mobility Plan for the Valletta region is fully implemented.	Assumption: the updated SUMP following public consultation is adopted by end 2022. The SUMP is assumed to target 27 localities throughout its implementation. Taking into account the timespan of the SUMP, it is assumed around one third of the localities will be targeted within the timeline.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall indicate, in relation to each of the relevant local administrative units, which of the eligible type of interventions from the Sustainable Mobility Plan for the Valletta Region has been implemented. For each of these interventions, a certificate of provisional acceptance or similar document issued by the perit or engineer indicating that the intervention is completed and in place shall be attached to the summary document as an annex.
2.6	2 - Addressing Carbon-Neutrality by Decarbonising Transport - C2.R.4 - Reducing the socio-economic and environmental impact of vehicles in urban areas	Milestone	Agreement with Local Councils Association on the regeneration areas in urban areas	Signed agreement for regeneration areas in urban areas				Q2	2021	Ministry responsible for Transport	Ministry responsible for Transport	The signing of agreement between Transport Malta and Local Councils Association for the selection of regeneration areas in urban areas. A regeneration area is an area where Local Councils promote walking, cycling and public transport, in parallel with other educational campaigns to avoid unnecessary travel which is expected to result in additional free and unencumbered open public space. The selection of regeneration areas shall be consistent with the measures outlined in Malta's Transport Master Plan.	Risk: Agreement is not signed.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex), was satisfactorily fulfilled. The summary document shall include, as an annex: (a) the location of each selected regeneration area and a brief description of the project, including a justification how the selection meets the specifications in the description of the milestone and how it is consistent with Malta's Transport Master Plan; (b) the agreement between Transport Malta and Local Councils Association; and (c) a copy of Malta's Transport Master Plan.
2.7	2 - Addressing Carbon-Neutrality by Decarbonising Transport - C2.R.4 - Reducing the socio-economic and environmental impact of vehicles in urban areas	Target	Regeneration areas created in urban areas for open and car free spaces		Number	0	3	Q2	2025	Ministry responsible for Transport	Ministry responsible for Transport	Completion of three regeneration areas in urban areas.	Assumption: The submission of good quality proposals that can be approved.	Summary document duly justifying how the target (including the relevant elements of the target, as listed in the description of target and of the corresponding measure in the CID annex) was satisfactorily fulfilled. This document shall include as an annex the following evidence for each regeneration area: (a) the name, location and a description; and (b) for each of the interventions, a copy of a certificate of provisional acceptance or similar document signed by the perit or engineer demonstrating that the regeneration area has been created and completed.
2.8	2 - Addressing Carbon-Neutrality by Decarbonising Transport - C2.R.5 - Promoting remote working in the public service	Milestone	Publication of the Remote Working Policy for Government Employees	Publication of the Remote Working Policy Document for Government Employees				Q1	2022	Ministry responsible for public administration	Ministry responsible for public administration	Publication of a Remote Working Policy for Government employees. The policy shall outline the eligibility criteria, conditions, requirements for approval and application guidelines governing this initiative that promotes work-life balance and contributes towards sustainability.	Assumption: Assessments and consultations on the new policy are concluded by Q2 2021.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall, more specifically, provide an overview of the eligibility criteria, conditions, requirements for approval and application guidelines governing the initiative and a link to the government website where the Remote Working Policy for Government Employees has been published. The summary document shall provide, in annex, a copy of the Remote Working Policy for Government Employees.

Table 2.2. Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

2.9	2 - Addressing Carbon-Neutrality by Decarbonising Transport - C2.R.5 - Promoting remote working in the public service	Target	15 office facilities that enable remote work for public service officials across the Maltese Islands operational		Number	0	15	Q4	2021	Ministry responsible for Public Administration	Ministry responsible for Public Administration	Number of offices in different localities being operational with facilities that enable remote work by public service workforce across all Ministries. Such office spaces shall accommodate at least 140 workstations in total across the 15 office facilities.	Assumptions: the use of work stations continues to increase and are not limited by COVID-19 restrictions.	Summary document duly justifying how the target (including the relevant elements of the target, as listed in the description of target and of the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall indicate how the possibility to use the workstations was notified to employees. A copy of such notification is to be provided. The summary document shall also include as an annex: (a) a list with the location of each office and the total number of workstations in each office; and (b) a certificate of provisional acceptance or similar document signed by the contractor or a perit or an engineer and the competent authority, demonstrating that the office facilities have been completed and are operational (in a manner compliant with the description of the target).
2.10	2 - Addressing Carbon-Neutrality by Decarbonising Transport - C2.R.6 - Enhanced mobility management in the Public Service	Milestone	Completion of study on enhanced mobility management in the Maltese public service	Study with recommendations completed				Q1	2023	Ministry responsible for Public Administration	Ministry responsible for Public Administration	Completion of study about change in mobility management in the Maltese Public Service. The study shall examine the current situation and establish a baseline of existing shared mobility (coordinated trips between at least two Government Departments) in the public service; make recommendations to re-engineer the process leading to higher efficiency; and identify the number and type of a cleaner fleet of government general-use vehicles. The study shall be carried out by an independent contractor following a public procurement procedure. The study shall be shared with the European Commission.	Assumptions: no delays experienced in the public procurement process.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall briefly describe the outcome of the study in relation to: (a) the baseline of existing shared mobility (coordinated trips between at least two Government Departments) in the public service; (b) the recommendations to re-engineer the process leading to higher efficiency; and (c) the number and type of a cleaner fleet of government general-use vehicles. The summary document shall include as an annex the following evidence: (a) a copy of the study; and (b) a copy of the publication of the call for tenders, terms of reference, and notification of award related to the selection of the independent contractor for carrying out the study.
2.11	2 - Addressing Carbon-Neutrality by Decarbonising Transport - C2.R.6 - Enhanced mobility management in the Public Service	Target	Increase in shared mobility in the public service		% (Percentage)	0	10	Q2	2025	Ministry responsible for Public Administration	Ministry responsible for Public Administration	This target measures the improvement in shared mobility (coordinated trips between at least two Government Departments) in the public service from the baseline determined in the independent study on enhanced mobility management in the Malta public service.	Assumptions: no delays are experienced in the awarding of contract.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. The document shall, more specifically, describe how the objective of an increase of shared mobility in the public service by 10% from the baseline determined in the study about change in mobility management in the Maltese Public Service has been achieved, including an explanation of the methodology used. The summary document shall include, as an annex a certificate or similar document issued by an independent expert demonstrating the 10% improvement in shared mobility in the public service.
2.15	2 - Addressing Carbon-Neutrality by Decarbonising Transport - C2.I.2 - Enhancing the uptake of electric vehicles in the private sector	Milestone	Open call for applications for electric vehicles and bicycles in the private sector, including scrappage scheme	Launched open call for applications for electric vehicles and bicycles in the private sector, including scrappage scheme				Q1	2022	Schemes available on relevant public body's website	Ministry responsible for Energy	Launch of open call for applications for support to the purchase of new electric vehicles and bicycles in the private sector, including scrappage schemes for households and commercial undertakings. The calls shall include support for the purchase of new passenger cars, goods carrying vehicles, minibuses/coaches, quadricycles/motorcycles and pedelecs.	Risks: Delays may be encountered in the finalisation of the Grant Schemes conditions and guidance notes.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall, more specifically, describe how the requirement that only zero-emission vehicles shall receive financial support has been incorporated in the call for applications. This summary document shall include, in annex, a copy of the call for applications with a justification that the technical specification of the call are fully aligned with the description, criteria and conditions set out in the description of the milestone.

Table 2.2. Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

2.16	2 - Addressing Carbon-Neutrality by Decarbonising Transport - C2.I.2 - Enhancing the uptake of electric vehicles in the private sector	Target	Number of grants awarded for electric vehicles under the scheme for the private sector		Number	0	1000	Q2	2023	Ministry responsible for Energy	Ministry responsible for Transport	This target measures the number of grants awarded under the Electric Vehicle Schemes in the private sector.	Assumption: the expected take-up materialises	Summary document duly justifying how the target (including the relevant elements of the target, as listed in the description of target and of the corresponding measure in the CID annex) was satisfactorily fulfilled. This document shall include, as an annex, an anonymised list of the awarded grants, indicating, for each of them: (a) official reference to the award resolution or notification from the relevant authority (or alternatively, links to the official publications if required by the applicable legislation) proving that grant support for electric vehicles has been granted; and (b) the specific type and category of electric vehicles benefitting from the awarded grant, including the specification whether the vehicle is a new zero-emission vehicle.
2.16a	2 - Addressing Carbon-Neutrality by Decarbonising Transport - C2.I.2 - Enhancing the uptake of electric vehicles in the private sector	Target	Number of grants awarded for electric vehicles under the scheme for the private sector		Number	1000	4000	Q4	2024	Ministry responsible for Energy	Ministry responsible for Transport	This target measures the number of grants awarded under the Electric Vehicle Schemes in the private sector.	Assumption: the expected take-up materialises	Summary document duly justifying how the target (including the relevant elements of the target, as listed in the description of target and of the corresponding measure in the CID annex) was satisfactorily fulfilled. This document shall include, as an annex, an anonymised list of the awarded grants, indicating, for each of them: (a) official reference to the award resolution or notification from the relevant authority (or alternatively, links to the official publications if required by the applicable legislation) proving that grant support for electric vehicles has been granted; and (b) the specific type and category of electric vehicles benefitting from the awarded grant, including the specification whether the vehicle is a new zero-emission vehicle.
2.17	2 - Addressing Carbon-Neutrality by Decarbonising Transport - C2.I.2 - Enhancing the uptake of electric vehicles in the private sector	Target	Number of grants awarded for electric vehicles under the scheme for the private sector		Number	4000	5600	Q4	2025	Transport Malta as the public body running the scheme will maintain details of grants provided	Ministry responsible for Transport	This target measures the number of grants awarded under the Electric Vehicle Scheme in the private sector. It entails the completion of the electric vehicle scheme.	Assumption: All takers of the scheme will be individual persons (not multiple grants for the same person/entity).	Summary document duly justifying how the target (including the relevant elements of the target, as listed in the description of target and of the corresponding measure in the CID annex) was satisfactorily fulfilled. This document shall include, as an annex, an anonymised list of the awarded grants, indicating, for each of them: (a) official reference of the award resolution or notification from the relevant authority (or alternatively, links to the official publications if required by the applicable legislation) proving that grant support for electric vehicles has been granted; and (b) the specific type and category of electric vehicles benefitting from the awarded grant, including the specification whether the vehicle is a new zero-emission vehicle.
2.18	2 - Addressing Carbon-Neutrality by Decarbonising Transport - C2.I.3 - Decarbonising the public sector fleet	Milestone	Contracted services for the supply of electric vehicles for the public service fleet	Contracts signed				Q3	2023	Ministry responsible for Public Administration	Ministry responsible for Public Administration	Signed contracts for the supply of electric vehicles for the public service that shall replace internal combustion engine vehicles currently in use.	Assumption: Tender is launched in Q1 2023.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include, as an annex, copies of the contracts, indicating the number and type of electric vehicles to which they relate and including the specification whether the vehicles purchased are zero-emission vehicles.
2.19	2 - Addressing Carbon-Neutrality by Decarbonising Transport - C2.I.3 - Decarbonising the public sector fleet	Target	Number of electric vehicles in the Government general use vehicle (GUV) fleet		Number	12	262	Q3	2025	Ministry responsible for Energy	Ministry responsible for Public Administration	Replacement of internal combustion engine vehicles within the Government GUV fleet by fully electric (zero emissions) vehicles to reach a total of 262 fully electric (zero emissions) vehicles.	Risk: procurement delays and delays in implementation can have an impact on the completion date.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall indicate the total number of public service vehicles in use and the total number of zero-emission public service vehicles in use, both in Q3 2025. The summary document shall also provide, as an annex, a list of the vehicles used by the Government Departments, indicating their engine type and indicating which of the vehicles are zero-emission vehicles.

Table 2.2. Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

2.20	2 - Addressing Carbon-Neutrality by Decarbonising Transport - C2.I.4 - Part Replacement of the Public Transport Fleet	Milestone	Memorandum of Understanding for the part replacement of the Malta public transport fleet	Signed Memorandum of Understanding				Q2	2022	Ministry responsible for Transport, Malta Public Transport	Ministry responsible for Transport	Signed Memorandum of Understanding between the Ministry responsible for Transport and Malta Public Transport, agreeing the purchase of 102 fully electric buses for the part replacement of the public transport fleet.	Risk: delays in the endorsement of the Memorandum of Understanding.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex), was satisfactorily fulfilled. The summary document shall, more specifically, describe how the requirement that the financing shall cover the difference in the purchase price between internal combustion engine buses (12m) and electric buses (12m) has been incorporated in the Memorandum of Understanding; The summary document shall also include, as an annex, a copy of the signed Memorandum of Understanding.
2.21	2 - Addressing Carbon-Neutrality by Decarbonising Transport - C2.I.4 - Part Replacement of the Public Transport Fleet	Target	Operational zero emission electric buses rolled out for the part replacement of the public transport fleet		Number	0	102	Q2	2025	Ministry responsible for Transport	Ministry responsible for Transport	The target measures the number of fully electric buses in active service by Malta Public Transport.	Risk: procurement delays for the acquisition of the buses will impact the roll out date.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex), was satisfactorily fulfilled. The summary document shall indicate the total number of electric buses in use in Q2 2025. The summary document shall also provide, as an annex, a list of fully electric buses (identified via a unique identifier) indicating the type and category of bus.

Table 2 Estimated cost of the plan and green and digital impact

Table to be filled in with the estimates of expected costs in EUR in current prices. This table should provide a summary of the key information on costing for each reform/investment. Additional, more detailed information should be submitted separately. "Estimated costs": Please note that only the costs for which RRF funds are requested should be entered here. "Funding from other sources": Please state here the source and amount in cases, in which the same reform/investment or a reform/investment that is closely linked receives or is expected to receive funds from other sources (which should not cover the same cost). "Methodology used and description of the costs": Please describe briefly the methodology and mention the main cost drivers. "Source of methodology" (if any): Please provide references to the methodology and data sources that you used. "Specify source" and "Possible reference to past EU programs" (under comparative costing data): Please mention past investment/reform projects that are benchmarks for the cost estimate and the source of the costs for these projects. "Independent validation" (if any): Please provide the name of the validating organisation/ agency, and a reference to the validation document.

Green and digital objectives

Please indicate if 0%, 40% or 100% of the reform/investment contributes to the objective. For reforms/investments and the climate objective, use the methodology for climate tracking as set out in Annex IIA and justify their choice for each investment and each reform. For reforms/investments related to environmental objectives, use the same methodology. For the digital objective, use the methodology as set out in Annex III. In all cases, please indicate the relevant intervention field for every reform/investment by choosing the most appropriate one, reflecting the nature, focus, objective, or expected outcome of the reform/investment. If several intervention fields can be applied, provide a motivation in the description of the component. As a general rule, a reform/investment should be assigned one intervention field.

Sequential Number	Related Measure (Reform or investment)	Relevant time period		Estimated costs for which funding from the RRF is requested									Funding from other sources (as requested by Art. 8 in the Regulation)				COFOG level 2 category *(or 'Not relevant' in case of a revenue measure)*	Methodological Information		Comparative costing data from past reforms/investments			Independent validation (encouraged)	Green and digital objectives						
				Total requested		If available: split by year							From other EU programmes		From National budget or other sources									Green objectives			Digital objectives		Tagged RRF contribution	
		From date	To date	Amount (mn EUR)	Repayable financial support (loans) / Non-repayable financial support (grants)	2020	2021	2022	2023	2024	2025	2026	Amount (mn EUR)	Specify the EU programmes *[Breakdown by programme if relevant (e.g. regional operational programme)]*	Amount (mn EUR)	Specify source		Methodology used and description of costs	Specify source	Amount (mn EUR)	Specify source	Possible reference to past EU programs	Name of the validating entity and reference to the validation		Intervention field	Climate Tag	Environmental Tag	Intervention field	Digital Tag	Climate	Digital
1	2 - Addressing Carbon-Neutrality by Decarbonising Transport - C2.I.2 - Enhancing the uptake of electric vehicles in the private sector	01/01/2022	31/12/2025	50.3	Grants			7.6	10	19.1	13.6		0.0		0.0		05.3 - Pollution abatement	The main cost driver is the grant for electric vehicles. The methodology for assessment of the budget was based on the assumption of the number of grants that will be provided for different categories of electric vehicles, also taking into account scrappage schemes. The weighted average of a grant amount between the different grants was worked out and was extrapolated on the number of grants that the National Authorities are envisaging to provide under this scheme. All costings claimed under the RRP exclude VAT amounts.	Transport Malta -APPLICATION FORM 2020 GRANT SCHEME FOR THE PURCHASE OF ELECTRIC VEHICLES, PLUG IN HYBRIDS AND ELECTRIC MOTORCYCLES https://www.transport.gov.mt/include/filestreaming.asp?fileid=4930	3	PR200747en 24/04/2020- Press Release by the Ministry for Transport, Infrastructure and Capital Projects https://www.gov.mt/en/Government/DOI/Press%20Releases/Pages/2020/April/24/pr200747en.aspx	n/a		074 - Clean urban transport rolling stock[18]	100%	40%			50.3	0
2	2 - Addressing Carbon-Neutrality by Decarbonising Transport - C2.I.3 - Decarbonising the public sector fleet	01/04/2022	30/06/2026	10	Grants				3	3.0	4.0		0.0		0.0		05.3 - Pollution abatement	An average estimated value of each car is €40,000. Market research indicated that an average small electric car costs around €30,000 (Nissan Leaf Hatchback). This is also attested in a recently awarded tender for the purchase of three (3) new electric vehicles for the MECP (MECP 105/2020) for a price of €80,000 for 3 cars (i.e. €27,000 each). However, on the assumption that public cars of general service procured may not necessarily be limited to small cars, an assessment was also done on larger vehicles, such as a 7 seater. Tender (GRB/07/20) estimated the value of these vehicles between €34,500 to €45,000. In this regard, an average estimated value of €40,000 for 250 cars (to form part of the Government general use vehicle fleet), is considered to be reasonable. All costings claimed under the RRP exclude VAT amounts.	Market Research MECP 105/2020: Purchase of 3 new electric vehicles for the MECP. GRB/07/20: Tender for the supply of a full electric vehicles for the Gharb Local Council.	0.12	MECP 105/2020: Purchase of 3 new electric vehicles for the MECP. GRB/07/20: Tender for the supply of a full electric vehicles for the Gharb Local Council.	n/a		074 - Clean urban transport rolling stock[18]	100%	40%			10	0
3	2 - Addressing Carbon-Neutrality by Decarbonising Transport - C2.I.4 - Part Replacement of the Public Transport Fleet	01/01/2022	31/12/2025	34.0	Grants			6.8	6.8	10.2	10.2		0.0		0.0		05.3 - Pollution abatement	The methodology used to calculate this component is based on market testing. The RRP support will cover the price differential between electric and diesel fuelled busses. Market research indicates that an indicative price for a ICE bus (12metres) costs circa €226,000, whilst a 12mt electric bus costs circa €560,000. This results in a possible state aid grant of circa €334,000 per vehicle. All costings claimed under the RRP exclude VAT amounts.	Market Research - Ministry responsible for Transport		NA	n/a		074 - Clean urban transport rolling stock[18]	100%	40%			34	0

C. Component 3: Fostering a digital, smart and resilient economy

1. Description of the component

Summary Box - Fostering a digital, smart and resilient economy

Policy area/domain: Digital; smart; and a well-functioning internal market with strong SMEs

Objective: The objective of this component is to fast track the digital transformation. This will be achieved by strengthening the national policy framework, facilitating the further digitalisation of services in the public administration and public regulatory services, including in the maritime sector, as well as strengthening initiatives related to digitalisation in the private sector.

An enhanced digital policy framework, coupled with enhanced digital solutions for public and private services, will benefit both citizens and businesses alike. The reforms and investments under this component will also contribute towards the **European flagship 'Modernise'** by promoting modernised and secure digital services that are accessible to all. In this regard, the integration of digital technology and the digitalisation of services, shall form an important stepping-stone in Malta's digital transition. Initiatives will contribute towards addressing the 2020 Country Specific Recommendation[1] (CSR) 3 and 2022 CSR 1[2] in relation to the digital transition. Complementing this component, additional digitalisation efforts are also foreseen under Components 4 with the aim or strengthening the resilience of the health system and 6 of this plan with the aim of enhancing the institutional framework.

Reforms and investments:

Reforms:

i. Deepening the digital transformation through policy reform, with a focus on reducing the digital divide and promoting digital skills;

ii. Finalise and implement Malta's Smart Specialisation Strategy, with a particular focus on fostering business R&I and strengthening public-private cooperation.

[1] European Commission, 'Recommendation for a Council Recommendation on the 2020 National Reform Programme of Malta and delivering a Council opinion on the 2020 Stability Programme of Malta'.

[2] European Commission, 'Recommendation for a Council Recommendation on the 2022 National Reform Programme of Malta and delivering a Council opinion on the 2022 Stability Programme of Malta'.

Investments:

1. Strengthening the resilience, security and efficiency of the government digital backbone and investing in appropriate digital solutions, devices and tools which will enable Government to provide proactive action, secure services and streamlined operations to citizens and the business sector EUR 16.7M;

2. The digitalization of the Merchant Shipping Directorate within Transport Malta, thus providing a more efficient regulatory service to operators EUR 5.9M;

3. Further digitalization and modernisation of the public administration, including public and intra-facing services, through several solutions to improve the front-end customer experience, data sharing and reuse, virtual desktops, property transfer processes, National Single Window for customs, and digital tools for remote-working solutions EUR 17.7M;

4. Rolling out measures to intensify the digitalisation of the private sector EUR 15M.

Estimated cost: The estimated cost of the RRP investments identified above amounts to EUR 55.3M.

2. Main challenges and objectives

a) Main challenges:

In recent years, Government has embarked on various initiatives aimed at promoting digitalisation across the public and private sectors, fostering innovation and supporting business development. These included investments in e-government, e-health, e-commerce, e-services, the provision of training related to improved digital literacy, digital and innovation schemes for the private sector as well as investments in infrastructure aimed at creating an innovation and technology driven environment for business and academia alike. Despite such initiatives and Malta's good overall performance in the DESI[1] index, additional efforts are required to foster and improve digitalisation both in the public sector as well as in the private domain. The relevance of digitalisation is even more evident nowadays, necessitating a collective effort to counteract the requirements and challenges brought about by the COVID-19 pandemic. Furthermore, fostering an innovation led economy remains important considering Malta's standing as a 'moderate' innovator according to the Innovation Index. Thus, initiatives under this component will aim to contribute towards overcoming current barriers towards a smart and digital society. Such efforts will also aim to increase Malta's economic resilience and social cohesion.

[1] Digital Economy and Society Index (DESI).

b) Objective

The proposed reforms and investments under this component will aim to enhance digitalization and business continuity, increase the usage and span of Government e-services, and aim at a collective shift towards a digitized society, which will contribute towards further productivity, competitiveness, sustainable growth and better quality of life. Interventions in the private sector will aim to support industry, in particular the tourism and manufacturing sectors, to digitalise in order to not only remain relevant notwithstanding the setbacks posed by the pandemic, but also to grow and come out stronger as an economic segment post-pandemic.

These initiatives will complement nationally funded initiatives, such as those offered by Jobsplus to include courses targeting employability skills, language and numeracy skills, digital skills, clerical, accounting, trades and business skills, amongst others; as well as complement current schemes for the digitalisation of enterprises funded under ERDF and digital skills acquisition supported by the ESF.

Whilst investment in digitalisation is an enabler for innovation, reforms in the area of Research and Innovation under this component will also aim to strengthen R&I capacities. This will in turn pave the way to further enhance the digital transition.

Looking forward, RRP reforms and investments foreseen under this component will be complemented by initiatives under the 2021-2027 Cohesion Policy programmes. In this regard, support for enterprises to invest in innovation and the digitalisation of processes will be encouraged to strengthen their digitalisation efforts. Schemes for industry to increase R&I uptake are also foreseen. These schemes will be complemented by further targeted investments in the digitalisation of the public sector as well as investments in digital skills under the ESF+. The targeted investments under different funding instruments will not only ensure coordination between funds, but also constitute a reinforcing mechanism whereby synergies between different funding instruments are maximised.

Additionally, this component will include measures that will assist members of the public to bridge the digital divide that this increased shift in digitalization will bring with it.

3. Description of the reforms and investments of the component

a) Reforms:

i. Deepening the digital transformation through policy reform, with a focus on reducing the digital divide and promoting digital skills

Challenges: Government originally embarked on a digital reform in the public service in 1988 as part of the public service reform. This was followed by a continuous development of ICT strategies as part of the reform process, starting in 1994 when the first *National ICT Strategy* was launched. Such an early start and proactive approach towards the digitalization process has

enabled Malta to place itself amongst the top Member States and well above the EU average in terms of the latest DESI indicator.

Despite these efforts, challenges relating to the uptake of Government services as well as uneven progress in the implementation of measures relating to the Single Digital Gateway, continue to persist. Furthermore, different challenges are present for various target groups. The young student population is perhaps the most exposed to the digital environment and present an opportunity for service delivery in future. On the other hand, young adults require easy and better Government services in order to be enticed to use such services, and the elderly population needs to build trust in digital systems in order to shift towards online services.

Objectives: Government will continue to drive the use of digital technologies as a key tool to enhance socio-economic development through policy reform and by leading by example.

The *Malta Digital Strategy 2021-2027*, that is currently being developed, aims to identify how policy can be used to drive positive change across all segments of society. By drawing in citizen, business and public-sector administration experiences gathered from a wide-consultation process, the *Strategy* will provide a vision for a digitally transformed society that enables the solutions for key needs and challenges, experienced by citizens and the business community. It aims to provide the overarching vision for future transformative measures and initiatives to complement and guide current and future initiatives in the local digital landscape. The *Strategy* makes particular emphasis on the use and application of innovative technologies, and how digital technology will improve the economic wellbeing of businesses and the quality of life of citizens.

The *National Digital Strategy* that is being developed will also serve as an overarching framework for sector specific policy reform. In this regard, the upcoming *Public Administration Strategy (2022-2027)*, which will focus on the transformation of the public administration, will bring together in a coordinated effort the relevant stakeholders within the context of identification of pain-points, ideation, process re-design, proof-of-concept and eventually implementation of improved digitalised services. This will be enabled by the application of relevant technology training that will improve people skills, new standards and adaptive leadership in order to create the necessary culture required. In addition, other sector specific policy reform is being undertaken through the *Cybersecurity Strategy* and the *National Data Strategy* which will further strengthen the resilience of the sector.

Within this context, this reform will aim to focus on the following three main aspects of Malta's *Draft Digital Strategy*: to reduce the digital divide, promote digital skills and strengthen Government's digital services.

Government will design a programme aimed to assist and support families with low income to enable them to be connected and have access to computers and experience the benefits of technology use. This programme will not only aim to improve digital literacy and reduce the digital divide, but it will also aim to foster improved socio-economic cohesion. It is expected that more than 1,000 individuals will benefit from this project.

In addition, this reform will also aim to strengthen and promote HR capacity with a view to increasing Malta's pool of ICT professionals, in line with the ambitions of the new digital Strategy. In this regard, building on Malta's policy advancements in the areas of artificial intelligence, amongst others; Government will develop a set of initiatives which will aim to upskill Malta's

talent pool in such niche areas. This will foster more specialisation in the digital field and will aim to increase the pool of highly skilled professionals in the area. Furthermore, the launch of the new *Digital Strategy* will facilitate change in the way public services are delivered.

The policy reform process will continue to build on the *Digital Malta: National Digital Strategy 2014-2020*[2], which set Digital Business, Digital Government and Digital Citizen as the three (3) main pillars for Malta to 'prosper as a digitally-enabled nation in all sectors of society'. Specific categories of policy actions were implemented in relation to each of these 3 pillars, particularly: [Digital Business] Transforming Businesses, Sustaining Entrepreneurship and Attracting new business, and Going Global, Stimulating Research and Innovation; [Digital Government] Citizen and Business Centric Government, Efficient Government, Open Government, and Essential Government Services; and [Digital Citizen] Enhancing Digital Literacy and Social Equality, Access for All, and Stimulating and Local Content. The Strategy highlighted the need for public services to be accessible online, more user-friendly, accessible through multiple channels as well as burdened by less red tape and hence improving quality of service and maintaining Government's momentum for Malta to be a digital leader and a champion of future and emerging technologies. Such efforts are in line with the aforementioned European flagship 'Modernise'.

The *Digital Malta Strategy* that is in place was supported by various other strategies including the *Public Administration's Mapping Tomorrow - A Strategic Plan for the Digital Transformation of the Public Administration (2019-2021)*[3]; the *Malta – The Ultimate AI Launchpad*[4] which is a Strategy and Vision for Artificial Intelligence in Malta 2030, launched in 2019; the *Malta Cybersecurity Strategy 2016*[5] and the *National Data Strategy – Data-Driven Public Administration*[6], launched in 2016.

Implementation: The Ministry responsible for the Digital Economy will be responsible for the implementation of this reform in collaboration with other relevant entities including the Ministry responsible for Social Security.

The policy reform process and initiatives emanating therefrom will uphold the principles of gender equality, equal opportunities and non-discrimination (including accessibility) in line with, amongst others:

[2] Parliamentary Secretariat for Competitiveness and Economic Growth, *'Digital Malta - National Digital Strategy 2014-2020'*, March 2014.

[3] MITA, Office of the Principal Permanent Secretary and Office of the Prime Minister, *Mapping Tomorrow - A Strategic Plan for the Digital Transformation of the Public Administration 2019-2020*, June 2019.

[4] Parliament Secretariat for Financial Services, Digital Economy and Innovation and Office of the Prime Minister, *Malta - The Ultimate AI Launchpad: A Strategy and Vision for Artificial Intelligence in Malta 2030*, October 2019.

[5] Ministry for Competitiveness and Digital, Maritime and Services Economy, *Malta Cyber Security Strategy*, 2016.

[6] Draft *Data-Driven Public Administration: National Data Strategy - PSI Directive Implementation & Internal Data Sharing Platform*, July 2016.

1. Equality between men and women: Chapter 456 Equality for Men and Women Act; and Chapter 452 Employment and Industrial Relations Act;
2. Equal opportunities: LN 85/2007 Equal Treatment of Persons Order; and LN 181/2008 Access to Goods and Services;
3. Non-discrimination including accessibility for persons with disabilities: Chapter 413 Equal Opportunities (persons with disability) Act.

Furthermore, Government has a dedicated Foundation for Information Technology Accessibility[7] (FITA) which is the principal advocate and coordinator for making digital technology accessible for persons with a disability in Malta[8].

Target group: Public administration, business enterprises and citizens as users of digital public services.

Timeline: The respective timelines are presented in the Annex 2.3.

ii. Finalise and implement Malta's smart specialisation strategy, with a particular focus on fostering business R&I and strengthening public-private cooperation

Challenges: Malta remains a 'moderate innovator' as outlined in the European Innovation Scoreboard 2020[9]. Whilst Malta has improved its performance throughout the years, particularly in relation to fostering intellectual assets, an innovation-friendly environment and employment in fast-growing enterprises of innovative sectors and in knowledge-intensive activities, amongst others; public-private linkages and access to finance remain weak points.

Within this context, the finalisation of *Malta's Smart Specialisation Strategy 2021-2027*[10] and the implementation of its measures will be key towards improving Malta's stance in terms of its transition towards an innovation led economy. The draft Strategy denotes various barriers towards registering marked improvements in the sector. These include the need to increase awareness of the *Smart Specialisation Strategy* and enhance research infrastructure and the R&I ecosystem, amongst others.

Objectives: The objective of this reform is to establish a new policy framework a *Smart Specialisation Strategy*, with a focus on fostering business R&I and strengthening public-private cooperation.

[7] https://fitamalta.eu/news-page-2/about-fita/

[8] https://fitamalta.eu/

[9] European Commission, 'European Innovation Scoreboard 2020', 23 June 2020.

[10] Malta Council for Science & Technology, 'Draft for Public Consultation - October 2020 - *Malta's Smart Specialisation Strategy 2021-2027*'.

Malta has identified the following smart specialisation areas for the period 2021-2027:

- *Health and Well-being*

The health sector continues to be an area of strong R&I potential for Malta. Malta has several advantages to be a strong hub for innovation in health as it has a sizeable population and a centralised public health sector. The native population is largely captured by the health system, enabling Malta to perform longitudinal long-term trials. Niche areas that are envisaged to have strong potential for research and innovation in Malta are cancer, cellular therapy, drug development, e-Health and biomedical engineering.

- *Sustainable Use of Resources for Climate Change Mitigation and Adaptation*

Malta is the most densely populated country in the EU and remains particularly vulnerable to climate risks. The importance of innovation in this area stems from the need for tailor-made solutions to enable Malta to fulfil the legal obligations that it has in this field as well as its commitment to fulfilling international agreements such as the European Green Deal, Paris Agreement and UN's Sustainable Development Goals. The present and future challenges associated with the sector will require Malta to build on the country's existing capacity and investments to further improve its design and management of resource and energy-efficient systems. It is therefore recommended that Malta looks to further strengthen its R&I expertise in innovative solutions for waste, water and energy.

- *Smart Manufacturing*

Manufacturing is a traditional economic sector in Malta. Investments have remained stable and the number of enterprises in this NACE code is steadily increasing over time. Hence, it remains a relevant sector that generates a significant income for the island and analysis carried out indicates that various investments have been made to continue supporting this sector. One of the areas of focus is to support with funding schemes and fiscal measures to focus on high value-added products which come about as a result of innovation driven digitisation. Hence, Malta should support the sector to move towards Industry 4.08 and invest in "smart manufacturing".

- *Marine & Maritime Technology*

Malta's marine sector is a very important economic contributor, with more than 15% of GDP estimated to be dependent on the marine environment and offering opportunities in an array of areas. There is indeed strong interest by the local researcher community in marine research and this is also evidenced in participation of Maltese researchers in the EU's Horizon 2020 framework programme in relevant fields. It is envisaged that marine and marine technology will continue to be an area of focus in future, including in the area of bioeconomy.

- *Aviation and Aerospace*

As outlined in the Draft Smart Specialisation Strategy, during the last three decades, Malta has developed a range of competencies in aviation, including air traffic management and flight operations and maintenance, repair and overhaul. Malta's strength is the focus on technology areas of long-term use (MRO, avionics, UAVs, air traffic management). Other areas of development

and opportunity are Remotely Piloted Air System (RPAS) technologies, small aircraft design, operation of a flight test facility and space applications. Thus, Malta has the competencies and potential to expand its current role and contribute more significantly in these sectors. In addition, the strategy also identifies drone testing hub as a niche area for development as well as the use of autonomous vehicles and related technologies such as Internet of Things (IoT), sensors, 5G technologies, which will provide a basis for building such areas of expertise.

- *Future Digital Technologies*

The digital sector is both a pillar in and of itself as well as a horizontal enabler of other areas since it interfaces and supports innovation in all thematic areas. The digital sector is particularly fast paced, with innovative solutions quickly becoming obsolete. It is therefore, very difficult to forecast future long-term development scenarios in this particular sector. The Maltese Government has taken several initiatives to support this sector, such as the creation of the Malta Digital Innovation Authority (2018), active participation in several large ICT events held in Malta, such as the Delta Summit and the Sigma Summit, and the creation of the Gozo Innovation Hub. Given that the current landscape is rather fragmented it is envisaged that support will focus on investment in digital technology and the applications of digital technologies.

Apart from national funds, it is envisaged that financing under ERDF will be provided in support of Malta's Smart Specialisation Strategy 2021-27.

As outlined in the Peer Review undertaken with the support of the European Commission's Policy Support Facility that was concluded in June 2019, in order to foster business R&I, more awareness is required amongst the private sector on how innovative processes can improve their business standing. This needs to be complemented by awareness raising on funding schemes as well as the simplification of procedures related to application for funding. Within this context, through this reform, Government will aim to facilitate the design of inter-agency account management of clients between Malta Enterprise and the Malta Council for Science and Technology in order to raise awareness and provide guidance to potential beneficiaries in a more targeted and effective manner.

Furthermore, this reform will also encourage stronger public-private cooperation to transform research results into market-ready solutions, for instance, by ensuring support for knowledge-transfer activities. Within this context, an assessment of the interactions between high education institutions and industry will be carried out with a view to improving the current operational framework. The assessment will also look into suitable financing models and propose recommendations on how to improve the suitability and relevance of existing business support schemes in terms of their contribution to cooperative research and establishing intersectoral mobility, amongst others.

This reform will complement efforts in R&I undertaken through current cohesion policy funds. In addition, this reform will also aim to enable an improved take up of R&I support measures foreseen under the new ERDF programme 2021-2027, increase the chances of industry and academia to participate in centralised programmes, such as Horizon Europe, as well as fast track the implementation of the Smart Specialisation Strategy.

Implementation: The Ministry responsible for Research and Innovation will be responsible for implementing this reform. More particularly, this reform process will be led by the Malta Council for Science and Technology, whilst cooperation with Malta Enterprise will be sought as necessary.

Target group: The business community, academia.

Timeline: The respective timelines are presented in the Annex 2.3.

b) Investments:

i. Strengthening the resilience, security and efficiency of the government digital backbone and investing in appropriate digital solutions, devices and tools which will enable Government to provide proactive action, secure services and streamlined operations to citizens and the business sector

Challenges: The increasing digital transformation and the intrinsic increased provision of services and usage will put further pressure on the underlying Government backbone ICT infrastructures at a more advanced rate in the next few years. As Government becomes increasingly more dependent upon digitalisation, the need to continuously strengthen the underlying digital backbone is crucial. This is also in view of the evolving technological trends, more onerous legislative measures relating to data (e.g. GDPR), and the ever-broadening landscape and endangerment caused by cybersecurity threats.

The underlying secure, resilient and evolving digital backbone enables Government to improve its internal operations by digitalised services through the adoption of common platforms which facilitate standardisation, economies of scale, and better collaboration, etc. The backbone is critical for Government to provide secure, reliable online services (such as those relating to Taxation, Business Register, Education, Health and Social Policy) and implement the necessary reforms (whether related to improved modus operandi, Legislative or EU-related measures) to ultimately enhance the competitiveness of the business sector and the Maltese economy.

Furthermore, in the wake of COVID-19 pandemic having a robust ICT infrastructure and skills have shown to be crucial to enable the Public Administration to continue to provide public services seamlessly using remote means. During the pandemic, several Ministries were supported to enhance and implement more online systems. This was particularly relevant for Health Authorities, including medical staff at hospital and primary care, to be enabled to carry out remote interventions with patients and to implement contact tracing, amongst others; and it brought about further upgrades to the backbone including increasing the MITA international bandwidth by 50% and doubling the number of Virtual Private Networks (VPNs) used by public officers.

It is therefore ever more critical that the Government ICT enabling structures and human capacity are strengthened to become more resilient in catering for increasing demands and future emergency responses or situations.

Objectives: The aim is to further strengthen the resilience, accessibility and security of the government digital backbone, which ultimately is the underlying infrastructure for Government digital operations. The investment aims to improve the resilience and secure nature of the backbone and increase the homogeneity, standardisation and sharing of services across Government through

additional 'as a Service' and shared components. The resultant enhanced secure and flexible environment set-up is critical for Government's continued digitalisation process and business continuity. The same backbone will also serve as the horizontal interoperable foundation layer to enable principles of digitalisation across Government, such as once-only-principle, and sharing of data. Apart from its positive effect on Government services, this project shall improve the interface with the business community by facilitating licences for example.

The investment will require MITA to design, architect, procure, configure, test, implement and integrate within the backbone various digital solutions and components to further improve the backbone's overall security, resilience and capacity. Various components are involved, including to:

a) Enhance and increase capacities and resilience within existing data centres to cope with current and future demand, including by improving the resilience of the data centres, hosting platform capacity and resilience, Network Access Controls and Bandwidth Enhancement;
b) Develop tools to facilitate the use of the Modern Digital Backbone, including: Cloud Security Monitoring (allowing for new ways of communicating and collaborating), Data Classification Tools, Privileged Account Management Solution, Privileged Account Management Services, Enhanced User Experience Monitoring and Interoperability Platform;
c) Use emerging technologies to further increase the take-up and adoption of these innovative technologies in service delivery through: capacity building and training programmes to increase the knowhow and skills on technologies such as artificial intelligence and quantum computing as well as the procurement of equipment and license for cloud-based services, which will be complemented by means of the enhancement of digital capacities and skills through the ESF+ to ensure sustainability. Furthermore, hybrid cloud infrastructures will allow for hosting and Artificial Intelligence practices, allowing Government to assess their use. MITA operates an Emerging Technologies Lab which provides training and exposure to MITA personnel and public officers to innovative technologies. The Agency has also set up an Applied Research function to drive innovation (R&I) into solutions, carry out proof of concepts (POC) and pilot projects designed around innovative technologies both to address client requirements as well as to test the feasibility of new digital services the organisation intends to make available. Such POCs are carried out in collaboration with academic institutions (University and colleges), private sector organisations and the Public Sector;
d) Implement a state-of-the-art Security Operations Centre (SOC) by investing further in relevant tools and infrastructure including, amongst others: Malware Analysis, Password Recovery Appliance, Forensic Devices for imaging and recovery, Forensic Analysis-related Software, Cyber Threat Intelligence, Static Analysis & Software composition tool (SAST), Policy management & Governance, risk and compliance platform, and Vulnerability Assessment Tool for Government Web Applications; and
e) Enhance cyber security digital tools and skills such as through: Phishing Campaign Simulator, Cyber Security Training Range Platform, Risk and Security Assessments for public and private sector (covering both vulnerability assessment and penetration testing) and Cyber Security Training.

Apart from these components training provided by MITA with regard to Public Officers and MITA staff will be provided so as to be better prepared to operate within the digital sphere. Other initiatives carried out by MITA include campaigns on social and traditional media to increase the awareness relating to cybersecurity and associated behaviour as well as a Cybersecurity conference in 2019, which was followed by a scheme to help private sector organisations to be better equipped for cyber-attacks. The training related to Cybersecurity will focus on a number of

domains, including governance, security operations, threat intelligence, awareness and education, as well as cybersecurity fundamentals.

The investment shall also enable proof-of-concepts which will lead to new and improved services to enhance the users' secure digital experience. Through user-identity verification, proactive action will be enabled to ensure government services operate smoothly and securely. Such an investment in monitoring and analytical security tools, achieves a more controlled environment in relation to government digital operations and all data pertaining to all of the Public Administration's information systems. This investment will also lay the foundation and further enable the digitalisation of government services and operations as outlined under other investments of this component, as well as other initiatives foreseen in the future.

Furthermore, apart from the purchase of equipment, this investment shall also design and configure solutions for Government and businesses with the aim to increase competitiveness. An element of applied research is also present, in that a testing environment is available for institutions such as the University of Malta, the private sector as well as public administration. Consequently, this would allow for workable solutions to be tested and assess what is best in the context of the local scenario. Having various institutions included in this process will result in training being provided not only for in-house expertise, but also for knowledge to be gained in Government Departments and Ministries, thus further widening the digitalisation process and capacities in the public domain.

Implementation: The project will be implemented by the Malta Information Technology Agency (MITA). The digital backbone is designed, implemented and maintained by MITA[11] which has been in operations since 1991. As the ICT Agency for Government, MITA in recent years has launched complementary strategies, including the Strategy (2018-2020)[12] with a vision of being 'The Digital Driver for the transformation of Government'. In February 2021 MITA launched its new Strategy (2021-2023)[13] with a vision to be 'Committed to a Digital Future' which focuses on seven (7) strategic domains, including one which focuses on Information Security and another on Digital Technologies and Data. The MITA Strategy is supported by a yearly Business and Financial Plan which identifies the projects, initiatives and services that the organisation delivers towards the attainment of the strategy, and the financial and human resources required to do so.

The foreseen investment will include a mix of capital and subscription-based costs as well as 'pay-per-use' flexibility to adjust to the demands of the sector. Such modality, which has also been previously adopted for similar initiatives under other EU funded projects, will enable better control of costs depending on the extent of the demand and the usage. Subscription-based licenses are driven by the current market trends which have replaced the more traditional ways of IT procurement. In line with established practice for cohesion policy funded projects, the licences/subscription costs for the first two years will be capitalised as investment costs, while the Maltese authorities commit to continue with such licences/subscriptions as applicable in future.

[11] https://mita.gov.mt

[12] https://mita.gov.mt/wp-content/uploads/2021/03/MITA-STRATEGY-2018-2020.pdf

[13] MITA and Ministry for the Economy and Industry, *MITA Strategy 2021-2023*, January 2021.

The project will necessitate investment in the digital skills of MITA personnel in order to operate the new equipment. Such effort is included within the scope of this investment and will be complemented, as the case may be, through the use of other EU funding programmes such as ESF+. Furthermore, the appropriate resources will be assigned accordingly to enable the achievement of the implementation milestones. MITA has the means of addressing any shortcomings of skills through training programmes that address the agency needs and any human capital, through its recruitment mechanisms and the adoption of sub-contracting to private businesses in order to target specific skills. The skills availability will be sustained even beyond the project deadlines through systematic planning including Training Needs Analysis and Performance Appraisals. Skill-specific teams shall be assigned to the implementation of the various elements of the programme. Management of such projects shall occur in a controlled Project Management environment to ensure resourcing, planning, implementation and testing of solutions. An overall Programme Manager would overlook the individually managed project streams recommended on this proposal.

With regard to the principles of equality and non-discrimination, any publicity / advertising in relation to the investment will be free from stereotypes or any type of discrimination. This will be ensured by liaising with the National Commission for the Promotion of Equality for support as necessary. With respect to equal opportunities the investment is gender-neutral and makes no distinction of race, creed or sexual orientation. Moreover, the selected contractor would commit to ensure equal opportunities for employees. With regard to non-discrimination including accessibility for persons with disabilities, MITA will ensure that the procurement of solutions that are envisaged in this investment will be in line with the established principles of non-discrimination.

Target group: The public administration and private users of digital public sector services.

Timeline: The respective timelines are presented in the Annex 2.3.

ii. The digitalization of the Merchant Shipping Directorate within Transport Malta, thus providing a more efficient regulatory service to operators

Challenges: This project shall contribute towards fulfilling a comprehensive digital transformation in the regulatory aspect of the maritime industry in Malta. The groundwork involving this initiative has been supported through the Structural Reform Support Programme, with a view to streamline the operations of maritime services while reducing red tape and bureaucratic procedures. In addition, the lack of interoperability between current systems creates duplication of data and a higher risk of human error. Investing in advanced technology will therefore enhance operations and overall performance.

Objectives: The aim is to ensure more efficient regulatory practices, optimise and improve internal operations, customer relations and administration through investment in digital services, amongst others, as well as through a cloud-based infrastructure. The merchant shipping sector is of paramount importance to Malta. Through the Structural Reform Support Programme, the need to establish a Capacity Building Plan and Strategy with the aim to improve the workforce flexibility and agility within the Merchant Shipping Directorate was identified. In this regard, additional investments are being undertaken through the Technical Support Instrument[14], to

[14] The TSI is the successor programme of the Structural Reform Support Programme (2017-2020).

develop a Capacity Building Plan and Strategy in an effort to achieve medium to long-term goals within the Directorate, and to prepare the workforce to handle the digitalisation of the Merchant Shipping Directorate processes.

This RRP investment is instrumental in contributing to further digitalise this important sector, building on past initiatives which have aimed to enable a long-lasting and a holistic improvement. The envisaged upgrade of the Maritime analytics system will be providing tools for the creation of relational and analytical reporting based on information stored into the to-be platforms repository, as well as further efficiency and effectiveness as a result of the system. Furthermore, addressing this niche sector will also contribute towards sustaining the blue economy in line with Government's long-term strategy.

Through this investment a Data and Document Management System will be introduced, which will give the Merchant Shipping Directorate the tools required to shift to a paper-less environment. Furthermore, personnel shall be upskilled and reskilled with a view to operating in a paperless environment within the Directorate.

The storage network (SAN) plays a crucial role in developing a robust enterprise technology architecture. In order to curb system failures, the use of a High Availability (HA) architecture is recommended, especially for mission-critical applications. Furthermore, the upgrade of the Maritime Analytics system will also serve as an underlying platform connected to a centralised Business Intelligence (BI) tool. This will be followed by the identification and implementation of a Customer Relationship Management System, which will be acting as a robust and automated External Stakeholder/Client Communication Management System which shall be built on the request once only principle for any digital documentation between external and internal stakeholders. The final step in the implementation of the digitalisation process will be the introduction of a data warehousing and BI tool overarching all the applicable systems across the organisation.

This investment also involves training of Transport Malta staff in the operation and maintenance of the systems which are being deployed. In addition, a user manual and tutorial video are envisaged to be compiled for each software to be deployed. Complementary to the aforementioned measures, the Merchant Shipping Directorate shall implement an effective change management and communication strategy, aimed at transitioning the impacted stakeholders through the planned transformation, from awareness through to implementation. The strategy shall mentor stakeholders to mitigate resistance to change, carry out a change readiness assessment to measure the realised benefits of the change programme as well as identify needed interventions, as necessary.

Furthermore, by digitising the Directorate's systems, a positive impact shall also be felt by the end-clients, who may eventually apply for services directly through the system once the Digital Maritime Interface is in place eliminating the need to submit a physical application. This will also have a positive environmental impact and ensure environmental sustainability since clients will not need to commute to the offices by car, whilst also increasing the possibility for Transport Malta staff to work remotely. It is to be noted that the digitalisation of the Malta Maritime Administration shall encourage the participation of women in the sector, both locally and internationally, given the reach of the Maltese ship register across the globe.

Implementation: The Ministry responsible for Transport will be responsible for the implementation of this investment. More specifically, the project will be implemented by the Merchant Shipping Directorate within Transport Malta, which is responsible for all ancillary services related to merchant shipping.

Target group: The maritime regulator and users of the maritime industry services. Whilst the most immediately impacted group of stakeholders will be staff within the Merchant Shipping Directorate, private actors such as Authorised Representatives, Class Societies as well as Flag State Inspectors, amongst others, shall also be affected. The Directorate has included these external stakeholders as part of the Communications and Training programmes to be deployed through the project.

Timeline: The respective timelines are presented in the Annex 2.3.

iii. Further digitalization and modernisation of the public administration, including public and intra-facing services, through several solutions to improve the front-end customer experience, data sharing and reuse, virtual desktops, property transfer process, National Single Window for customs, and digital tools for remote working solutions

Challenges: The public administration has been undergoing significant digital transformation over the past years, including investments funded under the 2014-2020 EU funding programme aimed at creating a number of e-service applications in the areas of Government to Business, Government to Customers and Government to Government. These investments have enabled Malta to top the ranks of the EU's eGovernment benchmarks.

In terms of uptake of online services, while substantial improvements have been achieved, this remains a challenge. Several projects, also funded by the ESF, have been carried out to improve uptake. In general, these projects included three main components: increasing the skills of public officers offering the online services, increasing the awareness of business organisations and citizens targeted to use the online services, as well as qualitative and quantitative research components. As part of the research, assessments were carried out on the barriers to uptake; eventually, this resulted in several improvements, including the further simplification of online services and different levels of authentication of the e-ID and single-sign-on for online systems.

The issue of the lack of uptake must also be considered within the context of a recent study carried out by servizz.gov to analyse use of its service channels. The study found that individuals of less than 45 years of age have higher levels of digital literacy and tend to make use of online services more willingly. Likewise, Malta's physical dimensions and culture also need to be taken into consideration, whereby individuals tend to acquire services from the public administration while they are physically visiting the capital city. In view of and despite these considerations, it is believed that take-up will continue to increase further over the coming years provided that Government continues to invest in the digitalisation process. This programme will enable Government to continue to provide online services.

Improvements in the area of digitalisation also resulted in increased optimisation and improved customer experience, both of which remain key to increasing usage. The experiences during the COVID-19 pandemic have elevated customer expectations of online services. It is pertinent to state that, back in 2019, MITA had started implementing a project called 'Government Modern Workplace' to proactively provide the public administration with a secure and resilient platform to

enable public officers to work remotely. This project proved to be invaluable during the pandemic and has now become a critical enabler for the public administration's business continuity and for public officers to continue providing services to the general public and business organisations.

MITA assists the public administration in designing, developing, implementing, hosting and modernising business critical information systems and underlying digital platforms. MITA's assistance has been particularly critical during the COVID-19 pandemic which enabled the public administration to continue to provide public services seamlessly using remote means. MITA provided tools as well as assisted departments to enhance and implement more online systems. Specifically, assistance was provided to Health Authorities on various fronts including for medical staff at hospital and primary care to carry out remote interventions with patients, in setting up swabbing centres and implementing contact tracing.

The public administration is also taking various measures to improve interoperability and sharing of data through the Data Governance Council. In line with the National Data Strategy, various initiatives are currently ongoing, including the legislation and implementation of several base registers (i.e. Person, Address and Business), the setting up and operation of a National Data Portal[15], as well as the drafting and implementation of a Once-Only Principle Plan.

In this regard, further simplification and increased service provision are essential to reap the benefits from the digitalisation transformation and to contribute towards further public sector modernisation. The pandemic has also emphasised the need for workplaces to adapt to new exigencies, highlighting the potential of remote working across the public administration.

Objectives: The aim of this investment is for the public administration to provide better customer experience to citizens and business organisations, ultimately enhancing the competitiveness of the business community resulting in a stronger Maltese economy and increasing the uptake of online services. The use of emerging technologies, particularly AI and distributed ledger technology such as blockchain, will be exploited to adapt better to citizens' and businesses' needs and to automate service provision in a trusted, secure and transparent manner. This project will simultaneously develop modern and remote means of working, including the provision of remote workspace across the country, which will serve the public administration to be a model employer, whilst providing for business continuity, promoting gender equality and caring for the environment.

This investment will be made up of two major parts A & B:

A. Fostering better customer experiences. This will be enabled by:

i. **Public and intra-facing services:** Reengineering all public and intra facing services which are currently manual, paper-based, fillable online or hosted on non-responsive legacy platforms in order to consolidate and simplify the customer experience. These services will be transformed into workflows, maximising automation opportunities and integration with back-end systems to improve and streamline the service delivery process. This will be managed through a dashboard leading to a reduction in service lead time, improved operating

[15] https://data.gov.mt/

efficiency and consistent service levels through real-time control and a proactive approach. This transformation will serve as a catalyst for drastically increasing the uptake of online services. The business process re-engineering will also tackle service design by involving and listening to the client to resolve pain points in order to arrive at an optimised service which is truly client centric.

ii. **Front-end customer experience:** Enhancing the front-end customer experience in the physical hubs and online. The customer care officers dealing with the citizens in the hubs are to be provided with the necessary digital tools to be able to deal with all types of queries from all type of customers. The physical hubs require a centrally managed queuing system that can oversee flows within the building as well as direct clients to the right customer care officer so that they are helped as required. From an accessibility point of view, the regional hubs need to be fully accessible to accommodate customers with varying levels of mobility.

From a digital perspective, adapting to new service levels expected by our customers will require technology upgrades to boost the services that can be offered by a human agent. In this regard, the utilisation of AI solutions is required to facilitate contact centre processes through text-to-speech, speech-to-text, sentiment analysis tools and Natural Language Processing (NLP) engines, leading to the implementation of cloud-based AI driven digital PABX. servizz.gov will continue developing its current chat infrastructure into a fully-fledged citizen chatbot, capable of integrating with third party systems. In all of these digital AI-driven solutions, the Maltese language currently poses the largest challenge, but work on the creation of a Maltese language corpus, together with other R&D projects, should assist in providing the solution.

iii. **Property Transfer Process:** Creating a platform which connects all the stakeholders concerned in the property transfer process (banks, notaries, Lands Registry, Public Registry, utilities, etc) in order to facilitate the process for both citizens and businesses to transfer the ownership of property. The need for trust and transparency is key and crucial for the success of this platform and will be based on distributed ledger technology.

iv. **Base and administrative registers:** Setting up base and administrative registers for data sharing and reuse purposes in line with Open Data Directive (EU) 2019/1024. The creation of the address register as a high-value data set will contribute substantially towards the simplification of processes and towards the attainment of the Once-Only Principle. Additionally, Address Register will be also made available to businesses, and it is envisaged to have a significant impact especially on those service providers involved in transportation and delivery. The population of the administrative data registers in the data portal and the exposure of open data via APIs and controlled access to closed data will add so much more value to the enabling of the OOP. The aim is also to improve Malta's performance within the context of the 2020 Digital Economy and Society Index[16].

v. **National Single Window:** The National Single Window will contribute to fully digitalising and automating the clearance of goods process. Information collected at one stage of the logistical chain from an organisation will be reused by the rest of the organisations requiring the same data rather than requesting an Economic Operator to provide the same information again.

[16] European Commission, 'Digital Economy and Society Index (DESI) 2020 - Malta', p. 3.

Clearances and activity required from other Departments or Authorities, as well from other European Union institutions, will be collected and processed along with this concept rather than requiring the Economic Operator to physically visit the respective offices to present hard copy documentation. Data collected will be more complete and valid.

vi. **Remote working solutions and appropriate tools:** In line with the public administration's commitment to providing improved services and increased environmental awareness, the further development of remote working solutions will also be explored in line with the relevant reform outlined under Component 2 of this Resilience and Recovery Plan. The public administration's vision to invest in remote working predates the COVID-19 pandemic. The introduction of the modern workplace concept facilitated the transition to remote working during the pandemic. Eventually the analysis from the effects of the pandemic highlighted the need to invest in remote workspaces and servizz.gov has been tasked with spearheading this initiative. The investment in remote working will improve work-life balance, promote flexibility, gender equality and equal opportunities besides contributing towards a cleaner and a greener environment. For the concept to grow, digital branding and marketing are essential components. To facilitate the operational and administrative requirements, mobile devices for data connectivity and cloud printing will be provided. Such a transition requires the availability of the appropriate network and administrative infrastructure, thus ensuring the seamless delivery of services in the interests of continuity. As a result, the servizz.gov regional hubs will require physical and digital upgrades to install additional remote workspaces.

B. Further strengthening of the Modern Digital Workplace platform. This will be composed of:

i. The implementation, testing and piloting of a Virtual Desktop Proof of Concept (POC) within MITA as a basis for the eventual (not within scope of this programme) rollout within Government. This activity also includes the licensing of 1,000 dedicated and 1,000 shared desktops within Government but excludes any implementation and works involved relating to such users.

ii. Procurement, configuration and commissioning of 2,000 new laptops for further rollout of the Modern Digital Workplace across Government. Currently, the Modern Digital Workplace platform implemented by MITA cannot be used by several users within Government in view of their old desktops/laptops.

iii. The implementation, testing and piloting within MITA of the integration of telephony to desktop software as a basis for the eventual implementation within Government (not within scope of this programme). This component also includes the licensing of 2,000 users within Government but excludes any implementation and works involved relating to such users.

iv. Provision of Modern Digital Workplace solution for Health (1,500 licenses) and other Ministries (2,000 licenses) so that they can further expand the usage of the Modern Digital Workplace platform.

v. Online Identity Verification for use by MITA, to provide a solution to enable users to avail themselves of government online services even if they are not in possession of eID or CORP account.

vi. Implementation of security for critical functions in business applications, identifying critical functionality within the Government's core IT Systems (Social Security, Tax, Customs, Health) and implementing additional checks, intelligent alerting system and two-step verification. Government would benefit to have more visibility over critical business functions, even when this functionality is accessed from remote locations.

Implementation: The project components relating to the modernisation of workplaces will be implemented by MITA, within the Ministry responsible for the Economy whilst measures relating to fostering better customer experiences will fall under the responsibility of the servizz.gov Agency, within the Office of the Prime Minister.

As outlined earlier, MITA is Government's designated ICT agency. In addition, servizz.gov and 'Business First' agencies, were setup five years ago, and have been tasked to coordinate and facilitate the delivery of all front-facing services and act as contact centres, through various online channels and 23 walk-in hubs, on behalf of all Public Administration and towards the general public and businesses respectively. The role of the regional hubs is to offer governmental services within the community and address the digital divide. The less tech-savvy customers are also guided on the use of online services. Servizz.gov is also responsible to setup a digital transformation and ethics hub to facilitate client interaction and improvement initiatives. Due to its new remit of taking the lead to consolidate digital transformation efforts cutting across Ministries, servizz.gov agency coordinates with other stakeholders on possible initiatives aimed at achieving a better customer experience.

The complementary remits of both MITA and the servizz.gov agency are well established, thus ensuring a coordinated approach in the implementation of this investment.

Target group: Businesses and citizens who use digital public sector services, as well as public officers delivering services.

Timeline: The respective timelines are presented in the Annex 2.3.

iv. Rolling out measures to intensify the digitalisation of the private sector

Challenges: Malta fairs well in the Digital Economy and Society Index where it ranks 5th overall whilst excelling in the availability of fixed broadband. It also has a positive track record in the human capital score due to the large number of ICT graduates whilst Maltese businesses rank first on the use of big data. The overall level of business digitization is also relatively high when compared to the EU average.

Over the past years, measures targeting the private sector, which include the launch and implementation of grant schemes, have assisted the local industry and strengthened the local economy by encouraging the uptake of digital technologies and promoting e-services. Furthermore, Malta has advanced connectivity, and the sector is strongly led by private sector investment.

Under the 2014-2020 programming period, through the Business Enhance ERDF Grant Schemes, around €32 million were provided in the form of grants to enterprises, providing support in areas such as assistance to start-ups, implementation of growth strategies as well as assistance

for digitalisation, amongst others. Such support was earmarked at supporting the digitalisation of business operations and digitalisation of services through the e-Commerce scheme, with a budget allocation of €5 million, aimed at assisting enterprises to set up or further develop an e-commerce website or mobile application incorporating an online payment gateway. Moreover, a cash grant scheme is also administered by Malta Enterprise to cover consultancy services engaged by SMEs to realign their business activity, restructure their employees, product and / or service portfolio, optimise the use of technology and embrace green technology and practices, thus making such support schemes accessible and effective for SMEs.

Despite such efforts, intrinsic limiting factors remain. In particular, Malta's business community is primarily made up of SMEs, 94.8%[17] of which are micro-enterprises, which constitutes an added challenge towards furthering digitalisation due to the lack of economies of scale. This is particularly relevant when considering that the integration of digital technologies at a European level is carried out primarily by large companies. In recent months, the exigencies brought about by the COVID-19 pandemic accentuated the need to further digitalise operations in the private sector. In this context, increased investment in digitalisation is necessary in order for business to enhance competitiveness and meet the challenges and opportunities ahead. This calls for additional efforts in digitalisation, whilst also fostering interaction between businesses and Government.

Objectives: The objective of the state aid measures under this investment is to support enterprises in their digitalisation endeavours and to enable the digital intensification of operations in the private sector. Such grant schemes will be primarily earmarked for SMEs in line with the General Block Exemption Regulation (GBER)[18] and the *De Minimis* Regulation[19], although support for large enterprises is not being excluded. The grant schemes will support enterprises engaged in different economic activities, including the wholesale and retail, tourism (including culture) and manufacturing sectors, and take account of the structure of Maltese enterprises.

Support is therefore envisaged for SMEs (including micro and the self-employed) to invest in digitalisation (including hardware, software and digital solutions) to enhance their operations and explore new business opportunities. This will ensure complementarities with the support provided under ERDF 2014-2020 programme and will also contribute towards the competitiveness of business.

This multi-faced approach takes account of the different realities, starting points, and needs of different sized enterprises. Such an approach will ensure synergies between different funding instruments but will also create a reinforcing effect and aim to holistically fast track digitalisation efforts across the private sector. One area of focus will be the tourism industry to ensure that digitalisation is leveraged with a view to enhance operations.

[17] National Statistics Office, 'Registered Business Units: 2019' - News Release 072/2020, p. 8.

[18] Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty.

[19] Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid.

It is envisaged that investment will support enterprises to digitise so they can avoid falling behind by addressing new digital capabilities and digitized processes such as product and process design and engineering, end-to-end procurement, supply chain/distribution and after-sales. This could also extend digitalisation beyond IT and explore the possibilities of significant operational technologies (OT) such as track and trace solutions and digital twinning.

Investments supported in different sectors may also include investments and solutions related to product lifecycle management, life cycle analysis, IoT, cyber security and data protection, cyber-physical systems, augmented reality, artificial intelligence, circular manufacturing, autonomous solutions, big data and data management, and decision support systems.

In designing and implementing schemes particular attention will be given to the regional dimension of Gozo to duly reflect its specificities, development needs and diversification endeavours, amongst others.

Apart from providing financial support for digitalisation to undertakings, Malta is following closely the possibility to support the participation of enterprises in digital European initiatives. In this regard, Malta will also explore the possibility to support investments, also beyond the RRP, under the Important Projects of Common European Interest (IPCEI) under the micro-electronics strand. Given the special state aid considerations involved in the latter investments, the necessary notification procedures will be followed should this be followed in future.

Implementation: The Ministry responsible for EU Funds, more particularly the Measures and Support Division, will be responsible for the implementation of this investment. The Measures and Support Division is mandated to ensure the strategic management, administration and implementation of EU funded measures to support enterprises by taking up the function of Intermediate Body in terms of Article 123 (6) of EC Regulation 1303/2013.

Target group: The business community, including SMEs.

Timeline: The respective timelines are presented in the Annex 2.3.

4. Open strategic autonomy and security issues

The investments foreseen under this component are not intended to finance any mobile networks, in particular 5G.

The nature of initiatives related to investment (i) are intended to further strengthen the security of the digital backbone and infrastructure for the Maltese Public Administration. As part of the procurement process, technical designs will be scrutinized by MITA's senior technical experts prior to the business case being approved by MITA's senior management team. The Enterprise architecture working group will evaluate the technical specifications to ensure they are in line with Government's digital strategy and architecture, as well as baseline security designs. A final recommendation to procure will be submitted for approval by the MITA Board of Directors. Furthermore, beyond the technical specifications for the product/s, suppliers will be expected to follow Government ICT Policies (GMICT) including the Information Security Policy. This policy works in tandem with the internal MITA information security policy, which is aligned with ISO27001

(Information Security Management), ISO27017 (Security Controls for Cloud Services), ISO27018 (Code of practice for protection of personally identifiable information (PII) in public clouds acting as PII processors) and ISO22301 (Business Continuity Management). These standards are aimed to ensure strong security requirements are in place.

In addition, a specific security schedule will be included in the service contract entered into between MITA and the supplier to cater for risks related to Data, Supply Chain and business continuity, supplier processes and equipment. Consideration will also be given to ensure that services are provided in line with EU jurisdiction, including GDPR, with specific contractual clauses. Furthermore, an enterprise risk management policy is in place within MITA to govern and manage enterprise risks, which may emanate from projects and other activities.

With regard to investment in the digitalisation of the Merchant Shipping Directorate (Investment (ii)); the digital platform will be accessed through web interfaces by several users, interconnected with external systems, and where multiple data can be stored and managed with different statuses of sensitivity. The platform will apply cyber security measures to prevent undesirable events (e.g. cyber-attacks, data leakage, systems and service unavailability, etc.) and accomplish the "Confidentiality", "Integrity" and "Availability" (CIA) information security model. Specific features will include, amongst others:

- Data encryption services to ensure that sensitive and confidential data are secure while transmitted between different internal or external systems. The platform will use encryption and decryption functions for information exchange (e.g. emails, files, etc.) purposes. Any information which might be retrieved by an unauthorised person, will be scrambled into an unreadable format.
- Communication protocols: The platform will use APIs for communication with third party systems (e.g. EMSA Systems, RO Systems, etc.). APIs have sets of rules and conditions which avail communication between systems in a standardised way.
- Network segmentation: The platform will consist of several internal systems (e.g. Seafarers Management System, Fleet Management System, etc.). Departments within the Maritime Shipping Directorate (MSD) will have access to those systems or parts of, depending on processes they should execute. Network segmentation contributes to system security by dividing groups of users, applications and systems from each other. Thus, MSD stakeholders would only access information they are granted in order to execute MSD processes. Furthermore, network segmentation would assist to overall network security of the to-be platform. Network would be splinted into segments to limit communications and interactions between components of the to-be platform. In case of penetration to a network segment, the intruders would be unable to access other segments hence the entire network of the to-be platform.
- Intrusion detection system: Such a system would monitor activities related to the to-be platform in order to identify and prevent intrusion incidents. The platform shall have the appropriate security controls to safeguard the confidentiality and integrity of data processed or stored by the system are implemented as an integral part of the system.

With respect to investment (iii) the nature of initiatives foreseen, primarily related to modern desktop and remote working, will include measures to minimise security risks.

With regard to the modern desktop initiatives, as part of the procurement process, technical designs will be scrutinized by MITA's senior technical experts prior to the business case being

approved by MITA's senior management team. The Enterprise architecture working group will evaluate the technical specifications to ensure they are in line with Government's digital strategy and architecture, as well as baseline security designs. A final recommendation to procure will be submitted for approval by the MITA Board of Directors. Furthermore, beyond the technical specifications for the product/s, suppliers will be expected to follow Government ICT Policies (GMICT) including the Information Security Policy. This policy works in tandem with the internal MITA information security policy, which is aligned with ISO27001 (Information Security Management), ISO27017 (Security Controls for Cloud Services), ISO27018 (Code of practice for protection of personally identifiable information (PII) in public clouds acting as PII processors) and ISO22301 (Business Continuity Management). These standards are aimed to ensure strong security requirements are in place.

In addition, a specific security schedule will be included in the service contract entered into between MITA and the supplier to cater for risks related to Data, Supply Chain and business continuity, supplier processes and equipment. Consideration will also be given to ensure that services are provided in line with EU jurisdiction, including GDPR, with specific contractual clauses. Furthermore, an enterprise risk management policy is in place within MITA to govern and manage enterprise risks, which may emanate from projects and other activities.

With regard to remote working solutions under this investment, several initiatives will also be implemented to ensure increased security. These include:

- A Two-factor authentication (2FA) to strengthen the security of the user account and devices. This will be implemented in line with MITA Government of Malta (GMICT) policy framework.
- Advanced Threat Protection (ATP) against malware or hacking attacks targeting sensitive data security alerts on abnormal activities.
- Implementation of a Mobile Device Management (MDM) Software/Solution or MDM client to enable monitoring, management and security of remote working electronic devices. This will protect against unauthorised data access and data leakage by providing remote wipe/locking features and other security measures.
- Corporate login authentication system based on MITA established system to safeguard user access, enable audit trails and data encryption in line with the IDPC's (Information and Data Protection Commissioner) DPIA recommendations.
- Undergo security and vulnerability testing which will be regularly carried out by MITA as the digital security consultant for the Government of Malta.

5. Cross-border and multi-country projects

Cross-border and multi-country projects will not be implemented through the reforms and investments foreseen being targeted through the Recovery and Resilience Facility.

6. Green dimension of the component

The Regulation establishing a Recovery and Resilience Facility sets a binding target of at least 37% of the plan's total allocation to contribute to climate mainstreaming. Investments in digitalisation processes are deemed to have a new positive outcome on the environment. Whilst interventions

under this component are not envisaged to contribute directly towards green transition ambitions, all efforts will be made to ensure that interventions are in line with environmental policies.

7. Digital dimension of the component

The Regulation (EU) 2021/241 establishing the Recovery and Resilience Facility sets a binding target of at least 20% of the plan's total allocation to contribute to the digital transition or to the challenges resulting from it. The total investment under this component is directly contributing towards the said digitalisation target (21%)[20].

In line with Annex VI of the RRF Regulation (EU) 2021/241, the following investments can be linked to the intervention fields and corresponding digital objectives coefficients as shown in table T2 annexed to this document.

Taking into consideration the measures being implemented and the targets meant to be achieved in terms of digitalisation, the investments will contribute directly to the following:

i. Intervention Field 010 - Digitising SMEs (including e-Commerce, e-Business and networked business processes, digital innovation hubs, living labs, web entrepreneurs and ICT start-ups, B2B): this shall be addressed through the implementation of aid schemes aimed to support the digitalisation of the private sector under investment (iv) of this component;

ii. Intervention Field 011 - Government ICT solutions, e-services, applications: this shall be addressed through the implementation of measures aiming to strengthen the resilience, security and efficiency of the government digital backbone, as well as the digitalisation and modernisation of public administration under investments (i) and (iii) respectively which aim to increase Government ICT infrastructure and services. With regards to investment (i) Intervention Field 108 - Support for the development of digital skills will also cover the training component which is envisaged as part of this investment; and

iii. Intervention Field 084 - Digitising transport: other transport modes: this shall be addressed through the digitalisation of the Merchant Shipping Directorate within Transport Malta under investment (ii) which aims to digitalise the shipping register.

8. Do no significant harm

INTRODUCTION

1. This 'Do No Significant Harm' (DNSH) assessment is being carried out with respect to Component 3: Fostering a digital, smart and resilient economy.

[20] RRP allocation of EUR 258,275,901, excluding the REPowerEU Chapter.

2. The RRP describes the reforms for this component as follows:
    - Deepening the digital transformation of the public administration through policy reform, with a focus on reducing the digital divide and promoting digital skills; and
    - Finalise and implement Malta's *Smart Specialisation Strategy*, with a particular focus on fostering business R&I and strengthening public-private cooperation.

3. With regards to the investment projects under this component, the following investments have been identified:
    - Strengthening the resilience, security and efficiency of the government digital backbone and investing in appropriate digital solutions, devices and tools which will enable Government to provide proactive action, secure services and streamlined operations to citizens and the business sector;
    - The digitalization of the Merchant Shipping Directorate within Transport Malta, thus providing a more efficient regulatory service to operators;
    - Further digitalization and modernisation of public administration, through public and intra-facing services, as well as several solutions to improve the front-end customer experience, data sharing and reuse, virtual desktops, property transfer processes, National Single Window for customs, and digital tools for remote-working solutions; and
    - Rolling out measures to intensify the digitalisation of the private sector.

4. It is understood that most of the interventions are mainly in software and training although upgrading of hardware will also be undertaken.

METHODOLOGY

5. In accordance with the Commission Notice on Technical guidance on the application of "do no significant harm" under the Recovery and Resilience Facility Regulation[21] the DNSH assessment is carried out in 2 steps:
    - Part 1 – Member States should filter the six environmental objectives to identify those that require a substantive assessment.
    - Part 2 – Member States should provide a substantive DNSH assessment for those environmental objectives that require it.

6. The Technical Guidance provides two Tables that must be used to carry out the 2 assessments. The Tables contained in the Guidance are reproduced below and were used to undertake the DNSH assessment of both the reforms and investments for Component 3.

7. With regards to the assessment of the Policy Reform the Guidance states that while all measures require a DNSH assessment, a simplified approach can be taken for measures that have no or an insignificant foreseeable impact on all or some of the six environmental objectives. By design, certain measures might have a limited bearing on one or several environmental objectives. In this case, Member States may provide a brief justification for those environmental objectives and focus the substantive DNSH assessment on environmental

[21] European Commission, 2021, Technical guidance on the application of "do no significant harm".

objectives that may be significantly impacted. For instance, a labour market reform intended to increase the overall level of social protection for the self-employed would have no or an insignificant foreseeable impact on any of the six environmental objectives, and a brief justification could be used for all six objectives.

8. This approach has been adopted for the DNSH of the digitalisation reform.

DNSH Part 1 Assessment – Digitalisation Reform

9. Description of reforms:

Deepening the digital transformation through policy reform, with a focus on reducing the digital divide and promoting digital skills; and

Finalise and implement Malta's Smart Specialisation Strategy, with a particular focus on fostering business R&I and strengthening public-private cooperation.

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	**Yes**	**No**	**Justification if 'No' has been selected**
Climate change mitigation		X	According to the Component 3, the objective of the reforms for the deepening of the digital transformation is to set out Government's vision on how it intends to maintain its momentum as a global digital leader and a champion of emerging technologies. Building on the initiatives already undertaken, Government will continue its drive to use digital technologies as a key tool to enhance the way public services are delivered, improve digital skills and reduce the digital divide. The objective of the second reform is to establish a new policy framework for *Smart Specialisation Strategy*, with a focus on fostering business R&I and strengthening public-private cooperation. Through this reform, Government will aim to facilitate the design of inter-agency account management of clients between Malta Enterprise and the Malta Council for Science and Technology in order to raise awareness and provide guidance to potential beneficiaries in a more targeted and effective manner. This reform process will also encourage stronger public-private cooperation to transform research results into market-ready solutions. These reforms are likely to have an insignificant foreseeable impact on the environmental objectives, taking into account both the direct and primary indirect effects across the life cycle of the reforms.
Climate change adaptation		X	
The sustainable use and protection of water and marine resources		X	
The circular economy, including waste prevention and recycling		X	
Pollution prevention and control to air, water or land		X	
The protection and restoration of biodiversity and ecosystems		X	

DNSH ASSESSMENT – INVESTMENTS

10. Description of the investment:

Strengthening the resilience, security and efficiency of the government digital backbone and investing in appropriate digital solutions, devices and tools which will enable Government to provide proactive action, secure services and streamlined operations to citizens and the business sector.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation	X		
Climate change adaptation		X	The investment that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle of the project.
The sustainable use and protection of water and marine resources		X	The investment that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle of the project. No environmental degradation risks related to preserving water quality and water stress are identified.
The circular economy, including waste prevention and recycling	X		
Pollution prevention and control to air, water or land		X	The investment that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle of the project. The investment is not expected to lead to a significant increase in the emissions of pollutants into air, water or land because the installation of any hardware is small scale and unlikely to result in any significant emissions.
The protection and restoration of biodiversity and ecosystems		X	The investment that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle of the project. The investment does not involve any material changes to buildings located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas).

Part 2 Assessment

Questions	No	Substantive Justification
Climate change mitigation: Is the measure expected to lead to significant GHG emissions?	X	Procurement of hardware will be in line with latest standards to ensure maximum energy efficiency. The energy generated from renewables will be attributable to Government being the main beneficiary of the investment. Furthermore, MITA, the ICT Agency for Government, participates in the EU Joint Research Centre – European Energy Efficiency Platform (E3P) which reinforces the commitment towards the EU green agenda.
The transition to a circular economy, including waste prevention and recycling: Is the measure expected to: (i) lead to a significant increase in the generation, incineration or disposal of waste, with the exception of the incineration of non-recyclable hazardous waste; or (ii) lead to significant inefficiencies in the direct or indirect use of any natural resource at any stage of its life cycle, which are not minimised by adequate measures; or (iii) cause significant and long-term harm to the environment in respect to the circular economy?	X	The investments are unlikely to result in significant waste generation. Digitalisation is aimed at reducing the use of paper in the public service.

11. Description of the investment:

The digitalization of the Merchant Shipping Directorate within Transport Malta, thus providing a more efficient regulatory service to operators.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation	X		
Climate change adaptation		X	The investment that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle of the project.
The sustainable use and protection of water and marine resources		X	The investment that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle of the project. No environmental degradation risks related to preserving water quality and water stress are identified.
The circular economy, including waste prevention and recycling	X		
Pollution prevention and control to air, water or land		X	The investment that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle of the project. The investment is not expected to lead to a significant increase in the emissions of pollutants into air, water or land because the installation of any hardware is small scale and unlikely to result in any significant emissions.
The protection and restoration of biodiversity and ecosystems		X	The investment that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle of the project. The investment does not involve any material changes to buildings located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas).

Part 2 Assessment

Questions	No	Substantive Justification
Climate change mitigation: Is the measure expected to lead to significant GHG emissions?	X	Although the purchase of hardware will result in increased power consumption, the investment will allow staff to work remotely and therefore reduce the need for travel. It will also lead to a reduction in emissions since less clients will be required to commute to the maritime administration's office to file documents. Flag State and Port State inspectors will also be equipped with devices allowing inspections, or parts thereof, to take place digitally. While inspectors will still need to board the vessels, they will now have the capability to remotely request and verify certain documents before the vessel docks at the harbour. This reduces the time required for physical inspections and in turn reduces the time the vessel remains at berth.
The transition to a circular economy, including waste prevention and recycling: Is the measure expected to: (i) lead to a significant increase in the generation, incineration or disposal of waste, with the exception of the incineration of non-recyclable hazardous waste; or (ii) lead to significant inefficiencies in the direct or indirect use of any natural resource at any stage of its life cycle, which are not minimised by adequate measures; or (iii) cause significant and long-term harm to the environment in respect to the circular economy?	X	The investments are unlikely to result in significant waste generation. Digitalisation is aimed at reducing the use of paper in the public service. For the past several decades (since the setting up of the Malta Ship Registry), personnel within the Malta maritime administration have been accustomed to a standard operating procedure which is fully reliant on hard copy documentation. As a result of these practices, circa one million papers per annum are used by the Merchant Shipping Directorate (MSD). The digital transformation will introduce a Data and Document Management System (DDMS) that will give the MSD the tools required to shift to a paperless environment. The disposal of the hardware will follow specific procedures to ensure that reuse and recycling will be pursued as applicable. This is in line with the policy of the beneficiary in this area.

12. Description of the investment:

Further digitalization and modernisation of the public administration, including public and intra-facing services, through several solutions to improve the front-end customer experience, data sharing and reuse, virtual desktops, property transfer process, National Single Window for customs, and digital tools for remote- working solutions.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation	X		
Climate change adaptation		X	The investment that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle of the project.
The sustainable use and protection of water and marine resources		X	The investment that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle of the project. No environmental degradation risks related to preserving water quality and water stress are identified..
The circular economy, including waste prevention and recycling	X		
Pollution prevention and control to air, water or land		X	The investment that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle of the project. The investment is not expected to lead to a significant increase in the emissions of pollutants into air, water or land because the installation of any hardware is small scale and unlikely to result in any significant emissions.
The protection and restoration of biodiversity and ecosystems		X	The investment that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle of the project. The investment does not involve any material changes to buildings located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas).

Part 2 Assessment

Questions	No	Substantive Justification
Climate change mitigation: Is the measure expected to lead to significant GHG emissions?	X	Although the purchase of hardware will result in increased power consumption, this is minimised because the new system/ equipment will be energy efficient. The investment will allow staff to work remotely and therefore reduce the need for travel. Furthermore, MITA, the ICT Agency for Government, participates in the EU Joint Research Centre – European Energy Efficiency Platform (E3P) which reinforces the commitment towards the EU green agenda.
The transition to a circular economy, including waste prevention and recycling: Is the measure expected to: (i) lead to a significant increase in the generation, incineration or disposal of waste, with the exception of the incineration of non-recyclable hazardous waste; or (ii) lead to significant inefficiencies in the direct or indirect use of any natural resource at any stage of its life cycle, which are not minimised by adequate measures; or (iii) cause significant and long-term harm to the environment in respect to the circular economy?	X	The investments are unlikely to result in significant waste generation. Digitalisation is aimed at reducing the use of paper in the public service. The disposal of the hardware will follow specific procedures to ensure that reuse and recycling will be pursued as applicable. This is in line with the policy of the beneficiary in this area.

13. Description of the investment:

Rolling out measures to intensify the digitalisation of the private sector.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation	X		
Climate change adaptation		X	The investments that are supported by the measure have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle of the project.
The sustainable use and protection of water and marine resources		X	The investments that are supported by the measure have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle of the project. No environmental degradation risks related to preserving water quality and water stress are identified.
The circular economy, including waste prevention and recycling	X		
Pollution prevention and control to air, water or land		X	The investments that are supported by the measure have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle of the project. The investment is not expected to lead to a significant increase in the emissions of pollutants into air, water or land because the installation of any hardware is small scale and unlikely to result in any significant emissions.
The protection and restoration of biodiversity and ecosystems		X	The investments that are supported by the measure have an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle of the project. The investment does not involve any material changes to buildings located in or near biodiversity sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas).

Part 2 Assessment

Questions	No	Substantive Justification
Climate change mitigation: Is the measure expected to lead to significant GHG emissions?	X	Although the purchase of hardware and equipment will result in increased power consumption, this is minimised because the new system/equipment will be energy efficient. The new investment supported may also be replacing less efficient assets with a view to reap operational efficiencies. Beneficiaries will also be encouraged to incorporate possible greening and/or climate mitigation in their investment as may be applicable.
The transition to a circular economy, including waste prevention and recycling: Is the measure expected to: (i) lead to a significant increase in the generation, incineration or disposal of waste, with the exception of the incineration of non-recyclable hazardous waste; or (ii) lead to significant inefficiencies in the direct or indirect use of any natural resource at any stage of its life cycle, which are not minimised by adequate measures; or (iii) cause significant and long-term harm to the environment in respect to the circular economy?	X	The investments are unlikely to result in significant waste generation. Digitalisation is aimed at enhancing operational efficiency and also reducing the use of paper. Beneficiaries will be required to dispose of hardware and equipment following specific procedures to ensure that reuse and recycling will be pursued as much as possible.

9. Milestones, targets and timeline

The respective milestones, targets and timelines are presented in the Annex 2.3.

10. Financing and costs

The overall estimated cost of this Component amounts to EUR 55.3M.

11. Loan request justification (if applicable)

N/A

Milestones and Targets for Component 3

ANNEX

Sequential Number	Component Name
3	Fostering a digital, smart and resilient economy

Sequential Number	Component Reference	Reform / Investment	Measure -Short title	Is this a sub-measure for green and digital tagging? (Yes or leave empty)
0	0 - Overall		Overall impact of the plan	
1	3 - Fostering a digital, smart and resilient economy	Reform	C3.R.1 - Deepening the digital transformation through policy reform, with a focus on reducing the digital divide and promoting digital skills	
2	3 - Fostering a digital, smart and resilient economy	Reform	C3.R.2 - Finalise and implement Malta’s smart specialisation strategy, with a particular focus on fostering business R&I and strengthening public-private cooperation	
3	3 - Fostering a digital, smart and resilient economy	Investment	C3.I.1 - Strengthening the resilience, security and efficiency of the government digital backbone and investing in appropriate digital solutions, devices and tools which will enable Government to provide proactive action, secure services and streamlined operations to citizens and the business sector	
4	3 - Fostering a digital, smart and resilient economy	Investment	C3.I.2 - The digitalisation of the Merchant Shipping Directorate within Transport Malta, thus providing a more efficient regulatory service to operators	
5	3 - Fostering a digital, smart and resilient economy	Investment	C3.I.3 - Further digitalisation and modernisation of the public administration, including public and intra-facing services, through several solutions to improve the front-end customer experience, data sharing and reuse, virtual desktops, property transfer processes, National Single Window for customs and digital tools for remote-working solutions	
6	3 - Fostering a digital, smart and resilient economy	Investment	C3.I.4 - Rolling out measures to intensify the digitalisation of the private sector	
7	3 - Fostering a digital, smart and resilient economy	Investment	C3.I.1 (a) - Strengthening the resilience, security and efficiency of the government digital backbone and investing in appropriate digital solutions, devices and tools which will enable Government to provide proactive action, secure services and streamlined operations to citizens and the business sector - capital costs sub measure	Yes
8	3 - Fostering a digital, smart and resilient economy	Investment	C3.I.1 (b) - Strengthening the resilience, security and efficiency of the government digital backbone and investing in appropriate digital solutions, devices and tools which will enable Government to provide proactive action, secure services and streamlined operations to citizens and the business sector - training sub measure	Yes

Table 2.3. Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Timeline for completion (indicate the quarter and the year)		Data source /Methodology	Responsibility for reporting and implementation	Description and clear definition of each milestone and target	Assumptions/ risks	Verification mechanism
					Unit of measure	Baseline	Goal	Quarter	Year					
3.1	3 - Fostering a digital, smart and resilient economy - C3.R.1 - Deepening the digital transformation through policy reform, with a focus on reducing the digital divide and promoting digital skills	Milestone	Launch of a scholarship scheme for students to become ICT professionals	Online publication of the scheme				Q1	2022	Ministry responsible for the Economy and Industry	Ministry responsible for the Economy and Industry	In line with Malta Digital Strategy 2021-2027, open a scholarship scheme to encourage students to pursue a career in niche ICT areas such as artificial intelligence.	Risk: Low take up of the scholarship scheme.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall also include as annexes, a copy of the call(s) for scholarships.
3.2	3 - Fostering a digital, smart and resilient economy - C3.R.1 - Deepening the digital transformation through policy reform, with a focus on reducing the digital divide and promoting digital skills	Target	Individuals supported to mitigate digital divide		Number	0	1000	Q4	2023	Ministry responsible for the Economy and Industry	Ministry responsible for the Economy and Industry	A two-year pilot scheme shall be launched in 2021 to analyse the impact home internet connection and access to a computer is expected to have on low income families in respect to digital literacy, connectivity, integration of digital technology and computer skills. The pilot scheme shall target applicants with low income and limited means. Beneficiaries shall be provided with internet access and a computer, as well as training and guidance on their use when requested by them.	Risk: The shift towards digital technologies may require a culture change.	Summary document duly justifying how the target (including the relevant elements of the target, as listed in the description of target and of the corresponding measure in the CID annex) was satisfactorily fulfilled. This summary document shall include, as an annex the following evidence: (a) a report by the Ministry responsible for the Economy and Industry analysing the impact of the pilot scheme; and (b) an anonymised list of beneficiaries with the following information for each beneficiary: 1. a unique identifier; 2. indication of at least one of the following benefits in terms of the applicable national legislation, namely the Social Security Act (Chapter 318 of the Laws of Malta) that the beneficiary was receiving at the time of support and was enlisted as such on the official list: - Pink Card (Free Medical Aid); - Non-Contributory Age Pension; - Social Assistance; - Single Unmarried Parent; or - Unemployment Assistance. 3. type of support provided.
3.3	3 - Fostering a digital, smart and resilient economy - C3.R.2 - Finalise and implement Malta's smart specialisation strategy, with a particular focus on fostering business R&I and strengthening public-private cooperation	Milestone	Adoption of Malta's Smart Specialisation Strategy	Online publication of the strategy				Q4	2021	Ministry responsible for Research and Innovation	Ministry responsible for Research and Innovation	Publication of a national smart specialisation strategy. The strategy shall focus on a number of key initiatives including: - investment in research infrastructure; - supporting internationalisation, including through participation in Horizon Europe; - promotion of inter-agency collaboration in support of enterprises; and - incentives for industry stakeholders to innovate.	Assumption: The strategy is adopted by end 2021	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall also describe the key initiatives of the strategy and shall explain, more specifically, how the strategy fosters business R&I and strengthens public-private cooperation. The summary document shall also include a link to the strategy and a copy of the strategy document as an annex.

Table 2.3. Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

3.4	3 - Fostering a digital, smart and resilient economy - C3.R.2 - Finalise and implement Malta's smart specialisation strategy, with a particular focus on fostering business R&I and strengthening public-private cooperation	Target	Inter-agency account management between Malta Enterprise and Malta Council for Science and Technology		Number	0	50	Q4	2024	Ministry responsible for Research and Innovation	Ministry responsible for Research and Innovation	Number of undertakings supported through the inter-agency account management between Malta Enterprise and Malta Council for Science and Technology (MCST). Enterprises shall be provided with information, guidance, and support with respect to R&D activities as well as exploring internationalisation through participation in European programmes, amongst others.	Risk: Low take up of R&I initiatives notwithstanding simplification and outreach procedures.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include as an annex a list of all undertakings supported under this measure through the inter-agency account management between Malta Enterprise and Malta Council for Science and Technology (MCST), and for each undertaking, a brief description of the type of support provided.
3.5	3 - Fostering a digital, smart and resilient economy - C3.I.1 - Strengthening the resilience, security and efficiency of the government digital backbone and investing in appropriate digital solutions, devices and tools which will enable Government to provide proactive action, secure services and streamlined operations to citizens and the business sector	Target	Increased uptime of the Digital Backbone		% (Percentage)	99.7	99.8	Q4	2023	Malta Information and Technology Agency (MITA)	Malta Information and Technology Agency (MITA)	Percentage of uptime (total time that service is up, divided by the total number of hours during that period, excluding scheduled downtime) of the digital backbone (Government Network referred to as MAGNET and MITA Corporate Data Centres) measured by Malta Information Technology Agency (MITA).	Risk: procurement delays and delays in implementation can have on impact on the completion date.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall also include a copy of the report by MITA that attests the achievement of the percentage of uptime of 99.8%.
3.6	3 - Fostering a digital, smart and resilient economy - C3.I.1 - Strengthening the resilience, security and efficiency of the government digital backbone and investing in appropriate digital solutions, devices and tools which will enable Government to provide proactive action, secure services and streamlined operations to citizens and the business sector	Milestone	Improved level in NIST cyber security framework	NIST level assessed as level 4 in an internal report as validated by an external body				Q4	2025	Malta Information and Technology Agency (MITA)	Malta Information and Technology Agency (MITA)	An internal assessment certifying that MITA infrastructure attains an overall level 4 in NIST. The report shall be rigorous and detailed, showing clearly how the level is achieved on each measure prescribed by the framework. The report shall be validated by an external body.	Risk: procurement delays and delays in implementation can have on impact on the completion date.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall describe the external body that validated the report. The summary document shall include as an annex a report prepared by an external independent body certifying that MITA infrastructure attains an overall level 4 in NIST.
3.7	3 - Fostering a digital, smart and resilient economy - C3.I.2 - The digitalisation of the Merchant Shipping Directorate within Transport Malta, thus providing a more efficient regulatory service to operators	Target	Digitisation of Ship files		Number	0	15000	Q4	2024	Ministry responsible for Transport	Ministry responsible for Transport	Converting the physical files to digital files and make them available electronically on the Management Information System. At least 15,000 files scanned and made accessible for digital search and use.	Risk: procurement delays and delays in implementation can have on impact on the completion date.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include as an annex a certificate of provisional acceptance or similar document signed by the contractor and the contracting authority demonstrating that at least 15000 files have been scanned and made available for digital search and use.

Table 2.3. Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

3.8	3 - Fostering a digital, smart and resilient economy - C3.I.2 - The digitalization of the Merchant Shipping Directorate within Transport Malta, thus providing a more efficient regulatory service to operators	Milestone	Launch and availability to users of the developed IT tools and systems	The developed IT tools and systems are launched and made available for use				Q4	2025	Ministry responsible for Transport	Ministry responsible for Transport	The development of the following IT tools and systems is completed; they are launched and made fully available for use by users within and, where appropriate, outside the Merchant Shipping Directorate: • Document Management System, including the digitalisatio of physical files •Vessel Management System • Digital Maritime Interface (includes a public user interfac and a private user interface) •Seafarers Management System •Maritime Analytics •Billing Module. This should be attested by a report in the Management Information System.	Risk: procurement delays and delays in implementation can have on impact on the completion date.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include as an annex the following evidence: (a) for each IT tool and system developed, a certificate of provisional acceptance or similar document signed by the contractor and the contracting authority, demonstrating that the IT tool/system has been developed, including a specification of their launch date and explanation of how they were made fully available within/outside the Merchant Shipping Directorate; and (b) a copy of the report in the Management Information System referred to in the milestone description.
3.9	3 - Fostering a digital, smart and resilient economy - C3.I.2 - The digitalisation of the Merchant Shipping Directorate within Transport Malta, thus providing a more efficient regulatory service to operators	Target	Delivery of Technical Training to personnel		Number	0	135	Q4	2025	Ministry responsible for Transport	Ministry responsible for Transport	Number of staff (change agents and operational personnel) trained in the use of the developed IT tools and systems, viz.: •Document Management System, including the digitalisation of physical files •Vessel Management System •Digital Maritime Interface (includes a public user interface and a private user interface) •Seafarers Management System •Maritime Analytics •Billing Module.	Risk: procurement delays and delays in implementation can have on impact on the completion date.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. This document shall include in an annex the following evidence: A complete anonymised list of the staff members enrolled for the training, and for each staff member: (a) official references to the individual training certificate(s) demonstrating that the training programme(s) have been completed by the staff member; and (b) the type of training provided with detail of its content.
3.10	3 - Fostering a digital, smart and resilient economy - C3.I.3 - Further digitalisation and modernisation of the public administration, including public and intra-facing services, through several solutions to improve the front-end customer experience, data sharing and reuse, virtual desktops, property transfer processes, National Single Window for customs and digital tools for remote-working solutions	Target	Expenditure incurred in relation to the modern digital workplace and solutions to improve the front-end customer experience		EUR	0	2 500 000	Q4	2022	Malta Information and Technology Agency / Servizz.gov Agency	Malta Information and Technology Agency / Servizz.gov Agency	At least a value of EUR 2 500 000 has been paid for contractual obligations relating to measures in relation to the modern digital workplace and solutions to improve the front-end customer experience.	Risk: procurement delays can have on impact on the achievement rate for signed contracts.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. More specifically, this summary document shall describe how expenditure incurred relates to modern digital workplace and solution to improve the front-end experience. The summary document shall also include, as an annex: (a) copies of contracts signed with all chosen contractual counterparts; and (b) copies of the invoices.

Table 2.3. Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

3.11	3 - Fostering a digital, smart and resilient economy - C3.I.3 - Further digitalisation and modernisation of the public administration, including public and intra-facing services, through several solutions to improve the front-end customer experience, data sharing and reuse, virtual desktops, property transfer processes, National Single Window for customs and digital tools for remote-working solutions	Target	Acquisition of additional Microsoft 365 (or equivalent) licences		Number	20000	23500	Q4	2025	Malta Information and Technology Agency (MITA)	Malta Information and Technology Agency (MITA)	Since 2019, MITA has been implementing the Modern Desktop Project which, by end 2019, enabled 12 000 public officers to use Microsoft 365 tools including Teams and OneDrive. The figure increased to 20 000 by end 2020. MITA shall further acquire additional 3 500 Microsoft 365 (or equivalent) licenses by the end of 2025.	Risks: delays in tendering, contracting and implementation would have an impact on this target. This will be mitigated through a timely issuing of the tender process.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex), was satisfactorily fulfilled. The summary document shall provide as an annex copy/copies of the underlying contract(s) signed for the procurement of the licenses.
3.12	3 - Fostering a digital, smart and resilient economy - C3.I.3 - Further digitalisation and modernisation of the public administration, including public and intra-facing services, through several solutions to improve the front-end customer experience, data sharing and reuse, virtual desktops, property transfer processes, National Single Window for customs and digital tools for remote-working solutions	Target	Acquisition of additional items of IT hardware and software		Number	0	2000	Q4	2024	Malta Information and Technology Agency (MITA)	Malta Information and Technology Agency (MITA)	To enable additional users to work remotely, a number of users shall have their laptop replaced (2 000) since the current machines do not support the new technology. MITA shall also implement proof-of-concepts to add new features such as telephony (licenses to be procured for 2 000 users) and virtual desktop (licenses to be procured for 2 000 users). To support this implementation MITA shall also implement online identity verification and security for critical functions in business applications.	Risks: Delays in tendering, contracting and implementation would have an impact on this target. This will be mitigated through a timely issuing of the tender process.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex), was satisfactorily fulfilled. The summary document shall briefly describe how it achieved implementation of online identity verification and security for critical functions in business applications. The summary document shall also provide, as an annex: (a) copies of the underlying contract(s) signed regarding the procurement of at least 2,000 laptops and licensing of software for at least 2,000 users; (b) a list of the proof-of-concept projects implemented, with reference to the objective of each such project; (c) copies of any underlying contract(s) signed regarding the implementation of the proof-of-concepts projects; and (d) certificate of provisional acceptance or similar document signed by the contractor and the contracting authority demonstrating that the online identity verification and security for critical functions in business applications have been implemented.
3.13	3 - Fostering a digital, smart and resilient economy - C3.I.3 - Further digitalization and modernisation of the public administration, including public and intra-facing services, through several solutions to improve the front-end customer experience, data sharing and reuse, virtual desktops, property transfer processes, National Single Window for customs and digital tools for remote-working solutions	Target	Increase in uptake of online services		% (Percentage)	63	71	Q4	2025	Servizz.gov Agency	Servizz.gov Agency	DESI indicator: Individuals who used the Internet, in the last 12 months, for interaction with public authorities, expressed as % of Internet users.	Assumption: Follow-up / Ongoing Surveys.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include as an annex, a report/s explaining how each project contributed to the DESI indicator target.

Table 2.3. Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

3.14	3 - Fostering a digital, smart and resilient economy - C3.I.4 - Rolling out measures to intensify the digitalisation of the private sector	Milestone	Launch of the calls for applications	Publication of the call				Q1	2022	Measures and Support Division, Ministry responsible for EU Funds	Measures and Support Division, Ministry responsible for EU Funds	Launch of calls for applications for business to receive grant support for digitalisation, including wholesale and retail, tourism (including culture) and manufacturing sectors. The terms of reference shall include eligibility criteria that ensure that the selected projects comply with the 'Do no significant harm' Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation.	Risk: low take up of grant support	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall also include a copy of the official publication of the call, showing that the competition is open to applications, including a reference to the relevant provisions which set out eligibility criteria ensuring that the selected projects comply with the 'Do no significant harm' Technical Guidance (2021/C58/01).
3.15	3 - Fostering a digital, smart and resilient economy - C3.I.4 - Rolling out measures to intensify the digitalisation of the private sector	Target	Undertakings supported in digitalisation investments			Number	0	360	Q2	2026	Measures and Support Division, Ministry responsible for EU Funds	Measures and Support Division, Ministry responsible for EU Funds	The minimum number of undertakings that received support for digitalisation, including wholesale and retail, tourism (including culture) and manufacturing sectors, with grant agreements for EUR 15 000 000 being concluded and at least 90% of the budget being paid out to beneficiaries following the completion of their digitalisation projects. The investments supported shall include investments in hardware, software and digital solutions by SMEs; support for the tourism industry to enhance operations, including operational logistics, resource efficiency and the introduction of analytical tools and AI; and support for manufacturing enterprises including in optimising the use of existing technologies and exploiting emerging technologies and trends, data management and decision support systems, amongst others. Award of the contracts to the projects selected under the calls for applications mentioned in milestone 3.14, in compliance with the 'Do no significant harm' Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation.	Assumption: there is take-up by businesses.	Summary document duly justifying how the target (including the relevant elements of the target, as listed in the description of target and of the corresponding measure in the CID annex) was satisfactorily fulfilled. More specifically, the summary document shall report the number of beneficiaries by sector of activity, and it shall attest that the total contracted amount is at least EUR 15 000 000, and that 90% has been paid out following completion of the digitalisation projects. The summary document shall include as an annex the list of beneficiary undertakings which have received support, including their unique identifier; and for each of them: (a) the size of each beneficiary undertaking; (b) the amount of the grant and a brief description of the investment supported; and (c) proof of payment of the reimbursement to the beneficiary

Table 2 Estimated cost of the plan and green and digital impact

Table to be filled in with the estimates of expected costs in EUR in current prices. This table should provide a summary of the key information on costing for each reform/investment. Additional, more detailed information should be submitted separately. "Estimated costs": Please note that only the costs for which RRF funds are requested should be entered here. "Funding from other sources": Please state here the source and amount in cases, in which the same reform/investment or a reform/investment that is closely linked receives or is expected to receive funds from other sources (which should not cover the same cost). "Methodology used and description of the costs": Please describe briefly the methodology and mention the main cost drivers. "Source of methodology" (if any): Please provide references to the methodology and data sources that you used. "Specify source " and "Possible reference to past EU programs" (under comparative costing data): Please mention past investment/reform projects that are benchmarks for the cost estimate and the source of the costs for these projects. "Independent validation" (if any): Please provide the name of the validating organisation/ agency, and a reference to the validation document.

Sequential Number	Related Measure (Reform or investment)	Relevant time period		Estimated costs for which funding from the RRF is requested									Funding from other sources (as requested by Art. 8 in the Regulation)				COFOG level 2 category *(or 'Not relevant' in case of a revenue measure)*	Methodological Information		Comparative costing data from past reforms/investments			Independent validation (encouraged)	Green and digital objectives						
				Total requested		If available: split by year							From other EU programmes		From National budget or other sources									Green objectives			Digital objectives		Tagged RRF contribution	
		From date	To date	Amount (mn EUR)	Repayable financial support (loans) / Non-repayable financial support (grants)	2020	2021	2022	2023	2024	2025	2026	Amount (mn EUR)	Specify the EU programmes *[Breakdown by programme if relevant (e.g. regional operational programme)]*	Amount (mn EUR)	Specify source		Methodology used and description of costs	Specify source	Amount (mn EUR)	Specify source	Possible reference to past EU programs	Name of the validating entity and reference to the validation		Intervention field	Climate Tag	Environmental Tag	Intervention field	Digital Tag	Climate	Digital
1	3 - Fostering a digital, smart and resilient economy - C3.I.1 (a) - Strengthening the resilience, security and efficiency of the government digital backbone and investing in appropriate digital solutions, devices and tools which will enable Government to provide proactive action, secure services and streamlined operations to citizens and the business sector - capital costs sub measure	01/01/2020	31/12/2025	14.1	Grants	1.2	3.2	5	3.4	0.7	0.6		0.0		6.7	National Budget	01.3 - General services	The cost per item was based on the estimates provided by experts from the Malta Information Technology Agency (MITA). Each of the items were divided into capital costs and subscription and service costs. In particular, the experts have based their calculations on current contracts as applicable. For subcomponents that are similar to past projects, rates in past contracts were used as a basis upon which the new costs were estimated. For subcomponents that are entirely different, the estimated cost of the subcomponent was based on market research and experience. All costings claimed under the RRP exclude VAT amounts.	Information was obtained from four distinct sources, namely; current contracts in place (where available), past contracts of a similar nature, market research and past experience obtained from the Malta Information Technology Agency (MITA)	n/a	This investment is made up of a relatively large number of sub components. Comparative assessment with past investments related to part contract implementation through nation funds. Contracts references are; C058/20; C025/20; C121/19; T001/21; C006/20; C021/20; C024/20; C113/19; C008/20; C017/19; C103/19; C106/19	N/A			011 - Government ICT solutions, e-services, applications	0%	0%	4 - 011 - Government ICT solutions, e-services, applications	100%	0	14.1
2	3 - Fostering a digital, smart and resilient economy - C3.I.1 (b)- Strengthening the resilience, security and efficiency of the government digital backbone and investing in appropriate digital solutions, devices and tools which will enable Government to provide proactive action, secure services and streamlined operations to citizens and the business sector - training sub measure	01/06/2021	31/12/2025	2.6	Grants			0.6	0.7	0.6	0.7		0.0		0.0		01.3 - General services	Cyber security training. The estimated costs are based on Market Research and based on expertise and quotations provided. All costings claimed under the RRP exclude VAT amounts.	Malta Information Technology Agency (MITA)	n/a				108 - Support for the development of digital skills	0%	0%	3 - 108 - Support for the development of digital skills	100%	0	2.6
3	3 - Fostering a digital, smart and resilient economy - C3.I.2 - The digitalisation of the Merchant Shipping Directorate within Transport Malta, thus providing a more efficient regulatory service to operators	01/06/2021	31/12/2025	5.9	Grants			2.0	0.1	1.2	2.6		0.0		0.5	National Budget	04.5 - Transport	This investment is entirely new for Malta hence the methodology adopted was that of engaging experts in the field to quantify the funding gap and investment required. PwC was engaged to assist Transport Malta (TM) with the preparation of Cost-Benefit Analysis (CBA) in relation to the digitalisation of the Malta Maritime Administration. This project is based on the analytical study carried out in 2019-2020 by PwC Malta that was commissioned by DG Reform to carry out a study on the digitalisation of the maritime administration for the Merchant Shipping Directorate (MSD). The project aimed to contribute to the introduction of improved processes by refining the mapping of existing processes, identifying bottlenecks and developing recommendations for new simplified processes that can be implemented electronically. In this respect, the processes and inputs for the CBA have been aligned to the findings and outputs of the EU DG Reform study. This has been done in order to properly identify the different stages of the project, the relevant options and the main cost elements of the CBA. The four components of this project were established following this assessment. All costings claimed under the RRP exclude VAT amounts.	Information was obtained from Transport Malta which includes the following: • The project management, supervision and technical expertise requirements over the implementation phase of the project broken down into specific sub-activities; • Estimates of the hourly market rate for a Technical expert and Project Manager; and • Estimates for the number of hours the appointed experts are envisaged to be involved. • The key requirements, components and processes of the system, based on the analytical study carried out by PwC Malta; • The total number of physical documents that need to be digitised; and • The number of experts that will require training. • The specifications of the ancillary hardware requirements and the ancillary software requirements; and • The quantity of the hardware and software licenses required as part of the project. • Descriptions of each output and how they tie into the overall project, as well as the any quantities of the requirements where relevant; and • Estimates of the costs for each line items excluding the cyber security framework.	n/a	This investment is entirely new for Malta hence no comparative projects are available.	N/A			084 - Digitising transport: other transport modes	0%	0%	4 - 084 - Digitising transport: other transport modes	100%	0	5.9
4	3 - Fostering a digital, smart and resilient economy - C3.I.3 - Further digitalisation and modernisation of the public administration, including public and intra-facing services, through several solutions to improve the front-end customer experience, data sharing and reuse, virtual desktops, property transfer processes, National Single Window for customs and digital tools for remote-working solutions	01/06/2021	31/12/2025	17.7	Grants		2.0	5.8	4.2	2.7	3.0		0.0		2.0	National Budget	01.3 - General services	The cost per item was based on the estimates provided by experts from MITA and servizz.gov. Each of the items were divided into capital expenditure, services and initial start-up subscription costs for 2 years as they are considered as an integral part of the investment cost. Subscription costs beyond the 2 years are not included as part of the investment costs as they go beyond the initial phase. These will be borne by the business owner. In particular, the experts have based their calculations on current contracts where applicable. For subcomponents that are similar to past projects, rates in past contracts were used as a basis upon which the new costs were estimated. For subcomponents that are entirely different, the estimated cost of the subcomponent was based on market research and experience. A risk factor was considered in the final allocated amount under the RRP in instances where calculations are high level estimates. All costings claimed under the RRP exclude VAT amounts. The allocation under the national budget will cover: 15% for the 'better customer experience programme' as well as subscription costs which are not considered part of the capital expenditure.	Information was obtained from four distinct sources, namely; current contracts in place (where available), past contract of a similar nature, market research and past experience which were obtained from Malta Information Technology Agency (MITA) and servizz.gov	n/a	This investment is made up of a relatively large number of sub components. Comparative assessment with past investments related to part contract implementation through nation funds. Contracts references are: MITA: C010/20; T001/21; C013/21. Servizz.gov: CFT027-6031-2017; Mpu-mfcs / 20022; T050/17; CT3063/2020; T003/20; CT3106/2017; T026/20; T027/18; T002/18; CT3098/2018; T016/18	CONVERGE project			011 - Government ICT solutions, e-services, applications	0%	0%	4 - 011 - Government ICT solutions, e-services, applications	100%	0	17.7
5	3 - Fostering a digital, smart and resilient economy - C3.I.4 - Rolling out measures to intensify the digitalisation of the private sector	01/12/2021	30/06/2026	15.0	Grants			1.0	4.0	5.0	5		0.0		0.0		01.3 - General services	Methodology is based on: a) Support to around 60 beneficiaries at an average grant of €200,000. The amount will vary depending on the size of the enterprise and the level of digital ambition. The amount takes into account the spectrum of enterprises with intense digitalisation capabilities. b) Support to micro enterprises to upgrade and/or digitalise their operations. It is estimated that 300 undertakings will benefit from an average grant of € 10,000 to cover hardware, software, peripherals and other IT software and hardware requirements (excluding recurrent expenditure).	Measures and Support Division, within the Office of the Prime Minister	n/a		The uptake of digitisation under the current Grant Schemes, the increased level of digital intensification envisaged and the take up possibilities were taken into account.			010 - Digitising SMEs (including e-Commerce, e-Business and networked business processes, digital innovation hubs, living labs, web entrepreneurs and ICT start-ups, B2B)	0%	0%	5 - 010 - Digitising SMEs (including e-Commerce, e-Business and networked business processes, digital innovation hubs, living labs, web entrepreneurs and ICT start-ups, B2B)	100%	0	15

Green and digital objectives

Please indicate if 0%, 40% or 100% of the reform/investment contributes to the objective. For reforms/investments and the climate objective, use the methodology for climate tracking as set out in Annex IIA and justify their choice for each investment and each reform. For reforms/investments related to environmental objectives, use the same methodology. For the digital objective, use the methodology as set out in Annex II. In all cases, please indicate the relevant intervention field for every reform/investment by choosing the most appropriate one, reflecting the nature, focus, objective, or expected outcome of the reform/investment. If several intervention fields can be applied, provide a motivation in the description of the component. As a general rule, a reform/investment should be assigned one intervention field.

D. Component 4: Strengthening the resilience of the health system

1. Description of the component

Summary Box – Strengthening the resilience of the health system

Policy area/domain: Health

Objective: Strengthen resilience and sustainability of the health sector through policy reforms and investments

Reforms and investments:

The reforms and investments outlined hereunder aim to contribute to the challenges outlined in Country Specific Recommendation 1 (2019 and 2020), relating to, amongst others, the resilience of the health system.

Reforms:

- Develop and implement a health policy framework aimed at making the health system more sustainable and resilient, with a particular focus on health prevention and a strong workforce;
- Review the national legislative framework related to the Establishment of a Blood, Tissue and Cell Centre for Malta.

Investments:

- Establishment of a Blood, Tissue and Cell Centre for Malta EUR 25M;
- Enhancing the resilience of the health system through digitalisation and new technologies EUR 11.7M.

Estimated cost: The overall estimated cost of this component amounts to EUR 36.7M.

2. Main challenges and objectives

a) Main challenges

Over the years, Malta has been at the forefront of building resilience in health through continued investment in infrastructures and human resources within the health sector, setting a best practice example particularly amongst small states.[1] Furthermore, Malta has also advanced in bringing down social and administrative barriers and took concrete action to increase access to healthcare systems, including through investment in primary healthcare hubs, such as the Vincent Moran Primary Health Hub, which is a one-stop facility for community care in the southern region of Malta.

Although Government continuously aims to build on the solid foundations of Malta's present healthcare systems in order to ensure that a free and fair healthcare service is maintained and improved, the healthcare sector in Malta has been facing numerous challenges, particularly in the provision of treatment of chronic diseases and meeting the demands emanating from an ageing population. More recently, the Maltese health system has been impacted by the pressures on both infrastructures and human capacity brought about by the COVID-19 pandemic.

The availability of new technologies related to the treatment of blood-related diseases, as well as innovations in the field that have been strengthened over recent years, also across the EU, provide Malta with an opportunity to advance in this area, with the aim of strengthening the resilience of the health sector. The current National Blood Transfusion Service is considered to have a number of limitations which do not enable the advances required in this field, even though it has provided a safe and sustained blood supply to patients along the years. This is more important since the demand for blood and blood products continues to grow as a result of the growth in population, the challenges of an ageing population, as well as increases in the incidence of blood-related diseases, amongst others. Furthermore, the fast-paced advancements in health and digital technologies continue to necessitate further investment in order to not only provide quality and timely health provision to patients but also to shift towards a more efficient and sustainable health system. This will enable Malta's health system to withstand and overcome increases in the demand that may arise in future due to the increasing population, demographics, health determinants but also unforeseen emergencies as the COVID-19 pandemic proved to be.

b) Objectives

The proposed investment aims to foster improved resilience of the health sector whilst ensuring universal access, high quality of care and sustainable services. Sustainability in healthcare will be sought through increased prevention, improved monitoring and improved maximisation of resources. Through this component, building on the reforms and investments being implemented in relation to improved health services, Government will increase the variety of services offered to the population in Malta and further streamline interactions between different services to ensure continuity of care. In this regard, investments supported under the RRP shall be targeted towards the establishment of a Blood, Tissue and Cell Centre within close proximity to the main hospital in Malta. Any regulatory barriers related to this investment will be explored and mitigated in line

[1] World Health Organisation, Building resilience: a key pillar of Health 2020 and the Sustainable Development Goals.

with the reforms outlined in this RRP. Furthermore, Government will also enhance its resilience in the health sector by adopting new technologies and fostering digital solutions with a view to improving patient care, enable more targeted and timely treatments for patients as well as shift towards a more sustainable healthcare model.

As detailed in Malta's Country Report of 2020, Malta's health system delivers good health outcomes. This is primarily due to Government's constant prioritization of the health sector, which remains free, thus accessible to all irrespective of their socioeconomic background or status. To strengthen the resilience of its health services further, Malta is in the process of updating its *National Health Systems Strategy* (NHSS), which will also outline the parameters for improved sustainability and foster improved service provision. As part of the overarching policy reform, the framework shall lay the ground to enable the provision of increased services in Malta, amongst others, thus improving the financial sustainability of Malta's health system by reducing the dependence on the provision of medical treatments abroad.

In addition, several local health initiatives shall be complementing the reform, with the aim of either bringing Malta's respective performance at par with its EU counterparts or introducing a positive large-scale impact on the health of the Maltese population. These include initiatives pertaining to mental health, cancer, sexual health, vaccinations, mother and child health, health literacy, migrant health, rare diseases and diabetes, with the ultimate aim of implementing a holistic reform, starting with prevention measures and the strengthening of the health workforce.

In its effort towards addressing CSR 1 (2019) and CSR 1 (2020), in improving the resilience and fiscal sustainability of the healthcare system, especially in view of a global pandemic, Malta aims to continue supporting initiatives which address these recommendations, such as through two regional primary care centres equipped with emergency care, the expanded provision of eHealth, and the decentralization exercise towards community-based care. Such initiatives will improve service-provision and sustainability in the long-term.

3. Description of the reforms and investments of the component

a) Reform:

i. Develop and implement a health policy framework aimed at making the health system more sustainable and resilient, with a particular focus on health prevention and a strong workforce

Challenges: Free healthcare at the point of care for its citizens has always been a tenet of the Maltese Government, which pushes Government to innovate and find ways how to continually improve efficiency and effectiveness in the delivery of healthcare. Government also continuously aims to counteract health expenditure growth that occurs due to increases in the cost of healthcare provision and evolution in medical technology and of best practices. The growing and ageing population has also put pressure on the provision of public healthcare and care needs across various specialisations.

Objectives: The objective is to develop a framework that aims to foster resilience in the health sector, with a particular focus on health prevention and fostering a strong and sustainable

workforce. Nurturing sustainability within the health system by balancing capital expenditure costs with the longer-term benefits of improved technologies and innovative treatments, is another important objective of the health reform.

Over the past several years, Government has undertaken a number of policy reforms and investments aimed at improving Malta's health system, with the aim of reforming the public health system to maximise efficiency gains and enhance governance. Building on the NHSS for the 2014-2020 period, Government developed a number of sectoral strategies including the *National Cancer Plan* (2017-2021); the *Food and Nutrition Policy and Action Plan* (2015-2020); and the *Healthy Lifestyle in Schools: Healthy Eating and Physical Activity Policy* (2015), the *Mental Health Strategy 2020-2030, a National Strategy for Diabetes* (2016-2020); a *National Sexual Health Strategy* (2011); a *National Breastfeeding Policy and Action Plan* (2015-2020); as well as a *Communicable Disease Control Strategy for Malta* (2013), amongst others. The new *Health Systems Strategy*, which shall cover the period 2021-2030, will further build upon the previous strategies in relation to different sectors, with the aim of coordinating national health reform and establishing priorities across the different sectors.

Despite the fact that the new NHSS is still in its draft stages, five main pillars have been identified that will translate into a series of initiatives which are planned to be carried out within the next few years:

a. Strengthening and supporting our health workforce

With the aim of forecasting future skills and human resource shortages, Government is envisioning a training needs analysis, an upgrade of the central HR database, the development of a bespoke tool for workforce planning, and a re-establishment of collaborative health workforce planning with the World Health Organisation (WHO). Additionally, in an effort to improve the wellbeing and address skills gaps of foreign health workers, a study is envisaged to be carried out with the aim of identifying barriers and facilitators of better integration and wellbeing of the foreign workforce. A questionnaire tool will be used in order to ascertain that this exercise provides as representative a picture as possible of the issues relating to barriers and facilitators for better integration and wellbeing of the foreign workforce. The questionnaire will include at least nine (9) questions from the SF36[2] survey tool and will aim to estimate two indices: MH1 and MH2 (in relation to Emotional Health Scale and Energy/Fatigue Scale respectively), which indices have also been used extensively in similar mental wellbeing assessment globally. This wellbeing component of the questionnaire tool used shall be reassessed, amongst the foreign workforce available at the time, three years after the initial assessment. This should allow enough time for analysis, putting forward proposed reforms and finally introduction of such reforms. The aim of this repeated assessment is to assess the impact of the reforms introduce on the wellbeing of the foreign workforce.

Such measures are foreseen to be implemented in a staggered manner and are envisaged to be in place in 2023. Efforts to continue supporting skilling and upskilling will also be pursued through a combination of national and EU funded support in a complementary manner.

[2] https://www.rand.org/health-care/surveys_tools/mos/36-item-short-form/survey-instrument.html

b. Improving population health and wellbeing

In an effort to increase the resilience of the health system, efforts in preventive measures are necessary with the aim of yielding considerable results and returns on investment on both communicable and non-communicable diseases. In the long-term, such measures will also have a positive impact on the sustainability of the health system. This will be achieved through the publication of a new *Sexual Health Strategy 2021-2030*, the launch of a Congenital Deafness Screening Programme, a Remote Patient Glucose Monitoring system for patients with Diabetes Type 1 aged 16+, and the launch of an obesity surveillance programme amongst schoolchildren aged 4-5 years, amongst others. Such measures are foreseen to be implemented in a staggered manner and are envisaged to be in place in 2022.

c. Improving the individual patient care experience

One of the shortcomings that the pandemic has brought into sharper focus is the need for further decentralisation of health services, especially community care services and at-home services. The pandemic speeded up the introduction and application of telemedicine which is an ongoing initiative that has been reinforced throughout the pandemic. This will be further enhanced by the introduction of teleconsultation and telemedicine in physicians' workplans, the introduction of specialist clinics (including paediatrics, vascular surgery, cardiology, ophthalmology, gynaecology, ENT) within primary care and geriatric facilities, opening of community mental health clinics, and the introduction of a new class of anticoagulants (NOACs) without the need for frequent attendance at anticoagulant clinics. Such measures are foreseen to be implemented in a staggered manner and are envisaged to be in place in 2022.

d. Improving value in healthcare

Improving sustainability in healthcare often entails maintaining and improving accessibility and quality of services offered. Resilience of the Maltese healthcare system further depends on reducing its reliance on specialised treatment abroad, particularly for acutely ill patients, as exacerbated during the current pandemic. This will be carried out via the introduction of afternoon and evening clinics and operating sessions, together with the introduction of new specialised treatments aimed at reducing the need for treatment abroad over the course of the NHSS timelines. Such measures are foreseen to be implemented in a staggered manner and are envisaged to be in place in 2022.

e. Harnessing technology for better health

Ongoing investment in the national eHealth landscape has also prompted a rehaul of the existing network infrastructure within Mater Dei Hospital which will entail a passive tender adjudication and contract signing, passive installation and active equipment installation and configuration. Such measures are foreseen to be implemented in a staggered manner and will be in place in 2024.

The policies and initiatives outlined above complement several investments undertaken in recent years, including through EU Funds with the aim of fostering sustainability, improving services as well as focusing on the resilience of primary care.

Under ERDF 2014-2020 programme Government has invested in the development of the Vincent Moran Primary Health Hub (Paola Primary Healthcare Southern Regional Hub), which aims to establish a more sustainable primary healthcare system by offering a variety of primary health services including through the setting up of specialization units and ancillary services and services for proactive preventive care directed to educate society (including socially vulnerable groups). The investment also aims to increase services within the community in order to reduce pressures from Malta's main hospital and improve accessibility of primary health services. This Primary Health Hub also offers specialised care for a number of prevalent diseases and conditions. It provides a total of 25 services to the total population within the catchment area which amounts to approximately 125,500 persons benefitting from improved health services. This means that the investment, once in operation, will not only enhance the current services offered at the existing Paola Health Centre, but there will also be the provision of services currently being offered at Mater Dei Hospital as well as other additional services. It is expected that by end 2023 the total reduction in Mater Dei Hospital admissions will amount to around 11,900 as a result of improved primary healthcare services to be offered at the regional Health Hub in Paola.

Furthermore, the investment in the national eHealth infrastructure that has been ongoing in recent years aims to facilitate the primary sector's role as a gateway to other services, which services are facilitated by newer models such as the Primary Care hubs. The overarching intent is to ensure that primary or community care becomes the first choice of patients, thus relieving pressure on acute hospital services. Investment in eHealth includes an intervention under the CONVERGE project funded under ERDF 2014-2020, which is a project aimed at creating a number of e-service applications beneficial to businesses and citizens in general. eHealth Services were identified as a priority area towards a sustainable healthcare delivery as part of this CONVERGE project.

The implementation of the CONVERGE project has increased the efficiency of the public administration in the health sector by reducing time to retrieve patient files, schedule appointments, request online medical data and compile referral forms. The e-services being offered through this project are: the National Electronic Health Records System, which hosts and manages national electronic health records; the Patient Consent Management System, which records the consent given by patients in respect of access to their personal health data; the Government Formulary Medicines Protocol Management and Medicines Specification System, which aims to design and build an integrated system for the processing of the data in the Government Formulary and the data on Medicines Protocols and Medicines Specifications; the Electronic Patient Record for Primary Healthcare; the Health Data Exchange to control messaging of health-related data and the exchange of health-related documents; the Patient Registries Platform, which replaces and improves the current stand-alone Patient Registry systems; the Health Information Systems Object Storage, which aims at increasing capacity required to store and retrieve data and information such as Radiology images; and New Medical Equipment that will capture data and transmit it into the eHealth Service Systems through integration services.

Moreover, in an effort to strengthen primary care, recruitment of specialists in Primary Care has also been ongoing through 2020. The healthcare workforce in Primary Care has played an instrumental role in the management of the COVID-19 pandemic – both in terms of care and follow-up of COVID-19 patients, as well as in the ongoing vaccination campaign.

In addition to the investment in primary care, in recent years, Government has continued investing in the development of health infrastructures and services to strengthen its healthcare provision. These include, the development of the Sir Anthony Mamo Oncology Centre supported under ERDF 2007-2013, which acts as the main centre for cancer treatment in Malta, the setting up

of a Medical Assessment Unit at Mater Dei Hospital, investment in modern and technologically advanced equipment, improved screening facilities in the public healthcare system and the upgrading of several health services at Gozo General Hospital.

The ESF 2007-2013 Programme provided varied investments in research, digitalisation, and capacity building which also complemented these interventions. Through the ESF 2014-2020 Programme, Government funded initiatives aimed at maximising efficiency gains and enhancing governance by equipping the Ministry responsible for Health with the necessary skills and expertise in public health. Cognitive skills training for healthcare professionals was also supported, which aimed at reskilling and upskilling in relation to interactions with patients and their families. A shortage of highly skilled allied health workers in specialised areas (prosthetics, orthotics, orthoptics, optometry and clinical physiology, including cardiac, respiratory and neurophysiology) also led to increased human capacity to meet healthcare needs. Moreover, Government embarked on a structured awareness-building project involving stakeholders at all levels of government, civil society and society at large, focusing on the social determinants of health with capacity building sessions on intersectoral and cross-sectoral collaboration towards the promotion of healthier lifestyles. In an effort to anticipate shortages of specialised professionals, another project involved the development of training programmes in identified priority areas.

During 2020, Government continued to increase investment in the national eHealth infrastructure, whilst offering telemedicine during the pandemic, which also contributed to CSR 1 (2020). Further to such measures, liaison between the medical community and the patients has been strengthened by means of teleconsultations, bringing Malta's health system closer to the citizen. In addition, since the start of the pandemic, several health services have been directed towards mitigating and addressing the needs emanating from the crisis. These included: increasing the number of isolation beds and Intensive Therapy Unit beds, setting up separate COVID and non-COVID accident and emergency (A&E), strengthening telecare services, and setting up of helplines related to COVID-19 related queries as well as mental health due to the pandemic's impact on people's overall wellbeing, amongst others.

Building on the policies and initiatives foreseen under the new strategy and the investments carried out thus far, initiatives under the RRP will also be complemented by other initiatives envisaged under the ERDF Programme for the 2021-2027 period. The envisaged investment includes focus on acute and patient-centred mental health treatment as a means of shifting away from long-term institutionalisation and fostering socioeconomic integration; strengthening the resilience of the health system through DNA related investments, which will directly complement the investment foreseen under the RRP; and the integration of paediatric rehabilitation services to enable children and youth to lead a normal life as much as possible and thus facilitating their integration into society and eventually the labour market.

Furthermore, the 2021- 2027 ESF+ Programme shall continue to act as the main EU funding instrument for capacity building for health professionals, whilst seeking complementarities with the Health Programme, the ERASMUS+ Programme and the Horizon Europe Programme through which training, research, mobility and upskilling for health professionals will be pursued. In this regard, training and upskilling related to the investment under this component will be supported under the ESF+. Furthermore, other capacity building initiatives under the ESF+ Programme[3]

[3] Planned estimated amount being targeted towards healthcare investment through European Social Fund Plus is circa €3 million (total share).

are foreseen and will contribute towards equipping healthcare professionals with the necessary tools and skills to improve service provision. Professional development in improved patient management and dissemination of expertise on complex and rare diseases and conditions is also foreseen. In this regard, possible joint projects on matters pertaining to health are also foreseen under the Territorial Cooperation Programmes, complementing ongoing initiatives under the Interreg V-A Italia-Malta Programme and the Interreg Europe 2014 – 2020 Programme.

Implementation: Finalise the draft NHSS 2021-2030, in collaboration with relevant stakeholders and implement measures in line with the ambitions of the strategy with a focus on preventive measures and measures aimed at strengthening the healthcare workforce. The Ministry responsible for Health will be responsible for implementing the policy reform measures.

Taking into consideration the principles of openness and transparency, adequate consultations will be held in view of the revisions being made to the NHSS and its respective initiatives, to encourage the general public, civil society organisations, trade unions, business organisations, political parties, governmental institutions to contribute and participate in the reform process. This will be followed by a roll-out of a number of new measures and initiatives identified in the adopted policy document.

Target group: The general public, patients, health practitioners, front liners.

Timeline: The respective timelines are presented in the Annex 2.4.

ii. Review the national legislative framework related to the Establishment of a Blood, Tissue and Cell Centre for Malta

Challenges: Investments in Cellular Therapy, amongst others, have been identified as main areas of investment in both Malta's Draft *Smart Specialization Strategy* and the Draft NHSS. Cellular therapy is considered to be one of the latest advances in therapeutics. Malta has several unique selling points as a good base for the development of such therapeutic options and their testing, thanks to: a centralized health system with European-specialized, English-speaking professionals; and good quality health records, with most elements now digitized and connected in a data warehouse. Most of the current regulatory framework around tissues and cells is based on EU legislation however in view of the novelty of the sector, an assessment on the current regulatory framework will be carried out to evaluate whether there are gaps in the legal framework that might hinder the potential that could be achieved by the establishment of a Blood, Tissue and Cell Centre for Malta.

Objectives: The current regulatory framework will be scrutinised to identify any potential barriers or bottlenecks that may hinder the full exploitation of the new Blood, Tissue and Cell Centre that is being supported through the RRP under this component. Alignment with both European legislation and guidelines will be assessed, together with identification of any gaps that require local legislation to be drafted and enacted. The outcomes of the assessment will form the basis for any regulatory or policy reforms in the area.

Implementation: The review of the regulatory framework will be undertaken by the Ministry responsible for Health. The finalisation of any updates to the regulatory or policy frameworks will be carried out in line with established consultation/approval practices in Malta.

Target group: The general public, patients, health practitioners, front liners, researchers.

Timeline: The respective timelines are presented in the Annex 2.4.

b) Investments

i. Establishment of a Blood, Tissue and Cell Centre for Malta

Challenges: Addressing the identified investment need of €25 million in order to establish the necessary facilities and equipment to host a Blood Tissue and Cell Facility.

Objectives: The development of this centre will alleviate the dependency of Malta on other countries for the provision of invaluable blood, tissue and cell therapies needed in medical interventions and treatments. This is critically important for Malta, in view of the Oncology Hospital which has been completed with EU part-financing as also mentioned above. The patients being treated will undergo intensive chemotherapy/radiology treatments that need to be supported by stem cells transplants. Such support is not currently available in Malta and patients have to go abroad when such treatment is required. The investment will also complement primary healthcare services by facilitating a wide range of essential, often life-saving treatments with a view to reducing the need for long term therapies. Such efforts will help build resilience, which is also critical to withstand and future shocks to the health system. The direct financial benefits from the investment are the reduction in healthcare costs, as a result of the projected health outcome targets. The latter result from the introduction of new innovative services. Furthermore, the project will also lead to improved social wellbeing by offering services locally.

The use of blood, tissue and cell-based medical treatments is rising in both number and frequency. Nowadays, blood, tissues and cells are used in a variety of medical therapies. Medical treatments based on these substances save lives (e.g. blood transfusion in case of trauma or major surgery; humans cells and tissue used to restore essential functions), improve the quality of life (e.g. blood transfusion needed in cancer management, or to treat inherited chronic blood diseases such as Thalassaemia) and even help create life (gametes and in vitro fertilisation).

Addressing increasingly complex health needs calls for a multisectoral approach that integrates solutions that are responsive to communities and health services that are people-centred. Apart from its contribution towards the overall health reform, through the provision of stem cells for oncology services, this investment will also be feeding into subsidiary health initiatives, such as Malta's plans pertaining to cancer prevention and treatment. Further synergies with the local health services will also be sought, including with the National Blood Transfusion Service.

The innovations in tissue and cell banking relate particularly to:

- Stem cells – autologous;
- Tissues and cells from living donors- bone and amnion;
- Tissues from non-heart-beating donors - bones and corneas.

These services will be developed on a cost effective and sustainable manner.

i. Stem cell transplantation (SCT) is an established and widely practiced treatment for haematological malignancies, solid organ tumours and increasingly for other conditions in which SCT is a means of introducing cells lacking a genetic defect. It is normally performed after conditioning (total body irradiation and / or high dose chemotherapy) in which the patient's native bone marrow is completely destroyed.

Two modalities of the same treatment exist:

- Allogeneic SCT - cells are harvested from related or unrelated donors and then subsequently infused into the patient after their period of conditioning;

- Autologous SCT - stem cells are collected from the patient him/herself normally after remission is achieved. The stem cells may or may not be substantially manipulated ex-vivo. The patient receives high doses of chemotherapy to reduce the tumour load as much as possible and then 'rescued' by the infusion of their own stem cells.

In both cases the stem cells relocate to the patient's bone marrow and establish themselves as the new hematopoietic system.

This project will focus on the autologous SCT. The rate of autologous transplantation in Malta has nearly doubled over the last 3 years. All these procedures have been carried out abroad in the UK. As further outlined in the CBA for this project, there are over 100 patients annually with diseases that are amenable to SCT. Primarily this investment would mean that patients requiring SCT would not have to travel abroad to receive this lifesaving treatment. Currently, there is an average of 18 patients per year, with treatments being performed abroad, mostly in the UK. Furthermore, the psychological wellbeing of patients during transplantation plays a significant role in the outcome. These patients would be able to receive all their treatment close to home, their families, and their friends rather than having to undergo this extremely difficult procedure often accompanied by only 1 or 2 close members of the family in an alien environment. It would also serve as an opportunity for clinical staff to significantly increase and improve their skills and would be a great source of satisfaction to be able to perform all the treatment the patient requires rather than just part of it. Upon comparison with similarly sized populations, a larger number of patients (around 30-50 patients per year) are missing out on the procedure for a number of reasons. This Centre aims to provide autologous SCT for 30-50 patients starting from the 2nd year of operability, depending on clinical indications.

ii. Bone banking is an essential component complementing tissue and cell banking. The majority are involved in banking bone from live donors, whilst having the facility of obtaining bone from non-heart-beating donors as part of a multi-tissue procurement. This forms part of a well-developed mortuary programme. The process of obtaining bone from live donors resembles blood donation, with immediate storage. It is then used for a variety of clinical conditions requiring bone grafting. The future scope of the Centre is to facilitate bone processing, depending on local demand. A variety of tissues – bone, heart valves, corneas, tendons and possibly skin can be retrieved with the necessary consent from next of kin.

Between 60-70% of the bone grafts are used for revision surgery (hip and knee). It is estimated that the current average numbers of revision hip surgeries in Malta is at 35 per year, which is increasing annually due to an ageing population. Each revision requires approximately 2 to 3 units. It is therefore foreseen that approximately 100 bones annually will be collected in the

first 2 years of Centre operability. This will be increased to approximately 150 units by the 3rd year. At this level of collection there will be enough bone collected to meet local demand for all relevant indications with enough bone in excess to allow for limited expansion. This could also include other additional treatments, for example bone malignancy. It is noted that the rate of hip revision surgery has more than trebled between 2010 and 2016. In view of these numbers it is envisaged that all bone requirements will be met from bone derived from live bone donors. However, at this rate of surgery, supply and demand will soon be evenly matched. Should live bone donors not be sufficient, bone collections can be increased through collections from cadaveric donors. Combined with the fact that there is a shortage of bone within the EU, the Centre will have the spare capacity to process bone should the clinical need arise in future.

Amnion is a tissue that has a variety of clinical uses, including applications in ophthalmology and burns. It is uncertain the incremental demand for these tissues, particularly since their uses vary widely. A burns patient for instance, might use all the stock in a tissue establishment, followed by prolonged periods where it will not be required. The use of amnion in ophthalmology is more predictable. Nonetheless, it is estimated that around 20 to 50 patients will benefit from this service within the first 2-5 years of operability of this Centre.

iii. Currently there is a small cornea bank at Mater Dei Hospital, run by the Ophthalmology service leading to a long waiting list of patients waiting for a corneal transplant. The current methodology (utilising cold storage), limits the storage time of corneas to 48 hours and therefore limits availability of use. This is particularly relevant when compared to culturing methodology through which the storage time can be extended to 4 weeks. The lack of availability of such services currently limits the scope of different surgical techniques that can be used. As a result of this investment, corneal banking is expected to become a core tissue provided by the Centre. It is estimated that 20 procedures per year will be available within the first 2 years of operability, increasing to 50 procedures by the 3rd year.

In addition, there is limited tissue banking currently in place in Malta. Tissues may be obtained from living or deceased non-heart beating donors (either following brain stem death or after cardiac arrest). Clinical requirements for tissues have been growing significantly over the years. According to a Global Survey on tissue banking requirements (BCC-2013) for each tissue, there has been significant growth in previous years and an increase is predicted for future years. Blood tissue and cell banking follow the same procedures and it is thereby logical to incorporate all such activities together. Tissues (like blood) involve a donor from which, a raw material is retrieved, tested and processed. All other tissues need to be obtained from non-heart-beating donors. Links with local transplant coordinators already exist in the context of organ donation and therefore it is foreseen that this area will be developed to include tissue donation.

A stem cell donor / bone marrow registry will also be established, providing a necessary link to international registries, whilst fostering collaborations with Maltese descendants living abroad, who have similar genetic streams to the local population. There will also be innovation on plasma collected from blood donors, which will be referred for fractionation into non-labile products, with the aim of self-sufficiency in blood products, the latter being a long-standing aim of both the WHO and EU. Moreover, this will also involve improved screening (HLA), pathogen inactivation and indigenous blood products. Such a service is very useful for patients receiving long-term platelet supplements, and for patients receiving bone marrow transplants or kidney transplants. It is envisaged that from the first year of operability, the Centre shall supply all blood requirements to both public and private institutions in Malta. Additionally, following implementation of the aforementioned procedures, the new Centre shall also offer a testing platform for other tissues,

including tendons and skin to be processed. The aim is to gradually increase the numbers and scope of the Centre.

In addition to the inherent benefits of the investment, this Centre will also uniquely provide a high-level capacity building platform for specialised personnel to develop and deliver the innovative services introduced. Moreover, Malta intends to strengthen its participation in European Reference Networks, launched during its Presidency. The consolidation of further cross-border collaboration with EU-based centres is also foreseen, reducing dependency on the United Kingdom (also in view of Brexit). This is highly beneficial in view of Malta's needs in terms of tissue innovations. In addition, cooperation with regard to research and innovation, both with local institutions, including the University of Malta and MCAST, as well as European foreign institutions of excellence, is envisaged.

This investment has an estimated Economic Internal Rate of Return (EIRR) of 19.2% whilst the Economic Net Present Value (ENPV) of the investment is estimated at €26.2 million. The Benefit to Cost ratio (B/C ratio) is 1.75 based on the total present value of benefits of €61.3 million and total present value of investment and operating costs of €35.1 million. This demonstrates that the project passes the economic analysis test of an EIRR in excess of 5.0% and an ENPV in excess of zero at the social discount rate of 5.0%. This further illustrates that the benefits expected from this Project should outweigh the costs.

Implementation: A number of interventions are required under this project, including the design and construction of the building, procurement of medical equipment and medical furniture, the upskilling of the relevant personnel, IT network consultations and the carrying out of the respective studies, amongst others. The Ministry responsible for Health, through the Foundation for Medical services, will be responsible for the implementation of this investment.

The project will therefore concentrate on targeted priorities, enabling the development of the critical mass required to make an impact. Moreover, it is essential that synergies with the local health service are maximized to ensure that new services are relevant to the local and regional requirements.

Since this investment is entirely in a public health facility as part of the national health service, no State Aid implications are foreseen.

Target group: The target population is the general public, patients, health practitioners.

Timeline: The respective timelines are presented in the Annex 2.4.

ii. Enhancing the resilience of the health system through digitalisation and new technologies

Challenges: In recent years, Government has continued to invest in the health sector through a multi-faceted approach, including by strengthening primary healthcare and shifting services closer to the community. At the same time, Government has continued to aim to strengthen the services officered at Mater Dei Hospital, which is Malta's main general and teaching hospital as well as the Sir Anthony Mamo Oncology Centre, that is the main health facility providing cancer treatment in Malta. The rapid demographic changes that have occurred in recent years, a fresh mapping of infrastructural needs and data from the health system performance assessment of

2018, all indicate that the health sector needs further expansion, restructuring and investment in order to respond promptly and appropriately to the increased demand for services arising from a larger, older and potentially more chronically sick population.

The Maltese health system placed 27th out of 195 countries on the Healthcare Access and Quality Index published by the Institute for Health Metrics Evaluation in 2018[4]. Treatable mortality has declined due to improvement in both cardiovascular and cancer healthcare services but there is still room for improvement. For example, the 30-day mortality for stroke is still relatively high. Whilst outcomes for some cancer sites, particularly for breast cancer have improved tremendously over the last ten years, substantial improvement in performance and outcomes is still required for several other cancers.

Moreover, additional investment is necessary towards a better integrated care system. This includes existing and new Health IT systems at hospital level (e.g. laboratory, medical imaging and appointments system) and with other National eHealth Services (such as Immunisations, Medications and ePrescriptions).

Growing health needs, the new realities brought about by the COVID-19 pandemic and the ever-increasing evolution of technologies necessitate additional investments to enhance the resilience of the health system and adapt it to cater for current and future needs.

Objectives: Advances in technology can be leveraged to further strengthen the resilience of the public health system. Moreover, the benefits of digital technologies can be exploited to transform service delivery to the benefit and for the comfort and convenience of patients. Through the RRP, Government will fast track the transition of Malta's health care system towards one that is more reliant on digitalisation and new technologies with the aim of improving patient care, enhancing patient experiences, reduce waiting time and improve the quality of healthcare provision. This approach will be supported through the following investments at Mater Dei Hospital:

(i) Fostering digital pathology

The aim of this investment is to transform the traditional manual histology workflow and reporting of cancer cases into an easily accessible advanced digital platform. Such transformation will allow for real time availability of status on cancer cases thus facilitating multi-disciplinary team care, allowing pathologists to report cancer cases quicker and more accurately as well as to better plan patient appointments. Furthermore, this will also facilitate real time expertise provision allowing for more accurate diagnoses in complex cases and more personalized cancer care, thus ensuring that the necessary oncological treatment plans can commence in the shortest amount of time possible. In addition, such a transformation will further enable personalized cancer care including more accurate reporting of therapeutic cancer markers which are vital for oncologists to plan personalized cancer therapies. This will have a significant positive impact on patient's cancer survival rates. Digital pathology will also allow for an online archiving system which is cost effective and provides an accurate efficient system for case retrieval and it will also allow

[4] GBD 2016 Healthcare Access and Quality Collaborators. Measuring performance on the Healthcare Access and Quality Index for 195 countries and territories and selected subnational locations: a systematic analysis from the Global Burden of Disease Study 2016. The Lancet. 23 May 2018

for the incorporation of artificial intelligence algorithms which can aid pathologists in identifying and reporting cancer cases more accurately and efficiently. It is foreseen that through this digitalization significant cost savings will be achieved through efficiency gains.

(ii) Adopting new technologies to improve radiotherapy delivery

Government will invest in modern Magnetic Resonance Linear Accelerator (MR Linac) machines which combine technology for precise localisation of tumours and organs at risk, and linear accelerators to deliver radiotherapy. Such equipment will provide superior imaging quality, allowing for a significant reduction in treatment volumes and times as well as side effects for patients. Furthermore, tumours can be visualised in real-time, allowing for any corrections at the time of treatment delivery. This would enable higher doses to be delivered in shorter times, unlocking potentially curative doses of radiotherapy to be delivered to these tumours and avoiding organs at risk through more targeted treatment.

This investment alters the radiotherapy delivery process. Though delivery of a fraction of radiotherapy becomes a lengthier process per fraction, it also necessitates the presence of radiographer, physicist and oncologist, as opposed to being practically completely radiographer-dependent. This makes the process of radiotherapy delivery truly multidisciplinary at a synchronous level. Not only does this have the potential to improve patient outcome, but it also provides greater scope for teaching and interaction.

The acquisition of MR Linac will allow SAMOC to become part of a network of MR Linacs across Europe. This will provide scope for data sharing and learning at an international level as well as the opportunity to participate in related research. Being part of the network will also give opportunity for images acquired on the MR Linac in Malta to be shared with centres abroad and thus the ability to seek online expert advice with regard to problematic situations. This truly takes digitalisation of the radiotherapy services to a European and wider expert level. The investment therefore leverages the digitalisation of processes and technology to secure access to wider expertise and contributes towards more resilience in this important area of the health sector.

Such an investment will require training of staff at all levels including oncologists, radiographers and physicists, though this is usually coordinated by the supplying company. The new equipment is foreseen to be rolled out on prostate cancer patients initially. Currently in Malta around 200 patients are treated per year with radiation to the prostate. Most of these patients undergo 20 sessions of treatment each, totally 4,000 sessions, each of around 20 minutes. MR Linac treatment would reduce the amount of sessions to around 1,000 per year for prostate cancer patients, thus freeing up time and reducing waiting lists.

Implementation: The Ministry responsible for Health will be responsible for the implementation of this investment.

Since this investment is entirely in public health facilities as part of the national health service, no State Aid implications are foreseen.

Target group: The target population is the general public, patients, health practitioners.

Timeline: The respective timelines are presented in the Annex 2.4.

4. Open strategic autonomy and security issues

The investment foreseen under this component is not intended to finance any mobile networks, in particular 5G.

The nature of initiatives related to the digitalisation of the health system will include the following security features, amongst others:

- All application developers will be bound by GMICT policy which includes a specific policy document on ICT infrastructure, adherence to which will be obligatory.
- Access to software suites will be via the Government of Malta MAGNET network and based on defined access profiles linked to user logins.
- User logins in the MAGNET network will also be governed by a specific security policy which requires the use of passwords that need to adhere to specific standards and are changed frequently.
- Hosting of the applications is done either on the MITA local environment or on the MITA hybrid environment, which makes use of the secure Microsoft Azure cloud services – a cloud service which is based in the EU and is governed according to defined contractual terms between MITA and Microsoft.

5. Cross-border and multi-country projects

Cross-border and multi-country projects will not be implemented through the investments foreseen being targeted through the Recovery and Resilience Facility.

6. Green dimension of the component

Interventions in health are part of Government's ambitions to direct RRP support to the other policy areas of European relevance under Article 3 of the RRF Regulation, apart from the twin transition towards green and digital. In this regard, whilst interventions will not contribute directly towards green transition ambitions, all efforts will be made to ensure interventions are in line with environmental policies.

7. Digital dimension of the component

Recent digital investments in the health remit have facilitated the remote delivery of healthcare services, improving contact and communication between the medical community and their patients. This has proved to be very relevant during the COVID-19 pandemic, during Government has developed and deployed websites and apps, which have assisted in the control and management of the pandemic in addition to consolidating Government's policy to contain diseases.

Investments foreseen to be supported under the RRP will contribute directly towards digital transition, namely through *Enhancing the resilience of the health system through digitalisation and new technologies*. This investment will directly contribute towards the 20% digitalisation target established in the RRF regulation with a contribution of 1%.[5]

In line with Annex VI of the RRF Regulation (EU) 2021/241 and taking into consideration the measures being implemented, this investment will contribute directly to Intervention Field 095 – Digitalisation in health care. This shall be addressed through the digitalisation of pathology services at Mater Dei Hospital, amongst others.

8. Do no significant harm

INTRODUCTION

1. The RRP describes both the Health Reforms as well as the Investment under Component 4.

2. The Health reform is:
    - Develop and implement a health policy framework aimed at making the health system more sustainable and resilient, with a particular focus on health prevention and a strong workforce; and
    - Review the national legislative framework related to the Establishment of a Blood, Tissue and Cell Centre for Malta.

3. The new Health Systems Strategy, which will cover the period 2021-2030, identifies 5 main pillars:
    1) Strengthening and supporting the health workforce through a training needs analysis, an upgrade of the central HR database, the development of a bespoke tool for workforce planning, and a re-establishment of collaborative health workforce planning with the World Health Organisation. Additionally, in an effort to improve the wellbeing and address skills gaps of foreign health workers, a study is envisaged to be carried out with the aim of identifying barriers and facilitators of better integration and wellbeing of the foreign workforce.
    2) Improving population health and wellbeing through the publication of a new *Sexual Health Strategy 2021-2030*, launch of a Congenital Deafness Screening Programme, Remote Patient Glucose Monitoring, and the launch of an obesity surveillance programme amongst school children.
    3) Improving the individual patient care experience by the introduction of teleconsultation and telemedicine in physicians' work plans, the introduction of specialist clinics within primary care and geriatric facilities, opening of community mental health clinics, and the introduction of a new class of anticoagulants without the need for frequent attendance to anticoagulant clinics.

[5] RRP allocation of EUR 258,275,901, excluding the REPowerEU Chapter.

4) Improving value in healthcare through the introduction of afternoon and evening clinics and operating sessions and the introduction of new specialised treatments aimed at reducing the need for treatment abroad.
5) Harnessing technology for better health through a re-haul of the existing network infrastructure within Mater Dei Hospital.

4. The second reform requires a scrutiny of the current regulatory framework to identify any potential barriers or bottlenecks that may hinder the full exploitation of the new Blood, Tissue and Cell Centre that is being supported through the RRP under this component. The outcomes of the assessment will form the basis for any regulatory or policy reforms in the area.

5. With regards to the investment of the Building of a Blood and Tissue Establishment, according to the Cost Benefit Analysis (CBA)[6] that was carried out for the project, the aims of the project are to:
   - Build a Blood and Tissue Establishment collocating the new tissue and cells facility with the current blood transfusion services to obtain the critical mass required to achieve the required operational synergies for the Project;
   - Replace outdated infrastructure and facilities with contemporary technologies to improve the safety and availability of blood products, and to enable the introduction of new innovative services; and
   - Build capacity and training of specialised personnel to develop and deliver new innovative services related to tissues and cells for the treatment of a range of cancers and other degenerative diseases.

6. The CBA assessed a number of options for the siting of the establishment of a Blood, Tissue and Cell Centre for Malta. The CBA describes the following advantages for the chosen location in San Gwann for the Establishment of a Blood, Tissues and Cells Centre for Malta:
   i. The Site is readily available land that lies within an industrial zone;
   ii. The site was previously used as a factory and is already gutted and barren;
   iii. The land has no geological/architectural/farming use value;
   iv. The size of the land is such that it can host the Facility, and its activities, and the land matches the required standards that meet the envisaged service needs. The new Facility will incorporate existing blood services delivered from G'Mangia and this for obvious reasons pertaining to synergies, clinical exigencies, resource management and sustainability of services/products. Hence it is sensible and logical that adequate size is critical for all envisaged service needs (new and improved services);
   v. The title of the land in question has already been transferred by the Government Property Division to the Ministry responsible for health for its intended purpose;
   vi. The location of these premises is within the proximity of the University of Malta, Mater Dei Hospital, the New Oncology Centre and the same Life Sciences Park, what is effectively being referred to as the Bio-Cluster Zone. Hence, any services required by these major stakeholders can be easily provided within a very short time span given the close proximity; and
   vii. The size of the land permits any possible future expansion should this be required.

[6] RG Capital Advisors Limited, 2018, Cost Benefit Analysis for the Establishment for Blood Tissues and Cells.

7. The second investment focuses on digital health and comprises:
    - Investment in a Magnetic Resonance (MR) Linac at the Sir Anthony Mamo Oncology Centre (SAMOC); and
    - Digital pathology that aims to transform the traditional manual histology workflow and reporting of cancer cases into an easily accessible advanced digital platform.

METHODOLOGY

8. In line with the Guidance on the DNSH, a simplified approach has been adopted for the DNSH of the health reform.

DNSH PART 1 ASSESSMENT – HEALTH REFORM

9. Description of reform:

Develop and implement a health policy framework aimed at making the health system more sustainable and resilient, with a particular focus on health prevention and a strong workforce; and

Review the national legislative framework related to the Establishment of a Blood, Tissue and Cell Centre for Malta

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	**Yes**	**No**	**Justification if 'No' has been selected**
Climate change mitigation		X	The Health Reform comprises 2 elements, namely the parameters for improved sustainability and resilience of the health system as well as the national legislative framework related to the Establishment of a Blood, Tissue and Cell Centre for Malta. The main elements of the Strategy are the introduction of various policies, plans, strategies, initiatives to address a variety of health concerns and incentives in the healthcare sector. The health reform is unlikely to have any foreseeable impacts on the environmental objectives due to their strategic nature.
Climate change adaptation		X	
The sustainable use and protection of water and marine resources		X	
The circular economy, including waste prevention and recycling		X	
Pollution prevention and control to air, water or land		X	
The protection and restoration of biodiversity and ecosystems		X	

DNSH PART 1 ASSESSMENT – INVESTMENT

10. Description of investment:

Establishment of a Blood, Tissue and Cell Centre for Malta

The assessment below is in accordance with methodology contained in the Commission Guidance and the Annexes to the Guidance.

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	**Yes**	**No**	**Justification if 'No' has been selected**
Climate change mitigation	X		
Climate change adaptation	X		
The sustainable use and protection of water and marine resources		X	The project that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle. No environmental degradation risks related to preserving water quality and water stress are identified. In accordance with Directive 2011/92/EU, the screening stage of the Environmental Impact Assessment (EIA) process carried out by the Environment & Resources Authority (ERA) concluded that no EIA was required. ERA commented that the construction did not require an environmental permit, but the operation did – an environmental permit application has already been submitted to ERA by the project proponent. An Energy, Utility and Stormwater Management Plan that was prepared for the development notes that recycling of water would not be undertaken because the low amount of water consumed by the building does not make the installation of a water recycling plant feasible. The project will have a building management system that will seek to avoid wasting resources. A reservoir for collection of and reuse of rainwater will be constructed.
The circular economy, including waste prevention and recycling	X		
Pollution prevention and control to air, water or land	X		

The protection and restoration of biodiversity and ecosystems		X	The project that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle. The project will make use of an existing building located in an Industrial Estate in an urban area. Additionally, the project does not concern buildings located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, as well as other protected areas). A planning permit for the development has been issued (PA/05712/18) and the Environment & Resources Authority confirmed in writing that the development did not require an Environmental Impact Assessment and the development is unlikely to affect a Natura2000 site.

DNSH PART 2 ASSESSMENT

In accordance with the Technical Guidance further assessment is only provided for the two environmental objectives related to waste and pollution.

Questions	No	Substantive Justification
Climate change mitigation: Is themeasure expected to lead to significant GHG emissions?	X	The measure is not expected to lead to significant GHG emissions because: - The building is not dedicated to extraction, storage, transport or manufacture of fossil fuels. - The Energy, Utility and Stormwater Management Plan[1] that was prepared by the project proponents seeks to reduce the consumption of electrical energy through the adoption of a range of energy efficiency measures, including insulation in the building itself, heat recovery ventilation systems, installation of high efficiency heat pump chillers for summer cooling and winter heating, power factor correction units that will be connected to all main low voltage switch gear, use of energy saving LED lighting, and use of efficient blowers for a reduced specific fan power. Solar Domestic Hot Water Heating and rainwater collection for firefighting water and irrigation will also be installed. EU green public procurement criteria will be used whenever possible.

Climate change adaptation: Is the measure expected to lead to an increased adverse impact of the future climate, on the measure itself or on people, nature or assets?	X	The physical climate risks that could be material to this measure were assessed as part of an exposure analysis, covering current and future climate, which demonstrated that buildings in the targeted climate zone will be exposed to heatwaves. The measure requires that the buildings are optimised to provide thermal comfort to the occupants even in those extreme temperatures. Apart from patient comfort, temperature control is also required for the processes being undertaken in the building. There is thus no evidence of significant negative direct and primary indirect effects of the measure across its lifecycle on this environmental objective.
The transition to a circular economy, including waste prevention and recycling: Is the measure expected to: (i) lead to a significant increase in the generation, incineration or disposal of waste, with the exception of the incineration of non-recyclable hazardous waste; or (ii) lead to significant inefficiencies in the direct or indirect use of any natural resource at any stage of its life cycle, which are not minimised by adequate measures; or (iii) cause significant and long-term harm to the environment in respect to the circular economy?	X	Since the facility that is supported by the measure is proposed on a brownfield site in an Industrial Area and planning permission has already been issued, waste management considerations have already been addressed. An Energy, Utility and Stormwater Management Plan that was prepared for the development notes that a land contamination investigation has been undertaken and will determine whether the excavated material will be reused as backfilling, including stone masonry blocks from the part of supporting wall and electrical sub-station which is going to be demolished. Topsoil will be removed and reused for landscaping. Apart from these materials there is no other material that could be recycled. During construction all non-used excavated or removed material, including other possible waste will be transported to the nearest civic amenity site for recycling of construction material. The construction waste disposal location is still to be determined by the contractor once on board and is a condition of the planning permit. It is envisaged that at least 70% of non-hazardous excavated material will be backfilled offsite. In terms of operational waste, the Energy, Utility and Stormwater Management Plan states that each departmental level (floor) will have a dedicated area (foyer disposal room) of approximately 5m² that will be used to house coloured wheelie bins (yellow bins for infectious / pathological waste, green bins for general waste and black bins for recyclable waste). These wheelie bins will be used for temporary storage of the bagged segregated waste originating from each level. A 'waste lift' that interconnects with all floors will be available for the transportation of the filled wheelie bins to the waste marshalling area. The waste marshalling area will be at least 40m² and will be accessible to authorised carriers that are responsible for the end disposal of the generated waste.

Pollution prevention and control: Is the measure expected to lead to a significant increase in the emissions of pollutants into air, water or land?	X	The measure is not expected to lead to a significant increase in the emissions of pollutants into air, water, or land because the proposal has already been issued a development permit where potential impacts from the construction and operation of the facility have already been addressed. The project proponents carried out a Sound Report[2] wherein it was recommended that noise insulation measures are installed in order to reduce the noise impact from the plant to be installed at the Blood and Tissue Establishment. One of the conditions of the development permit states: *It is the responsibility of the permit holder to ensure that development is carried out in accordance with the provisions of the Environmental Management Construction Site Regulations, Legal Notice 295 of 2007 (or subsequent amendments). Any hoarding shall be erected in accordance with Schedule 2 of the same Regulations.* These regulations address construction issues such operating hours, dust and noise pollution, site hoarding and vibration. In addition, the development permit includes the following conditions imposed by the Environment & Resources Authority: *The executable version of this development permission together with the approved plans and the commencement notice shall not be issued until such time that the applicant submits a written acknowledgement from the ERA confirming that:* *1a. Obligations emanating from S.L. 549.63 and Council Decision 2003/33/EC have been addressed.* *2. Applicant shall submit an EP application to the ERA, compiled to their satisfaction. This shall cover all operational aspects of the applicant's site including related operations not necessarily covered by this development application.* The Environmental Permit will therefore address issues of pollution to air, land and water from the operation of the facility. In addition, the operators carrying out the construction are required to ensure that building components and materials used in the building do not contain asbestos nor substances of very high concern as identified on the basis of the list of substances subject to authorisation set out in Annex XIV to Regulation (EC) No 1907/2006. The operators carrying out the construction are required to ensure that building components and materials used in the building that may come into contact with occupiers emit less than 0,06 mg of formaldehyde per m³ of material or component and less than 0,001 mg of categories 1A and 1B carcinogenic volatile organic compounds per m³ of material or component, upon testing in accordance with CEN/TS 16516 and ISO 16000-3 or other comparable standardised test conditions and determination method.

[1] Foundation for Medical Sciences, 2019, Energy, Utility and Storm Water Management Plan for the New Establishment for blood tissues and cells in San Ġwann Malta

[2] Foundation for Medical Services, 2019. Sound Report – Establishment for Blood, Tissues and Cells, San Ġwann.

11. Description of investment:

Enhancing the resilience of the health system through digitalisation and new technologies

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation		X	The facility that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle of the project since the investments are mainly focused on improving digital services in the health sector. Procurement of hardware will be in line with latest standards to ensure maximum energy efficiency. Data centres will implement the expected practices in line with the European Code of Conduct on data Centre Energy Efficiency. EU green public procurement criteria will be used whenever possible.
Climate change adaptation		X	The facility that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle since the investments are mainly focused on improving digital services in the health sector.
The sustainable use and protection of water and marine resources		X	The facility that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle.
The circular economy, including waste prevention and recycling		X	The project that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle since the investments are mainly focused on improving digital services in the health sector.
Pollution prevention and control to air, water or land		X	The facility that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle.

The protection and restoration of biodiversity and ecosystems		X	The project that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle since the investments are mainly focused on improving digital services in the health sector.

9. Milestones, targets and timeline

The respective milestones, targets and timelines are presented in the Annex 2.4.

10. Financing and costs

The overall estimated cost of this component amounts to EUR 36.7M.

11. Loan request justification (if applicable)

N/A.

Milestones and Targets for Component 4

ANNEX

Sequential Number	Component Name
4	Strengthening the resilience of the health system

Sequential Number	Component Reference	Reform / Investment	Measure -Short title	Is this a sub-measure for green and digital tagging? (Yes or leave empty)
1	4 - Strengthening the resilience of the health system	Reform	C4.R.1 - Develop and implement a health policy framework aimed at making the health system more sustainable and resilient, with a particular focus on health prevention and a strong workforce	
2	4 - Strengthening the resilience of the health system	Reform	C4.R.2 - Review the national legislative framework related to the Establishment of a Blood, Tissue and Cell Centre for Malta	
3	4 - Strengthening the resilience of the health system	Investment	C4.I.1 - Establishment of a Blood, Tissue and Cell Centre for Malta	
4	4 - Strengthening the resilience of the health system	Investment	C4.I.2 - Enhancing the resilience of the health system through digitalisation and new technologies	
5	4 - Strengthening the resilience of the health system	Investment	C4.I.1 (a) - Establishment of a Blood, Tissue and Cell Centre for Malta - Infrastructure sub measure	Yes
6	4 - Strengthening the resilience of the health system	Investment	C4.I.1 (b) - Establishment of a Blood, Tissue and Cell Centre for Malta - equipment sub measure	Yes
7	4 - Strengthening the resilience of the health system	Investment	C4.I.2 (a) - Enhancing the resilience of the health system through digitalisation and new technologies- MRI Linac unit sub-measure	
8	4 - Strengthening the resilience of the health system	Investment	C4.I.2 (b) - Enhancing the resilience of the health system through digitalisation and new technologies- digitalisation sub-measure	Yes

Table 2.4 Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Timeline for completion (indicate the quarter and the year)		Data source /Methodology	Responsibility for reporting and implementation	Description and clear definition of each milestone and target	Assumptions/ risks	Verification mechanism
					Unit of measure	Baseline	Goal	Quarter	Year					
4.1	4 - Strengthening the resilience of the health system - C4.R.1 - Develop and implement a health policy framework aimed at making the health system more sustainable and resilient, with a particular focus on health prevention and a strong workforce	Milestone	Study on barriers and facilitators for better integration and wellbeing of the foreign workforce	Publication of the study on barriers and facilitators for better integration and wellbeing of the foreign workforce				Q2	2022	Ministry responsible for Health	Ministry responsible for Health	Publication of a study on the integration and wellbeing of the foreign workforce within the Public sector. The study shall: (i) study barriers and facilitators for a better integration and wellbeing of foreign workforce (including expectations, concerns, relationship with peers) (ii) consult all relevant stakeholders (including JobsPlus and Identity Malta) (iii) propose policy recommendations about measures to improve integration and wellbeing of foreign workforce. The study shall employ appropriate assessment tools and methodology for the measurement of wellbeing. The study shall examine the current situation and establish a baseline of existing wellbeing of foreign workers, based on MH1 or MH2 scores of SF36 questionnaire, which is a 36-item, patient-reported survey of patient health. MH1 and MH2 indicators are calculated based on the replies to the corresponding questions in the Mental Health section of the survey. The study shall be carried out by an independent contractor engaged through public procurement procedures. The study shall be made available to the Commission through the Management Information System.	Assumption: stakeholders do not provide the necessary input on time.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall, more specifically, provide: (i) a brief description of the barriers and facilitators for a better integration and wellbeing of foreign workforces (including expectations, concerns, relationship with peers; (ii) an overview of the consultation of all relevant stakeholders (including JobsPlus and Identity Malta); and (iii) a brief description of the proposals for policy recommendations about measures to improve integration and wellbeing of foreign workforce. The summary documents shall also: (iv) briefly describe the assessment tools and methodology employed for the measurement of wellbeing and explain why they are adequate for the measurement of wellbeing; (v) the established baseline of existing wellbeing of foreign workers and its basis. The summary document shall include, as an annex: (a) a copy of the publication of the call for tenders, technical specifications, and notifications of the award related to the selections of the contractor to carry out the study; and (b) a copy of the study report
4.2	4 - Strengthening the resilience of the health system - C4.R.1 - Develop and implement a health policy framework aimed at making the health system more sustainable and resilient, with a particular focus on health prevention and a strong workforce	Milestone	Bespoke tool for workforce planning	Bespoke tool for workforce planning in place and operational				Q2	2023	Ministry responsible for Health	Ministry responsible for Health	Tool for health workforce planning including features related to human resources, budgeting, vacancies management and hiring facilitation, is developed and operational.	Assumption: no delays are encountered in the tendering/contracting implementation stage.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. (a) certificate or declaration signed by the Ministry responsible for Health, demonstrating that the bespoke tool for workforce planning is in place and is operational. The certificate or declaration shall attest that the tool includes features related to human resources, budgeting, vacancies management and hiring facilitation. (b) a copy of the bespoke tool for workforce planning and instructions regarding its functionality allowing to certify that the tool is operational.
4.3	4 - Strengthening the resilience of the health system - C4.R.1 - Develop and implement a health policy framework aimed at making the health system more sustainable and resilient, with a particular focus on health prevention and a strong workforce	Milestone	Report on the implementation of measures and comparing wellbeing post-intervention compared to the initial assessment.	Online publication of the report on the implementation of measures and comparing wellbeing post-intervention compared to the initial assessment				Q4	2025	Ministry responsible for Health	Ministry responsible for Health	Publication of a report on the implementation of the policy recommendations elaborated in milestone 4.1 and on the achieved improvement of wellbeing of foreign workers, based on the methodology established in milestone 4.1	Assumption: Any recommendations from the studies undertaken are implemented after the studies are completed.	Summary document duly justifying how the target (including the relevant elements of the target, as listed in the description of target and of the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall also contain a link to the website where the report has been published and, as an annex, a copy of the report.

Table 2.4 Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

4.4	4 - Strengthening the resilience of the health system - C4.R.1 - Develop and implement a health policy framework aimed at making the health system more sustainable and resilient, with a particular focus on health prevention and a strong workforce	Target	Improvement of the reported wellbeing of foreign workers		% (Percentage)	0	10	Q4	2025	Ministry responsible for Health	Ministry responsible for Health	This target measures the improvement in reported wellbeing of foreign workers compared to the baseline established in milestone 4.1 measured in terms of the average MH1 or MH2 scores in the respective section of the SF36 questionnaire.	Assumption: Past research suggests that discontent amongst foreign workers tends to increase without any intervention rather than remain stable. The only remotely similar study has been to investigate the effect of strengthening of leadership and psychological capital on reducing burnout and, consequently, deterioration of job satisfaction. Many studies investigating this phenomenon use the MH1 and MH2 indices. https://www.sciencedirect.com/science/article/pii/S2213058614000059	Summary document duly justifying how the target (including the relevant elements of the target, as listed in the description of target and of the corresponding measure in the CID annex) was satisfactorily fulfilled. The document shall, more specifically describe how the objective of an improvement of the reported wellbeing of foreign workers by 10% from the baseline determined in the study on the barriers and facilitators for better integration sand wellbeing of the foreign workforce has been achieved, including an explanation of the methodology used. The summary document shall include, as an annex, a copy of the methodology and questionnaire used and the survey results with detailed response statistics certifying that the target is achieved.
4.5	4 - Strengthening the resilience of the health system - C4.R.1 - Develop and implement a health policy framework aimed at making the health system more sustainable and resilient, with a particular focus on health prevention and a strong workforce	Milestone	Report on obesity prevalence amongst 4-5 year olds in the Maltese population	Online publication of the report on obesity prevalence amongst 4-5 year olds in the Maltese population				Q4	2022	Ministry responsible for Health	Ministry responsible for Health	Publication of a report on childhood obesity, which shall feed into the obesity surveillance programme among children. The study shall examine the prevalence of obesity among the 4-5 year olds in the Maltese population. 10% of children in School Years 1-11 shall be sampled together with all the children attending 50% of the Kindergarten 2 centres. This assessment shall set a baseline for this young age group only and compare with older cohorts. This shall lead to policy recommendations, which may include awareness campaigns.	Assumption: Timely adoption of new NHSS strategy	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall, more specifically, include a link to the publication of the report on the government's website and a brief description of: (i) the methodology of the sampling: (ii) the baseline and the cohorts against whom the baseline group is compared; (iii) the findings of the study; and (iv) the identified policy recommendations. The summary document shall also include, as an annex, the following evidence: (a) a copy of the report on childhood obesity; (b) a copy of the policy recommendations; (c) a copy of the methodology used for sampling
4.6	4 - Strengthening the resilience of the health system - C4.R.1 - Develop and implement a health policy framework aimed at making the health system more sustainable and resilient, with a particular focus on health prevention and a strong workforce	Target	Implementation of neonatal hearing screening programme		% (Percentage)	40	95	Q1	2023	Ministry responsible for Health	Ministry responsible for Health	The programme shall identify hearing problems in early years (New-born Hearing Screening Programme). The programme shall consist of the identification of those babies who are at risk for hearing impairment, in order to achieve early identification and rehabilitation. For the achievement of the target, at least 95% of babies born during the previous year shall be screened.	Assumption: the screening process is successful	Summary document duly justifying how the target (including relevant elements of the target, as listed in the description of the target and of the corresponding measure in the CID annex) was satisfactorily fulfilled. More specifically, it shall briefly describe the methodology and the findings of the screening (how many babies are identified at risk for hearing impairment and the underlying problems, and what follow up or treatment steps are planned). The summary document shall also contain, as an annex, a copy of the report issued by the competent authority in screening service coverage, also showing that at least 95% of babies born during the previous year were screened.
4.7	4 - Strengthening the resilience of the health system - C4.R.2 - Review the national legislative framework related to the Establishment of a Blood, Tissue and Cell Centre for Malta	Milestone	Review of the regulatory framework related to the Blood Bank, Tissue and Cell Centre	Online publication of review of the regulatory framework related to the Blood Bank, Tissue and Cell Centre				Q1	2022	Publication of the review with proposed recommendations presented to the Ministry responsible for Health	Ministry responsible for Health	The review shall: (i) scrutinise the regulatory framework related to blood, tissues and cells; and (ii) identify the legal changes required to remove any regulatory barriers and bottlenecks that may affect the functioning of the Centre. The study shall include a review of the following regulatory areas: 1. Blood, Tissue and Cell legislation; 2. Relevant environmental legislation; 3 Relevant organizational legislation (equal opportunities, data protection, ethics and patient rights, accessibility); and 4. State aid legislation. The review shall take into account the EU initiative on Revision of the Union legislation on blood, tissues and cells. (https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12734-Blood-tissues-and-cells-for-medical-treatments-&-therapies-revised-EU-rules_en). The review shall be carried out by an independent contractor selected through public procurement procedures.	Assumption: stakeholders provide the necessary input regarding the proposed changes on time.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall, more specifically, describe the main findings as regards: (i) the regulatory framework related to blood, tissues and cells; (ii) the legal changes required to remove any regulatory barriers and bottlenecks that may affect the functioning of the Centre; (iii) the regulatory areas reviewed in the study. It shall also describe how the review took into account the EU initiative on Revision of the Union legislation on blood, tissues and cells. The summary document shall include a link to the online publication of the review and of the publication of the call for tenders for a contractor to carry out the review. It shall also include as an annex the following evidence: (a) a copy of the publication of the call for tender, terms of reference and notification of award, related to the selection of the independent contractor to carry out the study; and (b) a copy of the study.

Table 2.4 Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

4.8	4 - Strengthening the resilience of the health system - C4.R.2 - Review the national legislative framework related to the Establishment of a Blood, Tissue and Cell Centre for Malta	Milestone	Entry into force of the revised regulatory framework related to the Blood Bank, Tissue and Cell Centre	Provision in the law indicating the entry into force of the revised regulatory framework related to the Blood Bank, Tissue and Cell Centre				Q2	2024	Any legislative changes will be published in the Government Gazette.	Ministry responsible for Health	Entry into force of the revised regulatory framework related to the Blood Bank, Tissue and Cell Centre. The revised framework removes any regulatory barriers and bottlenecks that may affect the functioning of the Centre.	Assumption: The review of the regulatory framework related to the Blood Bank, Tissue and Cell Centre concludes that legislative changes are required.	Copy of the revised regulatory framework related to the Blood Bank and reference to the relevant provisions indicating the entry into force, and, in case of legislative acts, copy of the publication in the Government Gazette, accompanied by a summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. This summary document shall include a reference to the relevant provisions which fulfil each of the elements of the milestone, as listed n the description of the milestone and the corresponding measure in the CID annex, with appropriate links to or copies of the document(s) mentioned in the summary document.
4.9	4 - Strengthening the resilience of the health system - C4.I.1 - Establishment of a Blood, Tissue and Cell Centre for Malta	Milestone	Contracted services for the construction of a Blood, Tissue and Cell Centre	Contract signed for the construction of a Blood, Tissue and Cell Centre				Q1	2023	Ministry responsible for Health	Foundation for Medical Services	Following public procurement, contract signed for the construction of a Blood, Tissue and Cell Centre.	Assumption: no delays in public procurement processes.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include, more specifically, (i) a justification that the technical specifications of the project as described in the contract are fully aligned with the description, criteria and conditions as set out in the milestone and the description of the measure in the CID annex; and (ii) a reference to the provisions of the contract that are aimed at ensuring compliance with the DNSH principle (as described in the description of the milestone and the measure in the CID annex). The summary document shall also include, as an annex: (a) a copy of the publication of the call for tenders, technical specifications and notification of awards related to the selection of contractors to carry out the works, (b) a copy of the signed contract.
4.10	4 - Strengthening the resilience of the health system - C4.I.1 - Establishment of a Blood, Tissue and Cell Centre for Malta	Milestone	Blood, Tissue and Cell Centre open to users	Blood, Tissue and Cell Centre open to users				Q4	2025	Ministry responsible for Health	Foundation for Medical Services	The facility is completed, certified to process blood, tissues and cells. It is open to users and operationally resourced to provide the envisaged services. The capacity of the facility includes at least: 47,000 units of red blood cell concentrates; - 2,000 units of platelets (pooled) and 200 apheresis platelets; and 400 units of bone. Units of red blood cell concentrates, and units of platelets shall be understood as annual capacity. Units of bone, shall be understood as banked capacity.	Assumption: the newly setup blood bank to have the necessary infrastructure and equipment to carry out new processes.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include as an annex the following evidence: (a) a licence or similar document issued by competent authority in accordance with national legislation, authorising the holder to carry out prescribed activities at the specified premises, demonstrating that the project has been completed, that the Centre is ready to open to users and is operationally resourced to provide the envisaged services. (b) a declaration by the Ministry for Health, including justification that the technical specifications of the completed project are aligned with the description of the milestone and of the description of the measure in the CID annex. The declaration shall attest that the capacity of the facility is in line with the description of the milestone; and (c) a certificate of compliance signed by the perit or engineer or technical expert indicating that at least 70% of the non-hazardous construction and demolition waste generated on the construction site has been prepared for re-use, recycling and other material recovery.
4.11	4 - Strengthening the resilience of the health system - C4.I.2 - Enhancing the resilience of the health system through digitalisation and new technologies	Milestone	Contract signed for the procurement of Magnetic Resonance Linear Accelerator equipment solution at Sir Anthony Mamo Oncology Centre	Contract signed for the procurement of Magnetic Resonance Linear Accelerator (MR Linac) equipment solution at Sir Anthony Mamo Oncology Centre				Q2	2022	Ministry responsible for Health	Mater Dei Hospital	Following public procurement, contract signed for the procurement of Magnetic Resonance Linear Accelerator equipment at Sir Anthony Mamo Oncology Centre within Mater Dei Hospital	Assumption: no delays in public procurement processes	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall, more specifically, provide a justification that the equipment acquired satisfies the technical specifications required by the description of the milestone and of the investment. The summary document shall also include as an annex the following evidence: (a) a copy of call for tenders, technical specifications and notification of award, and (b) copy of the signed contract;

Table 2.4 Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

4.12	4 - Strengthening the resilience of the health system - C4.I.2 - Enhancing the resilience of the health system through digitalisation and new technologies	Milestone	Magnetic Resonance Linear Accelerator equipment operational and open to users	Magnetic Resonance Linear Accelerator equipment fully operational and open to users				Q2	2023	Ministry responsible for Health	Mater Dei Hospital	The Magnetic Resonance Linear Accelerator is operational and used for the treatment of patients at Sir Anthony Mamo Oncology Centre.	Assumption: no delays in delivery and commissioning of equipment.	Summary document duly justifying how the milestone (including all its constitutive elements as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall also include, as an annex, a certificate of provisional acceptance or similar document signed by the contractor and the contracting authority, demonstrating that the equipment is fully operational and open to users. The certificate shall indicate the location of installation of the equipment.
4.13	4 - Strengthening the resilience of the health system - C4.I.2 - Enhancing the resilience of the health system through digitalisation and new technologies	Milestone	All contracts signed for the digital pathology services at the histopathology department at Mater Dei hospital	All contracts signed for the digital pathology services at the histopathology department at Mater Dei hospital				Q2	2022	Ministry responsible for Health	Mater Dei Hospital	Following public procurement, contracts signed for a turnkey digital pathology service at the histopathology department of Mater Dei Hospital. The procurement process shall include: (a) software to handle the preanalytical phase and provide seamless automation of specimen processes (inc. real time tracking of cases) that integrates with the current laboratory information management system (LIMS); (b) gross specimen imaging facilities and enabling software; (c) high throughput digital slide scanners and digital case management system; (d) networking server solutions, to facilitate real-time online storage facilities and archiving of slides as well as network points at various stations within the sectioning and processing rooms; and (e) hardware, including PC's at locations other than the laboratory to enable conference calls and multidisciplinary team meetings.	Assumption: no delays in public procurement processes.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include as an annex the following evidence: (a) copy of the publication of the calls for tenders, technical specification and notifications of awards to procure the material. (b) copies of the signed contracts; and (c) for each contract a justification by the Ministry responsible for Health that the technical specifications of the contract are fully aligned with the description, criteria and conditions set out in the milestone and the description of the investment in the CID annex.
4.14	4 - Strengthening the resilience of the health system - C4.I.2 - Enhancing the resilience of the health system through digitalisation and new technologies	Milestone	Digital pathology services provided at the histopathology department at Mater Dei hospital	Digital pathology services provided at the histopathology department at Mater Dei hospital				Q2	2024	Ministry responsible for Health	Mater Dei Hospital	Digital pathology services provided at the histopathology department at Mater Dei Hospital operational and used by patients. The facility shall include the following minimum capabilities: an electronic tracking system from specimen reception to eventual authorisation of the case; the digitalisation of histological cases; integration of macro images and voice recognition at specimen dissection; automation of the verification processes at each stage of the laboratory processes; and automation of case assignment to respective consultants.	Assumption: no delays in delivery and commissioning of equipment.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include, as an annex, certificates of provisional acceptance or similar document signed by the contractor(s) and the competent contracting authority, or, where required, a Certificate issued in accordance with Regulation (2017/74/EU) MDR), demonstrating that the project has been completed, fully operational and open to the use of patients. The certificates shall also attest that the advanced digital technology infrastructure is in line with the technical specifications contained in the description of the milestone and in the description of the investment in the CID annex."

Table 2 Estimated cost of the plan and green and digital impact

Table to be filled in with the estimates of expected costs in EUR in current prices. This table should provide a summary of the key information on costing for each reform/investment. Additional, more detailed information should be submitted separately. "Estimated costs": Please note that only the costs for which RRF funds are requested should be entered here. "Funding from other sources": Please state here the source and amount in cases, in which the same reform/investment or a reform/investment that is closely linked receives or is expected to receive funds from other sources (which should not cover the same cost). "Methodology used and description of the costs": Please describe briefly the methodology and mention the main cost drivers. "Source of methodology" (if any): Please provide references to the methodology and data sources that you used. "Specify source" and "Possible reference to past EU programs" (under comparative costing data): Please mention past investment/reform projects that are benchmarks for the cost estimate and the source of the costs for these projects. "Independent validation" (if any): Please provide the name of the validating organisation/ agency, and a reference to the validation document.

Green and digital objectives

Please indicate if 0%, 40% or 100% of the reform/investment contributes to the objective. For reforms/investments and the climate objective, use the methodology for climate tracking as set out in Annex 6A and justify their choice for each investment and each reform. For reforms/investments related to environmental objectives, use the same methodology. For the digital objective, use the methodology as set out in Annex 6B. In all cases, please indicate the relevant intervention field for every reform/investment by choosing the most appropriate one, reflecting the nature, focus, objective, or expected outcome of the reform/investment. If several intervention fields can be applied, provide a motivation in the description of the component. As a general rule, a reform/investment should be assigned one intervention field.

Sequential Number	Related Measure (Reform or Investment)	Relevant time period		Estimated costs for which funding from the RRF is requested									Funding from other sources (as requested by Art. 8 in the Regulation)				COFOG level 2 category *(or 'Not relevant in case of a revenue measure)*	Methodological Information		Comparative costing data from past reforms/investments			Independent validation (encouraged)		Green and digital objectives						
				Total requested		If available: split by year							From other EU programmes		From National budget or other sources										Green objectives			Digital objectives		Tagged RRF contribution	
		From date	To date	Amount (mn EUR)	Repayable financial support (loans) / Non-repayable financial support (grants)	2020	2021	2022	2023	2024	2025	2026	Amount (mn EUR)	Specify the EU programmes *(Breakdown by programme if relevant (e.g. regional operational programme))*	Amount (mn EUR)	Specify source		Methodology used and description of costs	Specify source	Amount (mn EUR)	Specify source	Possible reference to past EU programs	Name of the validating entity and reference to the validation		Intervention field	Climate Tag	Environmental Tag	Intervention field	Digital Tag	Climate	Digital
1	4 - Strengthening the resilience of the health system - C4.I.1 (a) - Establishment of a Blood, Tissue and Cell Centre for Malta - Infrastructure sub measure	01/07/2021	31/12/2025	23	Grants			3	5	7	8		0.0		5.0	National Budget	07.4 - Public health services	The methodology used to verify the allocation to this project was based on: - BoQ prepared by the Architect, Engineers, quantity surveyors and other professionals working on this project - Market research carried out by technical experts - Similar past contracts implemented by the National Blood Transfusion Centre or the Foundation for Medical Services - Current Contracts in place for the blood bank project. **Design & Build, including geotechnical testing, excavation, landscaping, clean room and laboratory furniture and UPS:** The constructions costs, the M&E costs and Other D&B cost components were assessed separately, following the same methodology. This was based on a comparative assessment with the BOQ of the Paola Regional Hub (PRH). Since construction, M&E services and Other Design & Build (D&B) costs of the Blood Bank and the Paola Regional Hub (PRH) are of a similar nature, a unit costs / cost per area for PRH was estimated which was then extrapolated to estimate the total cost of these components for the Blood Bank. The ground works' value for PRH, which amounted to €6.6 million was not taken into consideration in its totality since there is no comparability in the nature of the works required between the two projects. A proportionate amount was included based on the size / sqm of the PRH project. **Project Management & Technical Supervisory Services** The cost estimates of this component is based on an existing contract. Given the fact that these contract have already been signed, this has been deemed an accurate way to estimate the cost under this sub component. **Specialised Medical Equipment** This component within the Blood Bank was based on a research exercise carried out by technical experts with the National Blood Transfusion service. Most of the items comprising this component is not similar to any other past project undertaken in Malta. Therefore, expert advice and market research was required in order to calculate the estimated cost of this component. **Other cost components:** The costing of this component was based on extrapolation of prices based on the PRH project. The total cost per line item for PRH was divided by the Gross Internal Floor Area (GIFA). The resulting figure was then multiplied by the GIFA of the Blood Bank. Amounts have been grossed up to cater for inflation and the possibility to also capture material handling equipment, which concept is still currently evolving. **Other services** The cost estimates of these components were based on similar / existing contracts. For the contracts that have already been signed, this has been deemed an accurate way to estimate the cost under this sub component. All costings claimed under the RRP exclude VAT amounts.	Bills of Quantities (BoQs), information from past projects were assessed including: - Bills of Quantities on the Paola Regional Hub Project and the ones prepared for the Blood , Cell and Tissue Centre by the Architect, Engineers, quantity surveyors and other professionals; - A detailed list of equipment prepared by Technical Experts and based on market research, experience and past contracts; and - Current contracts in place.	33	**Design & Build, including geotechnical testing, excavation, landscaping, clean room and laboratory furniture and UPS:** The detailed BoQ for the Paola Regional Hub Project which was used as a basis for assessment for the construction cost, M&E costs and other Design and Build component. **Project Management & Technical Supervisory Services** Based on current contract (CT 3253/2018). **Other cost components:** The detailed BoQ for the Paola Regional Hub Project which was used as a basis for assessment **Other services:** Based on current contract for IT network services and past contracts for publicity in relation to the Paola Regional Hub Project.	ERDF Funded Project (2014 - 2020) - Paola Regional Hub Project			092 - Health infrastructure	0%	0%		0%	0	0
2	4 - Strengthening the resilience of the health system - C4.I.1 (b) - Establishment of a Blood, Tissue and Cell Centre for Malta - equipment sub measure	01/07/2021	31/12/2025	2	Grants						2.0		0.0		0.0		07.4 - Public health services	The methodology used to verify the allocation to this project was based on: - Market research carried out by technical experts - Similar past contracts implemented by the National Blood Transfusion Centre or the Foundation for Medical Services **Specialised Medical Equipment** This component within the Blood Bank was based on a research exercise carried out by technical experts with the National Blood Transfusion service. Most of the items comprising this component is not similar to any other past project undertaken in Malta. Therefore, expert advice and market research was required in order to calculate the estimated cost of this component. All costings claimed under the RRP exclude VAT amounts.	A detailed list of equipment required for the setting up of the Centre was prepared. Certification indicating the list of medical equipment required has been formulated on the basis of market research, experience and past contracts, where applicable.	0.26	A few based on past contracts was provided by the National Blood Transfusion Centre (CT 2279/2005 – Addendum No. 6; NBTC03/2012; NBTC33/2020)	N/A			093 - Health equipment	0%	0%		0%	0	0
3	4 - Strengthening the resilience of the health system - C4.I.2 (a) - Enhancing the resilience of the health system through digitalisation and new technologies- MRI Linac unit sub-measure	01/07/2021	30/06/2025	9.3	Grants			0.9	1.9	3.7	2.8		0.0		0.0		07.4 - Public health services	The different sub-components were based on a research exercise carried out by technical experts. Most of the items comprising this component are not similar to any other past project undertaken in Malta. Therefore, expert advice and market research was required in order to calculate the estimated cost of this component. Quotations are also available for some items of this component. Costs cover capital expenditure. Recurrent costs are excluded from the expenditure covered by the RRP. All costings claimed under the RRP exclude VAT amounts.	Market research exercises for the different subcomponents comprising this project.		Most of the items comprising this component are not similar to any other past project undertaken in Malta.	N/A			093 - Health equipment	0%	0%		0%	0	0
4	4 - Strengthening the resilience of the health system - C4.I.2 (b) - Enhancing the resilience of the health system through digitalisation and new technologies- digitalisation sub-measure	01/07/2021	30/06/2025	2.4	Grants			0.2	0.5	1.0	0.7		0.0		0.0		07.4 - Public health services	The different sub-components were based on a research exercise carried out by technical experts. Most of the items comprising this component are not similar to any other past project undertaken in Malta. Therefore, expert advice and market research was required in order to calculate the estimated cost of this component. Quotations are also available for some items of this component. Costs cover capital expenditure. Recurrent costs are excluded from the expenditure covered by the RRP. All costings claimed under the RRP exclude VAT amounts.	Market research exercises for the different subcomponents comprising this project.		Most of the items comprising this component are not similar to any other past project undertaken in Malta.	N/A			095 - Digitalisation in health care	0%	0%	4 - 095 - Digitalisation in health care	100%	0	2.4

E. Component 5: Enhancing quality education and fostering socio-economic sustainability

1. Description of the component

Summary Box – Enhancing quality education and fostering socio-economic sustainability

Policy area/domain: Skills, education and training; social and institutional resilience

Objective: The objective of this component is multi-faceted: it will aim to provide students with quality vocational education possibilities, increase workforce resilience and support the shift towards pension sustainability. Through this component students will be encouraged to continue pursuing education beyond compulsory education, through enhanced vocational education and training (VET), with the aim of reducing Malta's Early School Leaving (ESL) rate in line with CSR 3 (2019)[1] and CSR 2 (2020)[2], whilst bridging the gap between educational provision and labour market needs. Furthermore, this component shall also seek to continue strengthening the labour market and ensure adequacy of employment in line with CSR 1 (2020) whilst contributing to the pension reform as a means of fostering fiscal sustainability in line with CSR 1 (2019). The component shall also address the European Flagship Initiative *'Reskill and Upskill'* in particular by strengthening vocational education.

All reforms will be implemented in line with the Gender Equality and Mainstreaming Strategy and Action Plan (GEMSAP) 2021-2025 and the Malta National Disability Strategy, both of which are still being drafted, as well as the legislative measures being developed to ensure compliance with policies related to accessibility.

Reforms and investments:

Reforms:

i. Strengthen early school leaving prevention measures, with a focus on skills acquisition;

ii. Strengthening skills development and recognition, with a particular focus on low-skilled adults;

iii. Developing new education pathways towards inclusive and quality education;

[1] Recommendation for a Council Recommendation on the 2019 National Reform Programme of Malta and delivering a Council opinion on the 2019 Stability Programme of Malta; pp. 5-6.

[2] Recommendation for a Council Recommendation on the 2020 National Reform Programme of Malta and delivering a Council opinion on the 2020 Stability Programme of Malta; p. 7.

iv. Implementing an effective education policy monitoring system;
v. Reinforcing the resilience of the labour market;
vi. Reviewing the sustainability and offering of Malta's pension system.

Estimated cost: Not applicable

2. Main challenges and objectives

a) Main challenges

Despite the significant reduction in the rate of ESLs that was observed in recent years, as well as Malta's relatively high employment rates, including amongst youths, Malta's share of ESLs is still above the EU average. In this regard, there is scope for further efforts to continue sustaining the decreasing trend with the aim of fostering a young generation of adequately skilled persons.

Malta has been fostering policies that promote job creation and growth which have led to significant results in terms of high employment rates and low unemployment rates, including in youths. Whilst fostering economic growth remains a priority, further efforts to ensure adequate social protection for the unemployed are merited with the aim of eventually integrating the unemployed within the labour market.

Similarly, whilst the integration of unemployed persons within the labour market may contribute to the further sustainability of the pension system, the latter remains impacted by the need to ensure adequate protection measures and wellbeing of both the current workforce and the current pensionable population. Over recent years, Government has implemented several policies and reforms with the aim of reducing the dependency on state pensions whilst encouraging and incentivising work beyond the pensionable age, amongst others. Through the RRP further reform in this regard will be facilitated.

By addressing skills gaps in younger people, by furthering investment in the VET area, the economy could achieve significant economic boost and further investment is required in this area.

b) Objectives

The proposed reforms under this component aim to strengthen vocational education and training (VET) in order to mitigate ESL rates, address skills shortages, and reduce the share of low skilled adults. Furthermore, reforms under this component will also aim to assess the current pension system and unemployment benefits with a view to continue pursuing policy reform in these areas.

Malta has seen improvements in the attainment of tertiary level education from 19.4% in 2014 to 26.7% in 2019[1]. This is complemented by a decrease in its ESL rate through a reduction of 3.7 percentage points from 20.9% in 2014 to 17.2% in 2019[2]. However, further efforts remain necessary to continue reducing the share of ESLs since Malta still lags behind the EU average in this cohort. In addition, the need to address the high share of low skilled adults is also acknowledged in the Country Report for Malta 2020.

3. Description of the reforms and investments of the component

a) Reforms

i. Strengthen early school leaving prevention measures, with a focus on skills acquisition

Challenges: Government efforts towards a more equitable, quality and inclusive education system have yielded a steady decline in ESLs from 25.7% in 2009 to 17.2% in 2019. In fact, as from 2017 Malta has registered the highest percentage decrease among all EU Member States. Despite Government's efforts over the past years and the continued decreasing rate of early school leavers, Malta's performance remains below the EU average.

In order to address the reduction of the ESL rate to less than 20% by the year 2020, Government has invested in a number of initiatives. Through the European Social Fund (2007-2013), Government invested in addressing literacy and numeracy problems amongst children and adolescents that are considered essential in preventing ESL and ultimately improving employability. The project aimed to improve the education and skills of both children and adolescents. Within this context, the National Literacy Agency, has set-up a number of aid programmes to increase literacy. One of the programmes, the Reading Recovery (RR) programme, is an accredited school-based literacy programme for the lowest achieving children aged 6, which enables them to reach age-expected levels of reading within 12 to 20 weeks. The Agency is offering this programme in state schools through an agreement with the University College London. During scholastic year 2018 – 2019, 9 primary state schools participated in the RR programme reaching 133 students, whilst during scholastic year 2019 - 2020, 208 students at risk of literacy failure started following the programme. Whilst such outreach has proven important in the reduction of ESL rate, further efforts are required to ensure a wider and faster roll out of this literacy programme for this cohort. It is envisaged that 85 educators will be trained in the reading recovery by 2023, which will ensure that by 2024 at least 1,000 students will benefit from this programme. Such educators are school-based complementary education teachers working with the hardest-to-teach children. This cohort will participate in a year-long intensive training to learn to use the Reading Recovery methodology. During this period, teachers are expected to identify the lowest attaining children and work with these students for half an hour every day for up to a maximum of 20 weeks and

[1] Eurostat, Population by educational attainment level, sex and age (%), Tertiary education (levels 5-8), https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=edat_lfs_9903&lang=en

[2] Eurostat, Early leavers from education and training by sex and labour status, https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=edat_lfse_14&lang=en

by the end of this programme circa 80% of the same students will become independent readers and writers.

In recent years, several investments have also been undertaken in the education sector, including through EU Funds, with the aim of introducing new education pathways in vocational education and training. Vocational training is often considered to be one of the most effective ways in reducing ESL rates and therefore youth unemployment. It is also noted that absenteeism numbers for VET students are marginally lower than non-VET students. Under ERDF 2014-2020 Government has invested in VET infrastructure, primarily within Secondary Schooling and the Malta College of Arts, Science and Technology (MCAST), with the aim of reducing ESLs.

The early school leaving unit has also launched a fellowship programme starting in 2021 for 10 educators from the 10 colleges in the primary public sector leading towards the award of a Master's Fellowship in Education: Poverty and Social Exclusion. The programme also provides for the setting of a working group starting in 2022 with the objective of building a home school liaison programme in Malta as part of the new policy. The home school liaison programme aims to focus on supporting measures for students, teachers and parents of disadvantaged students and target opportunity deprivation. The aim is that the project would start as a pilot in 2023/2024 following the successful training of teachers which would be considered pioneers and leaders within the colleges.

The investment in secondary schooling involved the conversion and setting up of 78 VET laboratories across 14 schools with a capacity of circa 8,000 students in Malta and Gozo. These Labs cater for several subjects including: Engineering Technology, Information Technology, Health and Social Care, Retail, Fashion and Textiles, Media Literacy and Agribusiness, amongst others. The modernisation of the 14 schools provided the facilities and capacity required to offer the full complement of vocational subjects aiming to improve staying-on rates and consequently reduce absenteeism levels. These VET Laboratories replaced classrooms which already existed in the respective schools. This investment was a continuation of earlier ERDF funding for more than 7,000 students who benefitted from upgraded and modernised facilities or services through the construction of 6 new learning and training facilities and the refurbishment of an additional 7 existing learning and training facilities with new equipment. This investment, focusing on secondary and middle schools in Malta and Gozo, was primarily aimed to increase the number of students obtaining a school leaving certificate.

Furthermore as part of the MCAST master plan, three new buildings were also developed under the 2014-2020 ERDF programme consisting of : the Building and Construction (BC) Facilities within the Institute of Engineering and Transport (IET), the MCAST Resource Centre (MRC), and the Institute of Information and Technology (IICT) at the MCAST Main Campus at Corradino. Furthermore, the project complementarily involved a College Management Information System (CMIS), to optimise efficiency of MCAST's operational procedures and processes. Such an investment provided a state-of-the-art educational infrastructure benefiting further VET enrolment, access to high-quality education, and an increased variety of courses and skills for acquisition. This investment was a continuation of other prior investments forming part of the first phase of the implementation of the MCAST Master Plan under 2007 -2013 ERDF Programme, with investment focusing on the building and furnishing with equipment of several institutes, including the Institute of Applied Science and the Institute of Business and Commerce.

Investment in VET infrastructure was also complemented with measures funded through the European Social Fund (ESF) 2014-2020 by promoting scholarships in an array of areas at MQF

levels 7 and 8, and post-doc studies. The roll out of the One Tablet Per Child Project, also funded by the ESF, has been important in addressing technological disparities amongst students and fostering digitalisation from an early age. The provision of tablets in primary schools helped pupils to get motivated by active forms of learning and in turn contributed towards reducing the rate of ESL. This project continues to build upon the foundations laid down under the former ESF 2007-2013, under which, projects ensured due consideration to early childhood education.

Another initiative related to the education reform by introducing a learning outcomes approach in the national schooling system. The developed pedagogical tools for teachers were based on the National Curriculum Framework's aims and principles. As a direct outcome of the project, forty-eight (48) subjects, six (6) Cross Curricular Themes and eight (8) Learning Areas have been developed through a learning outcomes approach, and assessments which are diverse, and respect different ways students learn.

Similarly other initiatives under national funds, such as the recently launched Guze' Ellul Mercer 16+ post-secondary school, the Alternative Learning Programme (ALP) and the ALP+, are all part of the holistic approach being undertaken by Government with the aim of further reducing the ESL rate.

Objectives: Through this reform Government aims to strengthen preventive measures with the objective of contributing towards decreasing the ESL rate to 12.7% by 2025. Within the context of this reform, Malta will strengthen its literacy programme with a view to target an increased roll out of literacy programmes. Such efforts will be complemented by the continued fostering of an inclusive environment through quality academic, vocational, and applied learning initiatives.

Initiatives under the RRP will be complemented with initiatives under cohesion policy, particularly the ERDF/CF/JTF Programme whereby ERDF investments in mainstream/compulsory education facilities (namely primary and secondary schools) and investments in VET facilities are foreseen. Furthermore, under the ESF+ Programme, the development of educational programmes, the digitalisation of education provision, the continued recognition of formal and non-formal learning as well as initiatives to foster digital literacy and lifelong learning, amongst others, are also foreseen to complement RRP reforms.[3] Further complementarities will also be sought under the Territorial Cooperation Programmes, as well as the ERASMUS+ Programme.

Together with experts from the European Network for Basic Skills (EBSN), the Ministry responsible for Education has redesigned all the courses in Basic Skills (up to level 2) in literacy, numeracy and digital skills. This will include new modular course work, new delivery techniques, new modes of assessment, and student guidance and mentorship by the Directorate for Research, Life Long Learning and Employability's (DRLLE) guidance unit The reform also includes the drafting a Basic Skills strategy (the first ever for Malta) which will introduce a Skills Checker for self-measurement of literacy, numeracy and digital skills levels as an indicator and assistance to project further educational trajectory, an educators' training specialising in basic skills pedagogy, and the provision of career and pastoral guidance, including for students with basic skills.

The Ministry for Education (MFED) has launched the Data Warehouse Project, which aims to identify gaps in tackling early school leavers (ESLs) by tracking data of each student from

[3] Malta's Cohesion Policy Programmes for the 2021-2027 period may be accessed here.

childcare to the last stage of the educational trajectory. The Data Warehouse Project / early-school leaves (ESL) general tracking system is intended to keep data on each student from childcare to the last stage of their educational trajectory. The aim of this reform project is to eventually cover all students across state, church and independent schools. This reform project emanates from the recommendations of the strategy for the prevention of early school leaving and will enable the monitoring of progress of every student, so that intervention to assist students at risk of ESL would be timely and its effectiveness well-monitored. The data warehouse will keep track of crucial data to monitor ESLs such as school attendance, assessment, socio-economic status and school migration, amongst others. The project will start by processing all the data related to state schools, from Year one (1) to Year eleven (11), and then state post-secondary schools and tertiary institutions.

Implementation: The Ministry responsible for Education will implement this reform process.

Target group: The target population includes youths, students and ESLs.

Timeline: The respective timelines are presented in the Annex 2.5.

ii. Strengthening skills development and recognition, with a particular focus on low-skilled adults

Challenges: In recent years, progress has been registered in the participation rate pertaining to adult learning. In this regard, data shows that adult learning is at par with the EU average at 11.9% participation compared to 7.7% in 2014. However, although the number of courses in different subjects and applications are both on the increase, Malta continues to face important challenges in the provision of skills and competencies to ensure no one is left behind. Noting that the share of low-skilled people aged 15 to 64 is one of the highest in the EU, 42.2% in 2019 (EU: 25.7%), and that, despite the greater need for upskilling, their participation in training is low (5.1% in 2019 vs 12.6% on average in the EU); this challenge contributes to a wide skills-gap, which in turn affects the sustainability and resilience of the labour market.

With regard to the ICT sector in particular, Malta has a share of ICT graduates standing at 7.9% which is more than twice the EU average of 3.6% (DESI 2020). Since a skills gap is still noticeable in this sector, between the number of graduates and subsequent labour market needs, stronger collaborations between the education system and industry are required. Such collaboration is being strengthened also through the RRP under component 3 of this plan.

Over the years, the validation assessment of informal and non-formal learning (VINFL) served as an important step in promoting lifelong learning and facilitating access to learners who do not possess any qualifications from formal education. In this respect, Malta has been taking steps to make sure that the workforce is able to react to rapid changes, and competitive markets. Such efforts have been coupled with marked investment in vocational education and flexible learning methods in order to attract the working cohort into lifelong learning.

For those already in employment, Jobsplus[4] is providing training opportunities through a mix of online and physical courses. Unemployed, inactive and people in employment can participate

[4] The Government Agency responsible for providing public employment services.

in the different courses offered by Jobsplus. Jobsplus' initiatives related to skills development aim to reduce the skills mismatch experienced by employers and aim to equip the working age population with the necessary transversal skills to enter the labour market and retain gainful employment. Moreover, the schemes and training courses aim to reflect the changes brought by the advancements made in technology and digitalization.

Furthermore, companies are encouraged to offer training to their staff through the *Investing in Skills scheme* which is co-financed through the ESF. The 'Training Pays' scheme, which is also co-financed through the ESF, offers individuals the possibility to participate in a training initiative not offered by Jobsplus (MQF 1-5). Additionally, Jobsplus also administers the traineeship scheme, work exposure scheme, work placement and the Youth Guarantee Scheme which are all co-financed through the ESF.

A similar programme is in place to assist persons with disabilities and vulnerable inactive individuals to find and retain suitable employment. The programme provides a holistic assessment to participants through multiple training options and professional support which might lead to several employment opportunities. Training opportunities include pre-employment training (PET) and sheltered employment training (SET). The VASTE Programme is a €13 million project part financed under ESF programme 2014-2020.

Objective: The objective of this reform is to continue facilitating the accessibility of skilling and re skilling programmes, including through the setting up of an e-college, which will provide a comprehensive provision of online courses (synchronous and asynchronous) targeting a wide audience, including low-skilled adults for the purposes of up-skilling and re-skilling. The e-college will be complemented by an online hub facility that will provide physical space with technical equipment and coaching for low-skilled adults who either do not have the technical ability to access courses online or do not have the necessary equipment (device or internet connection). Furthermore, online coaches and a help desk will also assist learners while they are online following their courses. A mentoring and guidance unit is also being set up to provide guidance services to adults in seeking the best educational trajectory to match their needs as well as counselling in general wellbeing. By mid-2022 the e-college is foreseen to be fully operational with at least 10 courses covering different subject areas being provided whilst by the end of 2024, it is foreseen that at least 4,800 learners will have used the services provided through the new e-College platform. These learners will be made up of adults from different socio-economic backgrounds, aged 15 years and upwards who do not have MQF (Malta Qualifications Framework) level 3 qualifications or higher.

Such efforts will be complemented by the continued validation assessment of informal and non-formal learning and the development of skills programmes. Through this approach, Malta will maintain a proactive, forward-looking approach in terms of its investment in the quality and inclusiveness of skills development, even for those who are already in the workforce.

Through the project *EU Agenda for Adult Learning*, the lack of proper career and lifelong learning guidance to adults was noted. In this regard, the Ministry responsible for Education will be creating a roadmap on developing a guidance system, capacity building for adult learning professionals whilst also establishing guidance networks. At least 3 measures out of 10 included in the Roadmap will be implemented by Q2 2023. Amongst these measures are:

- the establishment of a national hub, where any adult can ask for guidance for the trajectory towards upskilling and reskilling;
- the training of guidance educators to enable them to meet the demands of adult learners; and
- having career and pastoral guidance in every adult learning centre, where such services would be accessible to all adult learners.

This will also be backed up by a systematic review of what guidance processes are present in Malta and of how to increase the effort to provide a guidance unit not just for learners, but for adult learners as well. On a regular basis, the guidance unit carries out a number of tasks which also target adults, mainly through the lifelong learning aspects, including outreach activities and orientation visits. To date, the guidance team has giving 174 presentations highlighting their services during online classes.

Implementation: The reform will be led by the Directorate for Research, Lifelong Learning and Employability within the Ministry responsible for Education.

Target group: The target population includes adults, workers, and jobseekers.

Timeline: The respective timelines are presented in the Annex 2.5.

iii. Developing new education pathways towards inclusive and quality education

Challenges: In recent years, Malta has taken steps to invest in an inclusive and equitable education process in an effort to ensure better education outcomes. During 2020, Government continued the implementation of measures outlined in Malta's *Policy on Inclusive Education in Schools: Route to Quality Inclusion* as well as focused on the review of such policy with a view to develop a new 2030 inclusion policy. Indeed, the Inclusion policy was amended in 2020 to become the overarching framework and includes various SMART goals related to disability, attendance, gender, promoting a healthy lifestyle and managing behaviour that will address inequalities in schools. Also, different timeframes and stakeholders have been added to such goals to map out a strategic implementation of such policy. This updating of the inclusion policy will allow Government to work more effectively towards inclusive education.

The education sector in Malta focuses on an inclusive and comprehensive learning system, rather than a 'one-size-fits-all' approach. In this regard, learning outcomes were introduced instead of prescribed syllabi, as part of the learning outcomes framework, the development of which was supported through EU funding under the ESF 2007-2013 Programme. This ensures that all children's individual talents and needs are equitably supported through quality academic, vocational, and applied learning programmes. This holistic approach is complemented by the *My Journey Reform*, which is based on the values of inclusion, social justice, equity and diversity, and which has been implemented in lower secondary schools since 2019/2020.

Through the *My Journey - achieving through different paths reform*, secondary school students can choose from blended learning streams of academic, vocational and in some cases applied subjects in addition to the core curriculum. The aim is to respond to different education needs and give parity of esteem to general, vocational and applied qualifications. *My Journey* seeks to promote increased links between education and industry. Close cooperation between schools and workplaces assures the currency of subject learning outcomes, provides real-life work

environments thus warranting the assimilation of the aims of working life, establishing fruitful relationships with companies and facilitating the learning of entrepreneurship competencies. Vocational education allows students to progress to post-compulsory educational institutions namely Malta College for Arts, Science and Technology (MCAST) and Institute for Tourism Studies (ITS) thus giving them the opportunity to participate in adult learning.

With regard to differences in education achievements across different schools, students in state schools are showing a marked improvement in their performance. PISA 2018 shows that Maltese disadvantaged students, in spite of their background, are more likely to be top-performers in reading than their European peers (13.3% vs 11% at EU-27 level) suggesting that the Maltese system is able to compensate for disadvantage.

Every year Malta registers a good amount of newcomer children for state schooling. These come from both EU and Third Countries. Some of the children cannot communicate in the languages of schooling (Maltese and English). In an effort to support inclusive education, Government set up an induction hub for secondary school students and rolled out outreach measures by community liaison workers at compulsory education level in order to strengthen the provision for inclusive support, in particular for children from a migrant background. At compulsory education level, the Migrant Learners' Unit (MLU) was also set up, including through support from the Structural Reform Support Programme, and has continued to strengthen the provision for inclusive support for children from a migrant background. Apart from providing training and management of cohorts working within the MLU, this Unit helps in the coordination when there is transition between school levels or transfers between colleges. The Community Liaison workers (CLWs), which are partly financed through EU funds, support families, amongst others, to access all relevant information and to register children in schooling.

The MLU also organises after school initiatives addressed to migrant learners such as the 'Language to Go' Summer Intensive language course for migrant learners in compulsory schooling who are still struggling with the languages of schooling. The aim of this course is to support children in continuing their learning of languages during the summer break when otherwise the children would not have any tuition available and loss of academic uptake may result. Another initiative is the *Making Friends Bringing Friends Club* which aims at supporting migrant children and the hosting society in schools to build communities based on friendships. The club runs after school hours and is held throughout the year in the state primary schools in a number of localities which register a high number of migrant newcomers. Both these initiatives are co-financed by the EU.

Furthermore, through the Language Learning and Parental Support for Integration (LLAPSI+) project, which was co-funded under the Asylum Migration and Integration Fund, a team of community liaison workers worked closely with the colleges, schools and families to build bridges of collaboration where families are informed about and empowered to participate in the schooling experiences of their children. Services like free childcare, after school clubs like Breakfast Club, Klabb 3-16 or other services available in schools are also accessible for migrant families.

To cater for students from vulnerable socio-economic and socio-cultural backgrounds as well as to alleviate the effects of poverty on the teaching and learning process, a budgetary family-friendly measure (Scheme 9) was introduced to provide free lunches, stationary items, internet service, electronic devices and uniforms, payments of photocopies, educational visits, extra-curricular activities and a home library is being implemented.

Over the years, Government has also been investing in specialised rooms and other services within Colleges in order to foster improved integration and inclusion and reduce the reliance on centralised services. Between 2016 and February 2020, nine multi-sensory learning rooms were set up in seven colleges, with the recent ones opening during the scholastic year 2018/2019, an additional two multi-sensory rooms will be completed and operational by early 2022.

Notwithstanding these developments, further efforts to foster integration and inclusion are deemed necessary to ensure the education system is encapsulating Malta's demographic diversity and that it is bringing down barriers to access for quality education.

Objectives: Continuous training initiatives for educators are also necessary to ensure delivery of high-quality inclusive education to all learners. In particular, the following training initiatives are planned for 2021-22:

- Sectorial training for guidance teachers and career guidance practitioners on developments in the labour market;
- Training for guidance teachers and career guidance practitioners on disability issues, with a focus on the transition of students with a disability from compulsory schooling to further education and/or the labour market;
- Training for guidance teachers and career guidance practitioners on Multicultural issues in Career Guidance.

Benchmark 2 of the National Inclusion Policy emphasizes that all educators employ effective teaching approaches that are more representative of and responsive to diversity and foster a Universal Design for Learning approach. School personnel, particularly teachers and Learning Support Educators (Pedagogical Assistants) are strongly encouraged to apply the principles of Universal Design for Learning during the teaching and learning process with all learners. This implies identifying barriers to learning i.e. physical, educational and/or social, cultural, linguistic that may occur at any stage in the learners' time at school.

Furthermore, through this reform, it is foreseen that at least 20 measures (accounting for 50% of all measures) identified in the updated National Inclusion Policy Strategy will be implemented by Q4 2025. These include:

- Ensuring that yearly Individual Education Plans (IEPs) are well designed to determine the instruction within an age appropriate curricular framework, the differentiated instruction provided by educators (teachers/year tutors/delegate and Learning Support Educators) for a variety of learners' needs, the modifications and accommodations required for learners in order to be incorporated into lesson plans and everyday instruction. Appropriate reviews will also be carried out at the end of the scholastic year;
- Organising events within schools at least once every term that recognise and celebrate diversity and create awareness as a preventive and proactive measure against any form of bullying that is derived from lack of tolerance. These can include topics related to, but are not limited to, racial or ethnic origin, religion or belief, disability, or sexual orientation;
- Ensuring that the school mission statements include evidence of values of diversity and inclusion placing high importance on equity and improved outcomes for all learners.

In addition, all schools are encouraged to make the physical environment as accessible as possible for all learners so as to make educational spaces more effective for all learners. This includes the provision of gender-neutral bathrooms, in line with the Trans, Gender Variant, and Intersex Students Policy (Annex III of the National Inclusion Policy) which supports gender identity, gender expression and sex characteristics issues in schools; autism friendly environments to cater for the imbalance between the environment and the individual's ability to adapt to it; as well as labels and signs in schools to support the diverse linguistic and cultural needs of all learners.

The objective of this reform is to provide quality inclusive education by facilitating the roll out of multi-sensory learning rooms (MSLR) for students with severe needs in colleges and piloting the setting up of two autism units in middle schools, thus allowing for further integration within the school environment.

Such efforts are in line with the draft National Inclusion Policy which identifies measures aimed at: ensuring equal access to quality education; enable educators to have access to flexible education and to employ effective teaching approaches that are more representative of and responsive to diversity; and to ensure schools are supported through well organised support structures that embrace shared cultures and ethos of diversity. Indeed, the Autism Units will allow learners to develop to their full learning potential, in a calm environment that offers structure, clarity and predictability. In addition, learners will be in a setting that facilitates optimum inclusion as part of the school community with access to mainstream educational opportunities that are available and that are deemed appropriate to the ongoing education of the learner. Through these units, the learners will have specific times when they can attend classes in the mainstream school if this is of benefit for them. Also, learners are free to mix during break and learners from mainstream can have their break in the common area of the unit. Instead of being segregated from their peers, learners will have the opportunity to socialise with their peers during various times of the day to reap the benefits of inclusion as much as possible.

A maximum of 16 students can benefit from the first two Autism Units that will be set up by the end of 2021. Two teachers and 6 Learning Support Educators will receive additional training in inclusive pedagogy and in the delivery of a functional curriculum. These two units will be monitored regularly by Head of Departments (HoDs) (Inclusion) and Education Officers (EOs) (Inclusion). An evaluation of the outcomes will guide National School Support Services (NSSS) on the way forward.

Furthermore, Government will also continue the compilation and updates of autism friendly environmental guidelines, the autism toolkit, the setting up of multi-sensory rooms in primary schools and provide training to practitioners and educators in schools, amongst others. These processes are ongoing and adapted depending on the emerging needs and specificities.

The scope of a multi-sensory learning room is to give opportunities to learners with severe autism and other identified severe disabilities to engage and enhance learning by, inter alia, ensuring that the learner is provided with a multi-sensory experience; allowing them to build on specific skills; increasing communication and language skills; and developing sequential and processing skills.

The controlled environmental stimulation can help engage learners with a disability in appropriate sensory activities. The room also serves as a space where learners can experience and learn pre-requisite skills of the curriculum activities. A multi-sensory learning room consists of approximately five different areas, that is, a sensory area, a quiet / relaxation area, a functional living skills area,

an inclusive technology area to support learning, and a general activities common area to enhance the development of social skills. There will be at last one teacher in every class. The training will be delivered in-house by practitioners at the National School Support Services (NSSS).

In addition, there are several initiatives which foster cooperation with families to overcome learning barriers. Educators are progressively moving from a teacher-centred approach to learning and teaching towards a more learner-centred approach so as to make learning more accessible to all learners. Furthermore, the recent introduction of the Emergent Curriculum approach in the Early Years is a positive step to include all learners in the learning process. The National Inclusion Policy emphasizes the importance of co-operative teaching and learning whereby a team approach is used. The introduction of the Learning Outcomes Framework aims to ensure that the curriculum content is sensitive, flexible and representative of the diversity of all learners. Assessment for Learning through a more continuous and formative assessment method ensures equity for all learners.

Learning Support Educators (Pedagogical Assistants) are primarily employed to support learners with a statement of needs. However, they are strongly encouraged to support all learners in class especially those who might be encountering difficulties because of their emotional, social or cultural, linguistic barriers.

In line with the Inclusion Policy, Nurture Groups in Primary Schools and Learning Support Zones in Middle and Secondary Schools, together with the Education Psychosocial teams of the Colleges, address the needs of learners who present social, emotional and behaviour difficulties. Nurture Group Teams, Learning Support Zones Teams and Education Psychosocial Teams liaise regularly with parents regarding the aims of the different programmes/interventions being carried out with their children. They also organize informative meetings to guide parents to support positive behaviour strategies and adopt more positive behaviour approaches at home to ensure continuation.

The Provision Map, which is a user friendly and easy to use web-based tool, allows educators together with parents and other stakeholders to design Individual Education Plans for students with a statement of needs and keep a record of different support services for individual learners. The targets, success criteria, strategies and provisions are all specifically written for the local context and will aid educators to design individual education plans of a high quality. This tool will also consent educators to keep a record of all meetings held with parents and other professionals and also invites all key professionals working with the learners to have access to the learner's IEP as external agents. Indeed, this tool aims to identify learners' strengths and needs and in return aids all stakeholders involved to devise SMART goals and supporting strategies and provisions to reach set goals. Such plans are designed at the beginning of every scholastic year and emphasis is given on getting all stakeholders especially parents on board. The main aim is to ensure continuation of strategies and thus working towards a common goal. At the end of the scholastic year a review is carried out where stakeholders evaluate the progress and development of the learners in respect of the goals, strategies and provisions set.

With regards to education and skills development, the Career Guidance Services within the Ministry responsible for education implements a number of career guidance initiatives for students who attend compulsory education in order to make them aware of, and instil in them, skills which can facilitate their transition towards further education and/or the world of work. Career guidance practitioners implement initiatives across all the state colleges in Malta and Gozo. Through these initiatives, students acquire career management skills which help them become

more aware of the continuously changing demand for skills within the labour market, in a way that they can develop their respective self-reflection, career mapping and master such skills later on in their life. All mainstream students, including students with a disability, can participate in these initiatives. Particular attention is also given to students who are at risk of becoming Early School Leavers (ESLs) and with the intervention of other psychosocial staff, career advisors channel them towards vocational learning opportunities.

Furthermore, through the courses offered by the Institute for Education (IFE), all teachers in state, church and independent sectors have the possibility to enhance their teaching methods. All IFE courses are on a voluntary basis and given that the applicants satisfy the eligibility requirements, they can follow any of the courses. The courses offered range from postgraduate certificate to Master degree programmes. Furthermore, the Institute for Education offers 61 Awards (accredited short courses) for educators, and 4 Awards targeting parents, 52 non-accredited sessions for parents/guardians which are offered more than once during the year and 34 non accredited sessions for educators which are also offered more than once during the year. All parents and all educators have the opportunity to apply and benefit from these courses.

Implementation: The Ministry responsible for Education will be responsible for implementing this reform process, in line with the ambitions of Malta's draft Inclusion Policy (2030).

Target group: The target population includes students across different ages and levels of education.

Timeline: The respective timelines are presented in the Annex 2.5.

iv. Implementing an effective education policy monitoring system

Challenges: Over the years, Malta has developed a variety of targeted policies in relation to various aspects impinging on the education framework. Since 2014, such policies were developed to address the needs outlined in the *Framework for the Education Strategy for Malta 2014-2024*.

During 2020 and following the adoption of the *Education Excellence 2030* review process, Malta started the process of updating its strategies to ensure they remain relevant and consistent with its aims and targets as part of its policy monitoring and evaluation process. A number of strategies are being developed and will be concluded throughout 2021. These policies include:

- Early Childhood Education and Care;
- National Lifelong Learning Strategy;
- A Holistic and Inclusive Approach to Tackle Early Leaving from Education and Training (ELET) in Malta;
- Higher Educational Strategic Vision;
- A National Literacy Strategy for All Malta and Gozo; and
- Digital Literacy Policy.

Such strategies aim to continue building on the established measures across the different policy areas with a view to identify and implement measures related to emerging needs. This policy framework will be complemented by a robust monitoring and evaluation system.

Objectives: The objective of this reform is to develop a work plan which will facilitate the monitoring of the progress made in the implementation of the policy framework, both individually and holistically, and increase the capacity of the Policy Monitoring and Evaluation Directorate. As part of the reform, the Policy Monitoring and Evaluation Directorate which has been set up within the Ministry responsible for Education will be strengthened to consolidate its role in the implementation of the overall educational reform. This will aim to enable the successful and timely implementation of the strategic pillars outlined in the respective policies.

Implementation: The Policy Monitoring and Evaluation Directorate within the Ministry responsible for Education will be responsible for implementing this reform process. The Unit is responsible for establishing key performance indicators and adequate measures as well as developing relevant work plans. To ensure consistency across policies, this Unit shall be liaising with the working groups / committee of experts involved in the monitoring of the implementation of current policies as well as the drafting of new or renewed policies.

The Ministry responsible for Education plans to co-ordinate and monitor its policies through the Ministry's Strategic Management Board and a regular reporting mechanism.

Target group: The education system, including educators and pupils.

Timeline: The respective timelines are presented in the Annex 2.5.

v. Reinforcing the resilience of the labour market

Challenges: Over recent years and up until the start of the COVID-19 pandemic, the labour market experienced constant increasing employment rates. Such developments, together with a series of measures, including direct and indirect tax measures, employment-related measures, economic stimulus measures, and customs measures, amongst others; implemented by Government to sustain the economy during the pandemic, enabled the labour market to remain resilient during the pandemic, whereby Malta registered a decrease in employment rates of only 0.8%[5] in Q4 2020, when compared to the same period in 2019, which is one of the lowest in the EU.

The pandemic presented the first instance in recent history where Malta had to resort to the implementation of short time work schemes to ensure job maintenance. Through several initiatives, including EU funding support under CRII[6], CRII+[7], React-EU[8] and SURE[9] initiatives, Malta

[5] National Statistics Office (NSO), Labour Force Survey Q4/2020; https://nso.gov.mt/en/News_Releases/Documents/2021/03/News2021_054.pdf

[6] Coronavirus Response Investment Initiative (CRII)

[7] Coronavirus Response Investment Initiative Plus (CRII+)

[8] Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU)

[9] Support to mitigate Unemployment Risks in an Emergency (SURE)

implemented several job-maintenance schemes between 2020 and 2021 with the ultimate aim of protecting employment as much as possible. Such efforts also aimed to address CSR 1 (2020). Whilst such measures were necessary to mitigate the pandemic and will continue as necessary throughout the COVID-19 emergency, long term economic growth is deemed vital in order to mitigate any possible future shocks. In this regard, Government's policy will continue to focus on incentivizing active work measures through access to employment and support for training and upskilling for employed and the unemployed to increase their employment possibilities. This also to ensure predictability in public finances.

In view of its effect on the stability of the labour market, the pandemic brought about increased vulnerabilities, in particular for persons at-risk-of-poverty as well as vulnerable and disadvantaged persons exposing them to increased socio-economic risks. Within this context, in an effort to mitigate the increased burden and inequalities brought about by the pandemic, an assessment of unemployment benefits in Malta will be carried out.

Objectives: Building on policy reforms implemented in recent years, including the establishment of the National Employment Policy (2013-2020), the development of a labour market policy (2021-2030) which is currently ongoing, the establishment and implementation of Malta's Poverty Strategy 2014-2024 and the development of complementary strategies including the National Youth Employment Strategy (2021-2030); Government will continue in its efforts to strengthen unemployment protection and promote active labour market integration.

In January 2021, the Ministry for Finance and Employment launched the review of Malta's National Employment Policy. Since 2014, Malta recorded a buoyant labour market with employment rates converging to EU averages and outperforming the performance of its European peers. In fact, Malta recorded its lowest unemployment rates on the back of such strong performance. Notably, the active labour market policies, mainly aimed at increasing the participation of women had the intended effects and in general the labour market was supported by a strong inflow of non-Maltese workers.

The revised National Employment Policy is being drafted against the backdrop of a resilient labour market which withstood the pressures emanating from the COVID-19 economic crisis. Supported by direct support from Government, Malta's labour market largely withstood the impact. However, the problems of COVID-19 together with other trends such as increased automation and structural challenges including skill-mismatches, will have a bearing on Malta's economy and labour market.

The review of the national employment policy is taking a very consultative approach. Over 250 business leaders were consulted through a number of sectoral focus groups whilst a survey with a fully representative sample of employees is also being undertaken. This qualitative research together with a detailed quantitative and economic analysis will form the basis of a robust national employment policy for the period 2021-2030.

The policy is based on three main pillars which seek to enable Malta's workers, support Malta's employers and ensure responsive institutions related to work and employment. The main thrust is to link employment with quality of life. This is based on ensuring that workers not only safeguard employability, whilst achieving better quality of life through higher wages and employment mobility. There will be a focus on ensuring that employees are equipped with the right skills for the future and to have support measures through active labour market policies that incentivize

and support employability. The Policy will also seek to champion inclusivity, equality and mobility especially for particular cohorts in society including female workers, persons with disabilities and to address gender gaps. Employers are also central in the employment relationship and this policy is aimed at supporting business growth by embracing transformation, incentives to support growth, productivity and training.

Learning from COVID-19, the policy will also aim at ensuring the sustainability and resilience of enterprises in Malta. From an institutional perspective, the focus will be to ensure decent and sustainable work for all. Here focus will be on curbing the abuse and to ensure that the employment relationship is also future proof in the light of developments in this area which have been accelerated by the pandemic, especially in relation to the platform or gig economy. Finally, focus on streamlining processes and administrative issues will also be looked into in order to simplify procedures in relation to employment. Within this context, it is foreseen that by Q3 2025, measures in the Employment Strategy concerning at least: Older workers (aged 55-64); Low skilled adults; and Gender employment gap will be implemented. Such measures will be complemented with the entry into force of legislation deemed necessary.

Malta has registered a very strong performance in employment and this policy is aimed at equipping the country to face the challenges of the coming years and more importantly to support its workforce and employers to not only face these challenges but to embrace the opportunities ahead of us.

As mentioned above, Government continues to be committed to ensure that there are equal opportunities for all. Indeed, work has been ongoing on the Gender Equality and Mainstreaming Strategy and Action Plan (GEMSAP) 2021-2025. The Strategy seeks to strengthen gender mainstreaming in all stages and sectors of policymaking, whilst committing Government to undertake direct and targeted measures to achieve full gender equality. The action plan, systematically address inequality wherever it is found and addresses the following pillars:

- Right to equal treatment;
- Equal access and opportunity to the workplace;
- Financial independence;
- Equal access and opportunity to knowledge and education;
- Co-responsibility and balance of work, private and family life;
- Equal access and opportunity to positions of authority for women and men;
- Equal access and opportunity to health and general wellbeing; and
- Equal access to justice.

By Q4 2025, it is foreseen that the implementation of measures outlined in the forthcoming Gender Equality and Mainstreaming Strategy Action Plan will cover at least:

i. Amendments of legislation in instances/provisions which needlessly differentiate between men and women;
ii. Implement a training programme for educational personnel within compulsory State schools in tackling gender discrimination issues and stereotypes; and
iii. Gender disaggregated data will be collected to further support evidence-based approach to policy making.

The policies outlined above have been complemented by several investments undertaken in recent years, including through EU Funds with the aim of introducing new and sustain existing employment opportunities, as well as promoting further integration into the labour market. Under the ESF programme 2014-2020, Government invested in various initiatives targeting the unemployed, youths, and vulnerable persons, jobseekers aiming to improve their skills-set, amongst others. Employment aid schemes promoting the recruitment of more challenged jobseekers and inactive persons as well as the training of employees, with the aim of bridging the current skills gap were also supported. Such measures aimed to prevent long-term unemployment and social exclusion, increase productivity, and enhance adaptability of the local workforce.

Within this context, in an effort to promote social cohesion and enable the reintegration of unemployed in the labour market, an assessment of unemployment benefits in Malta will be carried out by mid-2022. The outcome of the assessment will be to make recommendations to Government on how to improve effective coverage and achieve better adequacy of benefits whilst enhancing the incentive to work. In this regard, a monitoring process will be rolled out to regularly take stock of the effectiveness of policy measures that are in place.

Building on policies and investments carried out thus far, this reform will be complemented through initiatives envisaged under the ESF+ programme for 2021-2027 which will aim to foster employment resilience and growth as well as social cohesion. In this regard, ESF+ support will include employment schemes and active employment measures as well as measures focusing on enhancing social protection and integration with particular focus on persons with a disability, vulnerable and disadvantaged persons including children, youths and migrants at risk of poverty, amongst others. This measure will also address CSR 2 from 2020. Indeed, the Malta National Disability Strategy is currently being drafted, in order to continue ensuring equal opportunities for all.

Implementation: The first measure will assess the current unemployment benefits system following due consultation and involvement of stakeholders in line with the principles of openness and transparency. The Ministry responsible for Social Policy will be responsible for carrying out the assessment. The assessment will assess the situation, identify the challenges and make policy recommendations on achieving adequacy of benefits whilst enhancing the incentive to work. Furthermore, a monitoring process will be put in place to assess the situation periodically in future.

Target group: The target group is primarily the total population, including persons of working age.

Timeline: The respective timelines are presented in the Annex 2.5.

vi. Reviewing the sustainability and offering of Malta's pension system

Challenges: In recent years, Government has continued to implement measures towards addressing the increase in age-related expenditure, including that pertaining to pensions. Government has continued to implement measures to lengthen the duration of working lives and to increase the income for pensioners, whilst at the same time encouraged the diversification of retirement income and reducing the dependency on state pension; with the ultimate aim of reducing the possible financial vulnerability of such a group.

Over recent years, Government has introduced numerous measures intended to lengthen the duration of working lives. The pension age has been gradually increased and will reach 65 years by 2027 while the contributory period has also been lengthened from 30 years to 41 years. In addition, Government has also introduced stricter rules on the access to the 'early exit' option by capping the number of credited contributions for persons born on or after 1969. Individuals beyond the retirement age who choose to continue working can do so without forfeiting their pension while in employment. Incentives to defer early retirement and lengthen working careers were also implemented.

New tax parameters were also introduced for pensioners over the age of 61 years where any income from pension up to the maximum rate of contributory pension is not taxable. New rebates were also introduced for pensioners over the age of 61 years where income is derived from more than one pension, which is over the maximum rate of the contributory pension. There was also an increase in contributory and non-contributory pensions which is over and above the yearly cost of living adjustment increase.

In the meantime, Government's policy efforts have also focused on diversifying retirement income and reducing the sole dependency on state pensions. Over the past four years, tax incentives were introduced for individuals who invest in the Third Pillar Pension Scheme and for employers who offer their employees a Voluntary Occupational Pension Scheme. In the 2020 and 2021 Budgets, it was announced that the tax benefits for the Third Pillar Pension Scheme will be strengthened and further extended to certain insurance products. As a result, there are now several providers offering personal pension plans. These tax credits were also made available for employers implementing a Voluntary Occupational Pension Scheme.

In 2019, Government launched the Home Equity Release which is a voluntary scheme that allows home-owner pensioners to raise their annual financial income and improve their standard of living by accessing the equity tied to their home. The Malta Financial Services Authority (MFSA) is currently in the process of evaluating a Home Equity Release product. The Malta Stock Exchange (MSE) Institute, a subsidiary of the Malta Stock Exchange, also continued its third year of operations of offering short courses to financial services practitioners, stakeholders and the retail market, in an online format since April 2020.

The independent Pensions Strategy Group has prepared its Strategic Review of the Pension System in Malta with the report tabled in the House of Representatives in December 2020. This report was prepared in terms of Article 64b of the Social Security Act. A consultation process is underway where stakeholders are invited to submit their reactions. Subsequently, the Group shall prepare a report with the findings of the consultative process and its recommendations later on 2021. As a follow-up to the report and the post-consultation feedback, the Group shall identify any necessary measures to be presented for the attention of policymakers.

Government remains committed to address the projected increase in age-related expenditure, notably by strengthening the labour market, raising potential output, and the continuation of the pension reform process in Malta. It is notable that the starting position for pensions expenditure in Malta is significantly lower than the EU average. In addition, the duration in working lives in Malta reached 36.5 years in 2019 thus exceeding the EU average. These developments confirm the success of Government policies in this domain with the average career increasing by 6.2 years over the span of a decade. Notwithstanding this, Government remains committed to continue pursuing the pension reform with the aim of increasing the balance between sustaining adequate pension levels and improving the sustainability of such measures.

Objectives: The general objective of this reform is to assess the state of the pensions system with a view of achieving further adequacy, sustainability and social solidarity in Malta's pension system. Government will aim to assess how further balance can be achieved between fiscal sustainability, the growing needs and vulnerabilities of an ageing population and the burden on the younger working generation. This measure will also address CSR 1 from 2019.

Implementation: Taking into consideration principles of openness and transparency, adequate consultations and involvement of stakeholders will be ensured in the preparation of the assessment and the implementation of its policy outcomes. The Ministry responsible for Social Policy will be responsible for carrying out the assessment of Malta's pension system in collaboration with the Ministry responsible for Finance.

Target group: The target population includes persons over the age of 65+, the working population.

Timeline: The respective timelines are presented in the Annex 2.5.

4. Open strategic autonomy and security issues

This is not applicable for the reforms and investments outlined in this component.

5. Cross-border and multi-country projects

Cross-border and multi-country projects will not be implemented through the reforms and investments foreseen being targeted through the Recovery and Resilience Facility.

6. Green dimension of the component

Whilst interventions under this component are not envisaged to contribute directly towards green transition ambitions, all efforts will be made to ensure interventions are in line with environmental policies.

7. Digital dimension of the component

Whilst interventions under this component are not envisaged to contribute directly towards the digital transition, all efforts will be made to ensure services are in line with Government's thrust for digitalization.

8. Do no significant harm

INTRODUCTION

1. This 'Do No Significant Harm' (DNSH) assessment is being carried out with respect to Component 5: Education.

2. The RRF describes both the reform to address the high percentage of ESLs and the wide skills-gap as well as the Investment under Component 5. The reform comprises the following elements:
    - Strengthen early school leaving prevention measures, with a focus on skills acquisition;
    - Strengthening skills development and recognition, with a particular focus on low-skilled adults;
    - Developing new education pathways towards inclusive and quality education;
    - Implementing an effective education policy monitoring system;
    - Reinforcing the resilience of the labour market; and
    - Reviewing the sustainability and offering of Malta's pension system.

3. Investments are not foreseen under this component.

METHODOLOGY

4. In accordance with the Commission Notice on Technical guidance on the application of "do no significant harm" under the Recovery and Resilience Facility Regulation the DNSH assessment is carried out in 2 steps:
    - Part 1 – Member States should filter the six environmental objectives to identify those that require a substantive assessment.
    - Part 2 – Member States should provide a substantive DNSH assessment for those environmental objectives that require it.

5. The Technical Guidance provides two tables that must be used to carry out the 2 assessments. The tables contained in the Guidance are reproduced below and were used to undertake the DNSH assessment.

6. With regards to the assessment of the Policy Reform the Guidance states that while all measures require a DNSH assessment, a simplified approach can be taken for measures that have no or an insignificant foreseeable impact on all or some of the six environmental objectives. By design, certain measures might have a limited bearing on one or several environmental objectives. In this case, Member States may provide a brief justification for those environmental objectives and focus the substantive DNSH assessment on environmental objectives that may be significantly impacted..... *For instance, a labour market reform intended to increase the overall level of social protection for the self-employed would have no or an insignificant foreseeable impact on any of the six environmental objectives, and a brief justification could be used for all six objectives.*

DNSH ASSESSMENT –REFORMS

7. Description of Reform:

Strengthen early school leaving prevention measures, with a focus on skills acquisition.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation		X	The education reform that is supported by the measure has an insignificant foreseeable impact on all the environmental objectives, taking into account both the direct and primary indirect effects across the life cycle. Through this reform Government will strengthen its literacy programme with a view to target an increased rollout of literacy programmes. All complementary education teachers in state schools will be targeted and through the reform they will be given a year-long intensive training to learn to use the RR methodology. RR professional development will be delivered to literacy support teachers in church and independent schools, including other specific learning difficulties support staff. Additionally, the aim is to train class teachers and other learning support staff too, as well as introduce before and after-school RR intervention programmes. This reform will not have a negative impact on the environmental objectives.
Climate change adaptation		X	
The sustainable use and protection of water and marine resources		X	
The circular economy, including waste prevention and recycling		X	
Pollution prevention and control to air, water or land		X	
The protection and restoration ofbiodiversity and ecosystems		X	

8. Description of Reform:

Strengthening skills development and recognition, with a particular focus on low-skilled adults.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation		X	The education reform that is supported by the measure has an insignificant foreseeable impact on all the environmental objectives, taking into account both the direct and primary indirect effects across the life cycle. The objective of this reform is to continue facilitating the accessibility of skilling and re-skilling programmes, including for women and older workers including through the setting up of an e-college, which will provide a comprehensive provision of online courses. The e-college will be complemented by an online hub facility that will provide physical space with technical equipment and coaching for low-skilled adults who either do not have the technical ability to access courses online or do not have the necessary equipment. A mentoring and guidance unit is also being set up to provide guidance services to adults in seeking the best educational trajectory to match their needs as well as counselling in general wellbeing. None of these initiatives are considered to negatively affect the environmental objectives.
Climate change adaptation		X	
The sustainable use and protection of water and marine resources		X	
The circular economy, including waste prevention and recycling		X	
Pollution prevention and control to air, water or land		X	
The protection and restoration of biodiversity and ecosystems		X	

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9. Description of Reform:

Developing new education pathways towards inclusive and quality education.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation		X	The education reform that is supported by the measure has an insignificant foreseeable impact on all the environmental objectives, taking into account both the direct and primary indirect effects across the life cycle. The objective of this reform is to provide quality inclusive education by facilitating the roll out of multi-sensory learning rooms (MSLR) for students with severe needs in colleges and piloting the setting up of two autism units in middle schools, thus allowing for further integration within the school environment. This reform is not considered to negatively affect the environmental objectives as the MSLR are already found within schools and will be equipped with the relevant sensory equipment.
Climate change adaptation		X	
The sustainable use and protection of water and marine resources		X	
The circular economy, including waste prevention and recycling		X	
Pollution prevention and control to air, water or land		X	
The protection and restoration of biodiversity and ecosystems		X	

10. Description of Reform:

Implementing an effective education policy monitoring system.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation		X	The education reform that is supported by the measure has an insignificant foreseeable impact on all the environmental objectives, taking into account both the direct and primary indirect effects across the life cycle because it consists of a work plan that will facilitate the monitoring of the progress made in the implementation of the policy framework and increase the capacity of the Policy Monitoring and Evaluation Directorate.
Climate change adaptation		X	
The sustainable use and protection of water and marine resources		X	
The circular economy, including waste prevention and recycling		X	
Pollution prevention and control to air, water or land		X	
The protection and restoration of biodiversity and ecosystems		X	

11. Description of Reform:

Reinforcing the resilience of the labour market.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation		X	The education reform that is supported by the measure has an insignificant foreseeable impact on all the environmental objectives, taking into account both the direct and primary indirect effects across the life cycle. The objective of this reform is to carry out an assessment of unemployment benefits in Malta. The study will outline the parameters of the measures required to bring about the necessary changes, including implementation.
Climate change adaptation		X	
The sustainable use and protection of water and marine resources		X	
The circular economy, including waste prevention and recycling		X	
Pollution prevention and control to air, water or land		X	
The protection and restoration of biodiversity and ecosystems		X	

12. Description of Reform:

Reviewing the sustainability and offering of Malta's pension system.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation		X	The reform that is supported by the measure has an insignificant foreseeable impact on all the environmental objectives, taking into account both the direct and primary indirect effects across the life cycle. The general objective of this reform is to assess the state of the pensions system with a view of achieving further adequacy, sustainability and social solidarity in Malta's pension system. As it currently stands the reform is unlikely to have significant negative impacts on the environmental objectives.
Climate change adaptation		X	
The sustainable use and protection of water and marine resources		X	
The circular economy, including waste prevention and recycling		X	
Pollution prevention and control to air, water or land		X	
The protection and restoration of biodiversity and ecosystems		X	

9. Milestones, targets and timeline

The respective milestones, targets and timelines are presented in the Annex 2.5.

10. Financing and costs

Not applicable

11. Loan request justification (if applicable)

N/A

Milestones and Targets for Component 5

ANNEX

Sequential Number	Component Name
5	Enhancing quality education and fostering socio-economic sustainability

Sequential Number	Component Reference	Reform / Investment	Measure -Short title	Is this a sub-measure for green and digital tagging? (Yes or leave empty)
1	5 - Enhancing quality education and fostering socio-economic sustainability	Reform	C5.R.1 - Strengthen early school leaving prevention measures, with a focus on skills acquisition	
2	5 - Enhancing quality education and fostering socio-economic sustainability	Reform	C5.R.2 - Strengthening skills development and recognition, with a particular focus on low-skilled adults	
3	5 - Enhancing quality education and fostering socio-economic sustainability	Reform	C5.R.3 - Developing new education pathways towards inclusive and quality education	
4	5 - Enhancing quality education and fostering socio-economic sustainability	Reform	C5.R.4 - Implementing an effective education policy monitoring system	
5	5 - Enhancing quality education and fostering socio-economic sustainability	Reform	C5.R.5 - Reinforcing the resilience of the labour market	
6	5 - Enhancing quality education and fostering socio-economic sustainability	Reform	C5.R.6 - Reviewing the sustainability and offering of Malta’s pension system	

Table 2.5 Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Timeline for completion (indicate the quarter and the year)		Data source /Methodology	Responsibility for reporting and implementation	Description and clear definition of each milestone and target	Assumptions/ risks	Verification mechanism
					Unit of measure	Baseline	Goal	Quarter	Year					
5.1	5 - Enhancing quality education and fostering socio-economic sustainability - C5.R.1 Strengthen early school leaving prevention measures, with a focus on skills acquisition	Target	Number of students (6-7 years old) trained in the Reading Recovery (RR) Programme		Number	0	1000	Q4	2024	Ministry responsible for Education	Ministry responsible for Education	The target audience shall consist of an average of 250 pupils (6-7 years old) annually trained in the Reading Recovery (RR) programme starting from 2021. Over the course of 2021 to 2024 a total of at least 1000 students shall have successfully completed the RR Programme becoming independent readers and writers as testified by a test at the end of the programme.	Assumption: pupils are enrolled in to participate in these programmes.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled, including an explanation on how the lowest achieving children were selected. The summary document shall also include, as an annex, a complete anonymised list of the individual pupils that participated in the Reading Recovery training programme and for each of them, an indication of the age when commencing the training programme, an indication of how the selection criteria were fulfilled, the result of their test at the end of the programme.
5.2	5 - Enhancing quality education and fostering socio-economic sustainability - C5.R.1 Strengthen early school leaving prevention measures, with a focus on skills acquisition	Target	Educators trained in the Reading Recovery (RR) Programme		Number	0	85	Q4	2023	Ministry responsible for Education	Ministry responsible for Education	A cohort of 85 school-based complementary education teachers working with the hardest-to-teach children shall participate in a year-long intensive training to learn to use the Reading Recovery (RR) methodology. During this period, teachers shall identify the lowest attaining children and work with these students for half an hour every day for up to a maximum of twenty (20) weeks and by the end of this programme at least 80% of the same students shall become independent readers and writers.	Assumption: Educators are enrolled in to participate in these programmes.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex), was satisfactorily fulfilled. The summary document shall also include, as an annex, the following evidence: A complete anonymised list of the individual teachers' certificates issued by the respective accredited institution demonstrating that the training programme has been completed, and for each teacher: (a) an indication of the content and duration of the training; (b) the number of hours worked with each lowest attaining student; (c) total number of students that have become independent readers and writers and the percentage of students that have become independent readers and writers as certified by the final tests at the end of the programme (d) a complete anonymised list of the individual pupils that the teachers have identified and worked with, and for each of them, an indication of the criteria on the basis of which the students were identified.
5.3	5 - Enhancing quality education and fostering socio-economic sustainability - C5.R.1 Strengthen early school leaving prevention measures, with a focus on skills acquisition	Milestone	Implementation of measures included in the *Basic Skills Strategy*	Following its adoption, measures included in the *Basic Skills Strategy* are implemented				Q4	2024	Ministry responsible for Education	Ministry responsible for Education	Following its adoption, at least three (3) measures out of the twenty-four (24) measures outlined in the *Basic Skills Strategy* for learners of all ages shall be implemented including: (i) The introduction of a 'Skills Checker' by the Directorate for Research, Lifelong Learning and Employability (DRLLE) in the form of an electronic application and also on the Directorate's website for self-measurement of literacy, numeracy and digital skills levels (Skills Checker to be relevant up to Level 3 MQF (Malta Qualifications Framework)) as an indicator and assistance to project further educational trajectory; (ii) Educator training in specialisation in basic skills pedagogy (at least 120 teachers to be provided with training); and (iii) At least four (4) career guidance and general wellbeing coaching offers provided by the University of Malta, including for students with basic skills who show an interest in improving their skills level and wish to join a course with DRLLE.	Assumption: Educators will show interest in the programme throughout its implementation.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include as an annex the following evidence: (a) copy of policy monitoring report signed by the competent authority clearly demonstrating as a minimum that the three measures outlined in the Basic Skills Strategy that are indicated in the milestone description have been implemented; (b) a link to the 'Skills Checker' and a link to the 'Skills Checker' on the Directorate for Research, Lifelong Learning and Employability (DRLLE)'s website; (c) complete anonymised list of the individual teachers' certificates demonstrating that the training programme has been completed and indicating the content of the training; and (d) links to at least four career guidance and general wellbeing coaching offers provided by the University of Malta including their description.
5.4	5 - Enhancing quality education and fostering socio-economic sustainability - C5.R.1 Strengthen early school leaving prevention measures, with a focus on skills acquisition	Milestone	*Data Warehouse Project* / early-school leavers (ESL) general tracking system	*Data Warehouse project* / early-school leavers (ESL) general tracking system is completed and operational				Q3	2024	Ministry responsible for Education	Ministry responsible for Education	The *Data Warehouse* shall be operational, with data access for institutions working on policy monitoring and guidance. The main aim of this project is to focus on State school data with the possibility of including non-State school data as well, subject to their cooperation.	Risk: Procurement delays, which might impinge on the implementation timelines of the reform.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall also include, in annex the following evidence: (a) a certificate of provisional acceptance of the new Data Warehouse project or similar document signed by the contractor and contracting authority demonstrating that the project has been completed, is operational and institutions working on policy monitoring and guidance have data access; and (b) copy of the annual report on the data included in the Data Warehouse.
5.5	5 - Enhancing quality education and fostering socio-economic sustainability - C5.R.2 Strengthening skills development and recognition, with a particular focus on low-skilled adults	Milestone	Implementation of measures included in the *Roadmap on developing a guidance system, capacity building for adult learning professionals and establishing guidance networks*	Measures included in the *Roadmap on developing a guidance system, capacity building for adult learning professionals and establishing guidance networks* are implemented				Q2	2023	Ministry responsible for Education	Ministry responsible for Education	Following its adoption, at least three (3) measures out of ten (10) included in the *Roadmap on developing a guidance system, including capacity building for adult learning professionals and establishing guidance networks* shall be implemented. Amongst these measures are: (i) The establishment of a national hub, where any adult may ask for guidance for the trajectory towards upskilling and reskilling; (ii) Training of at least four (4) guidance educators to enable them to meet the demands of adult learners; and (iii) Having career and general wellbeing guidance in every adult learning centre.	Assumption: The adult learning operators will co-operate together within the national hub set-up.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include, in annex the following evidence: (a) copy of policy monitoring report signed by the competent authority clearly demonstrating that at least the three measures included in the Roadmap that are indicated in the milestone description have been implemented; (b) copy of the circular by the Ministry responsible for Education notifying the establishment of the national hub where any adult may ask for guidance for the trajectory towards upskilling and reskilling; (c) copy of the prospectus of the national Hub; (d) a description of the training provided to the Directorate for Research, Lifelong Learning and Employability's Guidance staff, evidence of attendance; (e) copies of the anonymised certificates, evidencing that the training programme has been completed by at least four staff members; and (f) copy of the circular by the Ministry responsible for Education notifying that the career and general wellbeing guidance available in every adult learning centre.

Table 2.5 Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

5.6	5 - Enhancing quality education and fostering socio-economic sustainability - C5.R.2 Strengthening skills development and recognition, with a particular focus on low-skilled adults	Milestone	Launch of the e-College	e-College is operational, including guidance unit, online hub and desk.				Q2	2022	Ministry responsible for Education	Ministry responsible for Education	The e-College shall be legally and practically operational with at least ten (10) courses covering different subject areas. The e-College shall possess at least a learning management system, a mentoring and guidance unit, an online hub and online coaches which assist learners.	Assumption: educators are available to support in the achievement of this milestone.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include, in annex the following evidence: (a) a copy of the circular by the Ministry responsible for Education demonstrating that the e-College is legally operational; (b) a copy of the prospectus of the e-College; (c) links to Learning Box (asynchronous e-learning) and the Prospectus (synchronous e-learning) of the e-College showing the courses offered (minimum 10 courses) in different subject areas; links to material designed to support learners; and (d) a detailed description of the learning management system functionalities." (e) a student-facing standard operating procedure outlining the various levels of support available to online learners (synchronous and asynchronous), including the mentoring and guidance unit, an online hub and online coaches which assist learners. "
5.7	5 - Enhancing quality education and fostering socio-economic sustainability - C5.R.2 Strengthening skills development and recognition, with a particular focus on low-skilled adults	Target	Learners attracted towards the use of the new e-College platform		Number	0	4800	Q4	2024	Directorate for Research, Lifelong Learning and Employability (DRLLE) within Ministry responsible for Education	Ministry responsible for Education	At least 4800 learners shall be using the services provided through the new e-College platform. The target group is made up of adults from different socio-economic backgrounds, aged from 15 years and upwards who do not have MQF (Malta Qualifications Framework) level 3 qualifications or higher.	Assumption: new learners are engaged.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include, as an annex, (a) a complete anonymised list of the individual learners registered for an online and/or offline course offered by the e-College, which list comprises details about the course (qualification title, MQF level, ECTS, mode of delivery and details about the learner (age, gender, disability).
5.8	5 - Enhancing quality education and fostering socio-economic sustainability - C5.R.3 Developing new education pathways towards inclusive and quality education	Target	Setting up of two autism units (physical spaces equipped with equipment and trained education personnel) in middle schools		Number	0	2	Q4	2021	Ministry responsible for Education	Ministry responsible for Education	Two new autism units (physical spaces) shall be completed and operational. Such units shall be available for student usage as required (white room - water bed & bubble tube). A maximum of 16 students may benefit from the first two Autism Units set up. Two (2) teachers and six (6) Learning Support Educators shall receive additional training in inclusive pedagogy and in the delivery of a functional curriculum with at least one (1) teacher and two (2) Learning Support Educators (LSEs) in each class. The training of teachers and LSEs shall be delivered in-house by practitioners at the National School Support Services (NSSS).	Assumption: Procurement is finalised by Q2 2021.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include, in annex the following evidence: (a) certificate(s) of completion or similar document(s) of the two autism units signed by the contractor or service provider (as applicable) and contracting authority, demonstrating that the two autism units have been completed and are operational; (b) a detailed list of the new operational equipment, such as e.g. water bed, bubble tube, and location where it was installed; (c) anonymised individual certificates proving that the training programmes for the teachers/Learning Support Educators have been completed, indicating the number of training actions/hours completed and the content (e.g. inclusive pedagogy); and (d) list of courses being taught or activities being organised in the newly set up autism units with at least one teacher and two Learning Support Educators (LSEs) in each class, including anonymised list of students benefitting from the autism units.
5.9	5 - Enhancing quality education and fostering socio-economic sustainability - C5.R.3 Developing new education pathways towards inclusive and quality education	Target	Setting-up of two new multi-sensory learning rooms (MSLR) (physical spaces equipped with equipment and trained education personnel) in colleges		Number	0	2	Q1	2022	Ministry responsible for Education	Ministry responsible for Education	Two new multisensory rooms (MSLR) shall be completed and operational. Such rooms shall be available for students' usage as required. One room shall be used as a sensory area and shall include items such as: ball pool, trampoline, peanut ball; and another shall be for general activity and shall include items such as: a kitchenette, a computer area and a calming area. There shall be at last one teacher in every class. The training of teachers shall be delivered in-house by practitioners at the National School Support Services (NSSS).	Assumption: Procurement is finalised by Q3 2021.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. This summary document shall include, in annex the following evidence: (a) certificate(s) of completion of the two multi-sensory learning rooms or similar document signed by the contractor and contracting authority, demonstrating that the two rooms have been completed and are operational; (b) a detailed list of the new operational equipment, such as e.g. ball pool, trampoline, peanut ball, kitchenette, computers, and location where it was installed; (c) anonymised list of individuals' certificates, demonstrating that the training programmes for the teachers/Learning Support Educators have been completed, indicating the number of training actions/hours completed and the content (e.g. inclusive pedagogy); and (d) list of courses being taught or activities being organised in the newly set up multi-sensory learning rooms with at least one teacher in each class.
5.10	5 - Enhancing quality education and fostering socio-economic sustainability - C5.R.3 Developing new education pathways towards inclusive and quality education	Milestone	Implementation of measures of the updated *National Inclusion Policy Strategy*	Following its adoption, measures included in the updated *National Inclusion Policy Strategy* are implemented				Q4	2025	Ministry responsible for Education	Ministry responsible for Education	Implementation of at least twenty (20) measures (accounting for at least 50% of all measures) of the updated National Inclusion Policy Strategy leading to the achievement of smart targets identified in the Strategy. Amongst these measures are: (i)Ensure that yearly Individual Education Plan (IEP's) for students with special needs in all State Schools are well designed to determine the model of instruction within an age appropriate curricular framework, that instruction provided by educators (teachers/year tutors/delegate and Learning Support Educators (LSE's) addresses the individual learners' needs, and that modifications and accommodations are recommended in order for learners to access the learning programme. Appropriate reviews are to be carried out at the end of each scholastic year. IEP's are compiled by the LSE in collaboration with the teacher. Heads of Departments (Inclusion) ensure and monitor that the IEP's meet the quality criteria; (ii)Entry into force of obligation for all State schools to organise events at least once every term that recognise and celebrate diversity and create awareness as a preventive and proactive measure against any form of bullying that is derived from lack of tolerance. These may include topics related to but are not limited to racial or ethnic origin, religion or belief, disability, or sexual orientation; and (iii)Entry into force of obligation that all State school mission statements include evidence of values of diversity and inclusion placing high importance on equity and improved outcomes for all learners.	Assumption: The strategy is adopted by 2021.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex), was satisfactorily fulfilled. The summary document shall include, in annex the following evidence: (a) a copy of policy monitoring report signed by the competent authority clearly indicating that at least 20 measures included in the updated National Inclusion Policy Strategy - and amongst those 20 measures including at least the three indicated in the milestone description - have been implemented and a description of these measures and their implementation; (b) complete anonymised list of yearly Individual Education Plans (IEPs) for students with special needs in all State schools indicating the student's basic characteristics (year of birth, gender, State school, grade, special need/s). (c) A copy of the yearly reports (2021-2022, 2022-2023, 2023-2024, 2024-2025) setting out general emerging trends in the overall application of IEPs, an evaluation of a sample of IEPs and recommendations for improvements; (d) a copy of the decision and means of communication (circular) by the Ministry responsible for Education and reference to the relevant provisions indicating the entry into force of the obligation for all State school missions to evidence of values of diversity and inclusion and for all State schools to organise events at least once every term that recognise and celebrate diversity.

Table 2.5 Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

5.11	5 - Enhancing quality education and fostering socio-economic sustainability - C5.R.4 Implementing an effective education policy monitoring system	Milestone	Implementation of the newly introduced evaluation and monitoring work plan	First publication of annual internal report on the status of the implementation of the evaluation and monitoring work plan				Q4	2025	Ministry responsible for Education	Ministry responsible for Education	After the adoption of the evaluation and monitoring work plan outlining key performance indicators and related monitoring arrangements as well as a list of policy measures to be evaluated every year, the policy owners shall report their progress in implementing the measures according to the work plan on a monthly basis. This information shall feed into the quarterly meeting of the Ministry's Strategic Management Board for discussion and facilitating the policy implementation process. An internal report on the status of the policy implementation process shall be prepared annually. This shall cover all policies on education that have been reviewed and cover the period 2021-2030. Two officials shall be engaged to form part of the Policy Monitoring and Evaluation Directorate.	Assumption: that adequate human resource capacity is ensured.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. This document shall include as an annex: (a) copy of the annual internal report on the status of the implementation of the evaluation and monitoring work plan outlining key performance indicators and related monitoring arrangements as well as a list of policy measures monitored signed by the competent authority; and (b) copy of the publication of the call showing the job description of the two additionally engaged officials in policy monitoring within the Policy Monitoring and Evaluation Directorate; (c) copies of the signed letters of appointment.
5.12	5 - Enhancing quality education and fostering socio-economic sustainability - C5.R.5 Reinforcing the resilience of the labour market	Milestone	Assessment of unemployment benefits	Online publication of study on the assessment of unemployment benefits				Q2	2022	Ministry responsible for Social Justice and Solidarity, the Family and Children's Rights	Ministry responsible for Social Justice and Solidarity, the Family and Children's Rights	A study assessing unemployment benefits in Malta shall be completed and published. The study shall assess the situation and make concrete and detailed recommendations to the Government on how to improve effective coverage and achieve better adequacy of benefits, both in terms of duration and effective access, whilst enhancing the incentive to work.	Assumption: No delays in procurement process	Summary document duly justifying how the milestone (including all its constitutive elements as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. More specifically, the summary document shall briefly describe the methodology and main findings of the study and report the detailed recommendations on how to improve effective coverage and achieve better adequacy of benefits, both in terms of duration and effective access, whilst enhancing the incentive to work. This summary document shall include as an annex a copy of the study on the assessment of unemployment benefits and a link to the online publication.
5.13	5 - Enhancing quality education and fostering socio-economic sustainability - C5.R.5 Reinforcing the resilience of the labour market	Milestone	Monitoring process on the challenges and policy measures relating to unemployment benefits.	Online publication of first monitoring report with relevant statistical information				Q4	2024	Ministry responsible for Social Justice and Solidarity, the Family and Children's Rights	Ministry responsible for Social Justice and Solidarity, the Family and Children's Rights	A monitoring process with relevant statistical information shall be rolled out in order to periodically take stock of the effectiveness of policy measures that are in place with respect to unemployment benefits. The first report shall be completed by end of 2024, which shall set a date for the publication of the next report within five (5) years.	Assumption: Stakeholder cooperation is timely throughout the process.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. More specifically, the summary document shall briefly describe the methodology and main findings of the monitoring report taking stock of the effectiveness of policy measures that are in place with respect to unemployment benefits and setting a date for the publication of the next report within five years. This summary document shall include as an annex the following evidence: a copy of the first monitoring report with relevant statistical information and link to the online publication.
5.14	5 - Enhancing quality education and fostering socio-economic sustainability - C5.R.5 Reinforcing the resilience of the labour market	Milestone	Implementation of measures in the newly adopted *Employment Strategy*	Following the adoption of the *Employment Strategy*, measures emanating from the Strategy are implemented, including the entry into force of legislation where relevant				Q3	2025	Ministry responsible for Employment	Ministry responsible for Employment	Following its adoption, implementation of the measures in the Employment Strategy concerning at least: (i) Older workers (aged 55-64), in particular activation of older women; (ii) Low skilled adults; and (iii) The gender employment gap.	Assumption: No delays in the adoption of the new Employment Strategy.	Summary document duly justifying how the milestone (including all its constitutive elements as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. This summary document shall include as an annex the following evidence: (a) copy of the adopted Employment Strategy; (b) copy of policy monitoring report signed by the competent authority clearly demonstrating the implementation of the measures in the Employment Strategy concerning at least older workers, in particular older women, low-skilled adults and the gender employment gap; and (c) as regards those measures which required entry into force of legislation, copy of the publication in the Government Gazette and reference to the relevant provisions indicating entry into force.
5.15	5 - Enhancing quality education and fostering socio-economic sustainability - C5.R.5 Reinforcing the resilience of the labour market	Milestone	Implementation of the measures set up in the newly adopted *Gender Equality and Mainstreaming Strategy Action Plan*	Following the adoption of the *Gender Equality and Mainstreaming Strategy Action Plan*, measures emanating from the Strategy Action Plan are implemented.				Q4	2025	Ministry responsible for Equality	Ministry responsible for Equality	Implementation of the measures in the *Gender Equality and Mainstreaming Strategy Action Plan* concerning at least the following: (i) Amendments of legislation in instances/provisions which needlessly differentiate between men and women shall be made; (ii) A training programme for educational personnel (Senior Leadership Teams (SLT)) within all compulsory State schools in tackling gender discrimination issues and stereotypes shall be implemented; (iii) Systematic collection of gender disaggregated data to further support evidence-based approach to policy making shall be implemented.	Assumption: The Gender Equality and Mainstreaming Strategy Action Plan is adopted in a timely manner.	Summary document duly justifying how the milestone (including all its constitutive elements as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include as an annex the following evidence: (a) copy of policy monitoring report signed by the competent authority clearly demonstrating the implementation of the measures in the Gender Equality and Mainstreaming Strategy Action Plan; (b) as regards those measures which required entry into force of legislation, copy of the publication in the Government Gazette and reference to the relevant provisions indicating entry into force; (c) as regards the training programmes, complete list of the implemented training programmes for educational personnel within all State schools indicating for each training programme the name of the school, the date, content and duration of the training provided as well; and (d) an overview of the gender-disaggregated data collected by policy area signed by the competent authority.
5.16	5 - Enhancing quality education and fostering socio-economic sustainability - C5.R.6 Reviewing the sustainability and offering of Malta's pension system	Milestone	Follow up of the *Pensions Review Report* with policy proposals	Online publication of an Action Plan outlining policy proposals, including legislative changes where relevant, as a follow-up to the *Pensions Review Report* and the post-consultation feedback				Q4	2022	Ministry responsible for Social Policy	Ministry responsible for Social Policy	Publication of an Action Plan outlining policy proposals, including legislative changes where relevant, as a follow-up to the *Pensions Review Report* and the post-consultation feedback, with the objective to improve the long-term sustainability and adequacy of the pensions system.	Risk: subject to the discussions that are yet to take place.	Summary document duly justifying how the milestone (including all its constitutive elements as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include as an annex the following evidence: a copy of the Action Plan outlining policy proposals, including legislative changes where relevant and a link to the online publication of the Action Plan.

F. Component 6: Strengthening the Institutional Framework

1. Description of Component

Summary Box – Strengthening the Institutional Framework

Policy area/domain: This component will continue to build upon the work and progress already undertaken in terms of Country Specific Recommendation 2 of 2019, Country Specific Recommendation 4 of 2020 and Country Specific Recommendation 3 of 2022. It covers institutional capacity and governance of the judiciary, anti-corruption, anti-money laundering and the fight against aggressive tax planning. The component compliments the work that has already been carried out in the past few years, with measures that will also take place and go beyond the RRP.

Objective: To strengthen the institutional framework of the judiciary, anti-corruption, anti-money laundering and the fight against aggressive tax planning.

Investment in this component contributes to the further digitalisation of the Justice System, including the Courts of Malta, and interactions with other Agencies thereby strengthening further the institutional framework through digital means. In particular, the investment seeks to provide the necessary digital processes and tools to be better prepared in a pandemic or other crisis scenarios.

Reforms and investments:

Reforms:

1. Reform the method of appointment and dismissal of the judiciary;
2. Create a separate prosecution service;
3. Reinforcing the institutional framework capacity to fight against corruption; Implementation of the National Anti-Fraud and Corruption Strategy (NAFCS);
4. Reform the Permanent Commission Against Corruption (PCAC);
5. Reform the Asset Recovery Bureau;
6. A new appointment procedure of the Commissioner of Police;
7. Implementation of the reform concerning the judicial review of decisions not to prosecute and other decisions of the Attorney General. This includes the assignment of the status of injured party at law to specific institutions when reporting a corrupt practice;
8. Strengthening Malta's AML/CFT regime;
9. ATP - Code of Conduct Group;
10. Specific Transfer Pricing Legislation;

11. Completion of study on the relevance of measures relating to inbound and outbound dividend, interest and royalty payments by companies established in Malta;
12. Spontaneous Exchange of Information relating to individuals that are granted Citizenship by Naturalisation for Exceptional Services by Direct Investment (Citizenship Regulations).

Investment:

1. Digitalisation in the Justice system.

Estimated cost: The estimated cost of the investment identified above amounts to EUR 10M.

2. Main challenges and objectives

a) Main challenges

i. Institutional Capacity and Governance of the Judiciary

The 2019 Country Specific Recommendations identified the need to strengthen the independence of the judiciary, in particular the safeguards for judicial appointments and dismissals, and establish a separate prosecution service.

In the same vein, the European Commission's Country Report for 2020, alongside the Venice Commission, identified certain weaknesses in Malta's institutional capacity and governance framework and noted the need to enhance judicial independence.

The 2020 Country Specific Recommendations recognised that reforms were underway and recommended the completion of reforms addressing current shortcomings in institutional capacity and governance to enhance judicial independence.

The European Commission has also identified limited progress in relation to the digitalisation of the justice system. The COVID-19 crisis has highlighted the pressing need to launch and accelerate reforms related to the digitalisation of the justice system. The partial closure of national courts for several months has revealed a major vulnerability, generating significant backlogs. An efficient justice system is an important determining socioeconomic factor and therefore investment in this regard is required to ensure improved delivery of services.

ii. Anti-Corruption

The 2019 and 2020 Country Specific Recommendations and recitals identified the need for Malta to further strengthen its institutional capacity to fight corruption, whilst acknowledging that reforms have been announced to strengthen the investigation and prosecution of corruption. However, further concrete measures need to be adopted to complete all these reforms and make them operational.

The EU Commission has recognised that significant progress has been achieved through the enactment of legislation including several amendments to the Constitution, in its First Annual Rule of law report for Malta[1].

iii. Anti-Money Laundering

Malta continues to be committed to prevent, detect, and prosecute money laundering and terrorist financing activities. Financial crime threatens the safety of society, the integrity of the global financial system, and the stability and competitiveness of the economy.

In 2019, Malta underwent an evaluation by the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), and the key challenges identified were the following:

i. Take action to improve the national understanding of risks, threats and vulnerabilities;
ii. The need to strengthen the national AML/CFT framework with a comprehensive risk-based supervisory model;
iii. The Financial Intelligence Analysis Unit (FIAU), the Police and the Malta Gaming Authority (MGA); increased training for these supervisors;
iv. Frameworks to combat ML/FT need to be strengthened to increase investigations and prosecutions;
v. Asset confiscation and asset tracing requires strengthening;
vi. Ensure adequate resources for the coverage of targeted financial sanctions (TFS) obligations in supervisory inspections; and
vii. Effective implementation and mitigation checks are required within the remote gaming sector.

iv. Aggressive Tax Planning

As reported by the European Commission in the 2020 Country Report, the following challenges were identified:

[1] COMMISSION STAFF WORKING DOCUMENT 2020 Rule of Law Report Country Chapter on the rule of law situation in Malta Accompanying the document COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS 2020 Rule of Law Report The rule of law situation in the European Union - SWD/2020/317 final, https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1602583018021&uri=CELEX%3A52020SC0317

- The absence of withholding taxes on outbound payments;
- The country's investor citizenship and residence schemes (the Individual Investor Programme and Residence and Visa Programme);
- The notional interest deduction;
- The Maltese treatment of resident non-domiciled companies can also lead to situations of double non-taxation between Malta and most countries with which Malta has concluded a bilateral tax treaty; (the 'Single Malt' structure);
- The potential use of patent boxes in aggressive tax planning schemes; and
- Finally, the lack of a robust transfer-pricing framework may also allow multinational groups to use Malta for aggressive tax planning.

b) Objectives

i. Institutional Capacity and Governance of the Judiciary

The objectives identified below seek to address the challenges identified by the European Commission in the Country Specific Recommendations in a manner which is generally streamlined along two of the four pillars of the European Commission's Annual Rule of Law report. The focus is on the most significant developments. Other initiatives taken throughout 2020 are contained in the national input submitted by Malta in March 2021 in relation to the Commission's 2021 Annual Rule of Law report. Some degree of streamlining of the relevant elements also means more efficient reporting and less duplication of efforts.

Objective 1: The Justice system

1. Enhancing Independence:
    - Reform the method of appointment and dismissal of the judiciary;

2. Improving Quality and Efficiency:
    - Support the Implementation of Digital Justice through investment.

Objective 2: Reinforcing the institutional framework capacity to fight against corruption

1. Institutional framework:
    - Implementation of the capacity building elements of the National Anti-Fraud and Corruption Strategy (NAFCS);
    - Reform the Permanent Commission Against Corruption;
    - Reform the Asset Recovery Bureau.

2. Investigation:
    - A new appointment procedure of the Commissioner of Police;
    - Implementation of the Transformation Strategy of the Malta Police Force 2020-2025;
    - Implementation of the new Code of Ethics.

3. Prosecution:
    - Create a separate prosecution service;
    - Implementation of the reform concerning the judicial review of decisions not to prosecute and other decisions of the Attorney General. This includes the assignment of the status of injured party at law to specific institutions when reporting a corrupt practice.

These reforms address various recommendations of the Venice Commission and GRECO anti-corruption body.

With regards to the investigations part, efforts have been made to improve the running of the Malta Police Force in order to improve the effective detection of corruption. GRECO recommendation XIX (5th evaluation round) recommended strengthening the training programmes and awareness raising measures on integrity and professional ethics (covering conflicts of interest and other corruption prevention-related matters) for law enforcement bodies, taking into consideration their specificity, the variety of duties and their vulnerabilities.

In September 2020, the Malta Police Force launched its *Transformation Strategy* for the years 2020-2025. The desired outcomes are as follows:

- increase in trust, confidence, legitimacy and responsiveness externally from the perspective of the community, and internally from that of police officers and staff;
- transformation of the current police organisation into a flexible, efficient, data-driven, community centric, outcome focused and modern Police Force; and
- innovation and sustainment of the positive changes resulting from reform through leadership and management practices that are both effective and efficient.

The implementation of the *Transformation Strategy* will be under the scrutiny of the Board of Governors to ensure concrete deliverables. The use of EU funding was used for the preparation of this Strategy also with a view to add an external level of scrutiny by the European Commission.

Additionally, the Anti-Fraud and Corruption Policy of the Malta Police Force of November 2020 defines corruption and fraud within the context of policing. It provides a framework for identifying and preventing corruption and detail what actions should be taken by a member of the Force where corruption and / or fraud is suspected or has been committed by colleagues. Any employee found in breach will be liable for disciplinary action for gross misconduct. This Policy also includes rules and guidance on gratuities, gifts and hospitality. This includes a register, within which all offers, whether accepted or declined, must be recorded. This Policy assists individuals and their supervisors in ensuring that their actions can withstand scrutiny. The Police Force is to provide training in corruption prevention, ethics, integrity and professional standards. The subjects of Police Ethics and Humans Rights have been prioritised in all recruitment and in-service training. The Malta Police Force also adopted a new Police Code of Ethics. The Police Ethics curriculum has been modelled on CEPOL's Common Curriculum on Ethics and Integrity (2012). With regard to promotional training, these subjects are part of the syllabus and are an examinable subject. Furthermore, important excerpts from the abovementioned documents are frequently communicated through the 'Did You Know' initiative, whereby internal two-way channels of online communications are utilized to constantly update members of the Force about Internal Policies.

A revised Code of Ethics has also been introduced and has been embedded in the Police Force's day-to-day thinking and actions. It also presents an opportunity for the Force to revitalise itself and re-focus its attention on improving levels of confidence and trust in the police. This document binds every sworn officer of the Force, from the Commissioner to the Constable, setting out the standards of behaviour leading to more correct decision making. Additionally, the Code outlines the values which shall guide the principles of policing whilst emphasising the adequate handling or the varied stakeholders, including victims of crime, witnesses, offenders, defence lawyers, the judiciary and the media.

These actions will improve the delivery of service and gives a practical focus and benchmark around quality and consistency in order to help the Police Force build public confidence through greater transparency and accountability.

ii. Anti-Money Laundering

Malta was required to report to the MONEYVAL plenary according to the set timeframe, detailing the steps taken to achieve compliance, which, in certain cases, may include action plans endorsed at government level. The report to the MONEYVAL Secretariat was submitted on the 5 October 2020. The MONEYVAL Evaluation Report identified Immediate Outcomes that show effectiveness after the technical compliance of a country. Malta was also referred for an evaluation by the Financial Action Task Force (FATF) for effectiveness. It was placed under the FATF's International Co-operation Review Group known as the ICRG process. Malta will now also be reviewed and evaluated on effectiveness in the nine *Immediate Outcomes* that obtained a rating of lower than 'substantial' in the MONEYVAL Evaluation Report for Malta.

The National Coordinating Committee on Combating Money Laundering and Funding of Terrorism (NCC) was established within the Ministry responsible for Finance through Subsidiary Legislation S.L. 373.02. The NCC is the governing body responsible for the general oversight of Anti-Money Laundering / Combating the Funding of Terrorism (AML/CFT) policy, and therefore in charge of defining, overseeing and coordinating the implementation of such strategy. It is responsible for promoting effective collaboration between regulators and law enforcement agencies, and for monitoring interaction between them.

During 2020, the NCC assessed the implementation of the national *Anti-Money Laundering/ Combating the Financing of Terrorism (ML/CFT) Strategy 2017-2020* and the *Mutual Evaluation Report* (MER) of the Council of Europe (MONEYVAL) recommendations. In response to the Mutual Evaluation Report (MER), on 5 October 2020 Malta presented to MONEYVAL its first follow-up report. Out of the 40 recommendations under the technical compliance assessment, Malta scored largely compliant for 21 recommendations, compliant for ten recommendations and partial compliant for nine recommendations. Malta was also referred for an evaluation by the Financial Action Task Force (FATF) for effectiveness. The nine *Immediate Outcomes* on which Malta reported to FATF on the 19 March 2021 are those on risk, policy, coordination, supervision, preventive measures, legal persons and arrangements, financial intelligence, ML investigation and prosecution, confiscation, terrorism financing, investigation and prosecution, and terrorism financing, preventive measures and financial sanctions. Following the bilateral meeting held in May, the FATF finalised its assessment in June 2021.

The challenges outlined by MONEYVAL have been addressed in the last two years, and work is ongoing to build upon the efforts already undertaken. Some actions related to the recommendations mentioned are the following:

The Malta Financial Services Authority (MFSA) has been strengthened through:

- Investing in human resources and IT;
- Revising policies and procedures aimed at improving risk-based processes;
- Introducing better monitoring of money laundering/terrorist financing risks;
- Increased staff levels to support its supervisory role;
- Review of its structure and anti-money-laundering oversight;
- Cooperation between the FIAU and the Malta Gaming Authority has been strengthened;
- Furthermore, as an emerging international hub in the area of virtual assets, Malta has begun an analysis aimed at assessing the risks posed by the sector and related services. The findings of the analysis will be crucial to ensure effective application of the appropriate mitigating measures to address vulnerabilities and money-laundering risk emerging from this sector;
- L.N. 106 of 2021 Virtual Financial Assets Act (Amendment) Regulations, 2021 - these regulations seek to clarify the definition of VFA exchange in article 2(2) of the principal Act and include the Transfer of virtual financial assets as a new VFA service under the Second Schedule to the principal Act;
- Amendments to the Company Service Providers Act substantially removing the exemptions for company service providers noted in the MER.

The regeneration process within the MFSA has taken over two years and included organisational restructuring, changes in senior management, a significant increase in staffing and in training provided to staff, investments in technological systems, an overhaul of most supervisory procedures, including a complete shift towards risk-based methodology, and an increased focus on AML/CFT. These measures were taken on board in parallel with reviews and subsequent recommendations submitted by MONEYVAL, the European Banking Authority (EBA) and the International Monetary Fund (IMF).

The above-mentioned efforts have also been supported by initiatives which include significant investment in technology, data management and business intelligence. This includes a new Data Management and Business Intelligence Function aimed to improve data governance, data quality and business intelligence, and the development of new platforms and tools that will automate certain parts of the supervisory process and allow for advanced analytics. Another initiative is in the upskilling staff awareness of AML/CFT risks. This supports the capacity building of supervisory authorities.

The FIAU, as the AML supervisor, has adopted a 2019-2021 development plan. The plan aims at significant growth in all organisational areas, such as investment in human resources and IT solutions to improve data gathering and risk-assessment tools. The FIAU continues to revise policies and procedures aimed at improving risk-based processes.

During 2020, the FIAU concluded further Memoranda of Understanding (MoUs) with other national authorities as follows:

- MoU with the Central Bank of Malta (CBM): providing for a more structured and regular exchange of information on participants in payment systems;
- MoU with the Malta Accountancy Board (MAB): aimed at strengthening the parties' cooperation, exchange of information and assistance in preventing, detecting, and ultimately combating money laundering and financing of terrorism;
- Exchange of information agreement with the Malta Business Registry (MBR): to facilitate sharing of information, expertise, and resources.

On the basis of a memorandum of understanding, the MFSA conducts anti-money-laundering supervision jointly with the FIAU, or on its behalf, in line with the FIAU's manual of procedures. On the law enforcement side, additional reforms are in the pipeline.

With regards to the challenges related to the supervision, investigation and prosecution of AML/FT, the FIAU took on a pivotal role in assisting Government and its departments in strengthening Malta's AML/CFT regime in relation to the real estate agents' sector and the licensing of dealers in precious metals and stones by supporting the drafting of parts of the new Real Estate Agents, Property Brokers, and Property Consultants Act (Cap. 615 of the Laws of Malta) and the Trade Licenses Regulations (S.L. 441.07 of the Laws of Malta) concerning the licensing of dealers in precious metals and stones. These actions were implemented in 2020 and addressed the specific industries identified through MONEYVAL.

A key regulatory development relates to the proposed changes to the Company Service Providers Act, which will see the removal of existing exemptions from authorisations, and therefore introduce market entry requirements as well as supervisory powers over a wider array of entities providing CSP services. This ties to the market entry challenge identified by MONEYVAL.

iii. Aggressive Tax Planning

Malta's Notional Interest Deduction regime was introduced in 2017 to address the debt/equity bias. It was assessed by the EU Code of Conduct Group and found to be not harmful. The assessment was agreed by the Group on 15 November 2018. The regime was assessed against all Code criteria and relevant guidance. The assessment considered, *inter alia*, whether the regime is properly contained by appropriate anti-abuse measures in order to tackle tax planning opportunities.

A Competent Authority Agreement between Malta and Ireland to ensure that the bilateral tax treaty between the two jurisdictions is not used for aggressive tax planning practices through the so-called 'Single Malt' structure was signed in November 2018.

Malta introduced a new Patent Box Regime in 2019. This regime was assessed by both the Forum on Harmful Tax Practices within the Inclusive Framework of the OECD (June 2019), and the EU Code of Conduct Group (October 2019) and was found to be not harmful.

Malta is implementing European and internationally agreed initiatives to curb aggressive tax planning:

- The implementation of ATAD 1 in 2018 and ATAD 2 in 2019 which should neutralise certain hybrid mismatch arrangements that would otherwise result in double non-taxation;

- The implementation of Council Directive (EU) 2018/822 concerning Mandatory Disclosure Rules, providing for the disclosure of potentially tax aggressive schemes by intermediaries in 2019;
- The ratification of the OECD Multilateral Instrument which contains provisions like the Principal Purpose Test that allow the possibility for the limitation of benefits under Malta's tax treaties where schemes attempt to obtain any undue advantage.

Moreover, to tackle tax evasion, cash transactions exceeding €10,000 were banned for purchases such as properties, vehicles, art, precious stones and yachts.

3. Description of the reforms and investments of the component

a) Reforms

i. Institutional Capacity and Governance of the Judiciary

1. Reform the method of appointment and dismissal of the judiciary

Challenges: Enhance judicial independence.

Objectives: Amendment of the Constitution for the purpose of providing for the appointment of the Chief Justice with the approval of two-thirds of all the Members of the House of Representatives; for a change in the composition of the Judicial Appointments Committee so that a majority (more than half) of its members are members of the judiciary; and to provide for the issuing of public calls for vacancies in the judiciary in addition to the previous system where interested eligible persons may express their interest before the Judicial Appointments Committee - thereby reaching this objective through said concrete follow-up and adequate implementation measures.

Implementation: Following unanimous approval by the House of Representatives, Act No. XLIII of 2020 - *An Act to amend the Constitution of Malta relative to the appointment of judges and magistrates*, was published on 7 August 2020. The Constitution was amended for the purpose of providing for the appointment of the Chief Justice with the approval of two-thirds of all the Members of the House of Representatives; for a change in the composition of the Judicial Appointments Committee so that a majority of its members are members of the judiciary; and to provide for the issuing of public calls for vacancies within the judiciary, as opposed to having a system of rolling open calls for applications. Under this new system, when a judicial vacancy arises, the Judicial Appointments Committee will propose the three most suitable candidates for appointment to the Bench directly to the President of Malta. The proposal of the Judicial Appointments Committee will be accompanied by a detailed report expressing the Committee's views on the suitability of each of the proposed candidates. The final choice between these candidates will rest with the President of the Republic. Thus, there is no involvement of the Prime Minister, Cabinet or politicians throughout any step of this process. Despite the fact that there is no single judicial appointment model securing full independence of the judiciary, international standards are more in favour of the extensive de-politicisation of the process. This is exactly

what has been done through this Constitutional amendment, in an attempt to avoid arbitrary appointments.

This procedure has been put in place for the appointment of eight additional members of the judiciary: four judges and four magistrates. The call for application for the appointment of four judges was issued in the Government Gazette on 12 February 2021 and these four Judges were confirmed by the President of the Republic in mid-April 2021. Out of these four newly appointed Judges only one replaces a recently retired Judge. The call for applications for the appointment of four magistrates was issued on the 20th April, 2021 and these four Magistrates were confirmed by the President of the Republic in the beginning of June 2021. Out of these four newly appointed Magistrates, two will be replacing two Magistrates who recently were appointed Judges.

This level of recruitment is unprecedented in the sense that it will lead to the highest number of sitting judges and magistrates.

It is also worth mentioning the outcome of the CJEU judgment of 20 April 2021 in Case C-896/19 *Repubblika v Il-Prim Ministru* which reinforces the Opinion of Advocate-General Hogan:

"The Court, sitting as the Grand Chamber, holds that EU law does not preclude national constitutional provisions such as the provisions of Maltese law relating to the appointment of members of the judiciary. It does not appear that those provisions might lead to those members of the judiciary not being seen to be independent or impartial, the consequence of which would be to undermine the trust which justice in a democratic society governed by the rule of law must inspire in individuals."

Finally, it should be underlined that it is Article 97 of the Constitution that regulates the procedure of the dismissal of judges and magistrates. Through Act XLV of 2020 [former Bill No. 142], this procedure has effectively removed any involvement of Parliament in said dismissal procedures. This in effect means that the Commission for the Administration of Justice is the body in charge of judicial discipline including when it comes to the removal of judges and magistrates. Following a decision of the Commission, the member of the judiciary (judge or magistrate) concerned has the right of appeal against dismissal to the Constitutional Court which would have full jurisdiction over the dispute (i.e. facts and legal issues) offering full reparation.

As regards specialised tribunals, despite the fact that said tribunals already enjoy independence and despite the fact that a full review of any decision issued by said specialised tribunals is already guaranteed, due to the fact that any form of decision issued by such tribunals can be appealed before the ordinary courts – more specifically before the Court of Appeal - a review of the independence of these specialised tribunals will be undertaken. In this regard, an independent contractor will be engaged in order to assess the independence of the specialised tribunals at national level. This will include: (i) an assessment of the guarantees of independence for appointments of members to said specialised tribunals; (ii) an assessment of the guarantees which provide for the tribunals' decisions to be fully reviewed by the ordinary courts of appeal; and (iii) concrete and precise policy recommendations. The legislative changes deemed necessary by the independent review of specialised tribunals will seek to undertake remedial action in terms of: (i) the appointment of members of the tribunal; and (ii) guarantees for the review of tribunals' decisions by ordinary courts of appeal.

Target Group: Judiciary, rule of law, good governance, society, democracy.

Timeline: The respective timelines are presented in the Annex 2.6.

2. Create a separate prosecution service

Challenges: The 2019 Country Specific Recommendations identified the need to strengthen the independence of the judiciary, in particular the safeguards for judicial appointments and dismissals, and establish a separate prosecution service.

The Commission's 2020 Country Report identified concerns about the independent functioning, effectiveness and accountability of the prosecution services. Moreover, "checks and balances in the future appointment procedure of the Attorney General" were identified as a possible challenge, which "may therefore persist until the reform is complete and there is an established positive track record", were specifically identified in the same report.

Objectives: A separate prosecution service in charge for prosecuting and instituting prosecutions of serious crimes, including crimes such as wilful homicide, terrorism, money-laundering, bribery, corruption, fraud and misappropriation.

Implementation: Act XXV of 2019 separated the dual role previously held by the Attorney General, namely, as prosecutor and as legal advisor to the Government leading to the creation of the Office of the State Advocate, which is a separate Office from the Office of the Attorney General, which is the Chief Public Prosecutor.

Amendments to the Attorney General Ordinance (Chapter 90) by way of Act XXV of 2019 also introduced provisions for the taking over of prosecutions by the Office of the Attorney General. The police will remain responsible for investigative work. The law provided for the possibility of transitory periods for this shift in prosecutorial duties from the Executive Police to the Office of the Attorney General, based on a gradual and phased approach, by allowing the taking over of prosecutions of specific crimes on different dates. The implementation of this process started early in 2020 with the gradual recruitment of 20 new lawyers to the Office of the Attorney General in order to enable said Office to handle the added workload more efficiently.

In its June 2020 Opinion, the Venice Commission stated:

- 55. In principle, the Maltese authorities have chosen for the mirror-image solution that was advocated in the 2018 Opinion. The main goal (i.e. separation of the dual function of the AG) is achieved, but the system has not yet been implemented.

The Opinion also noted that the police will retain prosecutorial functions (in the lower courts) for offences carrying a punishment of up to two years (summary cases). In addition, the Venice Commission recognised that this change needs some time to be implemented.

Article 3 (c) of the Attorney General Ordinance (Chapter 90 of the Laws of Malta) contains legal provisions to the effect that the Office of the Attorney General will take over from the Executive

Police the *'decision to prosecute'* and prosecutions before the inferior courts in addition to its exclusive prosecution duties before the Superior Courts. This, with the exception of summary cases, being contraventions or else all crimes punishable with a fine (multa) or a maximum of two years' imprisonment or less. That being said, an independent assessment will be undertaken in 2024 on the possible effectiveness of shifting all prosecution (including less serious crimes) from the Police over to the Attorney General's Office following the coming into force of the Offences (Transitory Provisions) Regulations of 2020 (L.N. 378 of 2020. The study shall formulate policy options and recommendations for the shift or otherwise of the remaining cases (i.e. summary cases). Any legislative changes deemed necessary will be introduced based on the findings/ recommendations of the independent review.

Given the significant and complex nature of these additional responsibilities, the process by virtue of which the Office of the Attorney General is taking on these additional responsibilities is gradual but accelerated and is expected to be implemented over a period of up to four years (by 2024).

The first phase took place on the 1 October 2020, by way of Prosecution of Offences (Transitory Provisions) Regulations, 2020 (L.N. 378 of 2020), whereby the Attorney General took over from the Executive Police the decision to prosecute and prosecutions before the inferior courts of serious offences including:

a. Genocide, Crimes against Humanity and War Crimes under Title I of Part II of Book First of the Criminal Code;
b. Crimes Against the Safety of the Government under Title I Bis of Part II of Book First of the Criminal Code;
c. Acts of terrorism, Funding of Terrorism and Ancillary Offences under Sub-Title IVA of Title IX of Part II of Book First of the Criminal Code;
d. Wilful Homicide under Sub-Title I of Title VIII of Part II of Book First of the Criminal Code;
e. Unlawful Exaction, Extortion, Bribery, Embracery and Corruption, Trading in Influence, and Accounting Offences under Sub-title IV of Title III of Part II of Book First of the Criminal Code;
f. Crimes of money laundering under article 3 of the Prevention of Money Laundering Act except where such crimes are prosecuted together with crimes against the Dangerous Drugs Ordinance or the Medical and Kindred Professions Ordinance;
g. Cases of fraud and misappropriation where the financial loss caused is of at least fifty thousand euro (€50,000);
h. Cases of evasion of customs, excise or other import duty where the duty evaded amounts to at least five hundred thousand euro (€500,000);
i. Attempts or conspiracy to commit or complicity in the offences mentioned in paragraphs (a), (b), (c), (d), (e), (f), (g) or (h).

There is a very close collaboration between the investigation (the Police) and the prosecution teams within the Attorney General's Office especially during this transitory phase. To this end, Standard Operating Procedures between the Police and the Attorney General's Office have been put in place between the two entities in order to ensure the smooth taking over of these duties by prosecutors at the Office of the Attorney General. Internal Guidelines on prosecutions were issued to the prosecutors by the Attorney General.

While the phased transition is planned up to October 2023, it may take up to 2024 to be implemented. The plan is for an additional number of offences to be transferred to the Attorney

General every year on 1 October, up to the point where the decision to prosecute and prosecutions will be conducted by the Attorney General, that is, apart from summary cases. Upon each and every transfer of offences over to the Attorney General's Office, implying an increase in the AG's Office prosecutorial duties, a human resources assessment will also be undertaken in parallel – thereby assessing whether any increase in human capacity would be required. This would ensure that said transfer of prosecutorial duties is effectively implemented. It is to be kept in mind that each phase needs planning and human resources in order to ensure that the prosecution service is not adversely affected through the transition. Following each phase of the transition an analysis of the outcomes, challenges, restructuring and revision of practices needs to be conducted.

The transitory provisions relative to the taking over of prosecutions by the Attorney General may be introduced by means of a Legal Notice.

Therefore, it must be emphasised that:

- the Prosecution Service, under the authority of the Attorney General is fully separate from the State Advocate, legally, physically, and operationally;
- the transfer of prosecutorial functions from the Police to the Attorney General has taken place in relation to the key areas including corruption and money laundering as specified above, other areas, except for summary cases, will follow in a phased approach.

In accordance with the new appointment procedure set out in Act XXV of 2019, the Prime Minister accepted the unanimously recommended candidate by the Appointments Commission as Malta's new Attorney General. It is pertinent to recall that this reform was carried out in line with the 'Compilation of Venice Commission Opinions and Reports' concerning Prosecutors, and needs to be seen in the context of other checks and balances, including:

- Constitutionally enshrined eligibility criteria and security of tenure, which are equivalent to the judiciary – the same provisions on security of tenure in fact apply mutatis mutandis for the Attorney General;
- The implementation of the judicial review reform of decisions not to prosecute and other decisions of the Attorney General, by way of Act No XLI of 2020 and Legal Notice 377 of 2020, titled 'Judicial Review (Decisions not to prosecute and other decisions of the Prosecution) which entered into effect on 1 October 2020.
- In terms of independence, Article 91 (3) of the Constitution provides that "(3) In the exercise of his powers to institute, undertake and discontinue criminal proceedings and of any other powers conferred on him by any law in terms which authorise him to exercise that power in his individual judgment the Attorney General shall have Constitutional independence and shall not be subject to the direction or control of any other person or authority except insofar as a law may provide". The only exceptions to this general rule being judicial review by a court. In terms of autonomy, Article 4(3) of the Attorney General Ordinance states: *"(3) The Office of the Attorney General is hereby designated as a Government Agency[2] and the provisions of sub articles (5) to (9) shall apply to the said agency."*

[2] The Public Administration Act provides for the creation of "Government agencies".

Target Group: Prosecution, rule of law, good governance, society, democracy.

Timeline: The respective timelines are presented in the Annex 2.6.

3. Reinforcing the institutional framework capacity to fight against corruption; Implementation of the National Anti-Fraud and Corruption Strategy (NAFCS)

Challenges: In its 5th evaluation round, GRECO recommended that a strategy be developed and implemented in order to increase the capacity, authority and public accountability of the State institutions entrusted with regulatory and control functions in relation to the management of public resources.

Objectives: Update the 2008 *National Anti-Fraud and Corruption Strategy* (NAFCS) and implementation of specified capacity building related actions and measures.

Implementation: In 2020, Malta updated the 2008 National Anti-Fraud and Corruption Strategy (NAFCS). This work was carried out primarily by the Internal Audit and Investigations Department (IAID). This update takes into consideration the input received from the members of the Coordinating Committee set up in terms of the Internal Audit and Financial Investigations Act, Chapter 461 of the Laws of Malta. The Strategy was finalised and published in May 2021.[3]

The main updates result from:

- inclusion of new members;
- update on relevant legal measures taken;
- revision of the definitions where necessary;
- updating of the legal scenario; and
- actions taken and/or to be taken.

The strategy has four main objectives, namely:

1. Capacity Building – The fight against irregularities, fraud and corruption can only be effective and efficient if all the necessary skills and tools are available to the national partners to enable a professional and competent approach and to contribute towards having in place a stronger analytical capability for the purposes of prevention and detection, supporting a centralised system of oversight for its anti-fraud action;

2. Communication Strategy – Public relations is one of the key tools in the fight against fraud and corruption. It must target the general public and also the public sector especially key people in key areas. It must provide secure and confidential channels to encourage people to come forward and give information on fraud and corruption;

[3] (https://parlament.mt/media/112436/national-anti-fraud-and-corruption-strategy_en.pdf)

3. Maximisation of National Cooperation – To improve anti-fraud cooperation and workflows across the board, whilst encouraging and facilitating collaboration at an early stage of any investigation, capturing efficiencies and synergies and allowing a holistic approach;

4. Maximisation of EU and International Cooperation – Cross border fraud and corruption is a reality that can be addressed through collaboration with EU and other international partners. It allows the Island to satisfy its international obligations and streamline and exploit all areas of mutual assistance. On 15 March 2021, the Cabinet of Ministers discussed and approved the Updates to the NAFCS following a presentation by DG IAID being the chair of the Co-ordinating Committee. The updated Strategy is to be tabled in Parliament in the second quarter of 2021, at which point it will become a public document.

The revised NAFCS is a dynamic and living document and may evolve through further updates. In this respect, it requires to be reviewed at regular intervals in order to be kept up-to date and reflect new issues to achieve its objectives. It is imperative to highlight the importance of ensuring the implementation of the respective action plan.

The strategy presents 23 actions related to the strengthening of the fight against fraud and corruption through training, communication campaigns, IT tools, a risk assessment on a national level and the enhancement of the networks for collaboration between national authorities and with international partners, amongst others.

The action plan will be implemented through the collaboration of all the members of the Coordinating Committee. Certain actions need to be discussed in more detail and might involve input of other stakeholders including national and international institutions that have a role in enhancing governance and accountability. Each action will have a specific timeframe for implementation with responsibilities clearly assigned.

The Office of the Attorney General is the constitutionally independent prosecution service of the Republic of Malta and is the authority responsible for high-level corruption, prosecution and adjudication. In the Constitution the Attorney General is deemed to be part of the Executive but it is also provided that in the exercise of his powers to institute, undertake and discontinue criminal proceedings the Attorney General is not subject to the direction or control of any other person or authority. The same is provided in respect of other powers conferred on the Attorney General by any law in terms which authorize him to exercise that power in his individual judgment. For this purpose, the Constitution provides the Attorney General with the same guarantees of security of tenure as are provided to members of the judiciary. Legal Notice 378 of 2020– Prosecution of Offences (Transitory Provisions) Regulations, 2020, which came into force on 1 October 2020, enabled the Attorney General to take over from the Police the decision to prosecute and the prosecution of serious offences amongst which corruption, trading in influence, money laundering and terrorism financing offences.

Although the Attorney General enjoys Constitutional independence in the terms stated above, as a consequence of taking over the decision to prosecute and prosecutions of serious offences, a judicial review mechanism before the civil courts of decisions not to prosecute, was introduced. Moreover, the decisions of the Attorney General are subject to scrutiny before courts of constitutional jurisdiction on allegations of violations of human rights provisions in breach of the Constitution and the European Convention of Human Rights. The Office of the Attorney General also acts as the central authority for the purpose of international judicial cooperation in criminal

Table 2.6.1: Action Plan

Action No.	Task
1	Revision of the Terms of Reference of Co-ordinating Committee as might be necessary
2	Creation of sub-committees to Co-ordinating Committee
3	National Risk Assessment and follow up strategy on fraud and corruption, which will be based on risk assessments undertaken at the relevant national authorities.
4	Ensuring competent authorities have a strategy that addresses Malta's International obligations falling within its remit in place.
5	Enhancement of systems and structures to facilitate and encourage national collaboration
6	> Training Needs Analysis for specific/ad hoc requirements at each National Authority. > Devise Initial Training Programme – basic courses for appointed officials from the national authorities on legal background, investigations techniques, intelligence, analytical techniques, forensic accounting, and information system tools. > Devise Second Training Programme based on the Training Needs Analysis.
7	Implementation of Communications Strategies.
8	Creation of Communications Channels for gathering of Intelligence, which could include free phones, ICT channels, and secure emails.
9	Devise Communications Campaign for Public Service employee in general.
10	Devise Communications Campaign for Managers and Accounting Officers in the Public Sector.
11	Devise Communications Campaign for the general public.
12	Analysis of Public Financial Control mechanisms in terms of accountability, transparency and reporting.
13	Devise a Central Documentary Repository System Strategy.
14	Creation of a Central Documentary Repository.
15	Identification of needs and procurement of Software Tools.
16	Identification and recommendation of changes to legislation for Co-ordinating Committee.
17	Implementation of changes to the Public Internal Financial Control mechanisms.
18	Negotiation, finalisation and implementation of Memoranda of Understanding between national authorities and Co-ordinating Committee.
19	Definition of reporting system on the Strategy review and fight against fraud and corruption.
20	Recommendations on the increase of transparency in Public Financial Control mechanisms.
21	Creation of a Network for Collaboration with International Partners.
22	Review of national legislation in the area of fraud and corruption and recommendations for the necessary amendments.
23	Creation of systems to encourage and define joint investigative initiatives.

matters. Moreover, there is a degree of fragmentation of investigative powers between the IAID, the Malta Police Force, Commissioner for Revenue, PCAC, Ombudsman and the FIAU.

One of the objectives of the Financial Investigations Directorate (FID) set up within IAID is to focus on the central coordination, cooperation and communication of the whole strategy, whilst also carrying out investigations. This team uses internal expertise and also liaises with other competent authorities, including the Office of the Attorney General, Office of the State Advocate,

members of the Police Force as necessary, and resorts to other professional expertise as may be necessary.

In 2018, the Economic Crimes Unit (ECU) evolved into the Financial Crimes Investigations Department (FCID) within the Malta Police Force. The FCID consists of two (2) squads: the Anti-Money Laundering and Terrorism Financing Squad (AMLS/TF) and the Economic Crimes Squad (ECS). Furthermore, the Financial Crimes Analysis Unit (FCAU) forms part of the FCID; and the International Unit, which is still in process, will also form part of the FCID. The AMLS/TF investigates cases relating to Money Laundering and Financing of Terrorism and provides assistance to foreign jurisdictions. The Tax Compliance Unit forms part of this squad. The ECS investigates a myriad of white-collar crimes including corruption, misappropriation and embezzlement, serious fraud, falsification and forgery of documents, excise duty cases, online gaming, sports corruption and intellectual property rights violations. The Blockchain Analysis Unit (BAU) and the National Counterfeit office form part of the ECS. The National Counterfeit office liaises with the Central Bank of Malta (CBM) in relation to counterfeit EU Currency.

The Commissioner for Revenue (CfR) is responsible to Government for the administration of the Revenue Acts. The CfR consists of the following units:

1. Compliance and Investigations Directorate - carries out the investigative functions of the Revenue Departments (including the Social Security Department where applicable), is responsible for the Appeals' Section, assists the police in certain criminal investigations, handles intelligence received from the FIAU; prepares documentation received through requests for information and conducts research in order to establish industry benchmarks;

2. Collection Section – responsible for the enforcement and collection of Income Tax, F.S.S., S.S.C., VAT and Eco-contributions due. The said directorate is also responsible for the criminal prosecution of defaults related to F.S.S. and S.S.C. and the cash office and back-office;

3. Technical (VAT) - The said directorate is responsible for the VAT criminal prosecutions Section.

The Permanent Commission Against Corruption (PCAC) established in virtue of Act No XXII of 1988 (Chapter 326 of the Laws of Malta) is an independent Commission set up to:

1. Consider alleged or suspected corrupt practices and to investigate such allegations or suspicions when it determines that there are sufficient grounds for an in-depth investigation;

2. Investigate the conduct of any public officer, including Ministers or Parliamentary Secretaries, which in the opinion of the Commission may be corrupt or may be connected with or may be conducive to corrupt practices;

3. Investigate the conduct of any person who is or had been entrusted with functions relating to the administration of a partnership or other body in which the Government, local government, statutory body etc. has a controlling interest or effective control, where the Commission is of the opinion that such conduct could be corrupt or connected with or conducive to corrupt practices;

4. Investigate the practices and procedures of government departments, local government authorities, statutory bodies or other bodies in which the Government has a controlling interest or effective control in order to facilitate the discovery of any corrupt practices and to recommend the revision of work methods or procedures that could be conducive to corrupt practices.

The establishment, as an Officer of Parliament, of the Commissioner for Administrative Investigations to be called the Ombudsman in 1995, under Chapter 385 of the Laws of Malta, namely the Ombudsman Act. The Ombudsman is appointed by the President of the Republic in accordance with a resolution of the House of Representatives supported by not less than two thirds of the Members. The Ombudsman investigates complaints made about any decision or action or lack of action by public authorities such as Government departments, statutory bodies, corporations, agencies and foundations, as well as partnerships where the Government has an effective controlling interest. The Ombudsman may conduct such investigations on his own initiative, complaints submitted by the members of the public and cases referred by Committees of the House of Representatives, or by the Prime Minister. If during or after any investigation the Ombudsman is of the opinion that there is evidence of any corrupt practice as defined in the Permanent Commission Against Corruption Act, the Ombudsman may refer his findings directly to the Attorney General.

The Financial Intelligence Analysis Unit (FIAU) is a government agency established under the Prevention of Money Laundering Act (Cap 373 of the Laws of Malta). It is the entity responsible for the collection, collation, processing, analysis and dissemination of information with a view to combating money laundering and the funding of terrorism. The Unit is also responsible for monitoring compliance by so-called subject persons with the relevant obligations arising from the Prevention of Money Laundering Act, the Prevention of Money Laundering and Funding of Terrorism Regulations and any Implementing Procedures issued thereunder.

In terms of intelligence analysis tool and access to additional databases, the NAFCS presents 23 actions related to the strengthening of the fight against fraud and corruption through training, communication campaigns, IT tools, a risk assessment on a national level and the enhancement of the networks for collaboration between national authorities and with international partners, amongst others.

Moreover, the NAFCS makes reference to The Protection of the Whistle-blower Act (Chapter 527 of the Laws of Malta), which was adopted in July 2013 and made applicable by a ministerial decision of 15 September 2013, and which establishes a system of internal and external reporting channels to be used by persons disclosing in good faith corrupt practices and other suspicious behaviour. The Act allows various forms of protection for the whistle-blower, including immunity from criminal proceedings, in which case the Attorney-General acting in consultation with a Judge of the Superior Courts and the Commissioner of Police may grant such immunity where the reporting person was him/herself involved in criminal acts. The Whistle-blower Act applies in the context of an employer – employee relationship. The terms ‘employer’ and ‘employee’ are specifically defined in the Act. A database, collating the data related to whistleblowing will be operational and accessible by all anti-corruption entities. Related data will be published on regular basis. This data will include information relating to (i) number of complaints received; (ii) when they are received; (iii) when they were treated; (iv) when the whistle-blower is informed of the outcome; (v) sectors reported.

The NAFCS also addresses conflicts of interest of high-executives and politically exposed persons. The Commissioner for Standards in Public Life is appointed by the President of Malta on the basis of a resolution of Parliament that must be supported by at least two thirds of all Members of Parliament. The role of the Commissioner is defined by the Standards in Public Life Act (Chapter 570 of the Laws of Malta).

The Act gives the Commissioner jurisdiction over the following:

- Members of Parliament, including ministers and parliamentary secretaries (or junior ministers); and
- Persons of trust – that is to say persons who are engaged in the private secretariat of a minister or parliamentary secretary, and who serve in an advisory, consultative or executive capacity.

The Standards Commissioner can consider whether Ministers, Parliamentary Secretaries or other Members of Parliament have acted in ways that: (a) are against the law; (b) are in breach of any ethical or other duty set out by law; or (c) constitute an abuse of power.

A project currently underway under the Technical Support Instrument (TSI)[4] will further contribute towards supporting the Office of the Commissioner. The project has the following objectives:

- Propose revisions of the Standards in Public Life Act to address omissions and clarify ambiguities;
- Create guidance tools and awareness raising;
- Strengthen the control/oversight functions within the Commissioner's Office;
- Establish a system of transparency for lobbyists;
- Propose a revision to the Protection of the Whistle-blower Act to be in line with the EU Directive.

Target Group: Rule of law, good governance, society, democracy.

Timeline: The respective timelines are presented in the Annex 2.6.

4. Reform the Permanent Commission Against Corruption (PCAC)

Challenges: The Venice Commission identified, in paragraph 72 of its 2018 Opinion, two structural shortcomings in the set up and operation of the Permanent Commission Against Corruption (PCAC) being:

- The appointment of the members by the Prime Minister; and
- The reports with the findings of the PCAC are sent to the Minister responsible for Justice.

[4] The TSI is the successor programme of the Structural Reform Support Programme (2017-2020) and builds on its experience in building capacity in Member States. The European Commission's Directorate-General for Structural Reform Support (DG REFORM) manages the TSI.

The 2020 Country Report also criticised the lack of specific plans to review the Permanent Commission's powers or to enable it to conduct inquiries in a way that would lead to tangible results and allow the police to follow up on its findings.

Objectives: Address shortcomings through statutory reinforcement and capacity building.

Implementation: In order to address these shortcomings, amendments were made to the Permanent Commission Against Corruption Act (Chapter 326 of the Laws of Malta) via Act XLVI of 2020. As per Article 3 of this Act, the appointment of this Commission is now made by the President of Malta who, in appointing the Chairman shall act with a Resolution of the House supported by the votes of not less than two-thirds of all the members of the House.

In appointing one of the two other members, the President shall act in accordance with the advice of the Prime Minister and in appointing the other member shall act in accordance with the advice of the Leader of the Opposition. In the case that the Resolution is not supported by two thirds of all the members of the House, the person occupying the office of Chairman shall, in any circumstance, remain in office until the Resolution is supported by the votes of not less than two-thirds of all the members of the House.

Article 11(a) of the Permanent Commission Against Corruption Act specified that if in the PCAC's opinion the conduct being investigated is corrupt or connected with or conducive to corrupt practices, the report is to be transmitted to the Attorney General.

Moreover, as mentioned in Chapter 1, the PCAC is amongst the entities which has been granted the status of an injured party at law when it reports a corrupt practice (as defined in the PCAC Act) to the Attorney General. The PCAC may therefore also seek judicial review in cases referred by them to the Attorney General in the same manner as the injured party.

Apart from the statutory reinforcement of the Permanent Commission Against Corruption (PCAC) by way of Act No. XLVI of 2020 - Permanent Commission Against Corruption (Amendment) Act, this entity has been provided with the necessary funds and resources to further strengthen its organisational capacity, including new premises. In this regard, the PCAC is undergoing a capacity building process and by the end of 2021, the PCAC will draw up a budget plan as well as a human resource plan for the next three years.

In fostering good working relations with state agencies, it is worth noting that in line with Article 8 of Chapter 326 of the Laws of Malta, the *"Commission may request the assistance of the Police in the conduct of investigations into alleged or suspected corrupt practices …* [falling within its remit] *… and the Police shall give the assistance requested but in giving that assistance the Police shall only have and exercise such powers as the Police are authorised to exercise under the Criminal Code or any other law."* Since the enactment of the legislation in the summer of 2020, the PCAC has already referred one report earlier this week to the Office of the Attorney General, relative to a case regarding procurement. Given that the Attorney General's Office does not have any investigative powers, said Office forwarded this report to the Commissioner of Police for the necessary investigations to be undertaken.

It is worth pointing out the fact that by virtue of Article 11 of the Permanent Commission Against Corruption Act, the Commission shall *"at the earliest opportunity make a report of the results of*

every investigation to the Minister responsible for justice". In so doing, and by convention, the Minister for Justice would then table said report on the table of the House of Representatives, rendering said report publicly accessible.

Apart from this, the PCAC maintains continuous contact with the general public through its dedicated web page, offering the public at large the opportunity to get in touch with the Commission through an equally dedicated email address.

In addition, a digital registry will be created to collect information on corruption cases, actions/procedures in order to enhance the efficiency of the PCAC's operations and to support the work of other public authorities on matters falling within the PCAC's remit.

An internal Standard Operating Procedures (SOP) will be adopted by PCAC and will provide a set of step by step instructions to help workers carry out routine operations. This will include: (i) objective; (ii) legislation, scope and applicability; (iii) policy details; (iv) definitions relating to corruption, collusion, whistle-blower protection etc.; (v) compliance with policy; (vi) record keeping/register; (vii) internal procedures (phases, office competence, interinstitutional cooperation); and (viii) training and communication.

Target Group: Prosecution, rule of law, good governance, society, democracy.

Timeline: The respective timelines are presented in the Annex 2.6.

5. Reform the Asset Recovery Bureau

Challenges: Strengthening the role of law enforcement authorities in the fight against money laundering and financial crime more generally.

Objectives: Increased powers and capacity of the Asset Recovery Bureau (ARB).

Implementation: The Proceeds of Crime Act (Act No. V of 2021), has recently re-defined the structure of the Asset Recovery Bureau, whilst outlining its relationship with and reinforcing its independence from the Government. This Act has also required the Bureau to establish relations with equivalent institutions outside Malta, that is, with both European and international bodies.

The Act also provides the basis for the harmonisation of the procedures enacted under various laws in respect of proceeds of crime. In terms of procedures, the Act provides for the identification, tracing, freezing and confiscation of proceeds of crime including laundered property, income and other benefits derived from such proceeds held by criminal defendants, property that is the proceeds of, or used in, or intended or allocated for use in the financing of terrorism, terrorist acts or terrorist organisations.

Through this Act, measures were taken to ascertain that all assets which are proceeds of crime are recovered, even when there is no criminal conviction – this is known as non-conviction-based confiscation. The Act created a system wherein criminals are not given the possibility to retract and retrieve their assets. Moreover, the Act establishes a section of the Civil Court for the purpose of regulating disputes relative to the confiscation of the proceeds of crime and for

civil procedures for the recovery of assets constituting proceeds of crime - to be known as the Civil Court (Asset Recovery Section). Provision is also made for *in rem* proceedings on property consisting of proceeds of crime. Judicial review of confiscations will also be allowed.

It is worth noting that the Board of the Bureau shall consist of a Chairperson appointed by the Cabinet of Ministers, after consultation with the Leader of the Opposition from among persons who have held the office of Judge or Magistrate, or who have held senior positions in the public service of Malta, and four (4) other members as follows:

a. The Commissioner of Police or his/her representative;
b. The Commissioner for Revenue or his/her representative;
c. The Chief Executive Officer of the Court Services Agency or his/her representative; and
d. The Director of the Financial Intelligence Analysis Unit or his/her representative.

In addition to this, the ARB has continued to be further strengthened through an investment of around €2.5 million intended for a new storage compound in Ħal Far which will cater for the professional safe keeping of assets recovered from the proceeds of crime. The preservation of such assets will ensure that up until final judgment, the value of these assets will not decrease. If on the one hand, the Court drops the charges against the accused and the latter is deemed innocent, then his/her assets are returned in good condition. On the other hand, if the accused is found guilty, then the assets are confiscated in favour of Government. Thus, in both scenarios, the preservation of assets is crucial to minimise a decrease in their value, to release them back to the accused (if found innocent) or to confiscate in favour of Government (if found guilty before the Court).

Target Group: Rule of law, good governance, society, democracy.

Timeline: The respective timelines are presented in the Annex 2.6.

6. A new appointment procedure of the Commissioner of Police

Challenges: Lack of transparency in the appointment procedure of the Commissioner of Police.

Objectives: Establish a transparent and competitive process of appointment for the office of Commissioner of Police.

Implementation: The manner of appointment of the Police Commissioner has been overhauled to be in line with the recommendation made by the Venice Commission. This was achieved by an amendment to the Police Act (Chapter 164 of the Laws of Malta) as well as to the Constitution of Malta. These amendments were carried out via Act XIX of 2020. Article 6(2) of the Police Act (Chapter 164 of the Laws of Malta) lays down the procedure to be followed when a vacancy arises in the office of Police Commissioner. Firstly, the Public Service Commission is to issue a public call for applications, subject to the necessary qualifications and experience required for a person to be eligible to apply for the said post. Following the lapse of the deadline for the submission of applications, the Public Service Commission will evaluate the applications submitted and then draw up a shortlist indicating the two most suitable candidates. Following

this step, the Public Service Commission is to refer this shortlist to the Cabinet. The Cabinet is to consider both candidates and then nominate the most suitable candidate for a hearing before the Parliamentary Public Appointments Committee. If this Committee advises in favour of the appointment of the selected candidate, the Prime Minister shall appoint the selected candidate after consultation with the Public Service Commission. The current Police Commissioner has been appointed in accordance with this new procedure in June 2020.

Target Group: Enforcement, rule of law, good governance, society, democracy.

Timeline: The respective timelines are presented in the Annex 2.6.

7. Implementation of the reform concerning the judicial review of decisions not to prosecute and other decisions of the Attorney General. This includes the assignment of the status of injured party at law to specific institutions when reporting a corrupt practice

Challenges: The Venice Commission recommended that decisions of the Public Prosecutor, notably not to prosecute, should be subject to judicial review.

Objectives: Provide for the judicial review of decisions not to prosecute and other decisions of the Attorney General.

Implementation: The implementation of the judicial review reform of decisions not to prosecute and other decisions of the Attorney General, by way of Act No XLI of 2020 and Legal Notice 377 of 2020, titled 'Judicial Review (Decisions not to prosecute and other decisions of the Prosecution) entered into effect on 1 October 2020. The Act amended the Constitution, the Criminal Code, and the Code of Organisation and Civil Procedure for the purpose of providing for judicial review of decisions not to prosecute on the ground of illegality or unreasonableness. The Permanent Commission Against Corruption (PCAC), the Ombudsman, the Commissioner for Standards of Public Life and the Auditor General have all been given the status of injured party at law. These institutions may therefore seek judicial review individually in cases referred by them to the Attorney General in the same manner as the injured party. This is an important exception to the rule that judicial review of a decision not to prosecute may only be demanded by the injured party.

An independent review of the provision for injured parties (in Act XLI of 2020) to appeal the decision of the Attorney General not to prosecute will also be finalised by mid-2024. The qualitative review, undertaken by an independent contractor, will assess the effects of Act XLI of 2020 and whether an appeal against non-prosecution by the Attorney General or the Police should also be made possible when there is no prosecution within a reasonable time. The review will also assess whether the "injured parties" mentioned in Act XLI of 2020 should also be able to appeal against non-prosecution in all cases and not only when they reported these acts to the Attorney General.

Target Group: Rule of law, good governance, judicial review, society, democracy.

Timeline: The respective timelines are presented in the Annex 2.6.

8. Strengthening Malta's AML/CFT regime

Challenges: ML/TF risks are ever changing.

Objectives: A sustainable, proactive, responsive and effective anti-money laundering framework.

Implementation: A new National Anti-Money Laundering/Combating Terrorist Financing/Targeted Financial Sanctions (AML/CFT/TFS) Strategy and Action Plan for 2021 – 2023.

In 2020 the National Coordinating Committee on Combating Money Laundering and Funding of Terrorism (NCC) worked on the new national anti-money laundering/combating terrorist financing/targeted financial sanctions (AML/CFT/TFS) strategy and action plan for 2021 – 2023, which replaces the implemented Strategy for 2017 – 2020. This new national strategy action plan, encompassing seven policy goals, provides a detailed list of the actions expected from each competent authority.

The Table below is extracted from the publicly available Strategy (www.ncc.gov.mt) that includes details of the actions, the leading agency and the specific milestones.

Table 2.6.2: Strategy

Action	Leading agency (owner)	Details
Action 1		
Increased AML training of competent authorities	AGO/MPF FIAU/OCfR	Training on MBR's portal and TUBOR; Extensive financial crime and AML training to all relevant investigators and prosecutors; Training sessions per calendar year for each investigating team and training for every FCID officer.
Action 2		
Training of the Judiciary, the lawyers in the Office of the Attorney General and senior police officers.	NCC, the Attorney General, DG Court Services Agency, University of Malta and MJEG	A management board is to be set up by March 2021 that shall be responsible for allocating this funding appropriately for training and acquisition resources for combating ML and TF, Anti-Corruption and Fraud.
Action 3		
Identifying tax related ML cases.	MPF / OCfR / FIAU	Training of FCID officials by OCfR officers; An awareness campaign to inform tax practitioners, on typologies of tax evasion and associated ML.
Action 4		
Recruitment of additional expert staff and expertise in financial crime and AML	MPF/AGO	Recruitment of financial analysts and forensic accountants and lawyers.

Action 5		
Improve efficiency of investigation and prosecution of ML; better coordination between police and AGO.	MPF / AGO	To conclude investigations within a reasonable time; Retaining exhaustive quarterly statistics, implementation and update of the SOP between the Police AGO; Periodical meetings between the police and the AGO to meet and reassess their working relationships and standard operating procedures; Assigning a lawyer from the AG's office to any ML case reported by the FCID.
Action 6		
Prioritization of investigations to be in line with Malta's risk profile	MPF/AGO	Periodical meetings
Action 7		
Parallel financial investigations should be kick started and conducted.	AGO/MPF	Implement HQ Circular 16/2020.
Action 8		
Identifying ML cases through domestic predicate offences (drugs, etc).	MPF	Enhance communication and sharing of information within the FCID and within the MPF.
Action 9		
Identifying ML cases through Customs.	MPF / Customs	MoU and periodical meetings with Customs.
Action 10		
Identifying cases through incoming international requests (Mutual Legal Assistance (MLA), police-police and Egmont).	MPF/AGO/FIAU	Each foreign request (FIAU, Police-Police and MLA) thoroughly checked for any possible domestic ML.
Action 11		
Detection of ML through the use of Vos.	OCfR	By September 2020, OCfR to engage in talks with the OCVO to identify tax evasion from the information submitted by VOs to said Commissioner; Where suspicions arise, OCVO is to communicate with OCfR for further investigation (exchange of information would depend on whether proposed legislation is enacted).
Action 12		
Further enhance the quantity and quality of STRs	FIAU	Address the under-reporting entities in the higher risk sectors: Credit and Financial Institutions, Remote Gaming Operators, TCSPs and Property Sectors by providing a yearly sectorial bulletin including feedback on STRs submitted and ML trends; Carry out training sessions based on sectorial Bulletins; Dialogue with sector representatives: Initiate periodic/annual discussion meetings with sector representative body (representing the most material sectors) to receive information on and address issues / matters concerning suspicious transaction reporting;

		Reduce STR Rejection Rates and improve content quality of received STRs - adapt and improve feedback to subject persons on the quality of the content of STRs submitted through GoAML by establishing a semi-automated rejection mechanism; Improve record keeping of intelligence data and other information on ML trends and typologies; Resume the provision of further guidance to all the sectors on risks, typologies and trends, through Sectorial Implementing Procedures and Training Events; Conclude the on-going outreach activity to identify obstacles and impediments to the submission of STRs and draft an action plan to address such findings. Develop the current FINREP as a platform for the on-going exchange of information on ML/FT risks, trends and typologies with the Banking Sector
Action 13		
Increase effectivenesss of detection of customs offences and associated ML.	Customs	Access to Europol's SIENA platform by March 2021; Access to PNR/API access to the Interpol information platform by December 2021. Direct access to the Interpol information platform.
Action 14		
Increase detection of trade-based money laundering (TBML).	Customs	By December 2021, A new Export Supervision Unit (ESU) will be created within the Compliance and Systems Directorate, in order to administer the export procedure and exercise control on exports.
Action 15		
Increase in investigating of ML cases involving breaches of sanctions and possible money laundering.	SMB	Work closely with law enforcement agencies and give evidence in Court as required.

To date, the emphasis towards combatting ML/TL/PF was upon the establishment of the necessary tools and the required legislative framework. Whereas the 2017-2020 AML/CFT national strategy plan focused on addressing the gaps that impeded the ability to effectively combat ML/TF, the focus of the strategy for 2021-2023 is on effectively operationalising the means and tools set in the previous strategy, aiming towards effective measures and targeted actions.

For the next three years, the NCC foresees enhanced sharing of information related to MF/CF/PF amongst competent authorities through effective, informal and secured cooperation. This will enable competent authorities to develop complete reports on their operations. The sharing of information and enhanced cooperation will also assist to conduct a risk-based approach to direct resources where it is more required.

An updated national risk assessment would be eventually developed in 2021 in order to provide tools to public and private entities to understand better the complexities of product, client and geographical risks and specific sectoral vulnerabilities, aiming towards effective mitigating measures.

In order to achieve the above actions, capacity building was necessary through the increase in resources so that the number of ML investigations and prosecutions could take place. This involved:

1. Human resources to regulatory, supervisory and investigative agencies increased by 46% between 2018 and 2020. Some important aspects that are to be specifically highlighted;

2. The operational budget, which also covers training, of the Financial Crime Investigation Department (FCID) within the Malta Police Force increased by 157% between 2018 to 2020;

3. The human resources base of this department increased from 55 (2018) to 100 in 2020;

4. In addition, to further enhance this expertise, forensic accountants appointed by court amounted to €1.4 million by end of March 2021. (from Eur 0.7 million in 2017);

5. Increased resources, increased training and access to software led to a total of investigations with Money Laundering as predicate offence of 138 by end 2020 and 42 by the end of March 2021. In 2020 these included 19 parallel financial investigations and 10 for 2021;

6. In addition, it is to be noted that the Attorney General's Office took over the prosecutorial function from the Police. The number of prosecutors increased to 14 from 2 in 2018, and prosecutions increased from 10 in 2018 to 30 prosecutions by April 29, 2021. Of these 30 prosecutions 12 cases are stand-alone ML;

7. The FIAU has invested heavily in new IT systems and tools between 2018 and 2020 (€1.7 million). Over the same years, its human resource base more than doubled;

8. As a result of a better understanding of risks, the Customs Department increased its detection of undeclared cash from 10 cases in 2018 to 66 cases in 2019 and 40 cases in 2020. The number of cases in 2020 was heavily influenced by the onset of COVID-19;

9. National Operational Task Forces were set up to handle the complex type of cases in line with Malta's risk profile thereby strengthening the inter-institutional cooperation and efficiency with which such cases are addressed.

Complementary interventions enhancing the investigative role of FIAU were also supported by the 2014-2020 Internal Security Fund, through the setting up of a crime-analysis software platform targeting financial and economic crime. This investment sought to not only strengthen FIAU's investigative capabilities against money laundering but also enhance its risk-based supervisory capabilities. The system enables FIAU officers to test for compliance by scrutinizing data from financial operators and designated non-financial businesses. Accurate real time data is transmitted

to a strong risk engine which determines risk at national level and raises alerts when more in-depth investigation is required.

Furthermore, additional capacity building initiatives supporting FIAU's responsibility in the prevention of ML/FT have been requested under the 2021 – 2027 Internal Security Fund (ISF), for effective supervision against money laundering. Such training programmes on anti-money laundering may also support the economic crimes unit of the Malta Police Force. This will therefore contribute towards enhancing the analytical skills and expertise of competent authorities. In addition, complementary interventions aiming towards enhancing efficiency against organised crime are also envisaged under the ISF through the development of an asset recovery facility to strengthen the recovery of confiscated criminal profits.

Additionally, there were legislative provisions to enhance the AML/FT framework.

FIAU during 2020 worked on the transposition of 5th AMLD[5], including:

1. Legal Notice 214 of 2020 revised paragraph (a) of Regulation 11(3) of the PMLFTR[6], clarifying that correspondent banks are required to determine whether the respondent institution has been subject to ML/FT investigations or regulatory action;

2. Legal Notice 214 of 2020 revised paragraph (d) of Regulation 11(3) of the PMLFTR, clarifying that correspondent banks are not only required to document but more importantly to understand the respective responsibilities of each institution for the prevention of money laundering and the funding of terrorism;

3. Legal Notice 26 of 2020 Prevention of Money Laundering Act (Prevention of Money Laundering and Funding of Terrorism (Amendment) Regulations, 2020 inclusion of additional Virtual Financial Assets provisions);

4. Legal Notice 214 of 2020 revised Regulations 15(3) and 15(7) of the PMLFTR, which as explained above lay down obligations on subject persons and supervisory authorities respectively to report suspicions of proceeds of crime, money laundering and funding of terrorism. The revised regulations 15(3) and 15(7) now stipulate that subject persons and supervisory authorities should report suspicions of proceeds of crime, money laundering and funding of terrorism to the FIAU promptly and has done away with the time limit of five (5) working days for STRs to be submitted to the FIAU.

As part of the local transposition of the 5th AMLD, the FIAU was vested with additional responsibilities, namely to establish, manage and administer the Centralised Bank and Payment Account Register (CBAR) for the collection and retrieval of data on bank and payment accounts identifiable by IBAN, safe custody services and safe deposit boxes provided by credit and financial institutions in Malta. This mechanism allows the FIAU's Intelligence Section and other national competent authorities to have timely access to information to increase the overall efficacy of

[5] Refers to the Anti Money Laundering Directive.

[6] Refers to the Prevention of Money Laundering and Funding of Terrorism Regulations.

their functions. The establishment and administration of such register has seen the enactment of the CBAR Regulations (S.L. 373.03 of the Laws of Malta) as well as the establishment of a new section (the CBAR Section) within the FIAU.

In addition, as part of the transposition of the 5th AMLD, Malta has imposed a €10,000 cap on cash transactions for the sale of property and other valuable items. The limit on cash transactions, which was introduced into law on 9th March 2021 through a legal notice, is intended to clamp down on money laundering activities. The €10,000 limit is being imposed on the sale of property, antiques, jewellery, precious metals, precious stones, pearls, vehicles, sea craft, and works of art. A person found to be in breach of this regulation will be subject to a fine of not less than 40% of the sum of money that was received, or otherwise transacted. Criminal proceedings for these offences will be barred by prescription after a five-year period.

In September 2020, the FIAU initiated the work to transpose EU Directive 2019/1153 of the European Parliament and of the Council of 20 June 2019, into national law - with the aim of transposing the same through the necessary amendments to the PMLA[7] and PMLFTR by end of July 2021. Such amendments which are currently in the pipeline, seek to further enhance the FIAU's ability to share financial information in its possession with national authorities, counterpart FIUs and EUROPOL. In turn, the FIAU will be able to request law enforcement information from these institutions to assist it in carrying out its functions at law.

The FIAU had come under scrutiny from the European Commission and the European Banking Authority in 2018 and pledged to undertake an action plan to improve its supervisory effectiveness. The Action Plan was fully implemented by March 2019, reviewed in detail by the European Banking Authority and the European Commission, and no further action/infringement proceedings were taken against the FIAU or Malta. A 24-month plan for strategic analyses and other projects to be carried out in 2021-2022 has been drafted, with a focus on achieving a better understanding of ML/FT threats and vulnerabilities affecting the Maltese jurisdiction. The supervisory plan is implemented by the FIAU's Supervision Section together with the Malta Gaming Authority (MGA) and the MFSA, who both act as agents of the FIAU in the carrying out of AML/CFT compliance examinations for the gaming sector and the financial sector (including Trusts and Company Service Providers) respectively.

The adoption of Act VIII of 2019 which amended the Malta Financial Services Authority Act provided for the further strengthening of the MFSA's structure and processes which include the establishment of the Statutory Committee focused on Supervision, the Statutory Committee focused on Enforcement, the Risk Committee, the Audit Committee and five directorates including Supervision, Enforcement, Strategy and Policy and Operations.

In addition, it is to be noted that the Proceeds of Crime Act (Act V of 2021) which was published on the 19th February 2021, came into force on the 12th March 2021. The Act provides for the identification, tracing, freezing and confiscation of proceeds of crime including laundered property, income and other benefits derived from such proceeds held by criminal defendants, property that is the proceeds of, or used in, or intended or allocated for use in the financing of terrorism, terrorist acts or terrorist organisations, for the setting up of the Asset Recovery Bureau as a body, independent from Government and for setting out the procedure for non-conviction based confiscations of proceeds of crime.

[7] Refers to the Prevention of the Money Laundering Act.

Subsidiary Legislation 233.07 amended, as of 7th July2020 enables the Commissioner for Revenue to detain any cash, whatever its value, whether it is being carried or unaccompanied, and whether it has been declared or not, where there are indications that the cash is related to criminal activity. This will allow the Customs Department to restrain cash for a determined period pending investigations.

The ARB is now fully operational and is responsible for the identification, tracing, freezing and confiscation of assets deriving directly and indirectly from criminal activities. The Bureau is an autonomous public entity governed by a Board led by a Chairperson, responsible for policy making and a Directorate headed by a Chief Executive Officer responsible for the implementation of the provisions of the Asset Recovery Bureau Regulations and the execution of policy as established by the Board. The newly enacted Act 5 of 2021 provides further powers and tools to the ARB to maximise the amount of assets identified and subsequently confiscated in favour of Government.

In addition, Malta has launched a database for measuring effectiveness of freezing seizure confiscation and realization of property that has been established by all competent authorities and is managed by the National Statistics Office and is now in the pilot stage measuring the effectiveness of cases ending in 2019 and 2020.

Amendments to the Attorney General Ordinance (Chapter 90) by way of Act XXV of 2019 provide for the taking over by the Office of the Attorney General of prosecutions of those crimes that carry a punishment of more than two years' imprisonment, whilst the police will remain responsible for investigative work. The law provided for the possibility of transitory periods for this shift in duties from the Police Force to the Office of the Attorney General through a phased approach, by allowing the taking over of prosecutions of specific crimes on different dates.

Through the amendments in the various Revenue Acts (Amendment) Act, 2021 (Act VIII of 2021) the waiver of the secrecy provisions of the revenue acts will no longer be at the discretion of the Prime Minister but such power will be vested in the Commissioner. The purpose of such amendment is to eliminate any perception of political interference in tax matters. and to facilitate efficient sharing of information between entities.

Amendments were introduced by virtue of Act LII of 2020 which came into force on the 13th November 2020, sub-article (1) of article 328F of the Criminal Code which deals with funding of terrorism was extended so as to include the financing of terrorist groups, besides the financing of persons involved in terrorist activities. This means that situations where a person finances terrorist groups, whether directly or indirectly, even if there is no link to the act, are also captured. This is considered as an important change which goes beyond the recommendations made and which puts an emphasis on the prioritization that Malta is giving to FT related offences.

In addition, the level of FT sanctions, in particular with regard to the financing of individual terrorists or specific terrorist acts (currently punishable by a maximum sentence of only four years imprisonment) was raised to a fully dissuasive level. Following the MER[8] Malta has reviewed the relevant Articles of law. Amendments were introduced by virtue of Act LII of 2020 which has been published on the 13th November 2020 whereby the Criminal Code were revised to considerably increase the legal sanctions for TF offences. The sanction for TF offences was increased to that

[8] Referring to the MONEYVAL Mutual Evaluation Report.

of a minimum of four years to a maximum of twenty years or to a fine not exceeding €2,500,00 or to both such fine or imprisonment. This considerable increase in punishment is specifically aimed to increase the dissuasive level for FT so that the relative sanction will be commensurate with the seriousness of the offence.

In relation to the new Individual Investment Programme (IIP), the due diligence process has been strengthened further to ensure that Malta attracts good natured citizens who have acquired their wealth in a lawful way. As part of the preventive measures, anyone seeking to apply and benefit from the citizenship scheme in Malta is required to invest in bonds/stocks and also purchase or lease a property. These requirements mean that such applicants will undergo scrutiny and Customer Due Diligence (CDD) by subject persons in Malta, including among others, Banks and Notaries – which sectors are well-versed with AML/CFT obligations and generally have good AML/CFT programmes in place. In addition, the FIAU Implementing Procedures require subject persons to know whether their client benefits from citizenship schemes; and to take this into account in their customer risk assessment. Subject persons cannot rely on e checks carried out by the agency responsible for the citizenship scheme, but they need to carry out their own due diligence measures.

The guidelines provided to potential applicants also cross refer to the European Banking Authority (EBA) guidelines on conducting a customer risk assessment which includes, among others, as a risk factor the difficulty to understand one's source of wealth. The guidelines are comprehensive, with the general guidance setting clear expectations on the need to carry out enhanced scrutiny when dealing with complex structure and large transactions. Sector specific guidance is also issued to further ensure that specific sectors know their obligations and understand how to apply mitigating measures; related examples include the Real Estate and the CSP sectors[9].

The FIAU adopts a robust risk-based approach to supervision. Indeed, this is done through the FIAU's Compliance and Supervision Platform for Assessing Risk (CASPAR) systems, which is an efficient, user-friendly and automated system; implemented to support the Supervision Section in the monitoring of Subject Persons, through the collection of relevant data and information from different sources such as data from obliged entities (Risk Evaluation Questionnaires - REQs), prudential information, FIU Intelligence and open-source information. Through the Risk Evaluation Questionnaires (REQ), the FIAU is able to identify which subject persons are more exposed to the risks of high net worth individuals, allowing the FIAU to target its supervisory work accordingly.

FIAU's AML inspection methodology ensures that the IIP is covered as part of the FIAU's risk-based approach. As part of their testing, FIAU choose among the sample such clients and ensure that topics of sources of wealth and sources of funds, as well as customer profiling and reporting are covered extensively. Prior to file testing, FIAU also carry out checks on such customers using open-source commercial databases.

Following the presentation of its response to the MONEYVAL Mutual Evaluation Report, Malta was referred for an evaluation by the Financial Action Task Force (FATF). After reporting on the specific *Immediate Outcomes* earlier in March 2021, the evaluation process on part of the FATF was completed in June 2021 FATF Plenary and Working Group meetings. Malta is committed to retain the high level of political and institutional commitment in this field. In that regard, Malta is

[9] Referring to company service providers.

committing to follow-up and take the necessary decisions to address the outcome of the FATF evaluations once these are concluded.

Target Group: Financial crime, justice, rule of law, supervisory authorities, law enforcement AML, law enforcement.

Timeline: The respective timelines are presented in the Annex 2.6.

9. Aggressive Tax Planning (ATP) - Code of Conduct Group

Further measures to combat aggressive tax planning are in the process of being implemented, within the framework of the EU Code of Conduct Group.

Challenges: Limiting the participation exemption in relation to the Code of Conduct Group list of non-cooperative jurisdictions.

Objectives: Removing the incentive of exempting dividends derived from bodies of persons resident in jurisdictions listed in the Code of Conduct Group list of non-cooperative jurisdictions.

Implementation: An administrative measure was introduced in 2019 whereby companies were required to declare in their tax return whether they have commercial relations with persons established in jurisdictions listed in the Code of Conduct Group list of non-cooperative jurisdictions, or if they are themselves established in such jurisdictions.

A legal measure has now been enacted through the Budget Measures Implementation Act to limit the participation exemption in respect of dividends derived from bodies of persons resident in jurisdictions that have been listed in the Code of Conduct Group list of non-cooperative jurisdictions for a minimum period of three months. Such limitation does not apply where the body of persons maintained an appropriate amount of significant people functions commensurate with its financial results. The burden of proof lies on the taxpayer in such circumstances as the relevant body of persons would need to prove that it has the appropriate substance in the relevant jurisdiction as required by accepted norms in the field of international taxation (e.g. in the area of transfer pricing). This ensures that only *bona fide* structures will benefit from this limitation and not those that wish to engage in ATP. As from 2022, there will be further changes to the tax return and personnel shall be assigned so as to better scrutinise taxpayers' holdings in the jurisdictions that have been listed in the Code of Conduct Group list of non-cooperative jurisdictions.

Target Group: ATP, FDI, investment, companies, supervisory.

Timeline: The respective timelines are presented in the Annex 2.6.

10. Specific Transfer Pricing Legislation

Challenges: Combat aggressive tax planning practices through specific transfer-pricing legislation.

Objectives: Preventing loss of public revenues through international tax arbitrage.

Implementation: An enabling provision for the legislation of specific transfer-pricing provisions has been enacted through the Budget Measures Implementation Act. Such provisions will be introduced by means of subsidiary legislation following an analysis involving stakeholders and the publication of guidelines should these be needed. The consultation process shall aim to obtain information that has relevance to the scope and the procedure relating to advance pricing agreements. The main stakeholders will be made up of representative bodies of professionals that deal with taxation matters and shall include accountants, lawyers and other tax practitioners. Discussions regarding the details of scope, application and implementation are currently in their initial stages. This development will constitute a substantial change in Malta's tax legislation and will therefore necessitate a significant period of technical preparation and training of human resources through courses, seminars etc. in the private sector.

The introduction of detailed transfer-pricing regulations into Maltese income tax legislation is a significant development and will require significant preparation. Its successful implementation is dependent on capacity building both at the level of the tax authorities and the local industry (tax advisors and practitioners). Considering the current lack of expertise in the field and the complexity of the subject, it is envisaged that a two-year period from the publication of the relevant legislation is required before the legal provisions commence to have effect. This will be necessary for all public and private stakeholders to prepare for the changes. This is reflected in the timeline for the entry into force of the measure.

Target Group: Investors, banks, supervisory, FDI, Commissioner for Revenue, Government revenue.

Timeline: The respective timelines are presented in the Annex 2.6.

11. Completion of study on the relevance of measures relating to inbound and outbound dividend, interest and royalty payments by companies established in Malta

Challenges: To assess and develop further the policy framework relating to outbound and inbound dividend/interest/royalty payments between companies established in Malta and related companies established in jurisdictions that either form part of the EU list of non-cooperative jurisdictions or that are considered to be a zero-tax or low-tax jurisdictions.

Objectives: To provide Government with sufficient information and guidance for the formulation of appropriate policy.

Implementation: Undertake a study that will provide government with sufficient information and guidance for the formulation of appropriate policies concerning measures relating to inbound and outbound dividend, interest and royalty payments between companies established in Malta and related companies established in jurisdictions that either form part of the EU list of non-

cooperative jurisdictions or that are considered to be a zero-tax or low-tax jurisdictions. The study shall contain adequate analysis to clarify the discussion on how to effectively strengthen anti-BEPS measures in the fight against tax fraud and tax evasion.

Target Group: Investors, banks, supervisory, FDI, Commissioner for Revenue, Government revenue.

Timeline: The respective timelines are presented in the Annex 2.6.

12. Spontaneous Exchange of Information relating to individuals that are granted Citizenship by Naturalisation for Exceptional Services by Direct Investment (Citizenship Regulations)

Challenges: Combat aggressive tax planning practices through spontaneous exchange of information.

Objectives: To mitigate the risk of the Citizenship Regulations being misused as an aggressive tax planning tool.

Implementation: Aġenzija Kommunità Malta shall implement due diligence procedures to determine the original jurisdiction(s) of tax residence and of applicants of the Citizenship Regulations and forward the following details relating to future successful applicants to the Commissioner for Revenue:

- First and last name
- Date of birth
- Residence address;
- Tax Identification Number; and
- The type of residence rights acquired (citizenship).

The Commissioner for Revenue will subsequently spontaneously exchange this information with jurisdictions that are party to the OECD Convention on Mutual Assistance in Tax Matters and to other jurisdictions that are not party to this Convention but with which Malta has a bilateral exchange of information mechanism in place. The guidelines and the application form of the Citizenship Regulations will be updated to inform prospective applicants of this procedure and to enable Aġenzija Kommunità Malta to put into effect this procedure. A memorandum of understanding will be entered into between Aġenzija Kommunità Malta and the Commissioner for Revenue to define the modalities to exchange the necessary information to put into effect the spontaneously exchange of information procedure.

Target Group: Individuals that are granted Citizenship by Naturalisation for Exceptional Services by Direct Investment.

Timeline: The respective timelines are presented in the Annex 2.6.

b) Investment

1. Digitalisation in the Justice System

Challenges: To continue the improvement in the efficiency of the Maltese justice system, with a view to smoother flow of work and more efficient administration of justice, in line with the justice reform process. In recent years, several projects in the Justice Sector were developed through Information and Communication technologies, also with the assistance of EU Funding, most notably:

- In the area of Courts Services, the launch of www.eCourts.gov.mt has contributed to further accessibility to Justice;
- The launch of www.notarialacts.gov.mt has provided the means for Notaries and the General Public to obtain public deeds online;
- www.legislation.mt Portal has provided superior online access through responsive means through different devices. Using Semantic Web Technologies this portal implemented Pillar 1 of the European Legislation Identifier (ELI), while Pillars 2 and 3 are currently being concluded.

National efforts have also supported the above projects and they will serve as the building blocks for future work. Consolidation and extending further digitalisation efforts throughout the Justice system continues to be a necessity in order to equip stakeholders with the digital skillset and tools required to promote further digitalisation and to break silos.

Objectives: One such transition involves the transformation of public sectors, enhanced service delivery and protection for citizens and businesses. By enhancing the regulatory framework and the digital solutions for public services benefitting both citizens and businesses. The aim is to foster public services that are, by default, digital, cross-border and interoperable; user-centric, inclusive and accessible; open and transparent; trustworthy and secure and in line with the once-only principle. These interventions contribute towards the European Flagship 'Modernise' and promote modernised and secured digital services that are accessible to all.

The need to invest in ICT and digitalisation is also outlined as an area of support in Malta's *Draft Smart Specialisation Strategy 2021-2027* whereby digital technologies are identified as both an area of smart specialisation as well as a horizontal enabler for socio-economic development and growth.

The Business Environment and SME's being also users of justice services will be targeted by making justice services more accessible also to the business community though digital filing and availability of information online amongst others.

The main objectives are thus to implement various digital solutions and tools to support justice sector users. The overall implementation will support the strategic enablers identified for this sector.

Implementation: The Ministry responsible for Justice, Equality and Governance (MJEG), is currently working on a plan towards digitalisation initiatives which cover all of the Ministry's portfolio. One of the first steps in this initiative involved the introduction of the following legal acts: Act LIII of 2020 (Amendment No. 2) amending the Code of Organization and Civil Procedure,

which made it possible for civil proceedings to be held via live video conferencing facilities, and Act III of 2021 (Amendment No. 2), which amended the Criminal Code and made it possible for criminal judicial acts to be filed electronically. This entails a Business Process Redesign exercise which will serve as a starting point towards developing ICT Systems with a digital-by-default mindset in this sector as well as enabling collaboration between stakeholders through digital channels.

With the support of the SRSP instrument the Ministry has in the past year been working on a draft Digital Justice Strategy, which is expected to be finalised by the end of 2021. This also involved consultation sessions and feedback from stakeholders in the justice system aimed towards consolidating and aligning requirements. While the draft *Digital Justice Strategy* is being finalised, consolidation has already started and a Digital Justice Programme to implement the strategic aims is being developed. Investment will fund a number of initiatives identified in the Digital Justice Programme. The objective of the Programme is to drive implementation priorities and efforts for the years to come with the aim to employ digital by default practices and implement end-to-end digital services where feasible.

The two primary sub-divisions are:

- Mapping of Processes and Redesign (including Software support) throughout out the MJEG Portfolio, consultancy and Project Management Support to cater for solutions implementation;
- Digital Solutions including the concepts of an Integrated eFiling system across the justice sector with the Courts being at the core of the system. Digital Case Journey integration and interoperability solutions integrating with new systems, existing systems, electronic registers and diaries, amongst others and making use of emerging technologies.

While (a) above is a horizontal element, Subject Areas through (b) above include:

a. Further digitalisation at the Law Courts through software and hardware;
b. Electronic Systems required to Support the Department of Justice Functions (including Conducts processes, Victim Support Platforms, Judicial portal with Dashboards);
c. An eLearning Centre aimed towards focusing on the requirements of the Human Rights Directorate providing, amongst others language training, cultural orientation, and integration one-stop-shop facilities to thousands of foreign workers;
d. Case Management Solutions with the necessary integrations for the Offices of the Attorney General, State Advocate and Legal Aid and Freedom of Information, amongst others;
e. Digital Solutions requirements for the Asset Recovery Bureau (ARB) to enable ARB to be effective through digital means to support their functions;
f. Digital Solutions supporting Notaries and the Office of the Chief Notary to Government towards enabling processes to be carried out digitally;
g. Various Equipment requirements that would be required to support the new redesigned processes, including Virtual Sittings Solutions, Computing Devices, Advanced CCTV and Security equipment, modernised boardrooms and training rooms equipped with the latest tech to support a Digital Environment.

Actions include:

- Law Courts will benefit from central national integration elements such as employing Robotic Process Automation, Gov Hybrid Cloud usage, e-ID Authentication and Single-Sign-On will be used for various services. Speech to text for transcriptions is also being looked into, this in view that given that the Maltese Language has a limited market share, investment in this regard is required to integrate with off the shelf systems deployed by vendors. Equipment to support these at the law courts is within scope. Furthermore, through experimentation, a Proof of Concept (PoC) research based with a Minimum Viable Product using semantic web technologies to support the Judicial process is coming to a conclusion, the outcome of this PoC is expected to guide a Pilot Project towards digitising further and use AI to support users;

- The Department of Justice will benefit from a digital solution to enable the Conducts Office to operate through an end-to-end digital solution. The Department is also responsible for the collation of statistics horizontally and caters for various registers which will be completely digitised with the assistance of dashboarding solutions;

- The Legal Aid Agency will benefit from a Legal Aid Case Management System, in line with the once-only-principle; the system will integrate through APIs with other Public Sector systems to request data through legal provision or consent about users of Legal Aid where Means Testing research is involved. Currently users are requested to provide proof, automating these processes and systems communications in line with the Once Only Principle will automatically alleviate the burden of providing various documents by Legal Aid users as proof for means testing;

- Case Management Systems with Integration elements to Courts systems and digital processes will support the Office of the State Advocate and the Office of the Attorney General.

- An end-to-end digital Freedom of Information System with the required integrations will enable the processing of FOI requests digitally;

- An e-Learning centre to integrate foreigners through the Human Rights Directorate will also cater for hardware to provide training and assistance including the less digitally prepared groups;

- The Asset Recovery Bureau (ARB), will be supported through an Integrated Communication System and Case Management to enable automation in Data Collection which would emanate from Court Orders, thus allowing Asset Recovery Officers to focus on the analysis and cross reference examination of data collected. The Case Management will provide for safe data storage, with proper access/viewing rights to authorised ARB Officers. A high sensitivity search function will also be implemented to help users locate court orders without any difficulties;

- Further digitalisation through the office of the Chief Notary to Government will be carried out, for instance Termination of Mandates of a general nature between persons and also of a special nature regarding transfer of immovable property, where currently wet signatures are required. Solutions to implement digital means of transacting business will be implemented. Further integration requirements will be achieved for processes where Notaries are involved

through co-ordination with other components including the National eID for authentication and authorisation through eSignatures. Furthermore, ways to transform the Archiving of public deeds are being contemplated to transform this to a digital process [that is electronic and real-time].

To support the above solutions initiatives to support an evolving digital environment will be continuous and include:

- Bridging the gap of the digital divide by extending accessibility to digital justice services through Regional Hubs operated by the National Agency responsible for Public Services, (servizz.gov). These hubs will provide assistance and accessibility to the less digitally literate populations to online services from their localities;

- Consolidation will entail to co-ordinate centrally and with other components to make the best use of innovative practices such as Robotic Process Automation (RPA), AI, and integration requirements by default. For instance, all public facing solutions will be implemented and integrated with the National eID thus allowing single sign on amongst others; central registers through the www.data.gov.mt are currently being planned allowing for harmonisation, e.g. using a common Address Register, where feasible the hybrid cloud available (https://cloud.gov.mt/) is used;

- Experimentation through Proof of Concepts (current and future) will be considered throughout the investment and make use of other components and central means outputs provided, including those specific to the Justice Sector;

- Training for staff and users will be supported by coordinating with the Institute for Public Services as well as provide training opportunities in specialised areas vertically such as training in cloud environments to build expertise;

- The provision of training capabilities to all professional and non-professional users of the system in order to ensure service penetration by making the digital justice services being offered available to all irrespective of their level of digital literacy.

This investment shall not give rise to State Aid implications since it involves investment in the digitalisation of activities of public authorities that do not carry out an economic activity within the meaning of Art. 107 TFEU.

Target Group: The justice system, governance, citizens, businesses, law firms, judiciary, rule of law, e-government, public services.

Timeline: The respective timelines are presented in the Annex 2.6.

4. Open strategic autonomy and security issues

The investment foreseen under this component is not intended to finance any mobile networks, in particular 5G.

The nature of initiatives related to Digitalisation of the justice system will include the following general security features, amongst others:

- Systems will be accessed through identity management integration available horizontally;
- Internal users will access systems with users' corporate credentials, including Multi Factor Authentication through Active Directory Federated Services;
- For external users, where applicable, eID will be used with Multifactor Authentication;
- Audit logs will be implemented for all systems;
- Web user interface both internal and external will be encrypted through ssl \ https protocol;
- Hosting will be according to the centralised digital enabling services policy.

5. Cross-border and multi-country projects

Cross-border and multi-country projects are not foreseen to be implemented directly through the reforms and investments being targeted under this component of the RRP.

6. Green dimension of the component

The Regulation establishing a Recovery and Resilience Facility sets a binding target of at least 37% of the plan's total allocation to contribute to climate mainstreaming. Investments in digitalisation processes are deemed to have a new positive outcome on the environment. Whilst interventions under this component are not envisaged to contribute directly towards green transition ambitions, all efforts will be made to ensure that interventions are in line with environmental policies.

7. Digital dimension of the component

The Regulation (EU) 2021/241 establishing a Recovery and Resilience Facility sets a binding target of at least 20% of the plan's total allocation to contribute to the digital transition or to the challenges resulting from it. The total investment under this component is directly contributing towards the said digitalisation target (4%).[10]

8. Do no significant harm

INTRODUCTION

1. This 'Do No Significant Harm' (DNSH) assessment is being carried out with respect to Component 6: Strengthening the Institutional Framework.

[10] Total RRP amount of EUR 258.275,901, excluding the REPowerEU Chapter

2. The RRF describes both the reform to strengthen the institutional framework of the judiciary, anti-money laundering and the fight against aggressive tax planning as well as the Investment under Component 6. The reform comprises the following elements:
    i. Reform the method of appointment and dismissal of the judiciary;
    ii. Create a separate prosecution service;
    iii. Reinforcing the institutional framework capacity to fight against corruption; Implementation of the National Anti-Fraud and Corruption Strategy (NAFCS);
    iv. Reform the Permanent Commission Against Corruption (PCAC);
    v. Reform the Asset Recovery Bureau;
    vi. A new appointment procedure of the Commissioner of Police;
    vii. Implementation of the reform concerning the judicial review of decisions not to prosecute and other decisions of the Attorney General. This includes the assignment of the status of injured party at law to specific institutions when reporting a corrupt practice;
    viii. Strengthening Malta's AML/CFT regime;
    ix. ATP - Code of Conduct Group;
    x. Specific Transfer Pricing Legislation;
    xi. Completion of study on the relevance of measures relating to inbound and outbound dividend, interest and royalty payments by companies established in Malta; and
    xii. Spontaneous Exchange of Information relating to individuals that are granted Citizenship by Naturalisation for Exceptional Services by Direct Investment.

3. The investment action of this component is digitalisation in the judiciary system.

METHODOLOGY

4. In accordance with the Commission Notice on Technical Guidance on the application of "do no significant harm" under the Recovery and Resilience Facility Regulation[11] the DNSH assessment is carried out in 2 steps:
    - Part 1 – Member States should filter the six environmental objectives to identify those that require a substantive assessment;
    - Part 2 – Member States should provide a substantive DNSH assessment for those environmental objectives that require it.

5. The Technical Guidance provides two tables that must be used to carry out the 2 assessments. The tables contained in the Guidance are reproduced below and were used to undertake the DNSH assessment of Component 6.

6. With regards to the assessment of the Policy Reform the Guidance states that while all measures require a DNSH assessment, a simplified approach can be taken for measures that have no or an insignificant foreseeable impact on all or some of the six environmental objectives. By design, certain measures might have a limited bearing on one or several

[11] European Commission, 2021, Technical guidance on the application of "do no significant harm" under the Recovery and Resilience Facility Regulation

environmental objectives. In this case, Member States may provide a brief justification for those environmental objectives and focus the substantive DNSH assessment on environmental objectives that may be significantly impacted. For instance, a labour market reform intended to increase the overall level of social protection for the self-employed would have no or an insignificant foreseeable impact on any of the six environmental objectives, and a brief justification could be used for all six objectives.

7. This approach has been adopted for the DNSH of the proposed reform.

DNSH PART 1 ASSESSMENT –REFORMS

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	**Yes**	**No**	**Justification if 'No' has been selected**
Climate change mitigation		X	The reforms that are supported by the measure have an insignificant foreseeable impact on all the environmental objectives, taking into account both the direct and primary indirect effects across the life cycle. As described in Malta's Recovery and Resilience Plan – Component 6, the reforms are mainly soft measures addressing a number of challenges in the sector including appointments in the judiciary, anti-money laundering strategies, combatting aggressive tax planning and reforms in relevant entities. None of these initiatives are considered to negatively affect the environmental objectives.
Climate change adaptation		X	
The sustainable use and protection of water and marine resources		X	
The circular economy, including waste prevention and recycling		X	
Pollution prevention and control to air, water or land		X	
The protection and restoration of biodiversity and ecosystems		X	

DNSH PART 1 ASSESSMENT – INVESTMENT

8. The assessment below is in accordance with methodology contained in the Commission Guidance and the Annexes to the Guidance.

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation		X	The investment that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle of the project since the investments are mainly focused on mapping of processes and redesign (including software support) and creation of an Integrated eFiling system across the justice sector with the Courts being at the core of the system. Furthermore, EU public procurement criteria will be used whenever possible.
Climate change adaptation		X	The investment that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle since the investments are mainly focused on mapping of processes and redesign (including software support) and creation of an Integrated eFiling system across the justice sector with the Courts being at the core of the system.
The sustainable use and protection of water and marine resources		X	The investment that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle.
The circular economy, including waste prevention and recycling	X		
Pollution prevention and control to air, water or land		X	The investment that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle.
The protection and restoration of biodiversity and ecosystems		X	The investment that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle since the investments are mainly focused on mapping of processes and redesign (including software support) and creation of an Integrated eFiling system across the justice sector with the Courts being at the core of the system.

DNSH PART 2 ASSESSMENT

9. In accordance with the Technical Guidance further assessment is only provided for the environmental objective related to the circular economy.

Questions	No	Substantive Justification
The transition to a circular economy, including waste prevention and recycling: Is the measure expected to: (i) lead to a significant increase in the generation, incineration or disposal of waste, with the exception of the incineration of non-recyclable hazardous waste; or (ii) lead to significant inefficiencies in the direct or indirect use of any natural resource at any stage of its life cycle, which are not minimised by adequate measures; or (iii) cause significant and long-term harm to the environment in respect to the circular economy?	X	The investment is mainly focused on mapping of processes and redesign (including software support) and creation of an Integrated eFiling system across the justice sector with the Courts being at the core of the system. This is mainly addressed at reducing paper substantially. With regards to any potential redundant hardware, the disposal of the hardware will follow specific procedures to ensure that reuse and recycling will be pursued as applicable. This is in line with the policy of the beneficiary in this area.

9. Milestones, targets and timeline

The respective milestones, targets and timelines are presented in the Annex 2.6.

10. Financing and costs

The overall estimated cost of this component amounts to EUR 10M.

11. Loan request justification

N/A

Milestones and Targets for Component 6

ANNEX

Sequential Number	Component Name
6	Strengthening the Institutional Framework

Sequential Number	Component Reference	Reform / Investment	Measure -Short title	Is this a sub-measure for green and digital tagging? (Yes or leave empty)
0	0 - Overall		Overall impact of the plan	
1	6 - Strengthening the Institutional Framework	Reform	C6.R.1 - Reform the method of appointment and dismissal of the judiciary	
2	6 - Strengthening the Institutional Framework	Reform	C6.R.2 - Create a separate prosecution service	
3	6 - Strengthening the Institutional Framework	Reform	C6.R.3 - Reinforcing the institutional framework capacity to fight against corruption; Implementation of the National Anti-Fraud and Corruption Strategy (NAFCS)	
4	6 - Strengthening the Institutional Framework	Reform	C6.R.4 - Reform the Permanent Commission Against Corruption (PCAC)	
5	6 - Strengthening the Institutional Framework	Reform	C6.R.5 - Reform the Asset Recovery Bureau	
6	6 - Strengthening the Institutional Framework	Reform	C6.R.6 - A new appointment procedure of the Commissioner of Police	
7	6 - Strengthening the Institutional Framework	Reform	C6.R.7 - Implementation of the reform concerning the judicial review of decisions not to prosecute and other decisions of the Attorney General. This includes the assignment of the status of injured party at law to specific institutions when reporting a corrupt practice	
8	6 - Strengthening the Institutional Framework	Reform	C6.R.8 - Strengthening Malta’s AML/CFT regime	
9	6 - Strengthening the Institutional Framework	Reform	C6.R.9 - ATP - Code of Conduct Group	
10	6 - Strengthening the Institutional Framework	Reform	C6.R.10 - Specific Transfer Pricing Legislation	
11	6 - Strengthening the Institutional Framework	Reform	C6.R.11 - Completion of study on the relevance of measures related to inbound and outbound dividend, interest and royalty payments by companies established in Malta	
12	6 - Strengthening the Institutional Framework	Reform	C6.R.12 - Spontaneous Exchange of Information relating to individuals that are granted Citizenship by Naturalisation for Exceptional Services by Direct Investment (Citizenship Regulations)	
13	6 - Strengthening the Institutional Framework	Investment	C6.I.1 - Digitalisation in the Justice system	

Table 2.6 Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Timeline for completion (indicate the		Data source /Methodology	Responsibility for reporting and implementation	Description and clear definition of each milestone and target	Assumptions/ risks	Verification mechanism
					Unit of measure	Baseline	Goal	Quarter	Year					
6.1	6 - Strengthening the Institutional Framework - C6.R.1 - Reform the method of appointment and dismissal of the judiciary	Milestone	Entry into force of Act XLV of 2020; and Act XLIII of 2020	Provision in the law indicating the entry into force of Act XLV of 2020 and Act XLIII of 2020				Q3	2020	Ministry responsible for Justice	Ministry responsible for Justice	The Constitution was amended for the purpose of providing for the appointment of the Chief Justice with the approval of two-thirds of all the Members of the House of Representatives; for a change in the composition of the Judicial Appointments Committee so that the majority of its members are members of the judiciary; and to provide for the issuing of public calls for vacancies within the judiciary. Act XLV of 2020 establishes a new procedure through which members of the judiciary may be removed from the Bench or undergo disciplinary procedures.	N/A	Copy of the publication in the Government Gazette and reference to the relevant provisions indicating the entry into force, accompanied by a summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. This summary document shall include a reference to the provisions which fulfil the relevant elements of the milestone, as listed in the description of the milestone and the corresponding measure in the CID, with appropriate links to or copies of the document(s) mentioned in the summary document.
6.2	6 - Strengthening the Institutional Framework - C6.R.1 - Reform the method of appointment and dismissal of the judiciary	Target	Additional members of the judiciary		Number	42	47	Q2	2021	Ministry responsible for Justice	Ministry responsible for Justice	Following the adoption of Act XLIII of 2020, a call for applications for the appointment of four judges was published in the Government Gazette on 12 February 2021 and were appointed to the Bench in mid-April 2021 resulting in an increase in the headcount of Judges by three. Apart from this, the call for applications for the appointment of four Magistrates was published on 20 April 2021 and were appointed in June 2021 resulting in an increase in the headcount of Magistrates by two. This results in a net increase of five members of the judiciary.	Risk: Not finding enough interested and eligible candidates for the roles in questions, who are willing to subject themselves to this new method of appointment.	Summary document duly justifying how the target (including all the constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. More specifically, the summary document shall include as annex the following evidence: (a) copy of the publication of the two calls, showing that the competition is open to applications; (b) copy of the letters of appointment confirming the appointments of four judges and four magistrates; (c) official declaration signed by the relevant Ministry certifying the net increase of the headcount of judges by three and of headcount of magistrates by two (that is a net increase of five members of the judiciary).
6.3	6 - Strengthening the Institutional Framework - C6.R.1 - Reform the method of appointment and dismissal of the judiciary	Milestone	Independent review of the independence of specialised tribunals	Online publication of an independent review of specialised tribunals				Q4	2024	Ministry responsible for Justice	Ministry responsible for Justice	An independent contractor shall be engaged through public procurement procedures, in order to assess the independence of the specialised tribunals at national level. This assessment shall be carried out in communication with the Council of Europe's Venice Commission.	N/A	Summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall, more specifically, briefly describe the findings of the study: (i) regarding the assessment of the guarantees of independence for appointments of members to the specialised tribunals; (ii) regarding the guarantees which provide for the tribunals' decisions to be fully reviewed by the ordinary courts of appeal and (iii) regarding the concrete and precise policy recommendations. The summary document shall also describe how the assessment was carried out, in communication with the Council of Europe's Venice Commission. The summary document shall include as an annex the following evidence: (a) copy of the publication of the call for tenders, terms of reference and award notification related to the selection of the independent contractor to carry out the study; and (b) copy of the study resulting from the independent review of the independence of specialised tribunals and a link to the website where the report may be accessed
6.4	6 - Strengthening the Institutional Framework - C6.R.1 - Reform the method of appointment and dismissal of the judiciary	Milestone	Entry into force of legislative changes deemed necessary by the independent review of the independence of specialised tribunals	Provision in the law indicating the entry into force of the law introducing legislative changes deemed necessary by the independent review of specialised tribunals				Q1	2026	Follow up to the independent qualitative assessment/ review.	Ministry responsible for Justice	Legislative changes shall undertake remedial action based on the findings/recommendations made by the independent review on the independence of the specialised tribunals.	N/A	Copy of the publication in the Government Gazette and reference to the relevant provisions indicating the entry into force, accompanied by a summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. This summary document shall include a reference to the provisions which fulfil the relevant elements of the milestone, as listed in the description of the milestone and the corresponding measure in the CID, with appropriate links to or copies of the document(s)mentioned in the summary document. More specifically, this summary document shall include a reference to the provisions which are based on the findings/recommendations of the independent contractor. The summary document shall also explain how the legislative amendments take due account of the opinion of the Council of Europe's Venice Commission and will provide a copy of that opinion as an annex.

Table 2.6 Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

6.5	6 - Strengthening the Institutional Framework - C6.R.2 - Create a separate prosecution service	Milestone	Independent review on the transfer of summary cases from the Police to the Attorney General's (AG) Office.	Online publication of executive summary of the independent review on the transfer of summary cases from the Police to the AG's Office.				Q4	2024	Ministry responsible for Justice	Ministry responsible for Justice	A review shall be undertaken by an independent contractor on the transfer of the prosecution of less serious crimes from the Police to the Attorney General's Office, following the coming into force of the *Offences (Transitory Provisions) Regulations* of 2020 (L.N. 378 of 2020). The review shall formulate policy options and recommendations for the shift of the remaining cases (i.e. summary cases). It shall be shared with the European Commission.	N/A	Summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall describe the policy options and recommendations for the shift of summary cases from the Police to the AG's Office. The summary document shall include, as an annex the following evidence: (a) a copy of the publication of the call for tenders, terms of reference and award notification related to the selection of the independent contractor to carry out the study, (b) a copy of the study resulting from the independent review and a link to the website where the executive summary of the report may be accessed.
6.6	6 - Strengthening the Institutional Framework - C6.R.2 - Create a separate prosecution service	Milestone	Entry into force of legislative changes deemed necessary by the independent review on the transfer of summary cases from the Police to the AG's Office.	Entry into force of legal amendments deemed necessary by the independent review on the transfer of summary cases from the Police to the AG's Office				Q1	2026		Ministry responsible for Justice	The legislative changes shall be based on the findings/recommendations made by the independent review on the transfer of summary cases from the Police to the Attorney General's Office.	N/A	Copy of the publication in the Government Gazette and reference to the relevant provisions indicating the entry into force, accompanied by a summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. This summary document shall include a reference to the provisions which fulfil the relevant elements of the milestone, as listed in the description of the milestone and the corresponding measure in the CID, with appropriate links to or copies of the document(s) mentioned in the summary document. More specifically, this summary document shall include a reference to the provisions which are based on the findings/recommendations made by the independent contractor.
6.7	6 - Strengthening the Institutional Framework - C6.R.2 - Create a separate prosecution service	Target	Capacity building within the AG's Office		Number	56	87	Q4	2022	The Attorney General's Office HR Plan for 2021.	Ministry responsible for Justice	According to the Attorney General's Office Human Resources Plan (2021), a total of 31 new officers shall be employed within the Office by the end of 2022. These shall include the addition of new lawyers, Legal Procurators, managers - including senior managers - ICT officers, as well as other administrative and support staff.	Risk: Not finding interested and eligible candidates for the positions.	Summary document duly justifying how the target (including all the constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include, as an annex, a comprehensive list and brief description of the new staffing positions indicating also the date on which each of the positions were filled and the reference number of the employment contracts.
6.8	6 - Strengthening the Institutional Framework - C6.R.2 - Create a separate prosecution service	Milestone	Transfer of all non-summary cases to the AG's Office.	Transfer of all non-summary cases to the AG's Office.				Q4	2024	Standard Operating Procedures between the Police and the Attorney General's Office	Ministry responsible for Justice	The phased transition that started in 2020 to transfer all non-summary cases from the police force to the AG's office shall be completed.	Risk: HR implications: not finding the necessary number of eligible individuals interested to take up posts within the AG's Office, as well as re-structuring and adaptability issues.	Summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include, as an annex, certification signed by the AG that all non-summary cases have been transferred from the police force to the AG's office.
6.9	6 - Strengthening the Institutional Framework - C6.R.2 - Create a separate prosecution service	Milestone	Entry into force of Act No. XXVIII of 2021 entitled Criminal Code (Amendment No 5) Act	Provision in the law indicating the entry into force of Act No. XXVIII of 2021 entitled Criminal Code (Amendment No 5) Act				Q2	2021	Act No. XXVIII of 2021 entitled Criminal Code (Amendment No 5)	Ministry responsible for Justice	Act No. XXVIII of 2021 entitled Criminal Code (Amendment No 5) Act entered into force on 4 June 2021, provides for the necessary changes to be made to the Criminal Code in order to provide more legislative clarity following the taking over of prosecutions of serious offences by the Attorney General.	N/A	Copy of the publication in the Government Gazette and reference to the relevant provisions indicating the entry into force, accompanied by a summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. This summary document shall include a reference to the provisions which fulfil the relevant elements of the milestone, as listed in the description of the milestone and the corresponding measure in the CID, with appropriate links to or copies of the document(s) mentioned in the summary document. The summary document shall include as an annex the following evidence: (a) Internal guidelines setting out: (i) the conditions under which the delegation from the Attorney General to the Executive Police can be executed, (ii) the prosecution functions that can be delegated; (iii) and the procedural steps that shall be followed for the delegation to take place; (b) publicly available summary of the internal guidelines and a link where it can be accessed.

Table 2.6 Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

6.10	6 - Strengthening the Institutional Framework - C6.R.3 - Reinforcing the institutional framework capacity to fight against corruption; Implementation of the National Anti-Fraud and Corruption Strategy (NAFCS)	Milestone	Update of the 2008 National Anti-Fraud and Corruption Strategy	Online publication of the Updated National Anti-Fraud and Corruption Strategy				Q2	2021	The National Anti-Fraud and Corruption Strategy (NAFCS)	Internal Audit and Investigations (IAID) through the Coordinating Committee	The National Anti-Fraud and Corruption Strategy aims to ensure a normative, institutional and operational framework for the effective and efficient fight against fraud and corruption in Malta, reflecting local requirements and international obligations. The updated Strategy was made public when it was tabled in Parliament in the second quarter of 2021.	N/A	Summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. It will include, more specifically, an explanation demonstrating how the actions foreseen in the National Anti-Fraud and Corruption Strategy contribute to achieving the relevant elements of the milestone, as listed in the description of the milestone and the corresponding measure in the CID. The summary document shall include as an annex a copy of the updated National Anti-Fraud and Corruption Strategy and a link to the website where the Strategy may be accessed.
6.11	6 - Strengthening the Institutional Framework - C6.R.3 - Reinforcing the institutional framework capacity to fight against corruption; Implementation of the National Anti-Fraud and Corruption Strategy (NAFCS)	Milestone	National Risk Assessment and follow up strategy on fraud and corruption.	Online publication of the National Fraud Risk Assessment.				Q3	2022	The National Fraud Risk Assessment.	IAID through the Coordinating Committee	In line with Action Point 3 of the NAFCS, a National Risk Assessment (NRA) shall be undertaken by the Co-ordinating Committee set up according to the Internal Audit and Financial Investigations Act (Cap 461 of the Laws of Malta) and published. The aim of the NRA is to (i) maintain an effective risk-based regime to combat fraud and corruption, (ii) prioritise and allocate public sector resources efficiently, (iii) help National Authorities to assess the adequacy of their controls and strengthen them where necessary, (iv) increase awareness among the general public, and (v) update the present Action Plan which is an integral part of the NAFCS.	Risk: This milestone cannot be achieved if IAID and the other members of the Coordinating Committee do not have the required Human Resources available with the necessary skills, which may be mitigate through subcontracting services.	Summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. It will include an explanation demonstrating how the National Risk Assessment achieves the five aims contained in the description of the milestone. The summary document shall include as an annex a copy of the updated National Risk Assessment and a link to the website where it may be accessed.
6.12	6 - Strengthening the Institutional Framework - C6.R.3 - Reinforcing the institutional framework capacity to fight against corruption; Implementation of the National Anti-Fraud and Corruption Strategy (NAFCS)	Target	Two training programmes for appointed officials from the National Authorities		Number	0	52	Q1	2024	The sharing of the training material received and knowledge acquired with relevant stakeholders	IAID through the Coordinating Committee	In line with action point 6 of the NAFCS, at least two participants from 13 institutions forming part of the Coordinating Committee shall participate in each of the two training programmes. The first training shall provide basic courses for appointed officials from the National Authorities on legal background, investigations techniques, intelligence, analytical techniques, forensic accounting and information system tools. These training courses shall form part of a training programme that shall be concluded within one year. The second training shall be based on a training needs analysis.	Risk: This target cannot be achieved if IAID and the other members of the Coordinating Committee do not have the required Human Resources available with the necessary skills, which may be mitigate through subcontracting services.	Summary document duly justifying how the target (including all the constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include, as an annex the following evidence: (a) anonymised individual certificates, demonstrating that the appointed officials from the National Authorities have completed the training programmes, including an indication of the institutions that they represent; (b) the type of trainings provided with details of their content; (c) the date of commencement and the date of completion of each training; and (d) a report by the Coordinating Committee of the training needs analysis and how the second training programme reflects those needs identified.
6.13	6 - Strengthening the Institutional Framework - C6.R.3 - Reinforcing the institutional framework capacity to fight against corruption; Implementation of the National Anti-Fraud and Corruption Strategy (NAFCS)	Milestone	Central Documentary Repository System	Central Documentary Repository System accessible to institutions forming part of the co-ordinating Committee				Q4	2024		IAID through the Coordinating Committee	In line with action points 13 and 14 of the NAFCS, a central documentary repository system shall be created. This shall (i) store electronic documents, (ii) offer a centralized access to documents that may be easily retrieved by the institutions forming the Co-ordinating Committee set up according to the Internal Audit and Financial Investigations Act, and (iii) provide the necessary security for sensitive information.	Risk: This milestone cannot be achieved if IAID and the other members of the Coordinating Committee do not have the required Human Resources available with the necessary skills, which may be mitigate through subcontracting services.	Summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. This summary document shall include, as an annex, a certificate of provisional acceptance of the Central Documentary Repository System or similar document, signed by contractor and contracting authority, attesting that the project has been completed in line with the specifications contained in the description of the milestone in the CID annex, is operational and institutions forming part of the coordinating Committee have access to it.
6.14	6 - Strengthening the Institutional Framework - C6.R.3 - Reinforcing the institutional framework capacity to fight against corruption; Implementation of the National Anti-Fraud and Corruption Strategy (NAFCS)	Milestone	Database collating whistleblowing data	Database/repository on whistleblowing data operational and accessible by all anti-corruption entities				Q4	2024		Ministry responsible for Justice	Data/statistics to be made accessible by publishing regular information on (i) number of complaints received; (ii) when they are received; (iii) when they were treated; (iv) when the whistle-blower is informed of the outcome; (v) sectors reported.	N/A	Summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. This summary document shall include, as an annex, a certificate of provisional acceptance of the Database/repository on whistleblowing data or similar document, signed by contractor and contracting authority, attesting that the project has been completed, allows for the regular upload of data/statistics indicated in the description of the milestone in the CID annex is operational and all anti-corruption entities have access to the data/statistics in the manner described in the description of the milestone in the CID annex.

Table 2.6 Milestones and targets

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6.15	6 - Strengthening the Institutional Framework - C6.R.4 - Reform the Permanent Commission Against Corruption (PCAC)	Milestone	Entry into force of Act XLVI of 2020	Provision in the law indicating the entry into force of Act XLVI of 2020				Q3	2020	Ministry responsible for Justice	Ministry responsible for Justice	Act XLVI of 2020 grants further statutory reinforcement to the Permanent Commission Against Corruption. The Act specifies the provisions on how the Chairperson and members of the Commission are appointed. The Act specifies that if in the PCAC's opinion the conduct being investigated is corrupt or connected with or conducive to corrupt practices, the report is to be transmitted to the Attorney General.	N/A	Copy of the publication in the Government Gazette and reference to the relevant provisions indicating the entry into force, accompanied by a summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. This summary document shall include a reference to the provisions which fulfil the relevant elements of the milestone, as listed in the description of the milestone and the corresponding measure in the CID, with appropriate links to or copies of the document(s) mentioned in the summary document. More specifically, this summary document shall include a reference to the provisions concerning the reinforcement to the Permanent Commission Against Corruption, the appointment of the Chairperson and members of the Commission and the transmission of the report to the Attorney General when the PCAC is of the opinion that the conduct being investigated is corrupt or connected with or conducive to corrupt practices.
6.16	6 - Strengthening the Institutional Framework - C6.R.4 - Reform the Permanent Commission Against Corruption (PCAC)	Milestone	Budgetary and Human Resource Plans of the PCAC	Implementation of the Budgetary Human Resources Plans				Q4	2024	Ministry's responsible for Justice Human Resources Plan (2021)	Ministry responsible for Justice	By 31 December 2021, the PCAC shall draw up a budget plan as well as a Human Resources Plan for the next three years, increasing the staff capacity. The plan shall include needs (budget, operations, human resources) and set out how the needs are fulfilled. The plan shall be fully implemented by Q4 2024.	N/A	Summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include as an annex a copy of the Budgetary and Human Resources Plans of the PCAC, and a report by the competent authority demonstrating the implementation of the required actions that were included in the Budgetary and Human Resources Plan.
6.17	6 - Strengthening the Institutional Framework - C6.R.4 - Reform the Permanent Commission Against Corruption (PCAC)	Milestone	Creation of a digital registry of information on corruption cases held by the PCAC	PCAC digital registry on corruption cases operational				Q4	2024	Ministry responsible for Justice	Ministry responsible for Justice	A digital registry shall be created to collect information on corruption cases, actions/procedures in order to enhance the efficiency of the PCAC's operations and to support the work of other public authorities on matters falling within the PCAC's remit.	N/A	Summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. This summary document shall include, as an annex, a certificate of provisional acceptance of the PCAC digital registry on corruption cases, or similar document, signed by contractor and contracting authority, demonstrating that the project has been completed and is operational and is accessible by all other national anti-corruption institutions.
6.18	6 - Strengthening the Institutional Framework - C6.R.4 - Reform the Permanent Commission Against Corruption (PCAC)	Milestone	Adoption of an internal Standard Operating Procedure by the PCAC	Internal Standard Operating Procedure is applicable				Q4	2024		Ministry responsible for Justice	An internal Standard Operating Procedure shall provide a set of step by step instructions to help workers carry out routine operations. This shall include: (i) objective; (ii) legislation, scope and applicability; (iii) policy details; (iv) definitions relating to corruption, collusion, whistle-blower protection; (v) compliance with policy; (vi) record keeping/register; (vii) internal procedures (phases, office competence, inter-institutional cooperation); and (viii) training and communication.	N/A	Copy of the Standard Operating Procedure, guiding the internal operations of the Permanent Commission Against Corruption and a link to the website where the procedure can be accessed, accompanied by a summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. This summary document shall include references to the instructions in the Standard Operating Procedure concerning the eight elements indicated in the description of the milestone in the CID annex.
6.19	6 - Strengthening the Institutional Framework - C6.R.5 - Reform the Asset Recovery Bureau	Target	Increase the number of staff at the Asset Recovery Bureau		Number	11	45	Q4	2023	Implementation Strategy 2021-2023	Asset Recovery Bureau, Ministry responsible for Justice	In line with the Strategy of the Asset Recovery Bureau (2021-2023), a total of 45 officers (full-time equivalent) shall be employed within the Asset Recovery Bureau, including research officers, managerial level officials as well as administrative and support staff.	Risk: Not finding interested and eligible candidates for the position.	Summary document duly justifying how the target (including all the constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include, as an annex, a comprehensive anonymous list and brief job description of the new staff indicating also the date on which each post was filled and the reference number of the employment contract.
6.20	6 - Strengthening the Institutional Framework - C6.R.5 - Reform the Asset Recovery Bureau	Milestone	Entry into force of the Proceeds of Crime Act V of 2021	Provision in the law indicating the entry into force of the Proceeds of Crime Act V of 2021				Q1	2021	Ministry responsible for Justice	Ministry responsible for Justice	The Proceeds of Crime Act (Act No. V of 2021) redefines the structure of the Asset Recovery Bureau, whilst outlining its relationship with and reinforcing its independence from the Government.	N/A	Copy of the publication in the Government Gazette and reference to the relevant provisions indicating the entry into force, accompanied by a summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. This summary document shall include a reference to the provisions which fulfil the relevant elements of the milestone, as listed in the description of the milestone and the corresponding measure in the CID, with appropriate links to or copies of the document(s) mentioned in the summary document.

Table 2.6 Milestones and targets

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6.21	6 - Strengthening the Institutional Framework - C6.R.6 - A new appointment procedure of the Commissioner of Police	Milestone	Entry into force of Act XIX of 2020 amending the Police Act	Provision in the law indicating the entry into force of Act XIX of 2020 amending the Police Act				Q2	2020	Ministry responsible for Home Affairs	Ministry responsible for Home Affairs	Act XIX of 2020 amends the Police Act (Chapter 164 of the Laws of Malta) and Article 92 of the Constitution of Malta to establish a transparent and competitive process of appointment for the office of Commissioner of Police.	N/A	Copy of the publication in the Government Gazette and reference to the relevant provisions indicating the entry into force, accompanied by a summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. This summary document shall include a reference to the provisions which fulfil the relevant elements of the milestone, as listed in the description of the milestone and the corresponding measure in the CID, with appropriate links to or copies of the document(s)mentioned in the summary document.
6.22	6 - Strengthening the Institutional Framework - C6.R.7 - Implementation of the reform concerning the judicial review of decisions not to prosecute and other decisions of the Attorney General. This includes the assignment of the status of injured party at law to specific institutions when reporting a corrupt practice	Milestone	Entry into force of Act No XLI of 2020 on the judicial review of decisions not to prosecute by the Attorney General	Entry into force of Act No XLI of 2020				Q3	2020	Act XLI of 2020	Ministry responsible for Justice	Act XLI of 2020 amends the Constitution, the Criminal Code, and the Code of Organisation and Civil Procedure. It provides for a judicial review of decisions of the Attorney General not to prosecute on the ground of illegality or unreasonableness. The Permanent Commission Against Corruption (PCAC), the Ombudsman, the Commissioner for Standards of Public Life and the Auditor General have all been given the status of injured party at law. These institutions may therefore seek judicial review individually in cases referred by them to the Attorney General in the same manner as the injured party.	N/A	Copy of the publication in the Government Gazette and reference to the relevant provisions indicating the entry into force, accompanied by a summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. This summary document shall include a reference to the provisions which fulfil the relevant elements of the milestone, as listed in the description of the milestone and the corresponding measure in the CID, with appropriate links to or copies of the document(s) mentioned in the summary document. More specifically, this summary document shall include a reference to the provisions regarding (i) judicial review of decisions of the Attorney General not to prosecute on the ground of illegality or unreasonableness; and (ii) the granting of the status of injured party at law to the Permanent Commission Against Corruption (PCAC), the Ombudsman, the Commissioner for Standards of Public Life and the Auditor General to be able to seek judicial review individually in cases referred by them to the Attorney General in the same manner as the injured party.
6.23	6 - Strengthening the Institutional Framework - C6.R.7 - Implementation of the reform concerning the judicial review of decisions not to prosecute and other decisions of the Attorney General. This includes the assignment of the status of injured party at law to specific institutions when reporting a corrupt practice	Milestone	Independent review of the provision for injured parties (in Act XLI of 2020) to appeal the decision of the Attorney General not to prosecute.	Finalisation of independent review of the provision for injured parties (in Act XLI of 2020) to appeal the decision of the Attorney General not to prosecute.				Q2	2024	Venice Commission Opinion on Malta (14-15 December 2018)	Ministry responsible for Justice	The qualitative review shall assess the implementation of the judicial review reform. It shall be undertaken by an independent contractor engaged through a public procurement procedure. The review shall assess the effects of Act XLI of 2020 and whether an appeal against non-prosecution by the AG or the Police should also be made possible when there is no prosecution within a reasonable time. The review shall also assess whether the “injured parties” mentioned in Act XLI of 2020 should also be able to appeal against non-prosecution in all cases and not only when they reported these acts to the Attorney General. The study shall be shared with the European Commission.	N/A	Summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall briefly describe the findings of the study as regards the elements described in the description of the milestone in the CID annex. The summary document shall include as annexes: (a) a copy of the publication of the call for tenders, terms of reference and award notification related to the selection of the independent contractor to carry out the study; (b) a copy of the study referred to in the description of the milestone; (c) a link to the website where the executive summary of the study can be accessed.
6.24	6 - Strengthening the Institutional Framework - C6.R.7 - Implementation of the reform concerning the judicial review of decisions not to prosecute and other decisions of the Attorney General. This includes the assignment of the status of injured party at law to specific institutions when reporting a corrupt practice	Milestone	Entry into force of legislative changes amending the judicial review for injured parties to appeal the decision of the Attorney General not to prosecute	Entry into force of legislative changes amending the judicial review for injured parties to appeal the decision of the Attorney General not to prosecute				Q1	2026	Ministry responsible for Justice	Ministry responsible for Justice	Based on the findings/recommendations of the independent review of the provision for injured parties (in Act XLI of 2020) to appeal the decision of the Attorney General not to prosecute, legislative amendments shall enter into force in order to adjust the possibility of the 'injured parties' mentioned in Act XLI of 2020 being able to: (i) appeal against non-prosecution by the AG and the Police when there is no prosecution within a reasonable time; (ii) appeal against non-prosecution in all cases and not only when they reported these acts to the Attorney General.	N/A	Copy of the publication in the Government Gazette and reference to the relevant provisions indicating the entry into force, accompanied by a summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. This summary document shall include a reference to the provisions which fulfil the relevant elements of the milestone, as listed in the description of the milestone and the corresponding measure in the CID, with appropriate links to or copies of the document(s) mentioned in the summary document. This summary document shall include a reference to the adjusted provisions concerning the possibility of the 'injured parties' to: (a) appeal against non-prosecution by the AG and the Police when there is no prosecution within a reasonable time; and (b) appeal against non-prosecution in all cases and not only when they reported these acts to the Attorney General.

Table 2.6 Milestones and targets

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6.25	6 - Strengthening the Institutional Framework - C6.R.8 - Strengthening Malta's AML/CFT regime	Milestone	Completed implementation of the action plan of the National anti-money laundering/ combating terrorist financing/targeted financial sanctions (AML/CFT/TFS) strategy and action plan for 2021 – 2023	Online publication of the final report demonstrating that the action plan of the national AML/CMT/TFS strategy and action plan for 2021-2023 has been fully implemented.				Q4	2023	The National Coordinating Committee on Combating Money Laundering and Funding of Terrorism (NCC) together with all the stakeholders of the Strategy	The National Coordinating Committee on Combating Money Laundering and Funding of Terrorism (NCC) together with all the stakeholders of the Strategy	All the actions under the seven Policy Goals defined in the national AML/CMT/TFS strategy and action plan for 2021-2023 (including a new iteration of the national risk assessment) have been fully implemented. This shall be demonstrated in a final report prepared by the National Coordinating Committee on Combating Money Laundering and Funding of Terrorism (NCC) Secretariat and endorsed by the NCC Board following consultation with the main stakeholders. The main stakeholders shall include the Ministries responsible for Finance, Home Affairs and Justice, the Asset Recovery Bureau, the Central Bank of Malta, the Commissioner for Revenue, Financial Intelligence Analysis Unit (FIAU), Malta Financial Services Authority (MFSA), Malta Gaming Authority (MGA), Malta Police Force and the Attorney General.	N/A	Summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. This summary document shall include, as an annex, the final report prepared by the National Coordinating Committee on Combating Money Laundering and Funding of Terrorism (NCC) Secretariat and endorsed by the NCC Board demonstrating the implementation of required actions that were included in under the seven Policy Goals defined in the national AML/CMT/TFS strategy and action plan for 2021-2023 (including a new iteration of the national risk assessment). The report shall also list the stakeholders that were consulted.
6.26	6 - Strengthening the Institutional Framework - C6.R.8 - Strengthening Malta's AML/CFT regime	Target	Number of annual AML/CFT trainings		Number	5	10	Q2	2022	The National Coordinating Committee on Combating Money Laundering and Funding of Terrorism (NCC) together with all the members of the sub-committee.	The National Coordinating Committee on Combatting Money Laundering and Funding of Terrorism (NCC) together with all the members of the sub-committee.	10 AML/CFT trainings shall be provided in 2021. The specific content of the courses shall be specified on the basis of the training needs identified by the specific NCC subcommittee that coordinates AML/CFT/CPF training and outreach initiatives. Training shall be open in particular to the members of the same sub-committee. Members of this sub-committee are the: - Financial Intelligence Analysis Unit (FIAU) - Malta Financial Services Authority (MFSA) - Malta Gaming Authority (MGA) - Malta Police Force (MPF) - Office of the Attorney General (AGO) - Office of the Commissioner for Revenue (OCfR) - Malta Security Services (MSS) - Malta Business Registry (MBR) - Department of Customs - Asset Recovery Bureau (ARB) - Office of the Commissioner for Voluntary Organisations (OCVO) - Sanctions Monitoring Board (SMB).	Assumption: Even with COVID training needs have been addressed more effectively via webinars.	Summary document duly justifying how the target (including all the constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include as an annex the following evidence and elements: (a) a list of the anonymised individual certificates indicating the content and duration of the training undertaken, proving that the training programme has been completed and the name of the sub-committee the person undertaking the training is the member of, (b) the programme of each of the 10 training courses, the type of training provided, with detail of its content; and (c) report by the responsible body that the training programme courses were based on the training needs identified by the specific NCC subcommittee that coordinates AML/CFT/CPF training and outreach initiatives.
6.27	6 - Strengthening the Institutional Framework - C6.R.8 - Strengthening Malta's AML/CFT regime	Milestone	Implementation of any actions required following FATF evaluation, including through legal measures	Implementation of any actions required following the FATF evaluation, including through legal measures				Q4	2023	FATF evaluation	Ministry responsible for Finance	The Financial Action Task Force has provided an evaluation of Malta's AML framework in June 2021. Malta commits to implement, including through legislation and regulation, all recommendations provided by FATF by December 2023. The milestone requires that all measures necessary to address all shortcomings identified by FATF are entered into force and/or are fully operational and able to deliver the required effects.	Risk: FATF evaluation may be delayed.	Summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall contain, in an annex the following evidence: (a) a report providing a list of the recommendations made by the Financial Action Task Force (FATF) and a detailed description of how the measures adopted have implemented those recommendations, specifying when the measures entered into force and/or were made fully operational and able to deliver the required effect; (b) for legislative measures, copy of the publication in the Government Gazette and reference to the relevant provisions indicating the entry into force.
6.28	6 - Strengthening the Institutional Framework - C6.R.9 - ATP - Code of Conduct Group	Milestone	Entry into force of a revised corporate tax return to collect information on dividends derived from bodies of persons resident in jurisdictions listed in the Code of Conduct Group list non-cooperative jurisdictions.	Entry into force of a revised corporate tax return				Q2	2022	Commissioner for Revenue	Commissioner for Revenue	Entry into force of revised corporate tax return for the fiscal year 2021. This is an administrative measure through which the tax return shall request data relative to dividends derived from bodies of persons resident in jurisdictions listed in the Code of Conduct Group list of non-cooperative jurisdictions.	N/A	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. The summary document shall include a reference to the provisions of the tax return that request the data relative to dividends derived from bodies of persons resident in jurisdictions listed in the Code of Conduct Group list of non cooperative jurisdictions. This summary document shall include as an annex, the following evidence: (a) a copy of the publication of the legal notice in the Government Gazette, including a reference to the relevant provisions indicating its entry into force and link to the website where the legal notice may be accessed. (b) a copy of the revised corporate tax return and a link to the website where the form may be accessed.

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6.29	6 - Strengthening the Institutional Framework - C6.R.9 - ATP - Code of Conduct Group	Target	Assignment of dedicated staff for the scrutiny of taxpayers in this area of taxation	Assignment of dedicated staff for the scrutiny of taxpayers in this area of taxation	Number	0	2	Q3	2022	Commissioner for Revenue	Commissioner for Revenue	Two investigators are assigned to work full time for the scrutiny of taxpayers in respect of holdings in bodies of persons resident in jurisdictions listed in the Code of Conduct Group list of non-cooperative jurisdictions.	N/A	Summary document duly justifying how the target (including all the constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include, as an annex, the anonymised HR records demonstrating the assignment of the two investigators to work full time for the scrutiny of taxpayers in respect of holdings in bodies of persons resident in jurisdictions listed in the Code of Conduct Group list of non-cooperative jurisdictions.
6.30	6 - Strengthening the Institutional Framework - C6.R.10 - Specific Transfer Pricing Legislation	Milestone	Entry into force of the relevant enabling provision for the introduction of transfer pricing rules	Provision in the law indicating entry into force of the relevant enabling provision for the introduction of transfer pricing rules				Q2	2021	Commissioner for Revenue	Commissioner for Revenue	The legal provisions (Budget Measures Implementation Act) required for the introduction of transfer pricing are enacted and fully in force.	N/A	Copy of the publication in the Government Gazette and reference to the relevant provisions indicating the entry into force, accompanied by a summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. This summary document shall include a reference to the provisions which fulfil the relevant elements of the milestone, as listed in the description of the milestone and the corresponding measure in the CID, with appropriate links to or copies of the document(s) mentioned in the summary document.
6.31	6 - Strengthening the Institutional Framework - C6.R.10 - Specific Transfer Pricing Legislation	Milestone	Consultation of stakeholders and drafting of specific transfer-pricing rules	Consultation of stakeholders and drafting of specific transfer-pricing rules completed and the draft legal notice transmitted to the Cabinet for approval				Q2	2022	Commissioner for Revenue	Commissioner for Revenue	The consultation with stakeholders is completed. The draft legal notice on specific transfer pricing rules is transmitted to Cabinet for approval. The consultation shall aim to obtain information that has relevance to the scope and the procedure relating to advance pricing agreements. The main stakeholders shall be made up of representative bodies of professionals that deal with taxation matters and shall include accountants, lawyers and other tax practitioners.	Assumption: All major stakeholders are already on board. Target date dependent on outcome of discussions with stakeholders.	Summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. This summary document shall include, as an annex the following evidence: (a) a report by the competent authority demonstrating that the consultation of stakeholders was completed and carried out in line with the description of the milestone; (b) copy of the draft legal notice on specific transfer pricing rules transmitted to the Cabinet for approval.
6.32	6 - Strengthening the Institutional Framework - C6.R.10 - Specific Transfer Pricing Legislation	Milestone	Entry into force of specific transfer-pricing rules	Entry into force of specific transfer-pricing rules				Q4	2022	Commissioner for Revenue	Commissioner for Revenue	Entry into force of specific rules relating to the arms-length principle and advanced pricing agreements. These rules shall become applicable as from Q1 of 2024.	Assumption: The Ministry responsible for Finance is committed to the publication of such rules so it is envisaged that these will be approved by Cabinet. Target date dependent on "Consultation and drafting of detailed transfer-pricing rules" Milestone.	Copy of the publication in the Government Gazette and reference to the relevant provisions indicating the entry into force, accompanied by a summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. This summary document shall include a reference to the provisions which fulfil the relevant elements of the milestone, as listed in the description of the milestone and the corresponding measure in the CID, with appropriate links to or copies of the document(s)mentioned in the summary document.
6.33	6 - Strengthening the Institutional Framework - C6.R.10 - Specific Transfer Pricing Legislation	Target	Recruitment and training of staff by tax authorities to specialise on application of transfer pricing rules.		Number	2	8	Q2	2023	Commissioner for Revenue	Commissioner for Revenue	Additional six officials are recruited. All eight officials working on the application of transfer pricing rules are trained to work with the Competent Authority and Investigations Division on transfer pricing. It is envisaged that training shall take the form of courses whereby each officer shall receive a minimum of 80 hours of training including on the arm's length principle, the concept of comparability and the transfer pricing methods in the OECD Transfer Pricing Guidelines, transfer pricing documentation and dispute resolution, particularly as these relate to the published transfer pricing rules.	Risk: Full employment - saturation of recruitment market.	Summary document duly justifying how the target (including all the constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include, as an annex the following evidence: (a) a brief description of the new staffing positions indicating also the date on which each of the positions were filled and the reference number of the employment contract; (b) the anonymised individual certificates of completion, indicating the content and duration of the training and proving that the training programme has been completed; (c) the number of training hours completed by each officer; and d) the type of training provided, with detail of its content.

Table 2.6 Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

6.34	6 - Strengthening the Institutional Framework - C6.R.10 - Specific Transfer Pricing Legislation	Target	Training events for tax practitioners and company representatives		Number	0	2	Q4	2023	Commissioner for Revenue	Commissioner for Revenue	Two training events shall be provided by the Commissioner for Revenue officials, in cooperation with industry actors where necessary. The training shall span 12 hours and shall cover topics such as the scope, Advance Pricing Agreements and transfer pricing methods. At least 250 tax practitioners and company representatives dealing with cross border business are targeted for these events.	N/A	Summary document duly justifying how the target (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. More specifically, the summary document shall explain how the target of at least 250 tax practitioners and company representatives dealing with cross border business for the training events was achieved. The summary document shall include as an annex the following evidence: (a) a list of anonymised individual certificates of completion proving that the training programme has been completed; and (b) the number of training hours completed, the type of training provided, including a brief description of its content.
6.35	6 - Strengthening the Institutional Framework - C6.R.11 - Completion of study on the relevance of measures related to inbound and outbound dividend, interest and royalty payments by companies established in Malta	Milestone	Study concerning measures relating to inbound and outbound dividend, interest and royalty payments.	The full study concerning measures relating to inbound and outbound dividend, interest and royalty payments is shared with the European Commission.				Q4	2022	Commissioner for Revenue	Commissioner for Revenue	The study shall be provided by an independent contractor engaged through public procurement procedures. The study shall analyse the state of play and provide recommendations for legal measures necessary to address outbound and inbound dividend, interest and royalty payments, between companies established in Malta and related companies established in jurisdictions that either form part of the EU list of non-cooperative jurisdictions or that are considered to be zero-tax or low-tax jurisdictions. The recommendations shall provide analysis and concrete proposals to strengthen anti-Base Erosion and Profit Shifting measures to prevent tax fraud and tax evasion. The Executive Summary shall be published on the government's website and the full study shall be shared with the European Commission.	Risk: meeting the deadline due to the complexity of the subject matter.	Summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. More specifically, this summary document shall demonstrate how the actions (recommendations and concrete proposals) foreseen in the study contribute to strengthening anti-Base Erosion and Profit Shifting measures to prevent tax fraud and tax evasion. The summary document shall include as an annex the following evidence: (a) a copy of the publication of the call for tenders, terms of reference and award notification related to the selection of the independent contractor to carry out the study; and (b) a copy of the study referred to in the milestone description; (c) a link to the Executive Summary published on the government's website.
6.36	6 - Strengthening the Institutional Framework - C6.R.11 - Completion of study on the relevance of measures related to inbound and outbound dividend, interest and royalty payments by companies established in Malta	Milestone	Entry into force of legislation related to inbound and outbound payments	Entry into force of legislation related to inbound and outbound payments				Q3	2024	Commissioner for Revenue	Commissioner for Revenue	This legislation shall be introduced with the aim to mitigate risks identified from the study on inbound and outbound payments (such as dividends, interest and royalties).	Risk: Completion of study on time and Parliamentary process.	Copy of the publication in the Government Gazette and reference to the relevant provisions indicating the entry into force, accompanied by a summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. This summary document shall include a reference to the provisions which fulfil the relevant elements of the milestone, as listed in the description of the milestone and the corresponding measure in the CID, with appropriate links to or copies of the document(s) mentioned in the summary document. This summary document shall include, as an annex, the following evidence: (a) a report demonstrating how the enacted legal provisions address the recommendations and concrete proposals of the study in milestone 6.35 and are expected to achieve the aim of mitigating risks identified by the study on inbound and outbound payments (such as dividends, interest and royalties).
6.37	6 - Strengthening the Institutional Framework - C6.R.12 - Spontaneous Exchange of Information relating to individuals that are granted Citizenship by Naturalisation for Exceptional Services by Direct Investment (Citizenship Regulations)	Milestone	Entry into force of spontaneous exchange of information (SEOI)	Publication of the guidelines and application forms requiring spontaneous exchange of information				Q1	2022	Commissioner for Revenue and Community Malta Agency	Commissioner for Revenue and Community Malta Agency	Entry into force of a spontaneous exchange of information mechanism, whereby Malta's tax authorities exchange information with original jurisdictions of tax residence of successful applications of the Citizenship by Naturalisation for Exceptional Services by Direct Investment (Citizenship Regulations) that are party to the OECD Convention on Mutual Assistance in Tax Matters and to other jurisdictions that are not party to this Convention but with which Malta has a bilateral exchange of information mechanism in place, about persons that shall be granted citizenship under this scheme in future. The entry into force is determined by the publication of the respective revised guidelines and application forms.	N/A	Summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include copies and links to the published revised guidelines and application forms requiring spontaneous exchange of information and an indication of the date of publication and entry into force of the respective revised guidelines and application forms.

Table 2.6 Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

6.38	6 - Strengthening the Institutional Framework - C6.I.1 - Digitalisation in the Justice system	Milestone	Entry into force of (i) Act No. LIII of 2020 (Amendment No. 2); and (ii) Act No. III of 2021 (Amendment No. 2) on digitalisation of the law courts.	Entry into force of (i) Act No. LIII of 2020 (Amendment No. 2) and (ii) Act No. III of 2021 (Amendment No. 2) on digitalisation of Law Courts				Q1	2021	Ministry responsible for Justice	Ministry responsible for Justice	Act LIII of 2020 (Amendment No. 2) amended the Code of Organization and Civil Procedure and made it possible for civil proceedings to be held via live video conferencing facilities. Act III of 2021 (Amendment No. 2) amended the Criminal Code and made it possible for criminal judicial acts to be filed electronically.	N/A	Copy of the publication in the Government Gazette of Act LIII of 2020 and Act III of 2021 (Amendment No. 2) and reference to the relevant provisions indicating the entry into force, accompanied by a summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. This summary document shall include a reference to the provisions which fulfil the relevant elements of the milestone, as listed in the description of the milestone and the corresponding measure in the CID, with appropriate links to or copies of the document(s)mentioned in the summary document. More specifically, this summary document shall include a reference to the provisions making it possible for: (a) civil proceedings to be held via live video conferencing facilities; and (b) criminal judicial acts to be filed electronically.
6.39	6 - Strengthening the Institutional Framework - C6.I.1 - Digitalisation in the Justice system	Target	Expenditure incurred for the digitalisation of the justice system		EUR	0	2000000	Q4	2023	Ministry responsible for Justice	Ministry responsible for Justice	At least EUR 2 000 000 has been paid out in line with contractual obligations in relation to the digitalisation of the Justice system.	Risk: procurement delays and delays in implementation can have on impact on the completion date.	Summary document duly justifying how the target (including all the constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall also include, as an annex: (a) copies of contracts signed with all chosen contractual counterparts; and (b) copies of the invoices
6.40	6 - Strengthening the Institutional Framework - C6.I.1 - Digitalisation in the Justice system	Milestone	Launch and availability to users of the developed IT tools and systems	Launch and availability to users of the developed IT tools and systems				Q2	2026	Ministry responsible for Justice	Ministry responsible for Justice	The development of all the IT tools and systems is completed, launched and made fully available to the primary stakeholders.	Risk: procurement delays and delays in implementation can have on impact on the completion date.	Summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall also include, as an annex, a certificate of provisional acceptance or similar document and signed by the contractor and the competent contracting authority, demonstrating that the project has been completed, is operational and has been launched and made fully available to primary stakeholders.

Table 2. Estimated cost of the plan and green and digital impact

Table to be filled in with the estimates of expected costs in EUR in current prices. This table should provide a summary of the key information on costing for each reform/investment. Additional, more detailed information should be submitted separately. "Estimated costs": Please note that only the costs for which RRF funds are requested should be entered here. "Funding from other sources": Please state here the source and amount in cases, in which the same reform/investment or a reform/investment that is closely linked receives or is expected to receive funds from other sources (which should not cover the same cost). "Methodology used and description of the costs": Please describe briefly the methodology and mention the main cost drivers. "Source of methodology" (if any): Please provide references to the methodology and data sources that you used. "Specify source" and "Possible reference to past EU programs" (under comparative costing data): Please mention past investment/reform projects that are benchmarks for the cost estimate and the source of the costs for these projects. "Independent validation" (if any): Please provide the name of the validating organisation/ agency, and a reference to the validation document.

Sequential Number	Related Measure (Reform or investment)	Relevant time period		Estimated costs for which funding from the RRF is requested										Funding from other sources (as requested by Art. 8 in the Regulation)				COFOG level 2 category *(or 'Not relevant' in case of a revenue measure)*	Methodological Information		Comparative costing data from past reforms/investments			Independent validation (encouraged)								
				Total requested		If available: split by year								From other EU programmes		From National budget or other sources												Digital objectives		Tagged RRF contribution	
		From date	To date	Amount (mn EUR)	Repayable financial support (loans) / Non-repayable financial support (grants)	2020	2021	2022	2023	2024	2025	2026	Amount (mn EUR)	Specify the EU programmes *[Breakdown by programme if relevant (e.g. regional operational programme)]*	Amount (mn EUR)	Specify source		Methodology used and description of costs	Specify source	Amount (mn EUR)	Specify source	Possible reference to past EU programs	Name of the validating entity and reference to the validation			Climate Tag	Environmental Tag	Intervention field	Digital Tag	Climate	Digital
1	6 - Strengthening the Institutional Framework - C6.I.1 - Digitalisation in the Justice system	01/01/2021	31/12/2026	10	Grants		0.1	0.7	1.2	3.5	3.3	1.2	0.0		0.0		03.3 - Law courts	The cost per item was based on the estimates provided by experts from the Ministry responsible for Justice and Governance. Each of the items was divided into capital costs and subscription costs. For sub components that are similar to past projects, rates in past contract were used as a bases upon which the new cost were estimated. For subcomponents that are entirely different, the estimated cost of the sub component was based on market research and experience. The Wi-fi provision throughout courts covers the procurement of all Wifi and related networking equipment, modems, Access Points, firewalls, switches, controllers and passive requirements throughout the courts and judiciary buildings. Costs foreseen under this investment exclude recurrent costs. All costings claimed under the RRP exclude VAT amounts.	Information was obtained from four distinct sources, namely; current contracts in place (where available), past contracts of a similar nature, market research and past experience obtained from the responsible ministry		ID: CFT 027-6031-2017 Mpu-mfcs / 20022; T050/17; CT3063/2020; T003/20); CT 3225/2018; CT3057/2014; MHAS 158/2014; T026/20; T027/18; CT3083/2017; MJCL/MPU/131/2019; T002/18; CT3098/2018; T016/18; MJCL/MPU/141/2019 PT 1; MCC72/2018; MGOZ/MPU T 35/2020	N/A					4 - 011quater - Digitalisation of Justice Systems	1	0	10

Justification of the addendum

As noted in Part 1 of this Plan and further outlined in this Chapter, the challenges arising from the war in Ukraine highlight immediate needs to take swift action to ensure enhanced resilience in the domestic energy mix and reduce dependency on fossil fuels. This is critical in the face of the current energy crisis and the increase in energy prices impacting the economy and society at large. Addressing Malta's challenges in relation to energy security of supply, the electricity grid widening, strengthening and balancing, as well as enhanced diversification of the energy mix is also crucial to speed up the process towards climate neutrality by 2050. In this respect, the measures presented in the REPowerEU Chapter of this Plan are in line with the REPowerEU Plan[1] and REPowerEU objectives.

In order to address these challenges while ensuring recovery and resilience in line with the general and specific objectives of the Facility, this addendum is based on Article 21a of the RRF Regulation[2], through which Malta will benefit from the additional non-repayable financial support to contribute to the REPowerEU objectives under Article 21c(3)(b) and 21c(3)(e) of the said Regulation[3]. Furthermore, through this addendum, Malta will avail itself of the provisions under Article 21b(2) of the said Regulation and therefore benefit from voluntary transfers from the Brexit Adjustment Reserve (BAR).

[1] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions (2022) REPowerEU Plan COM(2022) 230 final; https://eur-lex.europa.eu/resource.html?uri=cellar:fc930f14-d7ae-11ec-a95f-01aa75ed71a1.0001.02/DOC_1&format=PDF

[2] As amended by Regulation (EU) 2023/435 of the European Parliament and of the Council of 27 February 2023 amending Regulation (EU) 2021/241 as regards REPowerEU chapters in recovery and resilience plans and amending Regulations (EU) No 1303/2013, (EU) 2021/1060 and (EU) 2021/1755, and Directive 2003/87/EC.

[3] Ibid.

REPowerEU Chapter: Description of Reforms and Investments

1. Description of the component

Summary Box – REPowerEU Chapter

Policy area/domain: Green: Energy and Climate Sector

Objective: Supporting the accelerated transition towards climate neutrality and reducing reliance on fossil fuels by fostering initiatives towards renewable energy sources, strengthening and extending Malta's electricity grid and network.

Reforms and investments:

The policy reform and investment outlined hereunder aim to directly contribute to the challenges outlined in the 2022 Country Specific Recommendations (CSR) 1 and 4 relating to, amongst others, reducing the overall reliance on fossil fuels by accelerating the deployment of renewables, further upgrading Malta's electricity transmission and distribution grids and facilitating electricity storage while also improving energy efficiency. The reform and investment presented in this Chapter form part of a comprehensive approach to address Malta's needs and challenges in the achievement of Sustainable Development Goal 7 and climate neutrality targets. They are also complementary to other RRP components and the ERDF/CF/JTF Programme 2021-2027, amongst others.

Reform:

i. Review of existing permitting systems to streamline processes and accelerate permit-granting procedures for renewable energy projects

Investment:

i. Strengthening and widening the electricity distribution network, through investments in the grid, distribution services and battery storage EUR 69.9 M.

Estimated cost: The overall estimated cost of this component to be covered by the Recovery and Resilience Facility amounts to EUR 69.9 M.

2. Main Challenges and Objectives

a) Main Challenges

Pursuant to the EU's ambition in reducing greenhouse gas emissions by at least 55% by 2030, Malta aims to continue supporting the increase in renewables and energy efficiency, thereby contributing towards the main elements of the 'fit for 55' package. One of the objectives of this package involves the revision of the Renewable Energy Directive which aims to align EU energy targets by boosting the share of renewables in the EU thereby reducing the carbon footprint of the energy sector.

Being a small island state, Malta already faces various challenges due to its geophysical characteristics including small size, insularity, high population density, lack of natural resources and land space, absence of natural gas for domestic use and district heating and cooling networks, as well as climatic conditions which inhibit possibilities for energy diversification.

As noted in the *Malta Low Carbon Development Strategy (2021)*, in recent years Malta sought to move away from reliance on fossil fuel for electricity generation while increasing efficiency in power generation, resulting in emissions reduction since 2014[4]. Advances have been also made through the modern Combined Cycle Gas Turbines (CCGT) plants and the introduction of the first cable interconnector to Italy. While Malta has transformed its energy mix used for electricity generation from one based on heavy fuel oil and gasoil to a more sustainable energy mix based on natural gas, electricity imports and renewables, GDP and population growth have intensified pressure on land and natural resources, also making it difficult to restrain energy consumption. This is accentuated by the fact that apart from RES, Malta has no indigenous energy sources and is dependent on imported fuel and electricity through the MT-IT subsea cable. Over the next few years, electricity demand is expected to increase with rising economic activity, population, gradual transition to electric mobility, shore-to-ship supply, and increased digitalisation efforts. Considering Malta's expected increase in energy demands[5], addressing these challenges within the context of climate neutrality commitments and the increase in energy prices is critical.

Given Malta's island realities and projected energy demand, investment in grid, storage infrastructure and continued investments in fostering the energy mix and provide added security of supply remain of utmost importance. As indicated in Malta's *Smart Specialisation Strategy*[6] and Malta's *National Strategy for Research and Innovation in Energy and Water*[7] the increase in capacity

[4] Ministry for the Environment, Climate Change and Planning (2021) Malta Low Carbon Development Strategy, available from: https://unfccc.int/documents/311041

[5] Eurostat (2019) Population projections in the EU. https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Population_projections_in_the_EU

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

[7] 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

of RES at national level and the efforts addressing the intermittency of electricity generation, particularly to maintain the stability of electricity grids, must continue to be strengthened.

Malta has only one electricity cable link (225MW capacity) with the EU through the interconnector with Italy. Further electricity interconnectivity is required to enable an increase in indigenous renewable electricity generation, especially offshore RES, by providing a buffer to counterbalance for the RES intermittency and by enhancing the stability and balancing of the Maltese electricity grid. However, further interconnectivity without the enhancement of the Maltese distribution grid would not bring to fruition these benefits. The current physical gas isolation is also at a disadvantage to Malta's possibilities to reach its decarbonisation target by 2050 in comparison to other Member States that are heavily interconnected through other alternatives including pipelines which would give them access to low-carbon gases such a hydrogen and biomethane.

In 2021, Government started working on the implementation of the second cable interconnector between Malta and Italy (225MW capacity) which is foreseen to be funded under Malta's ERDF/CF/JTF Programme 2021-2027. This cross-border initiative, together with efforts to strengthen and widen the electricity grid, will collectively contribute towards grid stability and security of energy supply.

b) Objectives

In view of the challenges mentioned above and noting the importance of more affordable, secure and sustainable energy, Government aims to explore investments in the electricity network to complement investments foreseen through Cohesion Policy. The importance of strengthening and widening the electricity distribution network, including to allow more deployment of RES, is further pronounced in view of Malta's exposure to international prices. Malta does not have a direct gas pipeline interconnection to the EU and does not import LNG or oil from Russia, however, its risk exposure to Russia is high because it imports around 20% of its electricity needs from Italy through the cable link with Sicily, which in turn, depends on imports of Russian gas. Malta's share of renewables in its energy mix is also low. Its exposure to international price hikes and volatility of energy prices could be further mitigated if it were to accelerate the move towards renewables.

Within this context, measures under this REPowerEU Chapter aim to contribute towards the REPowerEU objectives in line with Article 21c(3) (b) and Article 21c(3) (e) of the RRF Regulation[8] by accelerating the deployment of renewable energy, addressing internal energy transmission and distribution bottlenecks, supporting electricity storage and supporting zero-emission transport and its infrastructure.

The reform and investment proposed aim to address the following main objectives:

i. to streamline and accelerate permit-granting procedures for renewable energy projects with a view to fast track the uptake of RES;

[8] As amended by Regulation (EU) 2023/435 of the European Parliament and of the Council of 27 February 2023 amending Regulation (EU) 2021/241 as regards REPowerEU chapters in recovery and resilience plans and amending Regulations (EU) No 1303/2013, (EU) 2021/1060 and (EU) 2021/1755, and Directive 2003/87/EC.

ii. to enable the increase in the share of renewables for Malta at a lower-cost compared to other more costly offshore solutions thereby reducing the reliance on local electricity generation from fossil fuels including LNG, and decrease the indirect exposure from electricity imports price fluctuations from Italy through the cable link;

iii. to strengthen the distribution network to promote and incentivise private investments in large scale RES installations by facilitating the grid connection;

iv. to strengthen the Maltese electricity grid to provide a firm, flexible and fast-responding energy supply to the consumer.

Such initiatives aim to contribute towards bridging the national energy needs and gaps identified in Malta's energy and climate policy framework and Malta's 2022 Country Report. These interventions build on the initiatives foreseen under Component 1 and Component 2 and aim to also contribute towards the European Flagship 'Power Up'. The main objectives of the reform and investment as described hereunder are to further facilitate and accelerate Malta's efforts towards enhanced clean energy and the uptake of renewable energy in accordance with the REPowerEU Plan and its objectives, thereby contributing to European Green Deal targets and commitments.

3. Description of the reforms and investments of the component

Summary Box: Measures added/scaled up with grants (Article 21a, 21b (2), 18(2))

Name of the measure	Where relevant: existing CID reference number[1]	Estimated Cost
C7 R.1 - Review of existing permitting systems to streamline processes and accelerate permit-granting procedures for renewable energy projects	Not Applicable	Not Applicable
C7 I.1- Strengthening and widening the electricity distribution network, through investments in the extension of the grid, distribution services and battery storage	Not Applicable	€69.9 million

[1] In accordance with Article 21c(1), Member States can move scale-ups of existing measures to the REPowerEU chapter. Based on Article 21c (2), Member States with a decreased maximum financial contribution following the June 2022 update can move existing measures to the REPowerEU chapter without scaling them up.

a) Reform

i. Review of existing permitting systems to streamline processes and accelerate permit-granting procedures for renewable energy projects

Challenges: Government has, over the past years, sought to transform its electricity generation from one based on heavy fuel oil and gasoil to more sustainable energy forms, including the use of LNG gas for locally generated electricity. This approach has resulted in a significant increase in power generation efficiency and a corresponding reduction of approximately 50% of GHG emissions from the energy sector including the use of the interconnector with mainland Europe[9]. 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%[10].

In relation to RES, various opportunities have been considered at national level to boost the uptake of renewable energy such as the roll out of solar photovoltaic systems. This aims to contribute towards reaching the 11.5% target share of RES in gross final energy consumption (by 2030)[11]. Similarly, the provision of grant schemes for renewable water heating technologies are being promoted to move towards climate neutrality. As outlined in the Low Carbon Development Strategy, investments in offshore floating wind RES are also foreseen beyond 2027.

Between 2021 to 2030, the main expected increase in renewable energy relates to PVs and solar water heaters which are expected to approach maximum capacity by 2030 due to local roof space limitations[12].

In order to meet future energy demand and meet the higher ambition pursuant to the Fit for 55 package and REPowerEU, enhanced RE investment is however required as part of Malta's energy abatement potential measures identified in Malta's Low Carbon Development Strategy (2021). This requires facilitated procedures to align permitting requirements with the need to increase the uptake of RE.

Currently, Malta's Planning Authority accords priority to the processing of applications for renewable energy projects. In addition, a single unified application process for the entire administrative permit application and granting process to build the relevant projects is already in place. Applicants can also update the technology specifications of their projects in the time between the permit application and the construction of projects to facilitate, through the submission of a minor amendment application. Furthermore, with respect to facilitating citizen

[9] Energy and Water Agency (2019) Malta's 2030 National Energy and Climate Plan, available from: https://www.energywateragency.gov.mt/2030-necp/

[10] Ibid

[11] Ministry for the Environment, Climate Change and Planning (2021) Malta Low Carbon Development Strategy, available from: https://unfccc.int/documents/311041

[12] Ministry for the Environment, Climate Change and Planning (2021) Malta Low Carbon Development Strategy

and community participation, the Planning Authority encourages the participation of citizens in the permit granting process of large renewable energy projects (over 1,000sqm).

The Planning Authority has well-established digitalised procedures to communicate to applicants' information on all requirements and procedural stages, including complaint procedures, at the beginning of the permit-granting procedure for renewable energy projects. All applications for development permissions must be received through an electronic portal and submitted by a warranted architect (Perit). The application process, including submission and communication with all parties concerned is carried out through electronic means. Decision meetings are also held online for increased participation. The PA website hosts all relevant information / legislation, including that relating to fees, and informs all stakeholders of the method of participation in the planning process. Specific application notifications such as the current status, important milestones and any board sittings are made available through the same website. Furthermore, the general public is kept informed digitally of incoming applications through both the digital government gazette and a geospatial map server.

With regard to areas identified for RES projects, Map 3 in SPED 2015 identifies the Coastal Waters up to 1 nautical Mile and the Coastal Zone up to 12 nautical Miles as suitable for the use of maritime renewable energy. Furthermore, the Solar Farms Policy provides criteria to guide the planning and design of solar farm development as well as evaluation for development applications for terrestrial solar farms. Environmental impact assessment requirements are streamlined for renewable energy projects and any permitting updates will take into account applicable legislations, including environmental. Notwithstanding the current set up and permitting procedures, a review of the application process will be undertaken to identify room for further streamlining in order to incentivise, as much as possible, the fast tracking of RE initiatives with a view to contribute to the increase of Malta's share of locally generated RES.

Furthermore, through this reform Malta will be introducing a solar roof-top obligation. During the permitting process, new applications for development that reach maximum height, excluding areas designated as Urban Conservation Areas and scheduled buildings for which permitting process will be assessed on an ad-hoc basis, will be obliged as a condition for the permit, to install solar panels. Such obligation will be phased in, to allow for market adjustments and the required establishment of practices within the Planning Authority.

Additionally, a review of the current permitting procedures is to be undertaken to facilitate investment in RES when it comes to the installation of RES on greenhouses, without negatively impacting agricultural activity.

Objectives: Faster permitting is crucial to reach the EU and national targets for renewable energy increase by 2030 and for climate neutrality by 2050, as well as to ensure a stable investment framework that fosters competitiveness and facilitates low-carbon energy to EU industry and households.

Malta's planning permitting process is divided into three main processes: screening process, full process and summary process. Each process has its own timeline to grant the permit which takes from 4 months to over a year. Each process involves different actors where various stakeholders are consulted to provide their clearance to proceed with the permit. National policies and legislation provide for specific requirements that are obligatory for certain types of applications.

In the spirit of streamlining and accelerating the current permit procedures for RES Projects, an assessment shall be carried out to map the existing legislative obligations and the implementation of policies to understand the instances where the permitting/application process can be further streamlined/enhanced in terms of efficiency for the accelerated uptake of RES Projects including the installation of RES on greenhouses. The outcome shall guide the process to streamline and accelerate the permitting procedure for RES Projects, including through relevant policy updates. Additionally, another measure included in this reform relates to the phasing in of a solar roof-top obligation which aims to also accelerate Malta's transition towards climate neutrality through the decarbonisation of the buildings sector by further accelerating RES uptake. This will complement actions related to improving energy efficiency in public and private buildings, schools and hospitals under component 1 of this RRP.

The reform will aim to contribute to the ambitions of the RE Directive, Sustainable Development Goal 7, as well as improve Malta's energy mix with cleaner energy through RES deployment, amongst others. This reform is another node in Malta's efforts to increase the uptake of clean energy sources and will complement other initiatives including grant schemes for RES and EE measures, the roll out of pilot wind energy projects foreseen under ERDF, the drive towards EV uptake (under Component 2 and through REPowerEU investments) and efforts to explore ways to attract investment in larger scale RES infrastructure, amongst others.

REPowerEU objectives

This reform strives to facilitate the uptake of RE technologies and maximise the use of locally generated RES thus directly contributing to REPowerEU objectives in line with Article 21c(3)(b) of the RRF Regulation.

Malta imports around 20% of its electricity needs from Italy, which in turn, depends on imports of Russian gas. Such electricity imports are expected to increase, to meet a higher projected energy demand. Therefore, by fast tracking the permitting process, the increased deployment of locally generated renewable energy sources, will also be facilitated thus indirectly contributing towards the reduction of gas imports at EU level.

This reform forms part of a holistic approach taken by Malta to address its needs and challenges to reach climate neutrality targets as described in the *Malta Low Carbon Development Strategy, Malta's 2030 National Energy and Climate Plan* and Malta's *Long-Term Renovation Strategy 2050*. Malta is also currently working towards the establishment of improved Governance of the energy sector by promoting energy efficiency and reducing greenhouse gas emissions as well as promoting renewable energy in accordance with Renewable Energy Directive (EU) 2018/2001, including the sustainability criteria set out therein.

In addition, the measure is coherent with complementary clean energy, energy efficiency and decarbonisation measures implemented by Malta under Components 1 and 2 of this Plan and planned investments under the ERDF/CF/JTF Programme 2021-2027, amongst others. Renovation measures in public buildings including schools, hospitals and private buildings under Component 1 aim to contribute to REPowerEU objectives in line with the REPowerEU Plan[13] by enhancing

[13] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions (2022) REPowerEU Plan COM(2022) 230 final; https://eur-lex.europa.eu/resource.html?uri=cellar:fc930f14-d7ae-11ec-a95f-01aa75ed71a1.0001.02/DOC_1&format=PDF

energy performance, thus reducing energy consumption and promoting energy savings in accordance with the EU 'Save Energy Communication'[14]. Similar energy savings are also targeted under renewable energy investments in roads and public spaces in the said Component. All reforms and investments under Component 2 target the decarbonisation of the transport sector, encouraging behavioural change, promoting energy savings in accordance with the EU 'Save Energy Communication and targeting greener transport.

Within this context, investments foreseen under ERDF support for blue RE opportunities, such as pilot offshore initiatives, complement initiatives foreseen under this Chapter. Grants and loans under ERDF and Component 1 of this Plan, supporting industry and households in further investing in energy efficiency measures, also complement these initiatives.

Implementation: The Planning Authority, within the Ministry responsible for Planning is responsible for the review of existing permitting systems in relation to RES and the implementation of the related milestones.

Taking into consideration the principles of openness and transparency, the necessary consultations with relevant stakeholders will be undertaken to secure active participation in this important reform process.

Target group: general public, residents, business community.

Timeline: The respective timelines are presented in the Annex 2.1.

b) Investment

i. Strengthening and widening the electricity distribution network, through investments in the extension of the grid, distribution services and battery storage.

Challenges: Malta's efforts to move away from reliance on high carbon fuel oil electricity generation and to increase the efficiency in power generation have had a positive impact on territorial emissions, with GHG emissions per capita remaining one of the lowest in the EU. However, as noted in Malta's Low Carbon Development Strategy (2021), in view of the challenges described hereunder, 'further GHG reductions are necessary to not only meet the 2030 targets under the ESR, but also to align Malta's de-carbonisation trajectory with that adopted by the EU – that is, climate neutrality by 2050'[15].

As reflected in Annex 5 of Malta's 2022 Country Report, Malta's energy mix is made up of oil and natural gas, with indirect exposure to Russian gas. The range of measures available to meet

[14] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions EU 'Save Energy'. COM(2022) 240 final; https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52022DC0240&from=EN

[15] Ministry for the Environment, Climate Change and Planning (2021) Malta Low Carbon Development Strategy, available from: https://unfccc.int/documents/311041

energy savings obligations are currently limited given the characteristics of Malta's energy system and market, including its small nature, the existence of a single electricity distributor/supplier, the absence of natural gas, and district heating and cooling networks, and the small size and number of suppliers and market players.

Additionally, as shown in pre-Covid times, marked population and GDP growth, result in increased pressure on energy consumption.

In line with Malta's Low Carbon Development Strategy (2021), the national target relating to the Effort Sharing Regulation [Regulation (EU) 2018/842[16]] in 2030 is to reduce emissions by 19% over 2005 levels whereas indicative milestones in 2040 and 2050 reflect a gradual reduction over time to move towards climate neutrality by 2050. In this respect, the energy supply sector, amounts to around one third of the total emissions whilst another one third of total emissions arise from the transport sector. These two sectors are deemed to have the highest share of abatement potential in 2050 (60%) in accordance with the said Strategy.

In order to address the above-mentioned challenges and targets, Malta's recent energy and climate policy has focused on measures targeting this abatement, while addressing energy demand in line with projected forecasts.

With reference to estimated energy required by 2050, Malta's Low Carbon Development Strategy envisages electrification of transport as a key contributor towards decarbonisation of this sector, thereby increasing energy demand, as the country accelerates the use of electric vehicles and shore-to-ship supply. In comparison, most of the expected remaining energy required relates to demand from buildings, of which the majority is from commercial enterprises, hospitality and the public sector.

To this extent, measures implemented under this Plan as complemented by ERDF/CF/JTF 2021-2027 and national funded investments, take into consideration the measures proposed for such abatement, including amongst others, the development of a second electricity interconnector aiming to increase security of supply and grid resilience, enable RES growth and optimise the use of the domestic power generation thereby further reducing use of fossil fuel for electricity generation. Limited interconnectivity, lack of battery storage and restrictions in the local distribution system, are all currently considered major bottlenecks for the country to accelerate the penetration of RES (both onshore and offshore) due to its inherent intermittency.

Whilst the development of the second interconnector is essential to provide improved power system stability, increasing the ability to handle wider intermittence from renewable generators; the distribution system, and in particular the low voltage network needs to be rapidly upgraded to better integrate the accelerated deployment of both small-scale photovoltaic installations as well as industrial scale installations in areas which would otherwise be difficult to integrate in the network.

[16] Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013.

Objectives: Strengthening and widening the electricity grid and distribution network is key for Malta to address the challenges outlined above bearing in mind their impact and interlinkages with energy abatement measures, projected energy demand and Malta's transition to climate neutrality including deployment of renewables and electrification of transport.

REPowerEU objectives

This investment aims to bridge the national energy gaps identified in Annex 5 of Malta's 2022 Country Report[17] by further enhancing and extending the network, grid balancing, battery storage and energy security. This measure serves to speed up Malta's transition to clean energy by making Malta's power grid fit for increased use electricity from interconnected systems as well as renewable energy sources thus directly contributing to REPowerEU objectives.

In line with the Malta Low Carbon Development Strategy (2021), this investment also forms an integral part of the holistic approach applied by Malta to address its needs and challenges to reach climate neutrality targets.

As noted above, the foreseen investment is coherent with other components under this Plan which already contributed to the *Power Up, Renovate Recharge and Refuel flagships with a focus on addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy* and *addressing carbon-neutrality by decarbonising transport*. This investment is directly linked with the REPowerEU objective under Article 21c(3)(e) of the RRF Regulation[18] namely *addressing internal and cross border energy transmission and distribution bottlenecks, supporting electricity storage and accelerating the integration of renewable energy sources, and supporting zero emission transport and its infrastructure, including railways*. Together with investments under other components, as well as other investments foreseen under different funding instruments (as outlined under Part 3), energy transmission and distribution networks are planned to be strengthened and widened with a view to enable the integration and usage of increased RES.

Implementation: The Ministry responsible for Energy is responsible for this initiative.

The investment in the distribution network foreseen under this Chapter will be operated by Malta's distribution system operator (DSO), Enemalta PLC. With regard to investments in battery storage facilities, it is foreseen that these are owned and operated by Interconnect Malta (ICM) Ltd. which oversees the implementation of investments relating to increasing Malta's electricity interconnectivity and ending Malta's isolation from the European Gas Network, amongst others. ICM Ltd. is fully owned by the Maltese Government and falls under the remit of the Ministry responsible for Energy.

This investment is not expected to give rise to State Aid implications since the initiative targets public investment that offers its infrastructure at arms' length and open market basis, under the supervision of the energy regulator. Investment in battery storage under this Chapter will

[17] Ibid

[18] As amended by Regulation (EU) 2023/435

support the Maltese network with the objective of enabling and supporting the introduction of more RES whilst controlling reactive flows and voltage thus increasing the grid's efficiency and resilience. The established process for state aid clearance will be undertaken for this project line item. In line with established mechanisms, it will be ensured that no double funding with other funding instruments will occur in the case that any complementary actions are undertaken under other Funds.

Target group: energy providers, general public, residents, business community.

Timeline: The respective timelines are presented in the Annex 2.1.

4. Open strategic autonomy and security issues

This is not applicable for the reform and investment outlined in this Chapter.

5. Cross-border and multi-country projects

Measures in this Chapter do not have a cross-border or multi-country dimension. However, REPowerEU Chapter measures contribute in a secondary manner to the overall Union objectives in view of the spill-over effect of the initiatives foreseen. Moreover, the cross-border dimension is being addressed under the 2021 – 2027 Structural and Cohesion Programmes.

By streamlining and accelerating the permitting procedures for investments in this area, the reform contributes towards the overall Union objective to increase RES investment at EU level in particular to meet the EU's climate neutrality goals. This facilitates the implementation of investments in this area.

Malta's geographical position as an island Member State, the limited budget under the REPowerEU Chapter and the implementation and governance challenges arising from the short timeframes under the RRP are not conducive to cross border investments, which would usually be large scale and normally facilitated by land border connections. Nevertheless, the initiatives foreseen under the REPowerEU Chapter are considered to contribute towards the cross-border dimension in a broad manner, including by improving efficiencies for energy transmission at the national level, by strengthening the use of locally generated RES and therefore directly impacting EU energy demands, and by contributing to the security of energy supply of the Union.

Furthermore, large scale cross-border initiatives relating to REPowerEU objectives are already foreseen under Malta's ERDF/CF/JTF 2021-2027 Programme, including the establishment of a second electricity interconnector and battery storage facilities. The development of a second interconnector may lead to transnational cooperation with Italy/Sicily.

6. Consultation of local and regional authorities and other relevant stakeholders

The initiatives identified under REPowerEU are considered within Government's wider efforts to address the energy crisis, including efforts to mitigate the financial impacts on enterprises and households[19] as well as the complementary investments foreseen through Cohesion Policy Funds, amongst others.

Between 2022 and 2023, several bilateral meetings were held with different stakeholders with particular focus on the REPowerEU Chapter initiatives. Technical meetings were also held with relevant stakeholders and potential beneficiaries of the RRP in an effort to establish the required milestones, targets and costings as outlined under Part II of this plan. This process aimed to ensure collaboration between the RRP Coordinator and the relevant stakeholders of the RRP.

In addition, during April 2023, a public consultation was carried out on the initiatives within the REPowerEU Chapter aiming to engage the views of the general public. Further information on the consultation process may be accessed here. On 18 April 2023, a discussion on the REPowerEU Chapter was also held within the Foreign and European Affairs Parliamentary Committee. The Standing Committee on Foreign and European Affairs deals with matters relating to Foreign and European Union Affairs. The Committee consists of Government and Opposition members of parliament.

The broad parameters of the REPowerEU Chapter were also disseminated within the Malta Council for Economic and Social Development (MCESD) in April 2023, similarly to the established national practices and the process adopted for the National Reform Programme. The MCESD is the formally established body in Malta where social dialogue takes place. The Malta Council for Social and Economic Development (MCESD) is composed of the main socio-economic partners in Malta, representing civil society and social partners including representatives of trade unions, the Malta Chamber of SMEs, the Gozo Regional Committee (representing regional affairs), the Malta Chamber and the Malta Employers Association, amongst others. The Civil Society Committee, within MCESD, also includes entities representing consumer affairs, youth and sports, gender equality, local councils, and environmental protection, amongst others.

Summary of the outcome of stakeholders' feedback during the consultation process:

- Continue enabling improved energy performances, including in buildings and transport and creating more awareness;
- Continue investing in enabling infrastructures to secure longer term development and greening, including strengthening the electricity grid;
- Ensuring that the reform on a streamlined and fast-tracked permitting system still safeguards environmental or social aspects; and
- Continue fostering the sustainability and growth of locally generated RES, including the identification of areas with potential for RES installations.

[19] Malta 2023 Budget: https://finance.gov.mt/en/The-Budget/Pages/The-Budget-2023.aspx

The feedback from the consultation process was taken into account in the finalisation of the reform and investment foreseen under this REPowerEU Chapter. The RRP reform will be implemented in line with applicable regulations, including environmental regulations. With regard to the investment under this Chapter, such initiative is considered within Government's wider efforts to address the energy crisis, including efforts to mitigate the financial impacts on enterprises and households as evidenced in the various measures outlined in Malta's 2023 Budget[20] as well as the complementary investments foreseen through other RRP components and Cohesion Policy, amongst others, including schemes for the decarbonisation of buildings and transport.

The national initiatives proposed in the REPowerEU Chapter aim to benefit the Maltese general population overall through ensuring energy security and stability. Whilst the nature of the investment and reform do not lend themselves to gender targeting, synergies with the ESF+, which remains the main EU funding instrument in Malta to support gender targeting as well as the development of green skills, green energy jobs/skill to women, amongst others, will continue to be explored during the implementation of the RRP. Such synergies will also complement Gender mainstreaming actions foreseen under Malta's Gender Equality and Mainstreaming Strategy and Action Plan (GEMSAP) 2022-2027. The strategy encourages the integration of gender perspectives in policies, data, evaluation and implementation across various areas of intervention.

The implementation of REPowerEU initiatives will be in line with any applicable parameters set by national regulatory frameworks in relation to ensuring accessibility, equal access for persons with disabilities and senior citizens as well as upholding the principles of gender equality, equal opportunities and non-discrimination (including accessibility), as outlined under Part 1 of this Plan.

7. Green dimension of the component

Regulation (EU) 2021/241[21] establishing the Recovery and Resilience Facility (RRF) sets a binding target of at least 37% of the Plan's total allocation to contribute to climate mainstreaming.[22] The REPowerEU reform and investment presented in this Chapter as described above aim to address energy security, stability and energy mix challenges to aid Malta in its address of decarbonisation efforts whilst contributing towards its transition and targets for climate neutrality by 2050. In this regard, this Chapter also contributes towards facilitating Malta's green recovery.

Taking into account the six climate and environmental objectives defined in Regulation (EU) 2020/852[23], the proposed REPowerEU intervention contributes towards the green transition. The

[20] Malta 2023 Budget: https://finance.gov.mt/en/The-Budget/Pages/The-Budget-2023.aspx

[21] Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility

[22] Communication COM (2020) 575 on the Annual Sustainable Growth Strategy 2021 sets out a climate target of 37% for each national Recovery and Resilience Plan, to follow the commitment of the European Council of July 2020.

[23] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

proposed reform and investment also contribute to climate change mitigation and adaptation objectives. This directly relates to the renewable energy measures, reductions in GHG emissions and climate change adaptation measures which are foreseen to be pursued in the Reform outlined in this Chapter.

In line with Annex VI of the RRF Regulation (EU) 2021/241[24], the following investment is linked to the intervention fields and corresponding climate change and environmental objectives coefficients as shown in table T2 annexed to this document.

Taking into consideration the measure being implemented and the targets set in terms of energy security and stability, the REPowerEU investment on *strengthening and widening the electricity distribution network, through investments in the grid, distribution services and battery storage* directly contributes to Intervention Field 033 - Smart Energy Systems (including smart grids and ICT systems) and related storage.

The measure presented in this REPowerEU Chapter contributes to a climate target of 100%[25] (at least 37%) based on the total estimated costs of the measures included in this Chapter. Environmental objectives are foreseen to contribute 40% of the total estimated REPowerEU Chapter costs[26] in line with Annex VI of the RRF Regulation.

Referring to Section 2 of this Chapter, by contributing to Malta's decarbonisation efforts, this Chapter also aims to contribute to the *EU's Biodiversity Strategy for 2030*[27]. Apart from addressing climate change mitigation, this envisaged reduction in pollution is also foreseen to result in reduced impacts on biodiversity and natural ecosystems. The interlinkages of climate change and biodiversity have thus been taken into account through the proposed measures, ensuring that these are both compatible with policies for the protection of biodiversity in Malta and the goals of creating a climate-resilient and low carbon economy.

8. Digital dimension of the component

In accordance with Annex VII of the RRF Regulation, the investment in the strengthening and widening of the electricity distribution network and storage does not directly contribute to digital tagging. This investment and the renewable energy and decarbonisation wave however, provide an indirect opportunity to apply research and innovation results and scale up successful and clean energy transition initiatives.

[24] Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility.

[25] Total REPowerEU amount of EUR 69,955,027.

[26] Ibid.

[27] European Commission, 2020. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions EU Biodiversity Strategy for 2030 [COM(2020) 380 final]

9. Do no significant harm

INTRODUCTION

1. This 'Do No Significant Harm' (DNSH) assessment is being carried out with respect to the REPowerEU Chapter of Malta's Recovery and Resilience Plan.

2. The reform proposed under this Chapter is the review of existing permitting systems to streamline processes and accelerate permit-granting procedures for renewable energy projects.

3. The following investment is proposed under the REPowerEU Chapter:
    - Strengthening and widening the electricity distribution network, through investments in the grid, distribution services and battery storage.

METHODOLOGY

4. In accordance with the Commission Notice on Technical Guidance on the application of "do no significant harm" under the RRF Regulation[28] the DNSH assessment is carried out in two steps:
    - Part 1 – Member States should filter the six environmental objectives to identify those that require a substantive assessment;
    - Part 2 – Member States should provide a substantive DNSH assessment for those environmental objectives that require it.

5. The Technical Guidance provides two tables that must be used to carry out the two assessments. The tables contained in the Guidance are reproduced below and were used to undertake the DNSH assessment of the REPowerEU Chapter.

6. With regards to the assessment of the Policy Reform the Guidance states that while all measures require a DNSH assessment, a simplified approach can be taken for measures that have no or an insignificant foreseeable impact on all or some of the six environmental objectives. By design, certain measures might have a limited bearing on one or several environmental objectives. In this case, Member States may provide a brief justification for those environmental objectives and focus the substantive DNSH assessment on environmental objectives that may be significantly impacted. *For instance, a labour market reform intended to increase the overall level of social protection for the self-employed would have no or an insignificant foreseeable impact on any of the six environmental objectives, and a brief justification could be used for all six objectives*.

[28] European Commission, 2021, Technical guidance on the application of "do no significant harm" under the Recovery and Resilience Facility Regulation.

DNSH ASSESSMENT – REPowerEU REFORM

7. Description of Reform:

Review of existing permitting systems to streamline processes and accelerate permit-granting procedures for renewable energy projects.

The reform is aimed at enabling the continued support for RES deployment. It is directed to put in place reforms to fast track the review of existing permitting systems to streamline processes and accelerate permit-granting procedures for renewable energy projects. These reforms will seek to streamline processes and shorten timelines within which the permitting of such investment may take place. In summary, this reform will serve to facilitate the uptake of RE technologies and maximise the use of locally generated RES.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	**Yes**	**No**	**Justification if 'No' has been selected**
Climate change mitigation		X	The reform *per se* has an insignificant foreseeable impact on the environmental objectives because it is a procedural change that will affect the way RES investments are permitted. It is important that any change in obligations related to environmental and planning processes / authorizations that require Environmental Impact Assessments, Appropriate Assessments and Strategic Environmental Assessments to be carried out, are in line with applicable legislations. Additionally, stakeholder consultation must be considered where the relevant environmental and planning processes require it.
Climate change adaptation		X	
The sustainable use and protection of water and marine resources		X	
The circular economy, including waste prevention and recycling		X	
Pollution prevention and control to air, water or land		X	
The protection and restoration of biodiversity and ecosystems		X	

DNSH – INVESTMENTS

8. Description of the investment:

Strengthening and widening the electricity distribution network, through investments in the grid, distribution services and battery storage.

Through this investment energy transmission and distribution networks will be strengthened.

Part 1 Assessment

Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure	Yes	No	Justification if 'No' has been selected
Climate change mitigation	X		
Climate change adaptation		X	The activity that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle.
The sustainable use and protection of water and marine resources		X	The activity that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle. The measure is unlikely to result in environmental degradation risks related to preserving water quality and water stress in accordance with the Water Framework Directive (2000/60/EC).
The circular economy, including waste prevention and recycling		X	The activity that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle.
Pollution prevention and control to air, water or land		X	The activity that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle.
The protection and restoration of biodiversity and ecosystems		X	The activity that is supported by the measure has an insignificant foreseeable impact on this environmental objective, taking into account both the direct and primary indirect effects across the life cycle. The interventions are not located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas).

Part 2 Assessment

Questions	No	Substantive Justification
Climate change mitigation: Is the measure expected to lead to significant GHG emissions?	X	The activity supported by this measure is related to the following priority of the REPowerEU falling under Article 21c(3)(e) of the RRF Regulation, namely *addressing internal and cross border energy transmission and distribution bottlenecks, supporting electricity storage and accelerating the integration of renewable energy sources, and supporting zero emission transport and its infrastructure, including railways*. The investment envisages the commissioning of a number of 11kV/415V substations, which are required for the reinforcement of the distribution system as well as 11kV or 33kV reinforcements. Battery storage is also envisaged, which will enable the storage of RES generated by households. A 132kV distributing feed that will better utilize the potential of the second 230kV interconnector with Sicily is also envisaged under this measure. The investments are not considered to lead to significant GHG emissions. On the contrary, they are intended to support the distribution network by enabling different sources of supply.

10. Milestones, targets and timeline

The respective milestones, targets and timelines are presented in the Annex 2.1.

11. Financing and costs

The overall estimated cost of this component amounts to EUR 69.9 M.

12. Loan request justification (if applicable)

N/A

Milestones and Targets for REPowerEU

ANNEX

Sequential Number	Component Name
0	Overall
7	REPowerEU Chapter

Sequential Number	Component Reference	Reform / Investment	Measure -Short title	Is this a sub-measure for green and digital tagging? (Yes or leave empty)
0	0 - Overall		Overall impact of the plan	
1	7 - REPowerEU Chapter	Reform	C7.R.1 - Review of existing permitting systems to streamline processes and accelerate permit-granting procedures for renewable energy projects	
2	7 - REPowerEU Chapter	Investment	C7.I.1 - Strengthening and widening the electricity distribution network, through investments in the grid, distribution services and battery storage	Yes

Table 1. Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

Sequential Number	Related Measure (Reform or Investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Quantitative indicators (for targets)			Timeline for completion (indicate the quarter and the year)		Data source /Methodology	Responsibility for reporting and implementation	Description and clear definition of each milestone and target	Assumptions/ risks	Verification mechanism
					Unit of measure	Baseline	Goal	Quarter	Year					
7.1	7 - REPowerEU Chapter - C7.R.1 - Review of existing permitting systems to streamline processes and accelerate permit-granting procedures for renewable energy projects	Milestone	Entry into force of legislation obliging the installation of solar panels on certain new buildings	Provision in the law indicating the entry into force of legislation obliging the installation of solar panels on certain new buildings				Q2	2024	Ministry responsible for Planning	Ministry responsible for Planning	The permitting framework has been reviewed and legislation and planning guidelines have entered into force obliging the installation of solar panels on new residential and non-residential buildings that reach their maximum allowed height set out in Local Plans and Development Control Design Policy, Guidance and Standards (Annex 2) approved by the Planning Authority (except for buildings in Urban Conservation Areas and scheduled buildings).	Risk: Delays in the development and/or completion of the framework/ updated planning guidelines legislation for the phasing in of a solar roof-top initiative may impact its timely entering into force.	Copy of the publication in the Government Gazette and reference to the relevant provisions indicating the entry into force, accompanied by a summary document duly justifying how the milestone (including all its constitutive elements), was satisfactorily fulfilled. The summary document shall include a reference to the provisions which fulfil the relevant elements of the milestone, as listed in the description of the milestone and the corresponding measure in the CID Annex , with appropriate links to or copies of the document(s) mentioned in the summary document. The summary document shall include as an annex the following evidence: (a) a report on the review of the permitting framework, (b) a copy of the planning guidelines (with an indication as to their entry into force) and a link where they can be accessed.
7.2	7 - REPowerEU Chapter - C7.R.1 - Review of existing permitting systems to streamline processes and accelerate permit-granting procedures for renewable energy projects	Milestone	Online publication of shortened timelines for the application and permit-granting procedures of renewable energy installations on greenhouses	Online publication of shortened timelines for the application and permit-granting procedures of renewable energy installations on greenhouses				Q2	2024	Ministry responsible for Planning	Ministry responsible for Planning	Binding, shortened timelines for the application and permit-granting procedures of renewable energy installations on greenhouses are published on the website of the Planning Authority on the basis of an assessment carried out by an expert group, including representatives of all entities involved in the permitting process, assessing the efficiency of the existing procedures and proposing recommendations for reform.	Risk: Delays in the review and follow-up processes may impact the timely development and publication of these policy proposals.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex), was satisfactorily fulfilled. The summary document shall include as an annex the following evidence: (a) a copy of the expert group assessment of the efficiency of the existing procedures and proposed recommendations for reform (with a list of experts participating in the group, representing all entities involved in the permitting process); (b) a copy and a link to shortened timelines on the Planning Authority website with an indication of the date of publication and entry into force of the new timelines for the application and permit granting procedures of renewable energy installations on greenhouses.

Table 1. Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

7.3	7 - REPowerEU Chapter - C7.R.1 - Review of existing permitting systems to streamline processes and accelerate permit-granting procedures for renewable energy projects	Milestone	Online publication of shortened timelines for the application and permit-granting procedures of renewable energy projects	Online publication of shortened timelines for the application and permit-granting procedures of renewable energy projects				Q4	2024	Ministry responsible for Planning	Ministry responsible for Planning	Binding, shortened timelines for the application and permit-granting procedures of renewable energy projects have entered into force and published on the website of the Planning Authority on the basis of an assessment carried out by an expert group, including representatives of all entities involved in the permitting process, assessing the efficiency of the existing procedures and proposing recommendations for reform.	Risk: Delays in the completion of the Study on the enhancement of RES permitting procedures may impact the timely entry into force of these updated RES permitting procedures.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex), was satisfactorily fulfilled. The summary document shall include as an annex the following evidence: (a) a copy of the expert group assessment of the efficiency of the existing procedures and proposed recommendations for reform (with a list of experts participating in the group, representing all entities involved in the permitting process); (b) a copy and a link to shortened timelines on the Planning Authority website with an indication of the date of publication and entry into force of the new timelines for the application and permit granting procedures for renewable energy projects.
7.4	7 - REPowerEU Chapter - C7.I.1 - Strengthening and widening the electricity distribution network, through investments in the grid, distribution services and battery storage	Milestone	Signature of contracts for a) the procurement of works/services for the strengthening and widening of the electricity distribution network through investment in the grid, distribution services and b) the design of battery storage	Signature of contracts for the a) procurement of works/services for the strengthening and widening of the electricity distribution network through investment in the grid, distribution services and b) the designing of a battery storage facility of at least 10MWh				Q4	2024	Ministry responsible for Energy	Ministry responsible for Energy	Contracts signed for a) the construction of the following facilities: 1) a new 132kV distributing feeder line between Maghtab and Mosta, in preparation for the second interconnector with Sicily (Italy); 2) a new 33kV/11kV primary sub-station in Naxxar; 3) a new 33kV/11kV primary substation in Siggiewi; 4) upgrade of the existing 33kV/11kV Hospital distribution centre in Msida; 5) upgrade of the existing St. Andrew's distribution centre in Pembroke; 6) 15 new 11kV/415V sub-stations and 15km of reinforcements; b) the designing of a Battery Storage Facility of at least 10MWh.	Assumption: Tenders are launched in Q4 2023.	Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. The summary document shall include, as an annex, the following evidence: (a) a copy of the publication of the call for tenders, technical specifications and notifications of award, for contractors to carry out the works; (b) copies of the signed contracts between the contractors and the competent authority for the construction of the facilities 1)-6) and b) referred to in the description of the milestone; and c) copies of the extract of the technical specifications of the facilities 1)-6) and b) referred to in the description of the milestone, demonstrating compliance with the requirements of the milestone, as listed in the milestone and in the description of the corresponding measure in the CID Annex.
7.5	7 - REPowerEU Chapter - C7.I.1 - Strengthening and widening the electricity distribution network, through investments in the grid, distribution services and battery storage	Target	Expenditure incurred in relation to a) the works/services for the strengthening and widening of the electricity distribution network and b) battery storage equipment		EUR	0	19000000	Q3	2025	Ministry responsible for Energy	Ministry responsible for Energy	At least a value of EUR 19 000 000 has been paid for contractual obligations related to the facilities specified in milestone 7.4.	Assumption: Contracts are signed by Q4 2024.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. This document shall include as an annex: (a) a detailed description of the project activities (e.g. works/services) to which the incurred expenditure relate; and (b) copies of the invoices.

Table 1. Milestones and targets

Please provide an overview of the relevant milestones and targets. For milestones, please indicate the qualitative criteria it will be measured against (specific dispositions of a legislation, etc.). For targets, please specify the quantitative indicators it will be measured against (unit of measure, baseline, goal). Under data source/methodology, please detail the database or origin of the information that will be used to measure the achievement of the milestone/target, as well as the national authority that will be responsible for implementing and reporting on implementation. Finally, under verification mechanism, please detail how the achievement of the milestone/target will be objectively demonstrated and verified (publication of the legislation in the official journal, call for tender publication, physical location of renovated infrastructure etc.).

7.6	7 - REPowerEU Chapter - C7.I.1 - Strengthening and widening the electricity distribution network, through investments in the grid, distribution services and battery storage	Milestone	Entry into operation of facilities strengthening and widening the electricity distribution network	Entry into operation of facilities strengthening and widening the electricity distribution network				Q2	2026	Ministry responsible for Energy	Ministry responsible for Energy	The following facilities, shall enter into operation: 1) a new 132kV distributing feeder line between Maghtab and Mosta, in preparation for the second interconnector with Sicily (Italy); 2) a new 33kV/11kV primary sub-station in Naxxar; 3) a new 33kV/11kV primary substation in Siggiewi; 4) an upgrade of 33kV/11kV Hospital distribution centre in Msida; 5) an upgrade of St. Andrew's distribution centre in Pembroke; 6) 15 new 11kV/415V sub-stations and 15 km of reinforcements; 7) Battery Storage Facility of at least 10MWh.	Risk: procurement and implementation delays will impact the timely completion of the investment.	Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex), was satisfactorily fulfilled. The summary document shall include, as an annex the following evidence: the certificates of completion of works signed by the contractor and the competent authority confirming that the infrastructure and equipment required for strengthening and widening Malta's electricity distribution network, including investment in the extension of the grid, distribution services and battery storage, are fully operational in line with the CID annex.

Table 2. Estimated cost of the plan and green and digital impact

Table to be filled in with the estimates of expected costs in EUR in current prices. This table should provide a summary of the key information on costing for each reform/investment. Additional, more detailed information should be submitted separately. "Estimated costs": Please note that only the costs for which RRF funds are requested should be entered here. "Funding from other sources": Please state here the source and amount in cases, in which the same reform/investment or a reform/investment that is closely linked receives or is expected to receive funds from other sources (which should not cover the same cost). "Methodology used and description of the costs": Please describe briefly the methodology and mention the main cost drivers. "Source of methodology" (if any): Please provide references to the methodology and data sources that you used. "Specify source" and "Possible reference to past EU programs" (under comparative costing data): Please mention past investment/reform projects that are benchmarks for the cost estimate and the source of the costs for these projects. "Independent validation" (if any): Please provide the name of the validating organisation/ agency, and a reference to the validation document.

Green and digital objectives

Please indicate if 0%, 40% or 100% of the reform/investment contributes to the objective. For reforms/investments and the climate objective, use the methodology for climate tracking as set out in Annex IIA and justify their choice for each investment and each reform. For reforms/investments related to environmental objectives, use the same methodology. For the digital objective, use the methodology as set out in Annex III. In all cases, please indicate the relevant intervention field for every reform/investment by choosing the most appropriate one, reflecting the nature, focus, objective, or expected outcome of the reform/investment. If several intervention fields can be applied, provide a motivation in the description of the component. As a general rule, a reform/investment should be assigned one intervention field.

Sequential Number	Related Measure (Reform or investment)	Relevant time period		Estimated costs for which funding from the RRF is requested									Funding from other sources (as requested by Art. 8 in the Regulation)				COFOG level 2 category *(or 'Not relevant' in case of a revenue measure)*	Methodological Information		Comparative costing data from past reforms/investments			Independent validation (encouraged)	Green objectives			Digital objectives		Tagged RRF contribution	
				Total requested		If available: split by year							From other EU programmes		From National budget or other sources															
		From date	To date	Amount (mn EUR)	Repayable financial support (loans) / Non-repayable financial support (grants)	2020	2021	2022	2023	2024	2025	2026	Amount (mn EUR)	Specify the EU programmes *[Breakdown by programme if relevant (e.g. regional operational programme)]*	Amount (mn EUR)	Specify source		Methodology used and description of costs	Specify source	Amount (mn EUR)	Specify source	Possible reference to past EU programs	Name of the validating entity and reference to the validation	Intervention field	Climate Tag	Environmental Tag	Intervention field	Digital Tag	Climate	Digital
1	7 - REPowerEU Chapter - C7.I.1 - Strengthening and widening the electricity distribution network, through investments in the grid, distribution services and battery storage	01/02/2022	30/06/2026	69.9	Grants	0.0	0.0	0.0	0.0	14.5	25.0	30.4					05.3 - Pollution abatement	The estimated costs for this project were based on similar past projects, where available. In the absence of similar projects, market research or cost estimations by technical experts were carried out. Risk factors and adjustments for inflation, were added where relevant. All costings claimed under the RRP exclude VAT amounts.	Costings of similar past projects where available and market research.	18.6	Costings of previous similar projects carried out by Enemalta, where available.	n/a		033 - Smart Energy Systems (including smart grids and ICT systems) and related storage.	100%	40%		0%	69.9	0

Addendum

ANNEX

PART 1

INTRODUCTION TO THE ADDENDUM

1. General objective

Since the adoption of the Regulation on the Recovery and Resilience Facility[1] and the adoption of Malta's Recovery and Resilience Plan in September 2021, the situational context has been impacted by the Russian war of aggression on Ukraine.

Amendments to Malta's adopted RRP will continue to contribute to the CSRs of 2019 and 2020 together with Country Specific Recommendations 2 & 4 of 2022, through a renewed focus on the REPowerEU ambitions as well as an adjustment related to Malta's reduction in the original RRP allocation. Amendments made to the plan aim to retain a balance between reforms and investments whilst contributing to Malta's socio-economic ambitions in complementarity with other actions under the RRP, particularly Components 1 and 2 in addition to interventions under other EU Funds, including the 2021-2027 ERDF/CF/JTF Programme, amongst others. The contributions to the green and digital transition will remain ambitious notwithstanding the reduction in the overall budgetary allocation and the removal of initiatives originally foreseen[2]. The planned amendments aim to contribute to increased resilience, security and sustainability of the Union energy system especially by addressing the dependence on fossil fuels and the diversification of energy supplies as further described in the REPowerEU Chapter. The introduction of planned measures under the REPowerEU Chapter shall enhance Malta's contribution to the green ambitions of the RRF.

2. Justification for the addendum

Malta's RRP proposed amendments are outlined below:

a) Article 18(2): an update of the Plan to take into account the updated maximum financial contribution following the calculation referred to in Article 11(2)

The final maximum financial allocation published by the EC in June 2022 resulted in a reduction in budget to EUR 258.3mn. The proposed amendments to the Plan thus aim to address this reduction, through the following amendments:

[1] Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility;

https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R0241&from=EN

[2] Information on green and digital tagging is outlined under each Component within Part 2 and the REPowerEU Chapter

Component 1: Addressing climate neutrality through enhanced energy efficiency and a circular economy	Investment in the renovation and deep retrofitting of public hospitals	Reduction in budget from €20 million to €12.2 million
Component 2: Addressing carbon-neutrality by decarbonising transport	New ferry landing place to promote alternative modes of transport at St Paul's Bay/ Buġibba	Removal of investment: €16.1 million to €0
Component 4: Strengthening the resilience of the health system	Enhancing the resilience of the health system through digitalisation and new technologies	Reduction in budget from €24.9 million to €11.6 million (removal of the 'Outpatients digitalisation' sub-measure)
Component 5: Enhancing quality education and fostering socio-economic sustainability	Setting up a Centre of Vocational Education Excellence (ITS Campus)	Removal of investment: €41.4 million to €0

Malta remains committed towards retaining an adequate balance between reforms and investments and across sectors covered by the RRP.

b) Articles 21a and 21b related to the REPowerEU Chapter.

In line with Articles 21a and 21b, a REPowerEU Chapter is being included. Initiatives foreseen will complement other components in the Plan, particularly under Components 1 and 2 but also wider efforts that Malta is undertaking in its transition towards a zero-carbon economy while mitigating the impact of the Russian war of aggression on Ukraine. The REPowerEU initiatives are outlined under the REPowerEU Chapter of this Plan.

PART 2

DESCRIPTION OF ADDITIONAL AND MODIFIED REFORMS AND INVESTMENTS

Amendment 1

Table 1

Component 1: Addressing Climate Neutrality through enhanced energy efficiency, clean energy and a circular economy	
Investment/ reform CID reference	Investment C1-I2
Investment/ reform name reference	Investment in the renovation and deep retrofitting of public hospitals
Type of change compared to CID	Modified
Legal base of the change (select at least one)	☐ Article 14(2) – loan request ☒ Article 18(2) – update of the maximum financial contribution ☒ Article 21 – amendment due to objective circumstances ☐ Article 21a – REPowerEU non-repayable financial support (ETS revenue) ☐ Article 21b(2) – BAR transfers ☐ None of the above, correction of clerical error
Elements modified (only for modified measures)	☒ Component / Measure description ☒ Milestones and targets ☒ Estimated cost ☒ Green and digital tagging (potentially relevant, because there is a substantive change to the underlying measure) ☐ DNSH self-assessment

Proposed changes:

Table 2

Investment C1-I2: Investment in the renovation and deep retrofitting of public hospitals

Description and justification of the change

The budget for this investment is being reduced from €20 million to €12.2 million in view of the reduced maximum financial allocation communicated in June 2022 (Article 18(2) – update of the maximum financial contribution refers). This change will result in the reduction of circa 39% of area being renovated and retrofitted for this investment. In addition, the timelines of the project are being amended to reflect the project implementation parameters that were subject to uncertainty revolving around the reduction in the final financial envelope under the RRP. Due to this uncertainty, several procurement related processes were delayed by approximately one year thus resulting in delays in implementation of ensuing processes. Tenders relating to conversion aspects of Block 1 of the hospital (CT2477/2020) were issued and awarded in 2020 and 2021. Since the hospital is being utilised, including by residential patients, the retrofitting process was foreseen to be carried out in a staggered manner. The procurement processes related to other areas/retrofitting aspects of the hospital were not issued to allow for the finalisation of discussions on the final RRP allocations at a European level. Following the visibility on the final allocation in mid-2022, the procurement processes started being updated to reflect the re-dimensioning of the project. In view of these delays, the timelines of the project are also being shifted to reflect the reality on the ground of the implementation of this investment.

Modified elements	Current version	Amended version
Component and / or measure description	The following text is included in the CID annex: *The investment shall consist of the renovation and deep retrofitting of at least **9,167m²** of the Mount Carmel public hospital.* *The investment shall be implemented by **31 March 2026**.*	Proposed CID annex amendment: *The investment shall consist of the renovation and deep retrofitting of at least **5,600m²** of the Mount Carmel public hospital.* *The investment shall be implemented by **30 June 2026**.*

Milestones and targets	The following milestone is included in this Component: a) Milestone 1.20 Name: Contracted services for the renovation and deep retrofitting of Mount Carmel Public Hospital Timeline for completion (indicate the quarter and the year): **Q4 2023** Description and clear definition of each milestone and target: All contracts signed for the procurement of renovation services for Mount Carmel Public Hospital of at least **9,167m²**. The renovation shall achieve a reduction of primary energy demand (PED) of at least 30%. b) Target 1.21 The following target is included in this Component: Name: Blocks of Mount Carmel hospital renovated Quantitative indicators (for targets): **9,167m²** Description and clear definition of each milestone and target: Renovation of blocks at Mount Carmel Hospital covering an area of at least **9,167m²**. The renovation shall achieve a reduction of primary energy demand (PED) of at least 30%. Timeline for completion (indicate the quarter and the year): **Q1 2026**	The following milestone is included in this Component: c) Milestone 1.20 Name: Contracted services for the renovation and deep retrofitting of Mount Carmel Public Hospital Timeline for completion (indicate the quarter and the year): **Q4 2024** Description and clear definition of each milestone and target: All contracts signed for the procurement of renovation services for Mount Carmel Public Hospital of at least **5,600m²**. The renovation shall achieve a reduction of primary energy demand (PED) of at least 30%. d) Target 1.21 The following target is included in this Component: Name: Blocks of Mount Carmel hospital renovated Quantitative indicators (for targets): **5,600m²** Description and clear definition of each milestone and target: Renovation of blocks at Mount Carmel Hospital covering an area of at least **5,600m²**. The renovation shall achieve a reduction of primary energy demand (PED) of at least 30%. Timeline for completion (indicate the quarter and the year): **Q2 2026** T1 Table has been updated accordingly.

Estimated cost	The estimated costs is €20 million.	€12.2 million have been deducted from the costs in the T2 Table and related documentation. T2 Table & Methodology have been updated to reflect a 39% reduction of costs being supported through RRP grants including the change in estimated timeframes as described above.
Green and digital tagging	This investment does not contribute to digital tagging. This component directly contributes towards the 37% climate mainstreaming target established in the RRF Regulation, with a contribution of 20% to climate tagging and 9% to environmental tagging.	This Component contributes 24% to the climate mainstreaming target obligations and 11% to the environmental ambitions of the RRP taking into account the revised maximum financial allocation.

Amendment 2

Table 1

Component 2: Addressing carbon neutrality by decarbonising transport	
Investment/ reform CID reference	Investment C2-I1
Investment/ reform name reference	New ferry landing place to promote alternative modes of transport at Buġibba, St Paul's Bay
Type of change compared to CID	Removed
Legal base of the change (select at least one)	☐ Article 14(2) – loan request ☒ Article 18(2) – update of the maximum financial contribution ☐ Article 21 – amendment due to objective circumstances ☐ Article 21a – REPowerEU non-repayable financial support (ETS revenue) ☐ Article 21b(2) – BAR transfers ☐ None of the above, correction of clerical error

Proposed changes:

This investment is being removed in view of the reduced maximum financial contribution communicated in June 2022. In order to continue addressing congestion and decarbonisation challenges, investments in TEN-T roads and multimodal shifts are however foreseen under Cohesion Policy funds 2021-2027.

Amendment 3

Table 1

Component 4: Strengthening the resilience of the health system	
Investment/ reform CID reference	Investment C4-I2
Investment/ reform name reference	Enhancing the resilience of the health system through digitalisation and new technologies
Type of change compared to CID	Modified
Legal base of the change (select at least one)	☐ Article 14(2) – loan request ☒ Article 18(2) – update of the maximum financial contribution ☐ Article 21 – amendment due to objective circumstances ☐ Article 21a – REPowerEU non-repayable financial support (ETS revenue) ☐ Article 21b(2) – BAR transfers ☐ None of the above, correction of clerical error
Elements modified (only for modified measures)	☒ Component / Measure description ☒ Milestones and targets ☒ Estimated cost ☒ Green and digital tagging (potentially relevant, because there is a substantive change to the underlying measure) ☒ DNSH self-assessment

Proposed changes:

Table 2

Investment C4-I2: Enhancing the resilience of the health system through digitalisation and new technologies

Description and justification of the change

The budget of this investment is being reduced from €24.9 million to €11.7 million in view of the reduced maximum financial allocation communicated in June 2022 (Article 18(2) – update of the maximum financial contribution refers). This change will entail the removal of the 'Outpatients digitalisation' sub-measure and the related milestones (CID sequential number 4.15& 4.16) which form part of the C4-I2 investment. This will not impact the overall objectives of the health component. This removed sub- measure may be supported under the adopted 2021-2027 ERDF/CF/JTF Programme.

Modified elements	Current version	Amended version
Component and / or measure description	1) The following measure is included in investment C4-I2: **(i) Digital transformation of outpatient and consumer engagement processes** Through this investment at the new outpatient project, Government will aim to take full advantage of machine learning, artificial intelligence and automation to fully enable effective resource utilisation, time management and workflows. This will enable more patient centric approaches as well as lay the ground for patient education systems. Such approaches are particularly relevant for the younger generations (millennial consumers) who expect a digital first experience in healthcare interactions. Thus, the aim is to ensure a higher level of efficiency and that future health care patient experiences will be greatly enhanced by technology, as patient demand and technological innovation come together to accelerate this trend.	1) Proposed text removal from Component 4 description. 2) The following amendments are being proposed to the CID annex: The investment shall consist of: (i) transforming the tissue analysis histopathology workflow and reporting into an easily accessible advanced digital platform; (ii) improving radiotherapy delivery by acquiring a modern Magnetic Resonance Linear Accelerator machine which shall provide superior imaging quality combined with improved therapy delivery, thereby reducing treatment volumes and times and side effects for patients.

	This investment will greatly facilitate the operation of the outpatients' service, including management of facilities, scheduling, workflows, registrations, content management, access control, patient records, telemedicine, and also transport. It should also cater for the capture of patient feedback and the monitoring of metrics in dashboards, apart from interfacing with other hospital-based systems. 2) The following text is included in the CID annex: The investment shall consist of: (i) digitalisation of outpatient and operations management processes, by using machine learning, artificial intelligence and automation to fully enable effective resource utilisation, time management and workflows; (ii) transforming the tissue analysis histopathology workflow and reporting into an easily accessible advanced digital platform; (iii) improving radiotherapy delivery by acquiring a modern Magnetic Resonance Linear Accelerator machine which shall provide superior imaging quality combined with improved therapy delivery, thereby reducing treatment volumes and times and side effects for patients.	

Milestones and targets	The following milestones are included in this Component: a) Milestone 4.15 Name: All contracts signed for the digitalisation of the new outpatient facility at Mater Dei hospital Timeline for completion: **Q4 2022** b) Milestone 4.16 Name: Digitalisation of new outpatient facilities at Mater Dei hospital are operational and open to patients Timeline for completion: **Q2 2025**	These milestones are being removed.
Estimated cost	The estimated costs for this sub measure is €13.2 million.	€13.2 million have been deducted from the costs in the T2 Table and related documentation.
Green and digital tagging	This investment does not contribute to green tagging. In terms of digital tagging, in total this component directly contributes towards the 20% digitalisation target established in the RRF regulation with a contribution of 7.2%.	The contribution to digital tagging is being reduced proportionally to the reduced budget. The Plan's overall contribution to digital tagging remains above the 20% minimum threshold.
DNSH self-assessment	The DNSH includes reference to the following investment: Investment in digital transformation, including transformation at Mater Dei Hospital's outpatient processes and consumer engagement approaches by taking full advantage of Machine Learning and AI to fully enable effective resource utilization, time management and workflow throughout the new outpatient facility.	Although this sub-measure has been removed (please refer to said amendment in the document), the DNSH self-assessment has been retained reflecting the broader nature of the investment.

Amendment 4

Table 1

Component 5: Enhancing quality education and fostering socio-economic sustainability	
Investment/ reform CID reference	Investment C5-I1
Investment/ reform name reference	Setting up of a Centre for Vocational Education Excellence (ITS Campus)
Type of change compared to CID	Removed
Legal base of the change (select at least one)	☐ Article 14(2) – loan request ☒ Article 18(2) – update of the maximum financial contribution ☐ Article 21 – amendment due to objective circumstances ☐ Article 21a – REPowerEU non-repayable financial support (ETS revenue) ☐ Article 21b(2) – BAR transfers ☐ None of the above, correction of clerical error

Proposed changes:

This investment is being removed in view of the reduced maximum financial contribution. Changes are outlined in the updated Component 5. Initiatives under the RRP will continue to be complemented with initiatives under Cohesion Policy, particularly the ERDF/CF/JTF Programme whereby ERDF investments in mainstream/compulsory education facilities (namely primary and secondary schools) and investments in VET facilities are foreseen. Furthermore, under the ESF+ Programme, the development of educational programmes including student centred learning pathways, the digitalisation of education provision, the continued recognition of formal and non-formal learning as well as initiatives to foster digital literacy and lifelong learning, amongst others, are also foreseen to complement RRP reforms.

Amendment 5

Table 1

Component 1: Addressing Climate Neutrality through enhanced energy efficiency, clean energy and a circular economy	
Investment/ reform CID reference	Investment C1-I1
Investment/ reform name reference	Investment in the renovation and greening of public and private sector buildings, including deep retrofitting through energy and resource efficiency measures
Type of change compared to CID	Modified
Legal base of the change (select at least one)	☐ Article 14(2) – loan request ☐ Article 18(2) – update of the maximum financial contribution ☒ Article 21 – amendment due to objective circumstances ☐ Article 21a – REPowerEU non-repayable financial support (ETS revenue) ☐ Article 21b(2) – BAR transfers ☐ None of the above, correction of clerical error
Elements modified (only for modified measures)	☒ Component / Measure description ☒ Milestones and targets ☐ Estimated cost ☐ Green and digital tagging (potentially relevant, because there is a substantive change to the underlying measure) ☐ DNSH self-assessment

Proposed changes:

Table 2

Investment C1-I1: Investment in the renovation and greening of public and private sector buildings, including deep retrofitting through energy and resource efficiency measures

Description and justification of the change

The implementation of the renovation and greening of private sector buildings experienced delays due to the limited applications received during the first call for applications. Malta launched the first call under the scheme for the renovation of private sector buildings in June 2022. By the closing date of the call, only two applications were received, one was deemed ineligible and the other one was withdrawn. A second call under the scheme was launched in February 2023 and is foreseen to close at the end April 2023. As at mid-April 2023, no applications had been received. The uncertainty relating to eligibility of costs under the applicable state aid regime, amongst others, may have influenced the interest in the scheme. Within this context, an extension of the timeline is required due to the unsuccessful call process thus far.

Modified elements	Current version	Amended version
Component and / or measure description	The following text is included in the CID annex: *The investment shall be implemented by **31 December 2025**.*	Proposed CID annex amendment: *The investment shall be implemented by **30 June 2026**.*
Milestones and targets	The following target is included in this Component: a) Target 1.18 Name: Private sector buildings renovated Timeline for completion (indicate the quarter and the year): **Q4 2025** Description and clear definition of each milestone and target: Completion of renovation of at least **40,605m²** in private sector buildings supported by the grants targeting the renovation of public sector buildings. The renovation shall achieve a reduction of primary energy demand (PED) of at least 30%.	The following target is included in this Component: b) Target 1.18 Name: Private sector buildings renovated Timeline for completion (indicate the quarter and the year): **Q2 2026** Description and clear definition of each milestone and target: Completion of renovation of at least **40,605m²** in private sector buildings supported by the grants targeting the renovation of public sector buildings. The renovation shall achieve a reduction of primary energy demand (PED) of at least 30%. T2 Table and methodology have been updated to reflect T1 timeframe amendment mentioned above (Q4 2026).

Amendment 6

Table 1

Component 1: Addressing Climate Neutrality through enhanced energy efficiency, clean energy and a circular economy	
Investment/ reform CID reference	Reform C1-R2
Investment/ reform name reference	Fostering effective waste management through a robust waste governance framework including reforming the waste collection system
Type of change compared to CID	Modified
Legal base of the change (select at least one)	☐ Article 14(2) – loan request ☒ Article 18(2) – update of the maximum financial contribution ☐ Article 21 – amendment due to objective circumstances ☐ Article 21a – REPowerEU non-repayable financial support (ETS revenue) ☐ Article 21b(2) – BAR transfers ☒ None of the above, correction of clerical error
Elements modified (only for modified measures)	☒ Component / Measure description ☒ Milestones and targets ☐ Estimated cost ☐ Green and digital tagging (potentially relevant, because there is a substantive change to the underlying measure) ☒ DNSH self-assessment

Proposed changes:

Reform C1-R2: Fostering effective waste management through a robust waste governance framework including reforming the waste collection system

Description and justification of the change

This change addresses the correction of a clerical error.

Modified elements	Current version	Amended version
Component and / or measure description	Reference to five (5) regions is included in the measure description including the CID annex.	Minor amendment to amend reference from five (5) to six (6) regions in the Component reform description including that in the CID annex.
Milestones and targets	Milestone 1.12 Milestone Name: Setting up of **five** municipal regional bodies responsible for waste collection across Malta and Gozo. Description and clear definition of each milestone and target: Responsibility of waste collection shall shift from 68 Local Councils to five regions: **a) Central (including 13 Local Councils), b) Southern (14 Local councils), c) South Eastern (15 Local Councils), d) Northern (12 Local Councils), e) Gozo (14 Local Councils)**. The transition of waste collection to **five** centres is completed. The **five** centres are fully operational and in charge of collecting waste.	Milestone 1.12 Milestone Name: Setting up of **six** municipal regional bodies responsible for waste collection across Malta and Gozo. Description and clear definition of each milestone and target: Responsibility of waste collection shall shift from 68 Local Councils to six regions: **a) Port (including 11 Local Councils); b)Southern (12 Local councils); c) Eastern (12 Local Councils); d) Western (10 Local Councils); e) Northern (9 Local Councils); f) Gozo (14 Local Councils)**. The transition of waste collection to **six** centres is completed. The **six** centres are fully operational and in charge of collecting waste.
Estimated cost	Not impacted	Not impacted
Green and digital tagging	Not impacted	Not impacted
DNSH self-assessment	Reference to **5 regions** is included in the DNSH assessment	Minor amendment undertaken to amend reference from 5 regions to **6 regions**. This brings the RRP in line with the operational arrangement.

Amendment 7

Table 1

Component 2: Addressing carbon neutrality by decarbonising transport	
Investment/ reform CID reference	Reform C2-R2
Investment/ reform name reference	Promoting further use of collective road public transport
Type of change compared to CID	Modified
Legal base of the change (select at least one)	☐ Article 14(2) – loan request ☐ Article 18(2) – update of the maximum financial contribution ☐ Article 21 – amendment due to objective circumstances ☐ Article 21a – REPowerEU non-repayable financial support (ETS revenue) ☐ Article 21b(2) – BAR transfers ☒ None of the above, correction of clerical error
Elements modified (only for modified measures)	☐ Component / Measure description ☒ Milestones and targets ☐ Estimated cost ☐ Green and digital tagging (potentially relevant, because there is a substantive change to the underlying measure) ☐ DNSH self-assessment

Proposed changes:

Reform C2-R2: Promoting further use of collective road public transport

Description and justification of the change

This change brings the document in line with the operational arrangement that is in place.

Modified elements	Current version	Amended version
Component and / or measure description	Not impacted	Not impacted
Milestones and targets	Target 2.3 Target Name: Number of people in the new cohort groups with access to free public transport Quantitative indicator – Goal: 103,100	Target 2.3 Target Name: Number of people in the new cohort groups with access to free public transport Quantitative indicator – Goal: 103,000 This brings the RRP in line with the CID annex and the operational arrangement.

Amendment 8

Table 1

Component 2: Addressing carbon neutrality by decarbonising transport	
Investment/ reform CID reference	Reform C2-R6
Investment/ reform name reference	Enhanced mobility management in the Public Service
Type of change compared to CID	Modified
Legal base of the change (select at least one)	☐ Article 14(2) – loan request ☐ Article 18(2) – update of the maximum financial contribution ☐ Article 21 – amendment due to objective circumstances ☐ Article 21a – REPowerEU non-repayable financial support (ETS revenue) ☐ Article 21b(2) – BAR transfers ☒ None of the above, correction of clerical error
Elements modified (only for modified measures)	☒ Component / Measure description ☐ Milestones and targets ☐ Estimated cost ☐ Green and digital tagging (potentially relevant, because there is a substantive change to the underlying measure) ☐ DNSH self-assessment

Proposed changes:

Reform C2-R6: Enhanced mobility management in the Public Service

Description and justification of the change

This change addresses the correction of a clerical error whereby the estimated baseline of 650 vehicles is being rectified to 466 vehicles. This is based on an inventory of Government fleet vehicles as at 2023, which is being transmitted as part of the supporting documents for this addendum.

Modified elements	Current version	Amended version
Component and / or measure description	The reform description includes the following text: "It is estimated that currently the government fleet of general use vehicles is composed of around **650** vehicles. These vehicles are not assigned with a particular officer, but rather used as pool cars within each Ministry or Department. Planning of transport services across government authorities is challenging taking into consideration the different tasks, specificities and needs of public administration services."	The reform description includes the following text: "It is estimated that currently the government fleet of general use vehicles is composed of around **466** vehicles. These vehicles are not assigned to a particular office, but rather used as pool cars within each Ministry or Department. Planning of transport services across government authorities is challenging taking into consideration the different tasks, specificities and needs of public administration services."

Amendment 9

Table 1

Component 2: Addressing carbon neutrality by decarbonising transport	
Investment/ reform CID reference	Reform C2-I2
Investment/ reform name reference	Enhancing the uptake of electric vehicles in the private sector
Type of change compared to CID	Modified
Legal base of the change (select at least one)	☐ Article 14(2) – loan request ☐ Article 18(2) – update of the maximum financial contribution ☒ Article 21 – amendment due to objective circumstances ☐ Article 21a – REPowerEU non-repayable financial support (ETS revenue) ☐ Article 21b(2) – BAR transfers ☐ None of the above, correction of clerical error
Elements modified (only for modified measures)	☒ Component / Measure description ☒ Milestones and targets ☐ Estimated cost ☐ Green and digital tagging (potentially relevant, because there is a substantive change to the underlying measure) ☐ DNSH self-assessment

Proposed changes:

Table 2

Investment C2-I2: Enhancing the uptake of electric vehicles in the private sector

Description and justification of the change

The implementation of the uptake of electric vehicles in the private sector has experienced delays mainly due to distribution in the supply chains, including amongst others the availability of electric vehicles supplied and delayed timelines for delivery. Such delays are experienced both in Malta and internationally in view of the increased demands for EVs over recent years, as also attested by several media outlets, amongst others[1]. Within this context, the final target of this investment is being shifted by one year (from Q4 2024 to Q4 2025) to reflect challenges related to bottlenecks in the supplies of electric vehicles, which, since 2022 have experienced delays of over 9 months in the delivery of vehicles from the date of order. An interim milestone evidencing the progress foreseen by Q4 2024 is also being included in addition to the milestones and targets already outlined in the CID to continue Malta's commitment towards progress on this ambition.

Modified elements	Current version	Amended version
Component and / or measure description	a) Target 2.16a is being newly added to this Component: b) Target 2.17 Name: Number of grants awarded for electric vehicles under the scheme for the private sector Baseline: 1,000 Timeline for completion: Q4 2024	The following Target is being added to this Component: a) Sequential Number: 2.16a Milestone/Target: Target Name: Number of grants awarded for electric vehicles under the scheme for the private sector Unit of measure: Number Quantitative indicators - Baseline: 1,000; Goal: 4,000 Timeline for completion: Q4 2024 Data source: Ministry responsible for Energy Responsibility for reporting and implementation: Ministry responsible for Transport Description and clear definition of each milestone and target: This target measures the number of grants awarded under the Electric Vehicle Schemes in the private sector. Assumptions/risks: Assumption: the expected take-up materialises

		Verification mechanism: Summary document duly justifying how the target (including the relevant elements of the target, as listed in the description of target and of the corresponding measure in the CID annex) was satisfactorily fulfilled. This document shall include, as an annex, an anonymised list of the awarded grants, indicating, for each of them: (a) official reference to the award resolution or notification from the relevant authority (or alternatively, links to the official publications if required by the applicable legislation) proving that grant support for electric vehicles has been granted; and (b) the specific type and category of electric vehicles benefitting from the awarded grant, including the specification whether the vehicle is a new zero-emission vehicle. b) Target 2.17 Name: Number of grants awarded for electric vehicles under the scheme for the private sector Baseline: 4,000 Timeline for completion: Q4 2025
Estimated cost	The timeline for completion is Q4 2024.	Yearly distribution for the said investment in the T2 Table & Methodology have been updated to reflect amendments described above.

[1] Agence France-Presse, *Car delays expected to last six months due to microchip shortage*, Times of Malta, November 14, 2021, https://timesofmalta.com/articles/view/car-delays-expected-to-last-six-months-due-to-microchip-shortage.915219;
International Energy Agency, Global EV Outlook 2022, *Securing supplies for an electric future - Executive Summary*, https://www.iea.org/reports/global-ev-outlook-2022/executive-summary;
Rob Hull, *Shortage of electric cars set to derail sales boom: Supply issues delaying orders for up to TWO YEARS - we reveal waiting times for the most popular EVs*, ThisisMoney.co.uk, August 18 2022, https://www.thisismoney.co.uk/money/electriccars/article-11123677/Shortage-electric-cars-looks-set-derail-sales-boom.html.
Patricia Nilsson and Harry Dempsey, *Lithium shortages threaten Europe's electric car transition*, Financial Times April 2, 2023, https://www.ft.com/content/154c53aa-5a9a-4004-abf9-2e6e5396dca4

Amendment 10

Table 1

Component 2: Addressing carbon neutrality by decarbonising transport

Investment/ reform CID reference	Reform C2-I3
Investment/ reform name reference	Decarbonising the public sector fleet
Type of change compared to CID	Modified
Legal base of the change (select at least one)	☐ Article 14(2) – loan request ☐ Article 18(2) – update of the maximum financial contribution ☐ Article 21 – amendment due to objective circumstances ☐ Article 21a – REPowerEU non-repayable financial support (ETS revenue) ☐ Article 21b(2) – BAR transfers ☒ None of the above, correction of clerical error
Elements modified (only for modified measures)	☒ Component / Measure description ☐ Milestones and targets ☐ Estimated cost ☐ Green and digital tagging (potentially relevant, because there is a substantive change to the underlying measure) ☐ DNSH self-assessment

Proposed changes:

Table 2

Investment C2-I3: Decarbonising the public sector fleet

Description and justification of the change

The description of the reform (as shown in the CID annex) is being amended to reflect the operational arrangements related to target 2.19. Percentage of electric vehicles in the Government general use fleet, whereby the timeline for completion of this target is **Q3 2025**. Furthermore, another change was carried out to rectify a clerical error in the calculation of the baseline. In addition, the measurement unit is being changed from percentage to number. Changes mainly relate to amendments in the T1 and T2 Table as described below.

Modified elements	Current version	Amended version
Component and / or measure description	The following text is included in the CID annex: The objective of this investment is decarbonising the transport sector in Malta by promoting the uptake of electric vehicles in the public service. The investment consists of the purchase of electric vehicles in order to replace internal combustion engine vehicles and achieve a share of electric vehicles in the public service fleet used by Government departments of 38%. In conjunction with reform C2-R6: Enhanced mobility management in the public service, the investment shall result in a cleaner and reduced public service vehicle fleet on the road network, reducing emissions and congestion. It is expected that this measure does not do significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, taking into account the description of the measure and the mitigating steps set out in the RRP in accordance with the DNSH Technical Guidance (2021/C58/01). In particular, only zero-emission vehicles shall receive financial support. The investment shall be implemented by **31 December 2024**.	Proposed CID annex amendment: The objective of this investment is decarbonising the transport sector in Malta by promoting the uptake of electric vehicles in the public service. The investment consists of the purchase of 250 electric vehicles in order to replace internal combustion engine vehicles and achieve a share of electric vehicles in the public service fleet used by Government. In conjunction with reform C2-R6: Enhanced mobility management in the public service, the investment shall result in a cleaner and reduced public service vehicle fleet on the road network, reducing emissions and congestion. It is expected that this measure does not do significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, taking into account the description of the measure and the mitigating steps set out in the RRP in accordance with the DNSH Technical Guidance (2021/C58/01). In particular, only zero-emission vehicles shall receive financial support. The investment shall be implemented by **30 September 2025**. This brings the CID annex in line with the operational arrangement with regard to the timelines of this target.

Milestones and targets	Target 2.19 Name: Percentage of electric vehicles in the Government general use fleet Unit of Measure: % Baseline: 0% Goal: 38% Description: 38% of the public service fleet used by Government Departments shall be fully electric (zero emissions).	Target 2.19 Name: An addition of 250 electric vehicles in the Government General Use Vehicle (GUV) fleet Unit of Measure: Number Baseline: 12 Goal: 250 Description: An additional 250 vehicles within the Government General Use Vehicle fleet shall be fully electric (zero emissions). T1 and T2 Tables have been updated as necessary.
Estimated cost	Not impacted	Not impacted
Green and digital tagging	Not impacted	Not impacted
DNSH self-assessment	Not impacted	Not impacted

Amendment 11

Table 1

Component 4: Strengthening the resilience of the health system

Investment/ reform CID reference	Investment C4-I1
Investment/ reform name reference	Establishment of a Blood, Tissue, and Cell Centre for Malta
Type of change compared to CID	Modified
Legal base of the change (select at least one)	☐ Article 14(2) – loan request ☐ Article 18(2) – update of the maximum financial contribution ☐ Article 21 – amendment due to objective circumstances ☐ Article 21a – REPowerEU non-repayable financial support (ETS revenue) ☐ Article 21b(2) – BAR transfers ☒ None of the above, correction of clerical error
Elements modified (only for modified measures)	☐ Component / Measure description ☒ Milestones and targets ☐ Estimated cost ☐ Green and digital tagging (potentially relevant, because there is a substantive change to the underlying measure) ☐ DNSH self-assessment

Proposed changes:

Table 2

Investment C4-I1: Establishment of a Blood, Tissue and Cell Centre for Malta

Description and justification of the change

This change addresses the correction of a clerical error.

Modified elements	Current version	Amended version
Component and / or measure description	Not impacted	Not impacted
Milestones and targets	Milestone 4.10 Description and clear definition of each milestone and target: The facility is completed, certified to process blood, tissues and cells. It is open to users and operationally resourced to provide the envisaged services The capacity of the facility includes at least: - 17,000 units of red blood cell concentrates; - 2,000 units of platelets (pooled) and 200 apheresis platelets; and - 100 units of bone.	Milestone 4.10 Description and clear definition of each milestone and target: The facility is completed, certified to process blood, tissues and cells. It is open to users and operationally resourced to provide the envisaged services The capacity of the facility includes at least: - 17,000 units of red blood cell concentrates; - 2,000 units of platelets (pooled) and 200 apheresis platelets; and - 100 units of bone. **Units of red blood cell concentrates, and units of platelets shall be understood as annual capacity.** **Units of bone shall be understood as banked capacity.** This brings the RRP in line with the operational arrangement.
Estimated cost	Not impacted	Not impacted
Green and digital tagging	Not impacted	Not impacted
DNSH self-assessment	Not impacted	Not impacted

Amendment 12

Table 1

Component 5: Enhancing quality education and fostering socio-economic sustainability	
Investment/ reform CID reference	Reform C5-R4
Investment/ reform name reference	Implementing an effective education policy monitoring system
Type of change compared to CID	Modified
Legal base of the change (select at least one)	☐ Article 14(2) – loan request ☐ Article 18(2) – update of the maximum financial contribution ☐ Article 21 – amendment due to objective circumstances ☐ Article 21a – REPowerEU non-repayable financial support (ETS revenue) ☐ Article 21b(2) – BAR transfers ☒ None of the above, correction of clerical error
Elements modified (only for modified measures)	☒ Component / Measure description ☒ Milestones and targets ☐ Estimated cost ☐ Green and digital tagging (potentially relevant, because there is a substantive change to the underlying measure) ☒ DNSH self-assessment

Proposed changes:

Table 2

Reform C5-R4: Implementing an effective education policy monitoring system

Description and justification of the change

This change addresses the correction of a clerical error.

Modified elements	Current version	Amended version
Component and / or measure description	The measure description includes references to the **Policy Monitoring Unit**.	Minor amendments made to amend reference from Policy Monitoring Unit to **Policy Monitoring and Evaluation Directorate**.
Milestones and targets	Milestone 5.11 Description and clear definition of each milestone and target: After the adoption of the evaluation and monitoring work plan outlining key performance indicators and related monitoring arrangements as well as a list of policy measures to be evaluated every year, the policy owners shall report their progress in implementing the measures according to the work plan on a monthly basis. This information shall feed into the quarterly meeting of the Ministry's Strategic Management Board for discussion and facilitating the policy implementation process. An internal report on the status of the policy implementation process shall be prepared annually. This shall cover all policies on education that have been reviewed and cover the period 2021-2030. Two officials shall be engaged to form part of the **Policy Monitoring Unit**.	Milestone 5.11 Description and clear definition of each milestone and target: After the adoption of the evaluation and monitoring work plan outlining key performance indicators and related monitoring arrangements as well as a list of policy measures to be evaluated every year, the policy owners shall report their progress in implementing the measures according to the work plan on a monthly basis. This information shall feed into the quarterly meeting of the Ministry's Strategic Management Board for discussion and facilitating the policy implementation process. An internal report on the status of the policy implementation process shall be prepared annually. This shall cover all policies on education that have been reviewed and cover the period 2021-2030. Two officials shall be engaged to form part of the **Policy Monitoring and Evaluation Directorate**. This brings the RRP in line with the operational arrangement.

DNSH self-assessment	The DNSH assessment description includes references to the **Policy Monitoring Unit**.	Minor amendments made to reflect the exact title of the Unit.

Amendment 13

Table 1

Component 6: Strengthening the institutional framework

Investment/ reform CID reference	Reform C6-R2
Investment/ reform name reference	Create a separate prosecution service
Type of change compared to CID	Modified
Legal base of the change (select at least one)	☐ Article 14(2) – loan request ☐ Article 18(2) – update of the maximum financial contribution ☐ Article 21 – amendment due to objective circumstances ☐ Article 21a – REPowerEU non-repayable financial support (ETS revenue) ☐ Article 21b(2) – BAR transfers ☒ None of the above, correction of clerical error
Elements modified (only for modified measures)	☐ Component / Measure description ☒ Milestones and targets ☐ Estimated cost ☐ Green and digital tagging (potentially relevant, because there is a substantive change to the underlying measure) ☐ DNSH self-assessment

Proposed changes:

Table 2

Investment C6-R2: Create a separate prosecution service

Description and justification of the change

This change is aimed to rectify a clerical error in the calculation of the baseline. To corroborate the rectification of the baseline, a list of personnel was retrieved from Jobsplus, which is the body in Malta responsible for keeping official records of employment details in line with Chapter 594 of Malta's laws. Documentary evidence on this change is being transmitted as part of the supporting documents for this addendum. Changes relate to amendments in the T1 Table as described below.

Modified elements	Current version	Amended version
Component and / or measure description	Not impacted	Not impacted
Milestones and targets	Target 6.7 Baseline: 73 Goal: 104	Target 6.7 Baseline: 56 Goal: 87
Estimated cost	Not impacted	Not impacted
Green and digital tagging	Not impacted	Not impacted
DNSH self-assessment	Not impacted	Not impacted

PART 3

COMPLEMENTARITY AND IMPLEMENTATION OF THE PLAN

1. Pre-financing request
2. Consistency with other initiatives
3. Complementarity of funding
4. Effective implementation
5. Consultation process of stakeholders
6. Control and audit
7. Communication

Part 3 has been amended, where relevant, to take into consideration updates related to REPowerEU, including updates to implementation modalities.

PART 4

OVERALL COHERENCE AND IMPACT OF THE PLAN

In view of the inclusion of the REPowerEU Chapter, Part 4 has also been updated. Please refer to the updated section.

Complementarity and Implementation of the Plan

PART 3

Part 3: Complementarity and Implementation of the Plan

3.1 Pre-financing request

In line with Art.13 of Regulation 2021/241, Malta is requesting a 13% pre-financing for the non-repayable financial support available to Malta under this plan, in order to alleviate the financial burden from project beneficiaries.

Moreover, following the adoption by the Council of the implementing decision referred to in Articles 20(1) and 21(2) of Regulation (EU) 2021/241, Malta would like to request up to two pre-financing payments for a total amount of €13,991,001.80.

Malta is aware that, to the extent possible and subject to available resources, the pre-financing will be paid out in up to two tranches; the first pre-financing payment within two months after the conclusion by the Commission and Malta of the individual legal commitment referred to in Article 23 of Regulation 2021/241, and the second pre-financing payment within twelve months of the entry into force of the Council Implementing Decision approving the assessment of the Recovery and Resilience Plan including a REPowerEU Chapter.

3.2 Consistency with other initiatives

The implementation of the RRP will contribute towards the achievement of Malta's socio-economic goals as outlined in Government's long-term strategy and other relevant national policy documents and strategies.

The proposed reforms and investments in the green transition, as outlined under Components 1, 2 and the REPowerEU Chapter, are in line with the initiatives identified under the NECP and the Sustainable Development Vision for 2050[1], amongst others. Within this context, the identified investments under Component 1 shall contribute to the planned measures identified in Malta's NECP, more particularly to increase decarbonisation and energy efficiency through the renovation of existing buildings and enhance resource efficiency measures in new buildings.

The planned reforms and investments under components 1 and 2 can directly/indirectly contribute to the policies and measures (PAM) identified in *Table 36* the NECP, particularly with the European Union dimensions[2] related to decarbonisation and energy efficiency. Contributing measures also

[1] Ministry for Sustainable Development, Climate Change and the Environment (2020) Malta's Sustainable Vision for 2050, https://meae.gov.mt/en/Public_Consultations/MSDEC/Documents/Malta%27s%20Sustainable%20Development%20Vision%20for%202050.pdf

[2] Malta's 2030 NECP, 2019. Accessed from: https://ec.europa.eu/energy/sites/default/files/documents/mt_final_necp_main_en.pdf

include the reform in diversifying waste collection to facilitate the transition to a circular economy, in line with the objectives identified in the Draft *Long-Term Waste Management Plan 2021–2030* (PAM Reference No. C.2.3) together with the reform in promoting the use of public transport to improve air quality and reduce GHG emissions (PAM Reference No. T.2.5). Furthermore, the proposed reforms and investments under Component 2 seek to contribute directly to the measures outlined in Malta's *National Transport Strategy for 2050*[3], the *2025 Transport Master Plan*[4], the *National Policy Framework: Alternative Fuel Infrastructure for Transport in Malta 2018–2030*[5] and Malta's *National Air Pollution Control Programme, 2019*[6]. Thus, initiatives foreseen under this component aim to directly finance and support the implementation of measures emanating from these policies.

Under Component 3, the digitalisation initiatives foreseen reflect the needs identified for the development of Malta's digital economy, as outlined in Malta's Draft *Digital Strategy*. The scope of the proposed investments will aim to enhance access to public services while facilitating the transition towards a digitally transformed society. In this regard, the initiatives foreseen not only contribute to the direct ambitions of the strategy but will also contribute towards improving Malta's performance under the DES index. Under Component 4, measures and investments reflect the ambitions of the draft *National Health Systems Strategy* (NHSS) 2030. The proposed intervention for establishing a Blood transfusion, cell and tissue banking facility aims to address one of the main investment needs identified in the draft NHSS, which is envisaged to assist in the provision of proper and equitable access to high quality health services, whilst ensuring their availability and efficiency. Furthermore, this investment will contribute to the implementation of the Draft *Smart Specialisation Strategy 2021-2027* whereby the area of cellular therapy is identified as one out of the areas of focus. Taking into consideration the short and timely focus of the RRP, the implementation of this investment will not only be financed through the RRP but also implemented swiftly in line with the effective nature of the facility.

Reforms related to education under Component 5 are in line with the education framework in place (2014-2024[7]) whereby a focus is placed on the need to reduce the current level of early school leavers, increase vocational learning and training opportunities, as well as reduce the gaps in educational attainment, amongst others. In 2020, Government also embarked on the review of several education policies, including its early school leaving policy, inclusion policy and

[3] Transport Malta (2016). National Transport Strategy 2050 for Malta. https://www.transport.gov.mt/strategies/strategies-policies-actions/nationaltransport-strategy-and-transport-master-plan-1343

[4] Transport Master Plan 2025 (TM, 2016), https://www.transport.gov.mt/strategies/strategies-policies-actions/national-transport-strategy-and-transport-master-plan-1343. As at time of reporting the 2025 Transport Master Plan was being updated to reflect measures to be implemented by 2030

[5] Ministry for Transport, Infrastructure and Capital Projects National Policy Framework Alternative Fuels Infrastructure for Transport in Malta 2018-2030 https://mtip.gov.mt/en/Documents/NPF%20Malta.pdf

[6] Environment and Resources Authority (2019) Malta's National Air Pollution Control Programme 2019 https://era.org.mt/wp-content/uploads/2020/06/NAPCP_ISBN_PDF_web.pdf

[7] And any other subsequent revisions.

lifelong learning strategy. Such reforms will complement investment in compulsory and vocational education facilities and investment in the quality and adaptation of education pedagogies as foreseen under ERDF and ESF+ Funds within the 2021-2027 Programmes.

Furthermore, measures related to employment under this component are in line with the ambitions of the *National Employment Policy* and the *Draft Labour Market Policy* by targeting the need to upskill and re-skill workers, including low skilled workers and tackle the realities of under-employment amongst others[8]. The RRP will thus enable the implementation of targeted measures which are directly linked to emerging needs and policy developments within the local context.

In 2021, Malta also established a National Youth Policy 2030 which outlines a series of measures aimed to support youths, including through the implementation of the Youth Guarantee which will continue to be pursued under ESF+. The pension reform measures presented in this plan are a reflection of the ongoing process in Malta and in particular are in line with the principles underpinning the National Employment Policy as well as the *National Poverty Strategy* that identifies the elderly as one of the main areas of focus. In this regard, the RRP will fast track and monitor the implementation of measures targeted under the pension reform.

Component 6 contributes to the needs to strengthen the institutional framework. The measures are consistent with the recommendations of the Venice Commission, the national Anti-Money Laundering/Combating the Financing of Terrorism (ML/CFT) strategy and the actions to address the Council of Europe (MONEYVAL) recommendations. The measures in Component 6 are also in line with Malta's commitment to curb aggressive tax planning. Within this context, the RRP will support the deployment of measures in this area with a view to making marked progress in this important area within the timeframes of the RRP.

The measures outlined under the REPowerEU Chapter will continue to build on investments supporting renewable energy sources (RES) by fostering initiatives that strengthen and widen energy supply and networks, in line with the objectives of the REPowerEU Plan to accelerate the clean energy transition. This will also contribute to CSR (1) 2022 and CSR (4) 2022.

3.3 Complementarity of Funding

In drafting the RRP due consideration was given to Malta's plans in supporting specific initiatives and investments under other EU funding programmes for the 2021-27 period. This ensures clear delineation between funding operations whilst contributing towards complementarity and focused impact of the investments made.

In view of the cross-cutting objectives across different funding instruments such as to foster resilience, recovery and support the green and digital transitions, Malta aims to ensure that a coherent approach is adopted in the implementation of interventions financed through EU funded programmes.

[8] Ministry for Finance and Employment, The Labour Market (2021), https://finance.gov.mt/en/Library/Documents/The%20Labour%20Market%20-%20Road%20Ahead.pdf

Structures at national level to ensure complementarity and coordination

In order to ensure that there is consistency between the funding programmes and that overlaps between the interventions financed under different EU funded instruments are avoided, the programming and implementation of EU funded plans and programmes are coordinated within the Ministry responsible for the management of EU Funds.

The Ministry responsible for the management of EU Funds is the Ministry for the Economy, European Funds and Lands (MEFL). Within the Ministry portfolio, the Parliamentary Secretariat for European Funds is responsible for the management of EU Funds including the structures responsible for the RRF. It should be noted that in Malta, in line with the Constitution, the Prime Minister decides how portfolios are allocated and therefore no other legal empowerment is required:

'Subject to the provisions of this Constitution, the President, acting in accordance with the advice of the Prime Minister, may, by directions in writing, assign to the Prime Minister or any other Minister responsibility for any business of the Government of Malta including the administration of any department of government.'[9]

The Ministry responsible for the management of EU funds includes in its portfolio the Planning and Priorities Coordination Division, which acts as the Managing Authority for the ESIF Programmes: the European Regional Development Fund; the European Social Fund Plus; and the Cohesion Fund. The Ministry also includes the Funds and Programmes Division which undertakes the Managing Authority function for other sector specific EU funded programmes including Common Agricultural Policy (Strategic Plan); the European Maritime, Aquaculture and Fisheries Fund; the Asylum, Migration and Integration Fund; the Internal Security Fund; the Border Management and Visa Instrument; and European Territorial Cooperation. These two entities are also responsible for administering any modifications carried out to existing Programmes and Plans to ensure consistency in synergies throughout the implementation of programmes.

The Ministry responsible for the management of EU Funds also acts as the RRP Coordinator as well as the National Coordinating Authority for the Technical Support Instrument (TSI). This centralised approach provides the necessary synergies and expertise in Malta in dealing with EU funds. It also ensures a coherent and coordinated approach towards the programming and implementation of different EU funding instruments which is thus ensured from the programming stage throughout the implementation period.

The Planning and Priorities Coordination Division (PPCD) has been designated to provide the necessary leadership, monitoring and oversight concerning the implementation of all the investments envisaged in the RRP. This builds on the structures established in previous years for the purposes of EU funding. It will ensure focused coordination and monitoring throughout the Plan's period in a consistent and coherent manner. Moreover, the well-established governance

[9] Article 82 of The Malta Independence Order, 1964, as amended by Acts: XLI of 1965, XXXVII of 1966, IX of 1967, XXVI of 1970, XLVII of 1972, LVII, LVIII of 1974, XXXVIII of 1976, X of 1977, XXIX of 1979, IV of 1987, XXIII of 1989; Proclamations Nos. II and VI of 1990; Acts XIX of 1991, IX of 1994; Proclamations IV of 1995 and III of 1996; Acts: XI of 1996, XVI of 1997, III of 2000, XIII of 2001, V of 2003, and XIV and XXI of 2007.

framework used for ESIF funds will be extended to the RRP, which will also benefit from the knowledge and expertise of existing staff. The responsibility carried out by PPCD and the different role it has from the RRP task force is elaborated upon below.

Arrangements to avoid double funding from the Facility and other Union programmes

The RRP is designed in a way that restricts the instances when the same investment project supported under the RRP would receive support from multiple sources of EU financing. Moreover, in such cases there is always a clear delineation established at programming stage[10]. This enhances governance and will also limit the issues linked to complexities related to the different regulatory framework guiding the implementation of the same investment.

Furthermore, the RRP will benefit from the current system used for the purposes of other EU funded programmes. In fact, the Management Information System is in place and is used to assess the risk of double funding of all EU funded approved operations. Each project that is being managed by the different Managing Authorities, all of which are under the responsibility of the Ministry responsible for the management of EU funds, is recorded in an electronic system that is then circulated for assessment between the different authorities responsible for the funds. The relevant Authority also undertakes a project-by-project assessment, through an appropriately developed checklist to assess the risk of double funding. The risk linked to double funding for each operation is categorised as Low or High Risk, depending on: possible overlaps with other EU funded interventions; the number of Irregularity Reports already registered under that Beneficiary and related amount; ARACHNE registered risks. The level of risk will determine the frequency of follow-up by the authority responsible for the monitoring of the project in question which cannot be less than once a year in case of low-risk interventions. The status might change during the implementation.

Through the lifetime of the operation, the Maltese Authority will continue to undertake checks on double funding including a request for all beneficiaries of funded operations and mainstream projects, to provide, on yearly basis, a confirmation that no other funds have been requested/ received to finance the same or part of the same operation(s).

The confirmation will be provided through the signed checklist and aims at ensuring that:

- The Beneficiary organization has not applied for other centralized (EU/national funded) projects.
- The Beneficiary organization has not been granted an approval for other centralized (EU/ national funded) projects.
- Confirmation that there is no risk of double funding with new proposed or approved operations.

[10] In this regard, measures which explicitly address a specific cohort or sector for which there are established funds, will be covered through fund specific programmes, such as measures for fishers under EMFF, and for the purposes of skilling, re-skilling, training and education aimed at addressing broader target groups, it is envisaged that Malta will use the ESF+ programme as the main EU funding instrument.

In performing the checks, the Maltese Authorities also make regular use of the "Arachne" risk scoring tool. The Arachne's overall risk score, combined with the other criteria, will guide to establish whether there is underlying double funding, and calibrate the checks accordingly.

As explained in this document, the possibility of double funding is excluded at the planning stage. Moreover, during the RRP implementation period the PPCD carries out another check to further ascertain that the possibility of overlap with support under ESI funds and the Technical Support Instrument is excluded. The fact that all EU funding instruments (including the RRP) are coordinated by the same Ministry in Malta makes such assessment more streamlined.

Finally, bi-annual meetings with the ESIF responsible bodies will be held, during which all the involved stakeholders assess potential overlaps between the beneficiaries benefitting from investments under the RRP and the different EU funding programmes being managed by the managing authorities for EU funds in Malta. As a result of these meetings that are duly recorded those Authorities that are not currently populating Arachne are required to share the list of supported operations and Beneficiaries and to identify any potential risk of double funding.

Malta confirms that no investment/reform financed by the RRP will be financed by any other EU funding instrument.

Demarcation between funding instruments

As far as possible, demarcation is delineated at programming stage whereby efforts to distinguish the scope and objectives of the different funds is made. Such demarcation also aims to ensure that support does not cover the same cost, in line with Article 9 of the RRF Regulation. Within this context, measures which explicitly address a specific cohort or sector for which there are established funds, will be covered through fund specific programmes (such as measures for fishers under EMFAF) whereas measures addressing broader target groups or wider sectors will be addressed through ERDF/CF/RRP and ESF+.

For the purposes of skilling, re-skilling, training and education aimed at addressing broader target groups, it is envisaged that Malta will use the ESF+ programme as the main EU funding instrument. This enables a clear delineation between EU funds whereby the ESF+ acts not only as a vital instrument in the social and employment fields but also as a horizontal enabler in terms of education, training and upskilling. This will be also used for new and emerging skills and abilities in a variety of fields including those relating to digitalisation and its challenges; research and innovation; waste; climate change including energy efficiency, renewable energy, performance of buildings, amongst others. The ESF+ programme will be complemented by investments and other infrastructural initiatives under the RRP, ERDF, CF and JTF.

Complementary funding through other EU and national funds

In an effort to ensure delineation between funds, complementarity of funding under the RRP and other EU funds is not envisaged for the same investment. In this regard, whilst interventions under the different funds will aim to build on each other to create the necessary impact, no such complementarity is envisaged for the same investment. This will ensure delineation and avoid issues of double funding as outlined earlier.

Nevertheless, synergies between different investments supported under RRP and other EU funds are foreseen. Investments and reforms fostering decarbonisation under components 1 and 2 of this plan will be complemented by investments through other EU funds in, amongst others, circular economy and water resources, energy measures, investment in green mobility and biodiversity, clean energy sources, green infrastructure, the decarbonisation of ports and the roll out of charging infrastructure. Training measures related to such initiatives will be supported under ESF+. The waste reform under Component 1 will be supported through investments under Cohesion Policy funds.

Additional measures foreseen under the REPowerEU Chapter in this Plan will enable the uptake of RE technologies thus directly contributing to REPowerEU objectives. This forms part of a holistic approach contributing to climate neutrality ambitions as described in the Malta Low Carbon Development Strategy (2021), and Malta's 2030 National Energy and Climate Plan (2019) and will contribute to the CSR (1) & (4) 2022 on the green transition recommendations. In addition, measures under the REPowerEU Chapter will also complement clean energy, energy efficiency and decarbonisation measures under Components 1 and 2 of this Plan.

Actions under the RRP will also complement initiatives foreseen under other EU funds, primarily under the ERDF/CF/JTF Programme 2021-2027 whereby support for pilot initiatives in RES and the commissioning of a second electricity interconnector and battery storage facilities are foreseen. Such investments will continue enabling the increase and re-use of locally generated energy, thus optimising the use of energy resources and the maximisation of the investment in the electricity network and grid being developed under the RRP.

Complementary interventions supporting the conservation of resources within the fishing industry and targeting investment needs towards reducing marine litter will also be supported through EMFAF. Under the European Territorial Cooperation (ETC) Programmes opportunities to support the shift towards a low carbon economy, address circular economy and improve energy efficiency will be sought, particularly through joint pilot actions. Measures promoting improved resource management and biodiversity through on-farm investments related to new water and agricultural holdings will also be supported under the CAP Strategic Plan (CAP SP) within the context of agricultural and rural investments.

Reforms and investments under Component 2 shall be complemented with interventions undertaken through Cohesion Funds whereby investments in TEN-T infrastructure in roads and seaports as well as to foster urban mobility are envisaged. Such interventions will aim to reduce bottlenecks and congestion in line with CSR3.

Initiatives foreseen under Component 3 of the RRP fostering digitalisation in public administration and private sector, will complement interventions under ERDF in so far as interventions in R&I, digitalisation and competitiveness are foreseen. This concerted effort will aim to increase economic resilience as well as promoting digital transition. These investments will also be complemented by ESF+ measures in digital learning with a view to strengthen the knowledge and skills base of the workforce. The ETC programmes may also provide opportunities to improve digital infrastructures and tools and fostering an innovative and competitive sustainable economy. Targeted digital technology, research and innovation may also complement these interventions through EMFAF to increase efficiency and reliability of data collection.

RRP initiatives under Components 4 and 5 addressing health, education and employment will also be complemented by interventions under ESIF. Investments under ERDF and ESF+ will complement each other in terms of providing the necessary combination of infrastructure and capacity building. Under ERDF, investment in compulsory education and VET facilities will also contribute to the reduction of early school leavers and planned RRP reforms. As outlined earlier, the ESF+ shall be the main fund supporting training, re-skilling and upskilling. Furthermore, and building on initiatives supporting job maintenance under the CRII, CRII+, SURE and REACT EU initiatives, support for job maintenance is also envisaged under the ESF+ in an effort to sustain the economy through the pandemic. The ESF+ will also continue to support labour market activation measures. These include measures aimed at reducing the gender pay gap, integrating third country nationals as well as economic migrants and other vulnerable groups (including persons with a disability), within the labour market to foster an environment conducive to equality, inclusion, education and growth.

Initiatives under the ERDF social strand will further promote quality health care provision, with a focus on mental health, quality education, social services with a focus on youths and inclusion with a focus on tourism and culture, amongst others. Similarly, health and educational initiatives supporting third country nationals and asylum seekers through the Asylum, Migration and Integration Fund is also envisaged. Joint projects under ETC programmes will also aim to promote transnational e-health/tele-health technology innovation, and capacity building, amongst others. CAP SP may also complement interventions involving cooperation and knowledge transfer opportunities through training, advice and promotional activities in the agricultural sector.

The Technical Support Instrument (TSI) will also be an important tool to continue supporting Malta's reform process. Such efforts will build on the ongoing TSI projects which are supporting reforms and investments related to the digitalisation of the maritime register and strengthening integrity and transparency of governance systems related to Components 3 and 6 respectively. Furthermore, through the TSI dedicated call 2021, capacity building measures to implement, monitor, report and control the overall implementation of the RRP are being implemented. This project will contribute towards ensuring a successful implementation of the plan. Interventions contributing towards enhancing financial criminal investigations are foreseen under the Internal Security Fund. These include tailored capacity building measures on anti-money laundering and measures aimed at strengthening the recovery of confiscated criminal profits through the asset recovery facility.

Investments under all components under RRP will also complement interventions foreseen under Policy Objective 5 under ERDF, where measures for sustainable urban development are foreseen. Within this context, complementarities will be primarily sought between PO 5 and initiatives relating to green and digital transition as well as improved education under the RRP.

Government will seek to maximise the potential synergies with other EU Funded initiatives including Horizon Europe through research and innovation and CEF transport in terms of shifting towards more sustainable means of transport. Complementary actions addressing adult and higher education may also be considered through ERASMUS+.

3.4. Implementation

Effective implementation

The proposed reforms and investments under this plan will be implemented in line with the established national and European rules including the public procurement regulations amongst others, as explained below taking into consideration the specific framework that is applicable to the RRP.[11] Furthermore, as elaborated below, there are different stakeholders that are involved in the implementation of the plan and an effective management and control system including the required human resource capacity will be deployed in the implementation of plan. This mechanism reflects the system in place for the implementation of Cohesion Policy in Malta that has been subject to a number of audits both at a national and European level including assessments by the European Court of Auditors.

The system currently being used in Malta has developed over the years a system of continuous training of existing as well as new officers working within stakeholders involved in the implementation of the RRP. Hence all officers from all stakeholders involved in the implementation of the RRP will benefit from the annual training plan that is in place which will now include additional training related to the specificities related to the implementation of the RRP.

Furthermore, Malta will positively consider participation in horizontal training initiatives that may be organised in future by the Commission during the implementation of the plan.

Administrative arrangements

The programming and implementation of the RRP, the Partnership Agreement and all EU Funded plans and programmes[12] for the 2021-2027 period are coordinated by the Ministry responsible for the management of EU Funds in Malta. The Ministry also coordinates any complementary support under InvestEU and the Technical Support Instrument. 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 the management of EU funds in Malta will act as the Head of the RRP and is entrusted with the authority to fulfil all relevant tasks related to the management and control of the RRP. The Ministry will act as the RRP Coordinator and thus will be the single point of contact for the Commission for the purposes of the RRP. Due to the link with the European Semester, particularly for the purposes of the RRP, close collaboration with the Ministry responsible for Finance is also ensured. The RRP Coordinator will ensure complementarity, synergy, coherence and consistency among different Union instruments being implemented in Malta.

[11] https://legislation.mt/eli/sl/601.3/eng/pdf

[12] These include: The Partnership Agreement, all programmes falling under the Common Provisions Regulation including ERDF, CF, ESF+, AMIF, ISF, BMVI, JTF as well as the CAP SP.

For this reason, a Task Force[13] will be created with the specific responsibility to ensure a constant flow of information from the implementation of the plan (role fulfilled by PPCD), coordination from the programming aspect linked to all EU funds, (Strategy and Implementation Division) and the link with the European Semester (Economic Planning Department).

In line with Article 22 of EU Reg. 2021/241, in implementing the Facility, PPCD will be entrusted by the RRP Coordinator in relation to effective implementation of the Programme, in particular the function identified in Article 22 (2) and (3) and will take all the appropriate measures to protect the financial interests of the Union and to ensure that the use of funds in relation to measures supported by the Facility under this plan complies with the applicable Union and national law. In doing so, PPCD will:

- Provide manuals and guidance through *ad hoc* information sessions to the Beneficiaries on obligation related to the use of the RRP;
- Provide guidance on complementarities with other instruments of relevant Union policies;
- Monitor that the implementation of the plans is in accordance with the criteria set in the Council decision and that it complies, for the whole implementation period, with applicable Community and national rules and guidelines, including those related to information and communications;
- Before expenditure is declared, verify that the set milestones and/or targets are fulfilled and that the expenditure declared by the beneficiaries for operations has been paid by them and that it complies with applicable law, the RRP and conditions for support. Both physical and administrative checks will be carried out as necessary;
- Putting in place effective and proportionate anti-fraud measures, considering the risks identified;
- Setting up of procedures to draw up the management declaration of assurance, report on the controls carried out and weaknesses identified, and the annual summary of final audits and controls;
- Provide information to the Audit Authority on the Audit universe to identify the audits to be undertaken ahead of the payment claim to be raised by PPCD;
- Sign the management declaration and summary of audits before raising the payment claim to the Commission;
- Ensure that the Commission receives all necessary information for the drafting of the annual report to the Council including information as per Article 31 of the RRF Regulation;
- Establish a system to record and store, in computerized form, data on operation, including final recipients according to the EU requirements data, where applicable;
- Ensure that data for monitoring the implementation of the activities and results are collected efficiently, effectively and in a timely manner. To that end, proportionate reporting requirements will be imposed on recipients of Union funding;
- Ensure that beneficiaries involved in the implementation of operations maintain either a separate accounting system or an adequate accounting code for all transactions;
- Satisfy itself that an appropriate follow-up of the irregularities was undertaken up to the time of submission of the accounts to the Commission in relation to the results of the management verifications and to the final audit results by the national or EU audit bodies. This will be

[13] Chaired by the Permanent Secretary of the Ministry responsible for the management of EU funds

done through a dedicated Management Information tool, which will effectively deduct the irregular amounts through the withdrawal from subsequent interim payments;

- The same Management Information system will allow the recording and storing in computerised form and accounting records for each operation including data necessary for financial management and monitoring of milestones and targets;
- Develop a risk register that will include details of the control mechanism that have been put in place to deal with the implementation of the RRP in Malta. Details of such controls are provided in Annex II [of this plan];
- Ensure that the measures supported by the Facility and included in recovery and resilience plans contribute to the green transition within the parameters set in the plans;
- Carry out an ex-post evaluation in order to assess to which extent the objectives of the implementation of the RRP in Malta have been achieved, the efficiency of the use of the resources and the European added value. It shall also consider the continued relevance of all objectives and actions; and
- Carry out communication and information activity relating to the Facility, to actions taken pursuant to the Facility and to the results obtained, as per Article 34 of the RRF Regulation.

The main stakeholders involved in the implementation of the Plan

The Ministry responsible for the management of EU Funds is responsible for the preparation (programming), monitoring, control, follow-up of the audit process, evaluation activities as required, as well as the communication activities of the RRP and the achievement of its objectives. The Ministry is the organisation appointed to act as the RRP Coordinator in Malta and aims to ensure effective coordination between the RRP and other Union programmes and instruments, monitor the implementation of the plan and ensures that the RRP is implemented in compliance with relevant Union and national law as per Article 22 of Regulation (EU) 2021, establishing the Recovery and Resilience Plan. The RRP Coordinator will act as liaison with other stakeholders responsible for the different measures of the RRP.

The RRP Task Force will be established within the Ministry responsible for the management of EU funds in order to oversee the RRP's implementation process and ensure an effective internal coordination between the Ministry responsible for the management of EU funds and the Ministry responsible for the European Semester. This will ensure a coordinated approach in providing leadership and a focused monitoring mechanism for the plan. The task force will be chaired by the Ministry responsible for the management of EU funds and includes representatives from the Planning and Priorities Coordination Division and the Strategy and Implementation Division of the said Ministry. Moreover, the Ministry responsible for finance will also sit on the task force through representatives from the Economic Planning Department and the Budget Office of the said Ministry. The Permanent Secretary responsible for the management of EU funds will appoint the representatives that will sit on the RRP task force and will identify the role played in order to ensure an effective coordination of the implementation of the RRP.

The Planning and Priorities Coordination Division (PPCD) within the Ministry responsible for the management of EU Funds is entrusted with the authority to fulfil all relevant tasks related to the management and control of the RRP implementation in Malta. A new unit will be set-up within PPCD with specific responsibility for the RRP. The RRP Unit will be headed by a manager responsible for overseeing the implementation of the plan as well as the achievements of the agreed milestones. The staff working within the RRP Unit includes officers with experience in the management of EU funds and hence are very well versed with all elements related to the

implementation, monitoring and control. New recruited staff will join and, whilst working side by side with more knowledgeable officers, will obtain also ad hoc training on the elements related to the implementation, monitoring and control of the RRP.

In order to ensure compliance with the principle of separation of functions, the Horizontal Unit within PPCD will carry out the internal control function on the verifications of expenditures as well as the achievement of the planned milestones and targets carried out by the RRP Unit prior to the submission of a payment claim to the Commission in line with the agreed plan. In this regard, the staff performing this control function will not be involved in the implementation and day-to-day monitoring of the RRP, which remain the responsibility of the RRP Unit. The Horizontal Unit will also be responsible for the annual training plan which will include the training to be provided to all stakeholders including ad hoc training related to the elements specific to the implementation of the RRP in particular the monitoring, reporting of the achievement of the RRP milestones and targets.

Taking into consideration the additional responsibilities, PPCD will be engaging 4 new officers and deploying 2 experienced officers to work specifically on the RRP Unit. This new unit, which will fall under the direct supervision of Director General PPCD, will be made up of one senior officer, 2 programme officers and 3 support officers. Out of the six (6) officers, two (2) must have experience in the management of Cohesion Policy in Malta whilst the other four (4) will be newly recruited officers[14]. The composition of the RRP team is based on an assessment of the current workload within the Division and the allocation of human resources to significant investments[15]. The role of the RRF team will be essentially to supervise experienced Beneficiaries, whose capacity is also assessed at inception stage, in terms of adequacy and experience on the ground. In the case of the structured reforms that are part of the plan, whilst the RRP team within PPCD will be monitoring the progress and reporting on the achievement of the milestones and targets, taking into consideration the nature of these reform, the Task Force will take a significant role in the strategic monitoring of the implementation of these reforms.

The RRP Beneficiary (BN) is the body responsible for the implementation of the interventions under the components included in the plan. The Beneficiary enters into an agreement with PPCD which outlines the relevant details on the objective, actions, milestones, targets and financial allocation of the plan and binds the BN to implement the operation in accordance with terms and conditions set in the agreement. Ahead of the signing of the agreement PPCD will consult the State Aid Monitoring Board (SAMB) to assess the State Aid dimension of the planned actions. SAMB will provide its assessment in writing, which assessment will be annexed to the agreement. Thus, the Beneficiary is responsible to implement the actions in line with the set conditions including State Aid if applicable and arrangements agreed in the Plan, ensuring that the implementation of the actions respects the national and union rules including but not

[14] The call to identify the additional four (4) resources for new recruitment has been issued.

[15] The assessment was based on operations such as the water major project with a total investment of circa €200M, over 100 procurement procedures and almost 1000 transactions so far. Taking into consideration the fact that such project is being monitored by one (1) experienced officer to monitor and control a major project under Cohesion Fund, who is supervised by the Head of Unit and supported by the Horizontal Unit, it is only natural to present that the compositions for the RRP as indicated above taking into consideration the consolidation of the function, the direct supervision of DG PPCD and the support of the Horizontal team is an adequate and appropriate allocation to deal with the RRP team.

limited to public procurement rules and State Aid. The Beneficiary is also responsible for the achievements of all milestones and targets guided by the principle of sound financial management. Each Beneficiary is to appoint a Project Leader (PL). This is the person appointed by the body responsible of the actions/milestone/target and has the responsibility of ensuring effective implementation on the ground, monitoring and reporting to PPCD of the intervention. This person will be supported by existing structures in each Ministry, including the Directorate for Corporate Services for financial matter, the Directorate for Policy Development and Programme Implementation for policy report and other units within the operations of the Ministry that will be responsible jointly for the implementation of the actions/milestone or target agreed to under the plan under the supervision and the coordination of the PL.

For the purpose of the effective implementation of the reforms identified in the Plan, the current structures within individual Ministries, which include the Office of the Permanent Secretary and the Directorate for Programme Implementation, provide the required authority level, organisational structure and capacity.

On the other hand, in order to ensure the existence of adequate administrative capacity within the Beneficiary organisation in the case of investments identified in the plan, before entering into an agreement for the implementation of an individual action PPCD will confirm the capacity of the beneficiary as outlined in the organizational chart submitted by the beneficiary. The organisational chart will be an integral part of the agreement signed with PPCD.

The Line Ministry is primarily responsible to oversee the Beneficiary's implementation of interventions within the Ministry's portfolio ensuring the inter-agency co-ordination for all RRP actions implemented by any Department / public organisation forming part of the Ministry's portfolio. The co-ordination function is applicable from the very start, including providing Ministerial input at programming stage; supporting agencies at the moment of submission of plan; providing support to Beneficiaries during implementation – including liaison with PPCD and other horizontal stakeholders on their behalf; ensuring achievements of indicators, milestones and targets and subsequently, processing of the payment process (including MIS input); monitoring of the implementation of the intervention falling within the Ministry's portfolio; and following up any issues arising from management checks and audits. This is a function, which falls under the Director responsible for policy development and programme implementation of each line Ministry. No additional staff will be recruited specifically in relation to the RRP.

The Audit Authority (AA) - The Internal Audit & Investigations Department (IAID) has been designated by the Ministry responsible for the management of EU funds as the Audit Authority (AA) for the purposes of the RRP in Malta. The IAID is an independent department within the Office of the Prime Minister established by Legal Act. The IAID reports to the Internal Audit and Investigations Board (IAIB) within Cabinet Office. The AA is thus functionally independent of PPCD. The audit authority is responsible for establishing an audit strategy. The audit strategy will include both system audits and audits on operations. The system audits are done to verify the efficient operation of the control system. The audit strategy will also indicate audits on operations to be undertaken based an appropriate sample to verify the expenditure declared, within the framework of the checks described in this section. To this end, each year, the audit authority randomly identifies operations listed on payment requests to be sent to the Commission on the basis of records maintained by PPCD on the Management and Information System (MIS) as well as records kept at the beneficiaries' end, as applicable.

Hence, the AA will carry out independent audits on the systems put in place within the context of the RRP as well as operations included in the RRP for which expenditure will be included in the payment request to the Commission the AA will provide an opinion on the completeness, accuracy and veracity of the payments claim to be submitted to the Commission. The outcome of the work of the AA will be summarized in the Management Declaration and in the Summary of audits drafted by the PPCD when submitting the payment claim. This will give rise to an annual audit report detailing the checks carried out and setting out the results of audits and controls during the reference period starting in 2021 and ending in 2026, in accordance with audit strategy, and indicating gaps, if any, noted in the control systems. It will ensure that an opinion is formulated, on the basis of the controls and audits carried out under its accountability, indicating whether the management and control system is functioning effectively, so as to provide reasonable assurance that the statements of expenditure presented to the Commission are correct and therefore reasonable assurance that the underlying transactions are legal and regular.

Since IAID also fulfils the role of the Anti-Fraud Co-ordinating Service (AFCOS) Malta, it will report irregularities to OLAF (The European Anti-Fraud Office) in line with the established procedure.

The AA will act through a Senior Auditor responsible for audit strategy which will be supported by two junior auditors, as audit technicians within the organisation. The three officers will be additional to the current staff complement.

The assessment that has led to the setting up of the RRP team within the AA is based on the expected milestones to be included in a payment request to the CION by PPCD and the experience of working on Cohesion policy. The three officers must satisfy the below requirements:

- Senior Auditor: be in possession of (a) Part III of the ACCA (Essential Section Aims) or its equivalent as recognized by the Malta Institute of Accountants; OR (b) Pertinent qualification at MQF Level 7 (subject to a minimum of 60 ECTS/ECVET credits, or equivalent, with regard to programmes commencing as from October 2008) specializing in Accountancy;
- Audit Technician: be in possession of Part II of the ACCA (Skills Section Aims) or its equivalent as recognised by the Malta Institute of Accountants; OR b) a recognised comparable professional qualification at MQF Level 6 (subject to a minimum of 180 ECTS/ECVET credits, or equivalent*) in Accountancy or Management Studies or Business Studies or Auditing or Public Policy or Public Administration or Public Projects or Public Sector Accounting or Procurement and Finance or Commerce or Risk Management or Economics or Statistics or Banking and Finance.

Similar to the practice under Cohesion Policy, the AA may outsource support to undertake audit work, in order to provide support on audit missions, checks on the RRP interventions, including verification of achievements on indicators/milestones and targets will be outsourced with the aim to facilitate the assessment of the validity of the application for payment and the legality and regularity of the underlying transactions covered by the statement of expenditure as submitted by the AA. However, the responsibility of the Audit will remain of the Audit Authority and such outsourcing will be carried out on a competitive basis through a transparent procurement process, under the supervision of the AA. The Audit Authority holds contracted parties accountable to standard audit standards including the need to ensure that the company and the officers assigned to the AA are free from conflict of interest.

In addition, in case of contracting out, the minimum requirements are defined in the tender document. The following is the benchmark that will be used: external auditors must be in possession of the Practising Certificate in Auditing (or equivalent) and have two years auditing experience post attainment of this certificate and must be able to communicate in English. Additional, recognised qualification in accountancy, auditing and/or management of at least MQF Level 5 (or equivalent) are an asset.

System Audit

The main objective of the system audit carried out by the Audit Authority is to ensure that an appropriate management and control system is in place. The system audit should provide reasonable assurance that the monitoring and implementation arrangement of the plan produce complete, accurate and reliable data and assess whether effective controls are in place. The system audit also provides assurances that controls are in place to ensure that the funds have been managed in accordance with all the rules applicable to Union and national rules and that the systems are able to prevent, detect and correct conflicts of interest, corruption, fraud and double financing.

Audit on Operations

The operation audit is a check on documents held within the MIS and/or on site. The aim of the audit is to check that:

- the operation is in line with the objectives of the RRP;
- the operation was implemented in accordance with the approval decision (agreement) and that it meets all the conditions applicable on the date of the audit with regard to its eligibility, its use and the objectives to be achieved, in particular the milestones and targets set in the RRP;
- the expenditure declared to the Commission corresponds to the accounting documents and supporting documents required by national and Union regulations as applicable to the milestone/target concerned;
- the operation is being implemented or has been carried out physically;
- the claim to the Commission is according to the level of expenditure indicated under the RRP;
- all supporting documentation is available, and a full audit trail is in place;
- check that the operation complies with the objectives and the strategy provided for in the RRP (compliance with the eligibility conditions as well as the objectives set through the milestones and targets provided for in the RRP);
- ensure the completeness and correct entry of information in the MIS;
- verify the absence of double EU funding; and
- check compliance with European regulations (e.g.: public procurement).

Audit Strategy

The AA is responsible for the development of the RRP audit strategy. The audit strategy respects international standards, ensures that main bodies involved are subject to audit and, as far as possible, foresees a continuous audit work throughout the implementation of the RRP. The first audit strategy shall be finalised within three months of adoption of the RRP.

The system audit will be carried out on the first payment claim.. The System audit will be undertaken of PPCD, the RRP task force and records kept, the risk register put in place by PPCD and the Management Information System and the information that is maintained. During the System Audit, the AA will also undertake an assessment of the work carried out by the BN to assess the system in place. The AA will identify any follow-up actions to be undertaken and the timing for the implementation of the actions recommended as part of its system audit. In the Audit Strategy the AA may identify additional work to be carried at this early stage of the process.

Since Malta will submit one payment request per year, in preparation of its annual audits, the AA will request PPCD to confirm that there were no significant changes in the management and control system for the implementation of the plan and only if changes have occurred or if the AA has identified risks as a result of audit on operations, the system will be audited again. The AA will also ask PPCD to indicate the audit universe for the year under review. Once the audit universe is identified, the audit authority will carry out annual audits on operations selected on the basis of random sampling using the Audit Command Language (ACL) software. The software is a random sampling method. Simple random sampling is a statistical sampling method. It is the most well-known among the equal probability selection methods and aims to project to the level of error observed in the sample to the whole population. The statistical unit to be sampled is the milestone. Units in the sample are selected randomly with equal probabilities. Simple random sampling is a generic method that fits different types of populations, and it does not use auxiliary information. This tool helps auditors perform analysis and audit tests on 100% of the available data rather than merely sampling the data. Over the entire programming period, a complimentary sample may be computed depending on the coverage of the audits already performed.

The Audit strategy will include the following specific audit objectives:

1. **Audit activity planning:** in this phase, information is gathered about the status of the functioning of the management and control system in order to determine the extent of the audit work that needs to be carried out and correctly perform the audit activity itself.

2. **Risk assessment:** the aim is to carry out a risk analysis and assessment to identify audit priorities with respect to assessed risks. In its risk assessment the audit authority will take into consideration the materiality of a milestone, the mode of implementation, previous irregularity, the nature of the beneficiary amongst other factors.

3. **System audit:** the objective of system audits is the comprehensive examination of the regular, efficient and effective functioning of the systems involved in the use of RRF as assigned, especially the management, implementation, reporting and control. The evaluation of the system audits is the basis for the summarizing conclusion of the functioning and the execution of proceedings and will be used to update the risk assessment as well as the audit strategy. Besides, system audit also includes the check of whether the changes in the management and control systems are in line with relevant legislation and internal regulations, and whether the recommendations made in relation to previous audits are appropriately fulfilled. For planning the system audit work the AA follows: the International Standards for the Professional Practice of Internal Auditing; the requirements described in international standards on auditing (including but not limited to ISA 300, ISA 315, ISA 330 and ISA 500 in order to ensure the harmonization of audit results) and any relevant guidance issued by the European Commission.

4. **Audit on investments/operations:** The general aim of the audit on RRP investments is to perform audits on a sample basis as explained above. When PPCD provided data on the audit universe, the population to be audited, the AA will decide whether to apply any corrections to this method. The AA will ensure that all sampling activities are carefully planned, with particular reference to sampling parameters, calculation on sample dimension and selection of operations to be audited, in order to demonstrate the appropriateness of the followed procedure. The AA will also periodically reassess the coverage of the chosen sample, in the light of irregularities possibly detected by audit activities. The AA will keep a record of the documentation used to establish the sampling methods in order to demonstrate that the established method is suitable. The audit will also include the analysis of the irregularities: whether they are systemic, what their causes are, which preventive and corrective measures are to be recommended. Further details on audit on operation is provided below.

5. **Monitoring follow-up and corrective measures:** The auditors responsible for auditing the system and operations will record the results of the activity carried out. The reporting process accompanies the various control stages and ensures proper recording of information relevant to each phase, through the use of different tools, for example: minutes, interim reports and final reports. The audit reports represent a complete description of the activity carried out and will clearly contain the conclusions indicating if irregularities have been revealed, and that possible corrective measures have been taken. In the case of operations audits, the report will also disclose the amounts subject to control and any amounts deemed inadmissible.

Management Declaration and Summary of Audits

As required under Article 22 (2)(c) of the RRF Regulation, PPCD will accompany a request for payment by a management declaration and a summary of the audits carried out, including weaknesses identified and any corrective actions taken. In order to identify and promptly reduce possible form of risks, the responsible authorities will ensure that the first system audit is performed before the first payment request. The system audit will look at the Management Information System (MIS) to assess the system in place for monitoring and the implementation of the RRP milestones and targets. Furthermore, the system audit will assess the templates put in place by Maltese Authorities in its effort to ensure that the implementation of the RRP respects national and European Law in particular public procurement.

In this regard, PPCD, within six months from the approval of the RRP and ahead of the first interim request for payment of milestone achieved[16] will carry out a risk assessment and put in place the risk register linked to the RRP in line with the OPM Circular n. 1/2016. This will strengthen the internal control system by putting in place the mitigation measures appropriate in dealing with the prevention, detection and correct cases of conflict of interest, corruption, fraud and double funding. Furthermore, such risk assessment provides an assessment on governance of the organisation, by capturing, maintaining and monitoring information on all of the identified risks to a specific organisational activity and the associated controlling actions that have been identified. This risk assessment/ register is a management tool and is different from the one that will be undertaken by the AA on which the sections below will provide further details.

[16] First interim payment refers to the request submitted to the Commission following the pre-financing payment.

In addition, the parameters of MA Circular 4/22 on Detection and prevention of Conflict of Interest for EU Funded Projects in Malta will be adhered during the implementation of the RRP by all Implementing Bodies. This will cover, amongst others, the quality of basic checks on Declarations of Conflict of Interest, recruitment of officers working on EU funded projects, timely endorsement of the relevant declarations by the Evaluation Committee Members, a system in place in line with the whistleblower act, reporting of suspected irregularity / fraud, checks on part-time and ancillary employment, and the engagement of professionals on EU Funded Project.

The management declaration will be based on the work of the Audit Authority for which an annual summary will be produced with the management declaration to be submitted as part of the payment request half-way through the calendar year. The work carried out in preparation of the management declaration will be documented and mainly based on the information entered and stored in the MIS, by the different stakeholders as well as additional checks and verification of information provided by PPCD. The latter will make use of the database for the collection, record and storing of data on each intervention, including data relating to check on procurement, progress in achieving milestones and targets and progress in the implementation of the plan. PPCD conducts monitoring activities on the completeness and accuracy of data included in the database by the different beneficiaries, which will be monitored through the various monitoring tools including administrative, desk-based verifications, and on the spot verification. Achievement of the milestones and target will be subject to checks by PPCD. These checks will be duly documented and uploaded on the Management Information System (MIS) used to monitor the implementation of the RRP.

In preparation to the management declaration, PPCD will draw up the summary of audits undertaken on the system, prior to the first payment request, and on the interventions (including administrative and on the spot controls to ensure that the facility is implemented in compliance with relevant Union and national law), including an analysis of the nature and extent of errors and weaknesses identified, as well as the corrective action taken or planned. The summary of audits, to be provided once a year with the payment request, will also provide a description of the control strategy adopted for the payment claim which will be based on the audits undertaken to ensure the achievements of the set milestones and targets.

In order to fulfil this task, PPCD will keep record in the MIS of all the verifications carried out and will keep a report listing the controls undertaken including information on weaknesses identified and corrective actions taken. PPCD will draw appropriate conclusions from these controls and indicate the corrective measures that it has adopted regarding any improvement in the functioning of the intervention, as described in more details below:

1. Summary of Audits carried out: PPCD will include in the annual summary all the audit on operations and system audit carried out by the AA in the year the payment refers to.
2. Summary of administrative controls carried out: The summary of the administrative controls carried out during the year will provide a description of the control strategy adopted by the PPCD. The control strategy is based on administrative verifications that PPCD will undertake as explained in section below.
3. Summary of on-the-spot controls carried out: The summary of the on-the-spot controls will include the number of controls carried out during the year and a description of the control strategy adopted by PPCD. It will indicate whether its main purpose is to confirm or complement the result of the administrative verifications. The control strategy will also include the main aspects to verify on the spot, especially with reference to those aspects that

are not possible or are difficult to verify through the administrative verifications as explained in the section below.

4. Nature and extent of errors and weaknesses identified in systems: PPCD will include a brief description of the main results arising from the administrative controls and the on-the-spot controls, including a list of the main types of errors detected. This section will also indicate whether the errors detected during the administrative or on-the-spot controls are of systemic nature.
5. Corrective actions taken or planned: PPCD will draw appropriate conclusions from these controls and indicate the corrective measures that it has adopted regarding any improvement in the functioning of the system or individual investments.

Financial corrections might be applied as corrective measures for individual operations. In such cases, PPCD will disclose the basis for the financial correction, i.e., the amount controlled, the type of error, the amount affected by the error and the procedure followed to correct it (withdrawal or recovery). Should PPCD concludes that the errors detected are of a systemic nature, the corrective measures to improve the functioning of the management and control systems must ensure that these prevent the repetition of the identified systemic weaknesses.

When performing its checks in preparation of the payment claim, PPCD will also make use of the ARACHNE tool. Specifically, it will assess whether there are risks identified in the ARACHNE in relation to that Beneficiary, the intervention or the contractors. The results will be then compared with the results of verifications to assess whether there is a potential risk (such as fraud and or double funding) related to that payment claim which require specific attention. This check will be documented by issuing the ARACHNE report before the payment claim. The report will identify those elements at high risk, and which require further actions to be undertaken. When these cases occur, PPCD will document the actions taken and the conclusions. With regards to the ARACHNE it is important to emphasize that the system is already being populated, with information from the Cohesion Policy Operational Programmes. ARACHNE is used for all Cohesion Policy funds; hence data is also provided with respect to the European Social Fund (ESF) and the European Regional Development Fund (ERDF). Thus, checks on ARACHNE with respect to double funding are conducted also in relation to ESF and ERDF too but will not be limited to the ARACHNE as explained further below. Data on ARACHNE will be uploaded twice a year, with one of the two uploads actions being scheduled during the preparation for the payment claim.

The use of the ARACHNE by the other funds is still being assessed. Notwithstanding this, it should be underlined that the annual meeting with Funds Programme Division address the assurance gap in identifying the potential of double funding under shared management as explained below in the section related to Double Funding.

The control system in the context of the RRP

In line with Article 22 (1) of the RRF Regulation the MS shall provide an effective and efficient internal control system and the recovery of amounts wrongly paid or incorrectly used. In this context, PPCD has the prime responsibility of verifications of expenditure in order to verify that the financing provided has been properly used in accordance with all applicable rules and that any measure for the implementation of reforms and investment projects under the RRP has been properly implemented in accordance with all applicable rules in particular regarding the prevention, detection and correction of fraud, corruption and conflicts of interests.

As part of internal control, the management verifications carried out by the PPCD include:

- The administrative/documentary verifications in respect of each application for reimbursement by beneficiaries;
- The on-the-spot verifications of operations to check the reality of milestones and targets and the accuracy of the information provided by the beneficiary regarding the physical and financial implementation.

To prevent errors from occurring, PPCD provides the beneficiaries, as well as to the relevant stakeholders involved in the process, with training and guidance. The methodology used by PPCD for carrying out verifications will be set out in the manual of procedures, identifying which points are checked in the administrative verifications and in the on-the-spot verifications respectively and referring to the checklists to be used for different checks. The Grant Agreements will formalise the obligations by the beneficiary including reference to the Manual of Procedures, Guidance documents issued by the PPCD as well as the applicable EU and National rules that should govern the implementation of the operation as well as other obligations related to the funding being made available to the beneficiary.

Once the Beneficiary informs through the database that milestones and targets have been achieved, the expenditure can be included in a payment claim to the Commission. The process to include expenditure incurred in a payment claim is the following:

- Administrative verifications in respect of each application for reimbursement by beneficiaries;
- On-the-spot verifications of operations, as applicable.

The RRP Unit will undertake the above two checks. In order to ensure compliance with the principle of separation of functions, the internal Control function will be carried out by the Horizontal Unit within PPCD.

a. Administrative/Documentary Verifications

Government pre-finances expenditure for projects being supported through the RRP through the national budget. In this respect, prior to effecting payments to third party contractors/service providers, the Beneficiary certifies the delivery of works/products/services. Once the certification is done by the Beneficiary, the request for payment, as certified by the beneficiary, is sent to the respective Line Ministry for the necessary verifications and onward transmission of the request to execute the payment to the Treasury. Every Line Ministry has an internal control function (vested in most cases under the responsibility of the Director Programme Implementation of every Ministry) which carries out checks prior to accepting the payment. Once the payment is accepted, the request for payment is passed on to the EU Payments Unit which instructs the Central Bank of Malta to effect payments to contractors/third parties.

At the level of the RRP, PPCD will assess that:

- The investment supported by the Facility complies with applicable Union and national law, as applicable. This assessment will be undertaken through the use of a checklist that is developed specifically to assess compliance with Union and national law. The checklist in itself includes questions intended to assess any shortcomings and identify if there are any red flags that

signal the suspicion of fraud, corruption, conflict of interests and double funding. In case of serious breaches, the procedure described below will be followed.

- The investments have been implemented in line with the terms and conditions of the Plan as agreed with the Commission.
- The declared progress on milestones and achievements relies on accurate data

Depending on the nature of the milestone and target, PPCD will review the evidence being uploaded on the MIS and verifies the documentation uploaded. This review will be documented in a checklist which will document the verifications undertaken by PPCD. This will be uploaded on the MIS. It is only once PPCD has the necessary assurance that the payment request to the Commission will be prepared.

Note: In cases of administrative verifications being carried out on a sample basis, PPCD will keep records describing and justifying the sampling method, as well as a record of operations selected for verification. In such cases, the sampling will be discussed with the Audit Authority.

b. On the Spot Verifications

The PPCD shall carry out on-the-spot verifications in order to check, in particular, the reality of the operation, milestones and targets whether the delivery of the product or service is in full compliance with: applicable Union and national law, and sound financial management aimed at avoiding fraud, corruption, conflict of interests and double funding; terms and conditions of the Plan, physical progress, respect for Union rules on publicity, and deciding when it is necessary to ensure that the beneficiary is providing accurate information regarding the physical and financial implementation of the intervention. All interventions will be subject to at least one on-the-spot verification during their lifetime. However, depending on the assessment of risks, PPCD will ensure that OTS will be carried out for each action included in the plan. In the case when an action would involve too many Beneficiaries, a sampling methodology will be applied. As was indicated above, PPCD will also discuss the sample approach with the AA.

On-the-spot verifications are planned in advance to ensure that they are effective. Notification to the beneficiary of the on-the-spot verifications is given at least five (5) days in advance, unless the situation warrants otherwise, in order to ensure that the relevant staff (for example, the project leader, administrator, accountant or as otherwise applicable) and documentation (in particular, financial records and records on the achievement of milestones and targets) are made available by the beneficiary during the verification.

The checklist template used during the visit is made available in the Manual of Procedure and sent to the Beneficiary with the on-the-spot check notification in order to help the Beneficiary prepare for the visit. The on-the-spot check is carried out in the presence of the Beneficiary. On-the-spot verifications may be carried out on a sample basis. The PPCD keeps record describing and justifying the sampling method and a record of elements funded within an operation that are selected for verification. The PPCD reviews the sampling method each year.

The officers which will undertake the checks, including Financial Control staff, will identify and report any amounts as having been unduly paid and will be submitted to the Head of the PPCD for their prompt recovery.

Capacity building

In order to enhance the RRP management and implementation system, PPCD will ensure that adequate capacity building initiatives are implemented throughout the implementation period involving the relevant RRP stakeholders.

Training presents a prime opportunity to expand the knowledge-base and skills-set of all employees. As technology advances and workplace methods and strategies continue to evolve, there is a growing need for all to align themselves with the relevant changes in knowledge, skills, values as well as abilities. Training inevitably enhances the skills of all concerned with a view to become more efficient and more effective in the workplace. Furthermore, the provision of training makes the employees feel that they are valued in the workplace which, in turn, increases both their morale as well as their capabilities and skills. Training also adds value given that it creates synergies by way of sharing of experiences and lessons learnt over time.

Once specific training needs are identified, PPCD will ensure that appropriate trainers are identified, either internally or external sources. The necessary appropriate training will be ongoing throughout the implementation of the RRP.

3.5. Consultation process

In the run up to the development of Malta's EU Funded plans and programmes for the 2021-2027 period, an extensive consultation process was launched by the Ministry responsible for the management of EU Funds, in line with the partnership principle and the principle of multi-level governance. The Ministry responsible for the management of EU Funds also acts as the RRP Coordinator.

A consultation process across Government was launched in 2019, with the support of external consultants. In 2020, five committees were established, focusing on the main policy objectives under the Common Provisions Regulation and wider investment needs of the country. Meetings were also held to addressed various topics including economic growth, digital and green transition, environment, transport, social cohesion, education and health as well as Gozo's territorial needs. Participation of stakeholders at these consultation meetings enabled active discussions and deliberations, also through the facilitation and contribution of different external experts from the different fields covered by the respective committee meeting.

For these meetings, over 145 entities (vide Annex 3.1) were invited to actively participate in the relevant committees. These include Government entities, urban and other public authorities, civil society, environmental entities, bodies representing social inclusion, fundamental rights, rights of persons with disabilities, gender equality and non-discrimination and youths, amongst others. The outcomes of such consultations provided important insights of stakeholders' position about the needs and investment priorities necessary for Malta's socio-economic development within the context of EU Funds. This served as an important contribution towards the identification of investment needs for the purposes of the RRP, taking into account the short implementation timeframes of the Plan and the need to link investments with the country's CSRs. Moreover, discussions with stakeholders within the context of the European Semester process provided important inputs on the reforms, particularly in addressing the CSRs.

In addition, during 2021, several bilateral meetings were held with different stakeholders with particular focus on the RRP. Technical meetings were also held with relevant stakeholders and possible beneficiaries of the RRP in an effort to establish the required milestones, targets and costings as outlined under Part II of this plan. This process ensured collaboration between the RRP Coordinator and the relevant stakeholders of the RRP.

The broad parameters of the RRP and the REPowerEU Chapter are disseminated within the Malta Council for Economic and Social Development (MCESD). The MCESD is the formally established body in Malta where social dialogue takes place. The Council is composed of the main socio-economic partners in Malta representing the main employer bodies, trade unions and civil society as well as Government. Such consultation process is also in line with the procedures adopted in previous years in relation to the European Semester process.

Consultations on the implementation of the plan in Malta, including the REPowerEU initiatives, will be carried out broadly in line with that adopted in the European Semester process. Such consultations will be steered by the Ministry responsible for the management of EU funds in close collaboration with the Ministry responsible for Finance. This will ensure coherence with the National Reform Programme that will also report on the implementation of the RRP as outlined in Article 27 of the Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility. Further information on the consultation process relating to the programming of REPowerEU initiatives is found under the REPowerEU Chapter of this Plan.

3.6. Control and audit

3.6.1 Monitoring of milestones and targets

For the purpose of audit and control and to provide assurance on progress on indicators/ milestones and targets under the RRP, the PPCD will record on the existent MIS which will store, collect and record data in a computerised form on each intervention, data on final recipients as per Article 22 of the RRF Regulation, necessary for monitoring, evaluation, financial management, verification and audit. Access to the data included in the system is also possible for all stakeholders involved in the implementation of the Plan on the basis of the role and the responsibility assigned to the organisation and the role of the person requesting access.

The personnel involved in the recording of the achievements of indicators is made up of three categories:

1. Project implementation team within the Beneficiary organisation that provides twice yearly updates to the PPCD on the progress towards the achievement of milestones and targets, together with backing documentation and evidence;
2. Officers within the units tasked with the direct monitoring of the Programme Implementation (Implementing Units), who review the reporting received from the Beneficiaries and inputs the indicators in the MIS following second level verifications by the Horizontal Unit; and
3. Officers within the Horizontal unit who are tasked with verifying the progress being reported with respect to the indicators, milestones and targets and the evidence submitted, and who

lead the evaluation and assessment process of macro level indicators that are measured at Programme and National level.

Process of data collection and verification

Prior to conducting any verifications, all officers at PPCD are expected to be acquainted with the conditions governing each component and the conditions agreed to with the Commission in the RRP.

As a general procedure applicable to all funds, including the RRP, managed by the PPCD, officers are expected to record data in the MIS at operation level at least bi-annually to capture the status up to 30th June and 31st December respectively of the reference period. The RRP will use the same IT system as used for all other funds. Following preliminary checks by the officers within the RRP Unit, the Horizontal Unit would carry out its own verification checks on the reported achievement of milestones and targets. Once the Horizontal Unit is satisfied that the recorded information is correct, the PPCD will raise the payment claim taking into consideration the obligation to draw up a management declaration which will include a summary of the audit work carried out by the AA in the period prior to the drawing up of the payment claim.

The work of the AA will be carried out on the basis of the draft payment claim that the PPCD would have drafted.

3.6.2 The anti-fraud Cycle

The anti-fraud cycle will guide the Maltese Authorities in the implementation of the RRP through the following steps:

- Prevention
- Detection and Reporting
- Investigation and Prosecution
- Reparation

Prevention

The Maltese Authorities recognise that fraud and corruption are costly, in terms of investigative costs, financial losses and reputational risk. The prevention of fraud is therefore an essential component of the Maltese Authorities administration of the RRP. The beneficiaries will be encouraged to put in place an effective internal control system with the aim of deterring potential fraudsters and also of maximising the commitment of staff to combat fraud. For this purpose, all stakeholders, including recipients should:

- Raise awareness through formal training of all staff complement involved in the management of EU funds about preventative and detective control measures as well as the specific roles and responsibilities of all stakeholders and reporting mechanisms.
- Improve further the understanding of fraud patterns, fraudsters' profiles and systemic vulnerabilities relating to fraud affecting the EU budget. This goal will be achieved through

the provision of training and, when possible, the reinforcement of existing databases and risk scoring tools.

- The Maltese Authorities will also put in place effective separation of duties, particularly with respect to the implementation and financial control. The Maltese Authorities will ensure that staff involved in the management and implementation of EU funds is aware of possible conflict of interest or fraudulent behaviour at every stage of implementation. Due attention must be given to any red flags that are indicators of possible fraud or corruption. In this regard, the selection criteria and job description for each post within the PPCD are clearly defined in the call for each post. This job description details the tasks and responsibilities of each staff member, which are also reflected in the contract signed between the employee and the Ministry. Sub-heading 'Integrity' of the First Schedule of the Public Administration Act (Chapter 595 of the Laws of Malta) titled 'Code of Ethics for public employees, including staff working on the RRP and Board Members' provides that 'public employees and board members shall ensure that no conflict, real or apparent, arises between their official duties and any other occupations, activities or interests (financial or otherwise) that they or their close relations may have.' In terms of this Act, the Principal Permanent Secretary has on 20th April 2021 issued Directive 15 – 'Governing Policy for Integrity Promotion, Awareness and Assessment for Public Employees' whereby the Government has launched this Integrity Awareness Programme as a means with which to further uphold and promote the highest standards of ethical behaviour by all public employees. In addition to the above, there is also the Public Service Management Code (PSMC) which addresses conflict of interest through a number of aspects, including the notion of when professional officers are allowed the private practice of their profession. In this regard, a condition on conflict of interest vis-à-vis private practice is to be made. Also, other Employment or Business Interests for Secretariat Staff and all Secretariat employees are required to conform to the Code of Ethics for Public Officers, or any other Code of Ethics as prescribed by law as the case may be. In line with this Code, all officers must first obtain the written recommendation of the Head of Secretariat of the Ministry, and then obtain the written approval of the Permanent Secretary of the Ministry concerned if they wish to take on any form of outside employment or business interest in addition to their Secretariat duties.
- Beyond what is being stated above it is to be noted that all members working within the PPCD sign a declaration of non-conflict of interest and should a conflict of interest arise, staff are to report this either through their respective hierarchy or directly if necessary.
- The Maltese Authorities will conduct regular verifications ensuring that staff in charge is aware of European Commission and national guidance on fraud indicators.

Should the PPCD identify cases of suspected fraud, the PPCD forward the reports with its findings to Internal Audit and Investigations Department (IAID). IAID will assess the case and take the necessary steps in line with established procedure which may involve the submission of a request to the Commissioner of Police, after consulting the Attorney General.

Detection and reporting of irregularities

When dealing with the detection and reporting of irregularities, the PPCD will ensure that a clear distinction is in place between '*minor irregularities*' and '*severe irregularities*' and a clear description of the procedure to be followed by the different actors. Whilst minor irregularities involve breaches of certain conditions of funding and are often the result of genuine errors, severe irregularities involve suspicion of fraud, fraud, corruption, conflict of interest and double funding as deliberately committed, and such irregularity constitute a criminal offence.

Besides the regular checks and controls including verifications and on-the-spot checks PPCD will assess through an assessment of risks, as recorded in the risk register the likelihood of specific fraud scenarios occurring.

The PPCD will provide specific instructions on the reporting of irregularities by the different stakeholders. Essentially, anyone detecting an irregularity should report it immediately to PPCD copying the Audit Authority. Anyone detecting an irregularity has the option to report via the usual hierarchy of the organisation or directly to PPCD. Furthermore, it should be emphasised that in order to adhere to the four-eye principle, documentary and physical OTS checks are conducted by two PPCD officials. Reports are reviewed and endorsed by Senior Management prior to their onward forwarding to the beneficiary for follow-up action and address. The templates used for the reporting of irregularities ensure that they contain the necessary information with regards to follow-up and who is responsible for the different follow-up action/s.

With reference to administrative and legal proceedings related to severe irregularities, i.e. involving a case of fraud, conflict of interest, double funding, corruption, PPCD will follow the procedure as described below. The Management and Information System will be keeping an account of the reports issued by the different actors involved in the implementation of the RRP. It should be noted that, when dealing with a serious irregularity the approach taken by PPCD will be the same irrespective of the type of serious shortcoming. When a suspicion arises, PPCD or any other body detecting the shortcoming, will need to assess the nature and the severity. If the issue is serious and is deeming to be of criminal nature, PPCD will report the case to the Commissioner of Police and would refrain from claiming a milestone related to the serious irregularity identified.

Effectively implemented, robust control systems can considerably reduce the risk of fraud, corruption, conflict of interests and double funding but cannot completely eliminate it occurring or remaining undetected. The Maltese Authorities will use the data mining tool that will be made available by the European Commission to detect risky operations. The fraud risk assessment exercise that will be undertaken periodically by PPCD will provide risk responses which are proportionate to the risks identified to its specific situations.

When any relevant authority or beneficiary, or their members of staff, suspects that fraud, corruption, conflict of interests and/or double funding, has occurred, they must notify their immediate superior. If it is inappropriate to raise the matter with the immediate superior, the concern should be raised with the head of the beneficiary organisation / ministry / responsible authority. The official with whom the report was filed must immediately relay the message to the head of the responsible authority.

The body reporting the suspected fraud, corruption, conflict of interests and double funding, must act with caution in dubious situations which might lead to fraudulent transactions. In case of detection of possible forged documents, the Treasury department in Malta is advised to temporarily stop all payments addressed to the supplier / contractor in question.

The body identifying / reporting the irregularity / suspected fraud/ corruption/ conflict of interests /double funding, should inform in writing the Permanent Secretary and / or head of the beneficiary organisation, and the Internal Audit and Investigations Department in terms of Article 16 of the Internal Audit and Financial Investigations Act (CAP 461 of the Laws of Malta), which provides that if an entity has reason to suspect any irregularity and, or a suspected case

of fraud of public funds, it shall refer the matter forthwith to the Director of IAID and shall supply to the Director all information in his possession relating thereto.

It should also be pointed out that the Protection of the Whistleblower Act (Chapter 527 of the Laws of Malta) affords protection to an employee who makes a protected disclosure about an improper practice committed by his employer or within the organisation. In addition to that, PPCD - through a formal communication published on its website – encourages any citizen to report immediately any suspect of mismanagement or potential corruption. The communication indicates clearly the contact point within the Ministry responsible for the management and control of EU Funds or within other agency responsible for the management of the funds to refer to and it reassures that the shared concerns will be treated confidentially and will be receiving a reply within 10 working days. The internal guidelines for Senior Management have also been published on the website.

Investigation and Prosecution

In terms of Article 18 of the Internal Audit and Financial Investigations Act, "*whenever, and as soon as the Director firmly establishes the existence of suspected cases of irregularities and, or suspected cases of fraud concerning the responsibilities of the auditee under review, the Director shall, if he is of the opinion that the irregularity, if proved, would constitute a criminal offence immediately inform the Attorney General*". In this respect, the case shall be immediately brought to the attention of the Office of the Attorney General. It is the Attorney General's office which determines whether the case should be continued to be investigated by the FID or whether it could be taken up for a criminal investigation by the Economic Crimes Unit with the Malta Police.

IAID has been nominated as the Anti-Fraud Coordinating Service (AFCOS) Malta with respect to EU Funds. In this regard, the Financial Investigations Directorate (FID) is the executive arm of IAID to fulfil the role of AFCOS Malta. The latter fulfils the roles of collaboration both with national authorities, and between national authorities and international partners with respect to EU Funds in order to ensure that the necessary information is provided from the law enforcement bodies to the relevant stakeholders.

Reparation

Where the investigation report drafted by the Commissioner of Police concludes that criminal proceedings are required (i.e. it is confirmed that the suspicion of fraud, corruption, conflict of interests and double funding, is factual) the body reporting the case will recommend the withdrawal of any suspicious payments from certification already carried out. This is to be considered as a proportionate and dissuasive sanction to tackling fraud in an appropriate manner.

Management Information System (MIS)

The MIS is a centralised system and used by the main stakeholders, such as the PPCD, Beneficiary, Audit Authority, and Line Ministry as well as the Commission, OLAF, ECA, and other relevant Authorities whose access will be expressly authorised as per Article 22(2)(f). Being a web-enabled application, the system is accessible securely to all authorised users over the Internet. MIS is already fully operational and adapted for the implementation and monitoring of the RRP.

i. MIS system is collecting and storing data on final beneficiaries, contractors, subcontractors and beneficial owners and will continue to do so. The system is catered to collect standardised data in accordance with Article 22(2)(f) of the Regulation which will be recorded so to ensure that relevant stakeholders can access it. The MIS has the facility to generate a number of reports, including reporting on indicators (achievement of milestones and targets), financial reporting (reporting on contracts signed and expenditure), reporting on payment claims submitted to the Commission and funds received, record on management verifications undertaken by the PPCD and audits undertaken by the AA. The six (6) main processes relating to the database are: programming, project management, contracting, payments, verifications and management of the payment claim. This ensures that data on the implementation of actions, financial and information on milestones and targets is always readily available. The user rights management system is based on a matrix made from functionality roles, payment roles and data groups. The system ensures the separation of functions. Functionality roles group a number of system functions together and are assigned according to the user's need within the system while the payment roles are assigned according to the role of the organisation's data group in the payment process. The data groups identifying the organisations relating to a project are assigned at the Project Level, and a user may belong to more than one data group. The IT system shall record data on interventions and Beneficiaries, as per requirements emanating from applicable rules. The MIS stores, collects and records data in a computerised form on each action, including data on final recipient of fund (the names of final recipients but also contractors, sub-contractors, beneficial owners) as well as the list of any measures for the implementation of reforms and investment projects and data fields as required under Article 22. Although Beneficiaries can insert the data on financial and physical progress on a continuous basis, they will be required, for verification purposes, to ensure input in the MIS within the assigned timeframes (i.e. bi-annually) of the financial data and physical data on each project, including data on final recipients as per Article 22(2d) of RRF Regulation, progress on milestones and targets necessary for monitoring, evaluation, financial management, verification and audit. The information will be verified by PPCD and will provide the support for drawing up payment applications.

Adequate audit trail of the implementation of the plan will be kept through MIS. All insert, update and delete (if applicable) transactions carried out by the user are logged and stored. The following is a list of mechanisms found in system which provide traceability and trail of changes and process:

a. In MIS changes are being captured in audit database with the use of triggers on main database;
b. A payment claim has to be authorised by different Authorisation levels prior payment is executed.

User management and rights: Each user, including beneficiaries, must have an account in MIS, with a unique username and password. Password must be changed on first authentication. Each user is assigned functionality rights and data right:

a. Functionality: In MIS users are assigned rights on different functions according to the needs and rights required e.g. no view, read-only, insert, amend, administrator etc.;
b. Data: In MIS users assigned to data groups and can only view operation linked with that data group. Finally, all documents are uploaded in the MIS and stored within the database.

The collation of the data is gathered from/entered by beneficiaries namely through the measure descriptions and officially requested to be updated through regular progress reports or closure reports and embedded in the system.

The below are a list of various levels found within the database:

1. Programme Level, including indicators, milestones targets and explanatory documents;
2. Intervention Level, including indicators, milestone and targets;
3. Procurement and Contracts Level, including documents;
4. Payment Claim Level, including documents;
5. Payment Authorisation Level;
6. Payment Claim Level;
7. Data on Indicators, Milestones and targets;
8. Data on final recipient of funds;
9. Statement of Expenditure;
10. Management Verification & Audits;
11. Irregularities;
12. Closure of Accounts.

The system will retain and maintain records, in a computerised form, of the controls and audits undertaken, including those referred in the summary of the audits. Documentation must show that necessary checks have been carried out by the different authorities in respect of an individual investment, plan or the system and must also contain evidence of actions taken as a result of the checks.

The control and audit mechanisms also apply to initiatives foreseen under the REPowerEU Chapter.

3.7. Communication

This Communication Strategy is based on the criteria set in Article 17 (3)(i) of COM(2018) 375 and the *Communication Strategy for Malta: European Structural and Investment Funds (2014-2020)* which encompasses the legal framework, defined objectives, experience in communicating EU Funds in previous programming periods, the existing framework, target audiences, key communication channels and messages, information and publicity measures, relevant indicators for monitoring and evaluation, budgetary allocation, and timeframes.

Objectives and target audience

Publicity actions will be differentiated according to the target audience/s, ranging from the general public to more targeted multipliers of the communicated message, and beneficiaries, implementing stakeholders, as well as the users of the infrastructure and training of the actions being supported. The 'target audience' shall constitute the following main groups:

- The Professional Public and Potential Multipliers of Information, including the media, information agencies, research or academic institutions, local councils, social partners and NGOs, trade and professional groups, potential contractors and economic operators, lobby groups and other organisations;
- The General Public, including different age groups, but also specific sub-groups which particular programmes or measures are designed to benefit;
- The Beneficiaries and implementing bodies of the actions being supported.

The objectives and implementation results of the RRP, including the REPowerEU initiatives, will be promoted among the public through various communication channels such as audio-visual, social and web media, as well as print media, dissemination of promotional material, signage, and participation in local events, amongst others. The communication strategy shall also include the necessary means to advise and assist the respective beneficiaries to inform their main participants and the general public about the Union contribution towards the projects.

Communication activities/channels

Any communication and visibility initiatives will be simple whilst retaining flexibility to allow for any necessary changes to ensure a strong impact and the widest outreach possible with the available media platforms. A website will be created that will provide visibility of the initiatives funded under this plan. In this regard, the objectives of any communication activity shall include:

- Awareness raising about the RRP and its scope;
- Communication and promotion of the adoption of the RRP, and any amendments thereto, as relevant;
- Promotion of the implementation of the RRP;
- Publication of the list of projects funded under the plan;
- Assistance to project beneficiaries in understanding publicity requirements and the fulfilment thereof;
- Publication of visual identity guidelines and publicity material to be used by all supported projects to ensure appropriate and consistent recognition of the assistance received; and
- Promotion of the role of the RRP, and the EU's contribution in meeting national objectives.

The abovementioned objectives have one common envisaged result, namely that of enabling a coordinated, recognizable and simple message that highlights the impact of the RRP on the economy and socio-economic wellbeing of the Maltese citizens.

Planned Budget

For the implementation of communication and information activities targeting the objectives, channels and audiences mentioned above, it is estimated that an indicative budget of Euro 250,000 will be allocated to such interventions.

Coordination arrangements with Commission

The RRP Coordinator shall designate a point of contact for coordinating communication activities relating to the plan. The point of contact will, *inter alia*, perform the following actions:

- Assist and coordinate in communicating in a coordinated and consistent manner the benefits of EU funding in relation to different themes through targeted activities;
- Promote the actions and results of the projects, if necessary and applicable, also through joint press releases and communication events;
- Ensure that the recipients of Union funding clearly acknowledge the origin of financial resources, in line with Article 26 of the Regulation; and
- Use social media platforms to disseminate information in a dynamic, attractive and contemporary way.

Appropriate communication measures, such as the use of testimonials, videos, photos, press articles disseminated widely through different media channels, shall be adopted for all the proposed reforms and investments addressed in the different components of the RRP. In view of the highly relevant and impactful nature of the proposed investments, most are deemed to be suitable candidates for a strong, visual and wide-ranging coordinated communication exercise between the Maltese authorities and the European Commission. In terms of prioritising key investment initiatives, it is envisaged that focus will be placed firstly on health-related interventions, education and decarbonisation efforts in buildings and transport.

Selected key projects

The proposed key projects to be implemented under the RRP have been identified as the following:

Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy	Energy efficiency, building renovation, climate policy, social policy, resource efficiency, circular economy	1.1	Investment in the renovation and greening of public and private sector buildings, including retrofitting through energy and resource efficiency measures
		1.2	Investment in the renovation and retrofitting of public hospitals
		1.3	Investment in the renovation, retrofitting and renewable energy in public schools
		1.4	Investment in the construction of pilot near-carbon-neutral school to serve as a model for the future and provide a future-proof learning experience to students
		1.5	Renewable energy investments in roads and public spaces.

Addressing carbon-neutrality by decarbonising transport	Green: Mobility and transport	2.2	Enhancing the uptake of electric vehicles in the private sector.
		2.3	Decarbonising the public sector fleet
		2.4	Part replacement of Public Transport Fleet
Fostering a digital, smart and resilient economy	Digital, smart and a well-functioning internal market with strong SMEs	3.1	Strengthening the resiliency, security and efficiency of the government digital backbone and investing in appropriate digital solutions, devices and tools which will enable Government to provide proactive action, secure services and streamlined operations to citizens and the business sector
		3.2	The digitalisation of the Merchant Shipping Directorate within Transport Malta, thus providing a more efficient regulatory service to operators
		3.3	Further digitalisation and modernisation of the public administration, including public and intra-facing services, through several solutions to improve the front-end customer experience, data sharing and reuse, virtual desktops, property transfer processes, National Single Window for customs, and digital tools for remote-working solutions
		3.4	Rolling out measures to intensify the digitalisation of the private sector
Strengthening the resilience of the health system	Health	4.1	Establishment of a Blood, Tissue and Cell Centre for Malta
		4.2	Enhancing the resilience of the health system through digitalisation and new technologies
Strengthening the Institutional Framework	Building on the work and progress made in terms of the Country Specific Recommendations	6.1	Digitalisation in the Justice System
REPowerEU	REPowerEU Chapter	7.1	Strengthening and widening the electricity distribution network, through investments in the grid, distribution services and battery storage

The monitoring and evaluation of communication activities shall be undertaken in relation to the achievement of an output indicator, which aims to quantify the number of publicity activities carried out by 2026. Furthermore, as part of its evaluation activities, the PPCD already plans to carry out an annual survey that provides an objective assessment of the public's knowledge, awareness and perception of EU funded interventions in Malta. Such annual survey will be adapted in order to take into account actions and interventions implemented by means of this plan.

List of Consulted Partners

ANNEX 3.1

Annex 3.1: List of Consulted Partners

Active Ageing and Community Care	Farmers' Central Co-Operative Society
Agency for the Welfare of Asylum Seekers	Federation of Maltese Aquaculture Producers
Ambjent Malta	Finance Malta
Aġenzija Support	Financial Control and Monitoring Unit, Ministry for Health
Aġenzija Żagħżagħ	Fish for Tomorrow
Agriculture Directorate	Financial Intelligence Analysis Unit
Agriculture and Rural Payments Agency	Flimkien għal Ambjent Aħjar
Andrew Feeds Malta Ltd.	Forum Unions Maltin
Anti-Poverty Forum	Foundation for Education Services
Aquabiotech	Foundation for Medical Services
Armed Forces of Malta	Foundation for Social Welfare Services
Arts Council Malta	Friends of the Earth
Asset Recovery Bureau	Funds and Programmes Division
Assoċċjazzjoni tal-Bdiewa	General Retailers and Traders Union
Association Gozo Employees in Malta	General Workers Union
Caritas	Għaqda Bdiewa Attivi
Central Bank of Malta	Għaqda Koperattiva tas-Sajd
Civil Protection Department	Għaqda Produtturi tat-Tiġieġ
Civil Society Committee within MCESD	Għaqda tan-Nagħaġ u Mogħoż
Climate Action Board	Governance of Agricultural Bioresources Agency
Commerce Department	Gozo Action Group Foundation
Commission for the Rights of Persons with Disability	Gozo Business Chamber
Consumer Affairs Council	Gozo Diocese
Commissioner for Refugees (International Protection Agency)	Gozo NGO Association
Confederation of Malta Trade Unions	Gozo Regional Committee
Department of Contracts	Gozo Tourism Association
Department for Health Regulation, Ministry for Health	Gozo University Group
Department for Policy in Health, Ministry for Health	Grupp Azzjoni Lokali Xlokk
Department of Fisheries and Aquaculture	Heritage Malta
Detention Service	Housing Authority
Din l-Art Ħelwa	Human Rights Directorate
Diversification and Competitiveness Directorate	Identity Malta
Drug Offenders Rehabilitation Board	Information Management Unit
Economic Policy Department	Infrastructure Malta
Energy and Water Agency	Inspire
Environment and Resources Authority	Institute for Tourism Studies

International Organisation for Migration	Ministry for Agriculture, Fisheries and Animal Rights
Jobsplus	Ministry for Education
Koperattiva Nazzjonali tas-Sajd	Ministry for Energy and Water Management
Koperattiva Produtturi tal-Ħalib	Ministry for Finance and Employment
Koperattiva ta' min Irabbi l-Majjali	Ministry for Foreign and European Affairs
Kunsill Nazzjonali Żagħżagħ	Ministry for Gozo
Lands Authority	Ministry for Health
Local Government Division	Ministry for Home Affairs and National Security
Majjistral Action Group Foundation	Ministry for Justice, Equality and Governance
Malta Beekeepers Association	Ministry for National Heritage, the Arts and Local Government
Malta Chamber of Commerce, Enterprise & Industry	Ministry for Social Accommodation
Malta Chamber of SMEs	Ministry for the Economy and Industry
Malta College of Arts, Science and Technology	Ministry for the Environment, Climate Change and Planning
Malta Communications Authority	Ministry for the Family, Children's Rights and Social Solidarity
Malta Confederation of Women's Organisations	Ministry for Tourism and Consumer Protection
Malta Council for Science and Technology	Ministry for Transport, Infrastructure and Capital Projects
Malta Crafts Council	Mount Carmel Hospital
Malta Crafts Foundation	National Commission for Higher Education
Malta Digital Innovation Authority	National Commission for the Promotion of Equality
Malta Employers' Association	National Council of Women
Malta Enterprise	National Skills Council
Malta Federation of Organisations with Disability	National Statistics Office
Malta Film Commission	Nature Trust
Malta Financial Services Authority	Occupational Health and Safety Authority
Malta Hotels and Restaurants Association	Office of the Deputy Prime Minister, Ministry for Health
Malta Industrial Parks	Office of the Prime Minister
Malta Marittima	Organizzazzjoni Produtturi Laħam tal-Fenek Malti
Malta Police Force	P2M
Malta Resources Authority	Planning Authority
Malta Security Services	Planning and Priorities Coordination Division
Malta Society of Arts, Manufacturers and Commerce	Pitkalija Ltd.
Malta Tourism Authority	Prisons
Malta Youth in Agriculture	Regulator for Energy and Water Services
MICAS (Malta International Contemporary Art Space)	Richmond Foundation
MIMCOL	Rural Gozo Directorate

Sports Malta	Union Ħaddiema Magħqudin
Sports Strategy Commission	University of Malta
Start-up Island Board of Administration	Veterinary Regulation Division
Strategy and Support Division	Wasteserv Ltd
Tech.mt	Water Services Corporation
Trade Malta	Wine Producers
Transport Malta	Wirt Għawdex

Control mechanisms to ensure compliance

ANNEX 3.2

Annex 3.2: Control mechanisms to ensure compliance

Measures taken to ensure compliance with the rules relating to public procurement and the protection of the financial interests of the Union, the prevention, detection and fight against fraud, corruption, and conflicts of interest

An assessment of the identified risk and action taken to control the identified risk will form the basis of measures aimed to ensure compliance with public procurement rules. In this regard, a risk register will be formalised within six (6) months from the adoption of the plan and will form the basis of the checklist to be developed.

Questions/Identified risks:

- Are the national and European procedures and provisions relating to public procurement taken into account by the beneficiary of actions financed under the RRP when such procedures are required?
- Are there reliable checks before the contract is awarded?
- Is the person in charge of project management informed of National and European rules on public procurement?
- Are procedures in place to ensure compliance with procurement rules?

Controls in place to manage the risk:

- The beneficiary will be informed by PPCD, through the agreement to be signed of the obligation to comply with the rules on public procurement. Under the terms of the agreement signed by the latter, the beneficiary undertakes to comply with national legislation and the Union on public procurement;
- Training will be delivered to all bodies involved in the implementation of the RRP;
- Records related to the public procurement undertaken by the beneficiary is available through a centralised system that is managed by the Department of Contracts (DoC). DoC is the government body responsible to monitor the implementation of public procurement in Malta;
- PPCD will undertake desk-based review of all contracts signed related to the RRP and physical checks on a sample basis.

Protection of the Union's financial interests, prevention, detection and control against fraud, corruption, and conflicts of interest

Questions/Identified risks:

- Has the funding provided been properly used in accordance with all applicable rules and has any measure for the implementation of reforms and investment projects under the RRP been properly implemented in accordance with all applicable rules, in particular in regarding the prevention, detection and remediation of fraud, corruption and conflicts of interest?

- Does the control system provide for appropriate measures to prevent, detect and correct any fraud, corruption and conflict of interest within the meaning of Article 61 (2) and (3)

of the financial regulation that harms the financial interests of the Union, and initiate legal proceedings to recover funds that have been misappropriated, including with respect to any enforcement action implementing reforms and investment projects under the RRP?

Controls in place to manage the risk:

Under Article 61 of the Financial Regulation, there is a conflict of interest when the impartial exercise and objective of the functions of a financial actor or other person, referred to in paragraph 1 of this article, is compromised for family, emotional, political or national affinity, interest, economic or for any other direct or indirect personal interest.

- In accordance with the provisions of the aforementioned article, all officials involved in the implementation of the plan will be asked to sign a declaration of non-conflict of interest or declare any potential conflict of interest. Management will need to assess and confirm, in writing, whether the existence of a conflict of interest has been established. When the existence of a conflict of interest has been established, the Head of the national authority from where conflict originates would need to ensure that the person concerned ceases all activities related to the matter concerned. The Head of the national competent authority also ensures that any additional appropriate measures are taken in accordance with applicable law;
- The documentation related to the implementation of investments under the RRP will be maintained in the MIS in order to ensure that PPCD can undertake the necessary review to ensure that there are no false, inaccurate, or false statements or incomplete documents, resulting in the misappropriation or undue withholding of funds or assets from the Union budget or from budgets managed by the Union or for its account as a result of such actions.

According to Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud, the following elements are considered to be fraud affecting the financial interests of the Union:

a) with regard to expenditure:
   i. the use or presentation of false, inaccurate or false statements or documents or incomplete, resulting in the misappropriation or undue withholding of funds or assets from the Union budget or from budgets managed by the Union or for its account;
   ii. the non-communication of information in violation of a specific obligation,
   iii. having the same effect; or
   iv. misappropriation of such funds or have for purposes other than those for which they were initially granted;

b) in respect of revenue other than revenue from own resources from the VAT referred to in point (c), any act or omission relating to:
   i. the use or presentation of false, inaccurate or false statements or documents or incomplete, resulting in the illegal reduction of

resources from the Union budget or budgets managed by the Union or on its behalf;

ii. the non-communication of information in violation of a specific obligation, having the same effect; or

iii. misappropriation of a legally obtained advantage having the same effect;

c) with regard to revenue from own resources derived from VAT, any act or omission committed in the context of a cross-border fraudulent scheme concerning:

i. the use or presentation of VAT declarations or documents which are false, inaccurate or incomplete, resulting in a reduction in the resources of the Union budget;

ii. failure to provide information relating to VAT in violation of a specific obligation, having the same effect; or

iii. submitting correct VAT returns for the purpose of concealment fraudulent failure to pay or the illegitimate creation of rights to VAT refunds.

- In all cases, in the event of suspected fraud or corruption or in general any offense liable to be characterized at the criminal level, PPCD will draft a report and submit to IAID for necessary assessment and action. PPCD also submits copies of all irregularity report to AFCOS Malta, who would assess each case. AFCOS Malta will then assess if it agrees with PPCD on the classification of the irregularity and take the appropriate independent action as it deems fit in the circumstances;
- The use of ARACHNE. The ARACHNE system is part of the prevention and control strategy detection of Commission fraud in the area of Structural Funds. ARACHNE complements an existing database of projects implemented within the framework of Structural funds, already used by PPCD through public information in order to identify the riskiest projects, based on of a set of risk indicators. PPCD will continue to submit data, at least twice a year to the European Commission.

Risk and controls carried out during the management and monitoring of projects

Questions/Identified risks:

- Are the planning, methodology and monitoring of the authorities' on-the-spot checks in line with rules of the European Union and of the Member States, and do they adequately guarantee the quality systems and the status of actions, both in terms of achieving objectives and use of resources?
- Does the authority carry out on-the-spot checks on the progress of actions?

Controls in place to manage the risk:

- PPCD Representatives go to the site during the implementation to assess the veracity of the implementation. The on-the-spot verification is recorded in an on-the-spot report uploaded on the MIS.
- A progress report will be asked from all beneficiaries annually. Such reports include both quantitative and qualitative data such as financial data and data on the progress in achieving the milestones and targets, as defined in the PPR.
- The use of a centralised MIS will ensure consistency, reliability, and audit trail in relation to the implementation of the RRP

Controls carried out during requests for reimbursement/payments to beneficiaries

Questions/Identified risks:

- Do the systems ensure that only payments which are due are made, that amounts are accurate and that the Union's resources are duly protected?
- Are the requests for payments accurate?

Controls in place to manage the risk:

- All payments are processed by the beneficiary through the MIS which will ensure that a basic level of documentation is included to support the payment.
- The payments go through a two-tier level of control; each level is independent from each other.
- Each layer will need to declare the correctness of the payment requested confirming that the information provided is true, correct and complete and that there is reasonable assurance that the expenditure is free from error.

Measures taken to avoid double funding

Questions/Identified risks:

- Are there provisions to ensure that the risk of double funding has been taken into account?
- What measures are used to control this risk?
- Does PPCD have an adequate financial and accounting system in which all relevant transactions are recorded?
- Does the accounting system make it possible to identify those responsible for managing the project and the reasons for payment?

Controls in place to manage the risk:

- An assessment will be undertaken by PPCD for each action being implemented under the RRP to mitigate the risk that an operation financed under the facility can be financed through more than one funding source.

- The beneficiary will be asked to declare if any item of expenditure supported under the RRP is being supported also under any other funding source.
- The beneficiary processes all the payments through MIS that will make it possible for the payments to be checked remotely by PPCD.
- The projects/actions forming part of the RRP will be included in exchange of information between funding bodies and bodies responsible for EU funded programmes that meet twice a year to verify that the same expenditure is not supported through different funding instruments.

Overall Impact

PART 4

Part 4: Overall Impact

4.1 Strengthening the economic, social and institutional resilience

4.1.1 Macroeconomic outlook

The Maltese economy sustained its strong growth performance throughout 2022, as the economy grew by 6.9% in real terms. Economic growth was mainly driven by domestic demand. Consumption growth acceded by 10.1%, supported by migrant-led population growth and a resilient labour market. Government consumption remained supportive of domestic growth conditions, and significant one-off investments in transport equipment contributed to robust investment growth. Net exports contributed negatively to economic growth in 2022, driven by a large increase in imports of 9.7%, mainly due to the importation of capital goods and industrial supplies. Import growth was partially offset by growth in exports of 6.4%, which was supported by a stronger than expected rebound in tourism.

Economic growth is expected to decelerate in 2023, as higher world prices and tightening global liquidity conditions are expected to produce a challenging external environment. However, the tight labour market is expected to persist, and employment is expected to grow further in 2023, which should bode well for household consumption. Moreover, the decelerating price pressures may result in an increase in real household disposable incomes, which is also supportive of domestic demand. On the other hand, tighter financial conditions, and strong base effects from 2022 may be a headwind for investment. Against this background, preliminary forecasts of the Ministry for Finance and Employment (MFE) indicate that the Maltese economy is expected to grow at 3.8% in 2023. Domestic demand is expected to contribute 2.1 percentage points, while net exports are anticipated to contribute 1.7 percentage points to growth. The pick-up in economic activity is projected to generate an employment growth of 3.5%. The unemployment rate, based on the harmonised definition, is projected to stand at 3.1 in 2023. Table 4.1 provides an overview of the outlook for the main macroeconomic indicators.

In 2024, the economy is projected to grow by 4.3%, in line with an improvement in the external environment, as global inflationary pressures ease and financial conditions improve. Continued strength in the labour market and lower inflation should bode well for real household disposable income, leading to an improvement in the positive contribution of domestic demand. The recovery in global economic activity is anticipated to result in an acceleration in exports, while positive domestic demand developments are anticipated to result in higher imports. In 2024, employment is expected to grow by 3.4%, while the unemployment rate is projected to remain at 3.1% in 2024.

The finalised macroeconomic projections will be published in the Update of the Stability Programme 2023-2026.

Table 4.1: Main Macro Economic Indicators	2022	2023(f)	2024(f)
Real GDP	6.9	3.8	4.3
Consumption	10.1	3.8	3.9
Government Expenditure	2.4	-2.3	1.5
Gross Fixed Capital Formation	30.4	4.4	4.8
Exports of goods and services	6.4	2.9	3.5
Imports of goods and services	9.7	2.2	3.0
Inflation rate (%)	6.1	4.4	2.3
Employment growth (1)	6	3.5	3.7
Unemployment Rate (%)	3.0	3.1	3.1
Compensation per employee (% change)	2.8	3.3	3.4
Labour productivity (% change) (2)	0.8	0.3	0.6
Unit Labour Costs (% change)	2.1	3.0	2.8

(1) Total Employment, National Accounts definition

(2) Real GDP per person employed

4.1.2 Social Outlook

This section illustrates the main indicators that capture the changes in income distribution, as well as changes in poverty and social exclusion over the past five years, covering the period from 2017 to 2021. This section also sheds light on the degree of income inequality in Malta through the use of various indicators such as the Gini coefficient and the income quantile share ratio. The latest data of 2021 is based on 2020 income reference year thus, the following results capture the distributional impact of the first year of the pandemic on households.

Income Inequality

Table 4.2 below illustrates the latest trend of the S80/S20 ratio and the Gini coefficient of Malta when compared to the EU-27 average, both indicators are a measure of income inequality.

The S80/S20 ratio[1] of Malta has been on the rise over the past 5 years. In 2021, the income quartile share ratio for Malta stood at 5.03, which suggests that the income of the wealthiest 20% of the population was on average 5.03 times higher than the income of the bottom quantile. Decomposing this increase to reflect those above the age of 65 and those below, one can note that the aforementioned increase is primarily led by those aged less than 65. Over the past five years, the ratio for the cohort of persons aged less than 65 years increased by 0.92 (or 5.17 times)

[1] The S80/S20 ratio is calculated as the ratio of total income received by the 20% of the population with the highest income (the top quintile) to that received by the 20% of the population with the lowest income (the bottom quintile).

in 2021. On the other hand, the ratio for persons aged 65 and over, increased by a lower ratio of 0.14, resulting in a ratio of 3.44 during the same year. The discrepancy among the ratio between the cohorts is mainly driven by employment income as the difference in the employment income earned by households is much larger than the difference in pensions.

The Gini coefficient[2] has also been rather unstable over the years, exceeding the 2017 coefficient in all years except 2019. In 2021, the registered rate for Malta stood at 31.2%, which is 1.1 percentage points higher than the rate registered in the EU.

Table 4.2: Indicators of Income Inequality

	2017	2018	2019	2020	2021
EU-27					
S80/S20 ratio	5.03	5.05	4.99	4.89	4.97
Persons aged less than 65 years	5.29	5.29	5.17	5.07	5.16
Persons aged 65 years or over	4.05	4.12	4.24	4.15	4.16
Gini Coefficient (%)	30.3	30.4	30.2	30.0	30.1
Malta					
S80/S20 ratio	4.21	4.28	4.18	4.69	5.03
Persons aged less than 65 years	4.25	4.41	4.26	4.79	5.17
Persons aged 65 years or over	3.30	3.10	3.11	3.50	3.44
Gini Coefficient (%)	28.2	28.7	28.0	30.3	31.2

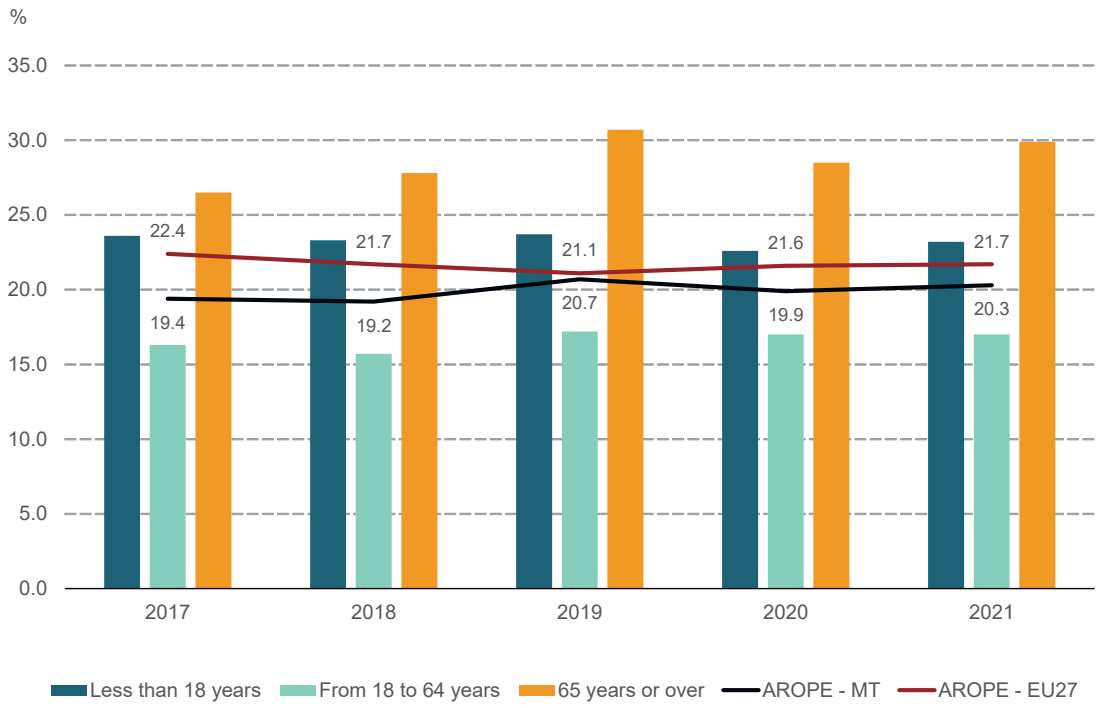
Poverty and Social Exclusion

The principal indicator of poverty and social exclusion is the at-risk-of-poverty-or-social-exclusion (AROPE) rate. The AROPE is made up of three components: at-risk-of-poverty (AROP) rate, severe and social material deprivation (SMSD) and low work intensity (LWI).

As shown in Figure 4.1, the AROPE rate for Malta stood at 20.3% in 2021, which is 0.4 percentage points higher when compared to 2020 and 0.9 percentage points higher than the rate recorded for 2017. When compared to the EU average, Malta's AROPE in 2021 was 1.4 percentage points lower than the rate recorded at EU level. Figure 4.1 also highlights Malta's AROPE by age groups and it is observed that the AROPE of the elderly cohort has increased in the past few years from 26.5% in 2017 to 29.9% in 2021, a difference of 3.4 percentage points. The AROPE of the children cohort is also relatively higher when compared to the working-age cohort, this trend is present throughout the period of analysis. Nevertheless, the AROPE of this cohort has declined from 23.6% to 23.2%, implying that children are facing lower poverty risk. The AROPE rate of the working-age cohort is the lowest when compared to the other groups with a rate of 17.0% in 2021.

[2] The Gini coefficient measures the inequality of income distribution. Its value ranges from 0%, which implies perfect equality in the income distribution, to 100% that implies absolute inequality.

Figure 4.1: At Risk of Poverty and Social Exclusion by Age



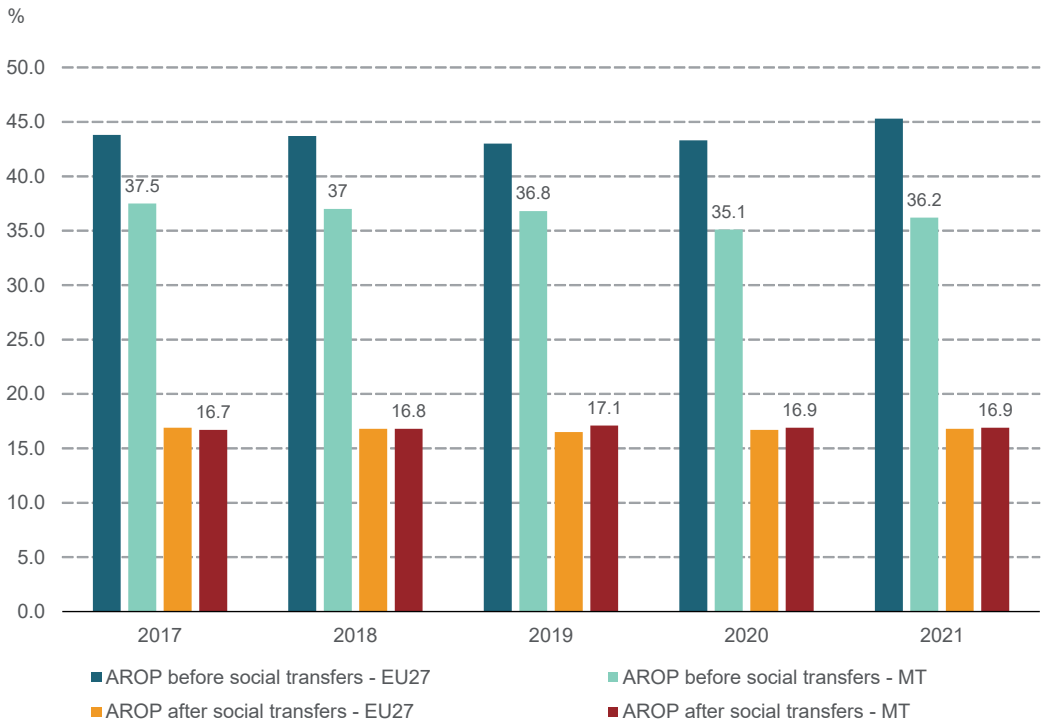
Source: Eurostat

Within the AROPE, the AROP indicator shows, in monetary terms, the percentage of the population that fall below the 60% median equivalised income (the poverty line). The AROP before social transfers for Malta stood at 36.2% in 2021, 9.1 percentage points lower when compared to the EU27's corresponding rate for the same year. After the inclusion of social transfers, the AROP rate for Malta is reduced by 19.3 percentage points to 16.9% in 2021. In the EU, social transfers contribute to a substantially larger reduction in the AROP of 28.5 percentage points in 2021.

Over the past five years the AROP after social transfers has slightly increased from 16.7% in 2017 to 16.9% in 2021, which is also 0.1 percentage points higher than the rate recorded at EU level in 2021. This seems to suggest that the 'risk of poverty' in monetary terms is slowly rising. This development merits to be contextualised. The 60% of the medium equivalised disposable income threshold is based on the equivalised disposable income of all the households. Thus, as a section of population registers a larger increase in income than the rest, the poverty line increases further, resulting in an artificial increase in the number of more individuals/ households falling below the threshold. This was indeed the case in Malta in recent years as a result of the fact that growth in income for persons in employment rose at a more dynamic pace in comparison to inactive or retired persons.

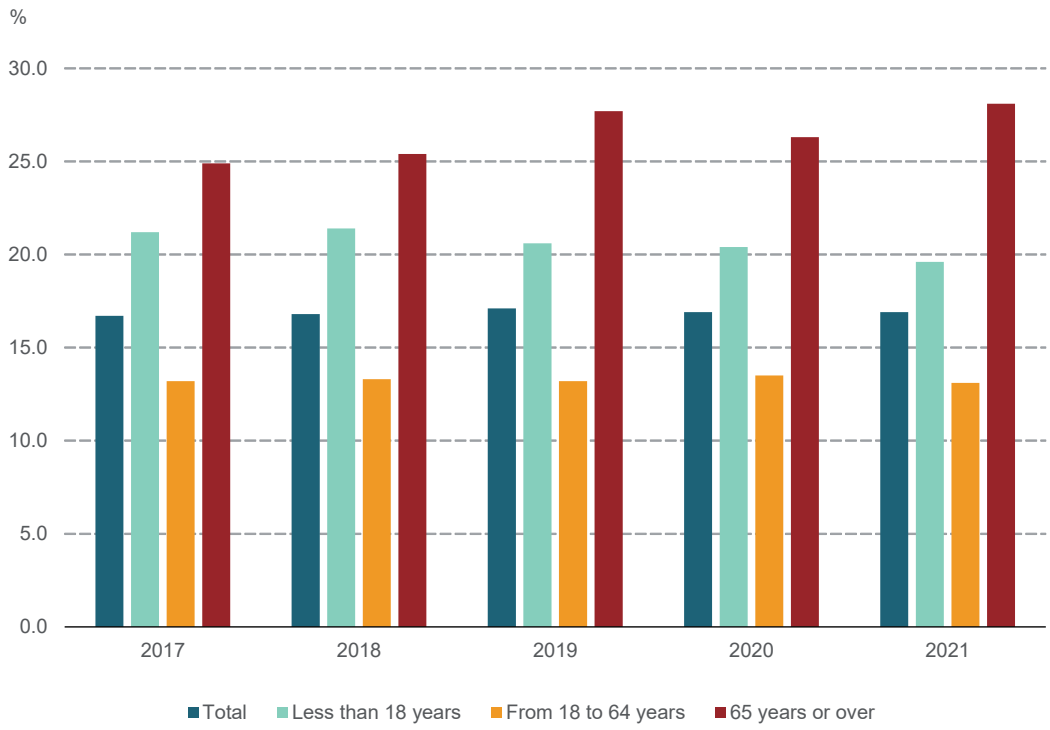
Figure 4.3 indicates that the increase in the AROP seems to be the result of a larger number of persons aged 65 and over falling below the poverty line since the AROP rate for this cohort increased by 3.2 percentage points over the last five years. As already observed in the AROPE, this is expected as this cohort's income tends to be dependent on pensions, where the increase in pensions may not keep up with the increases in the poverty line. Nevertheless, in past few

Figure 4.2: At Risk of Poverty before/after Social Transfers



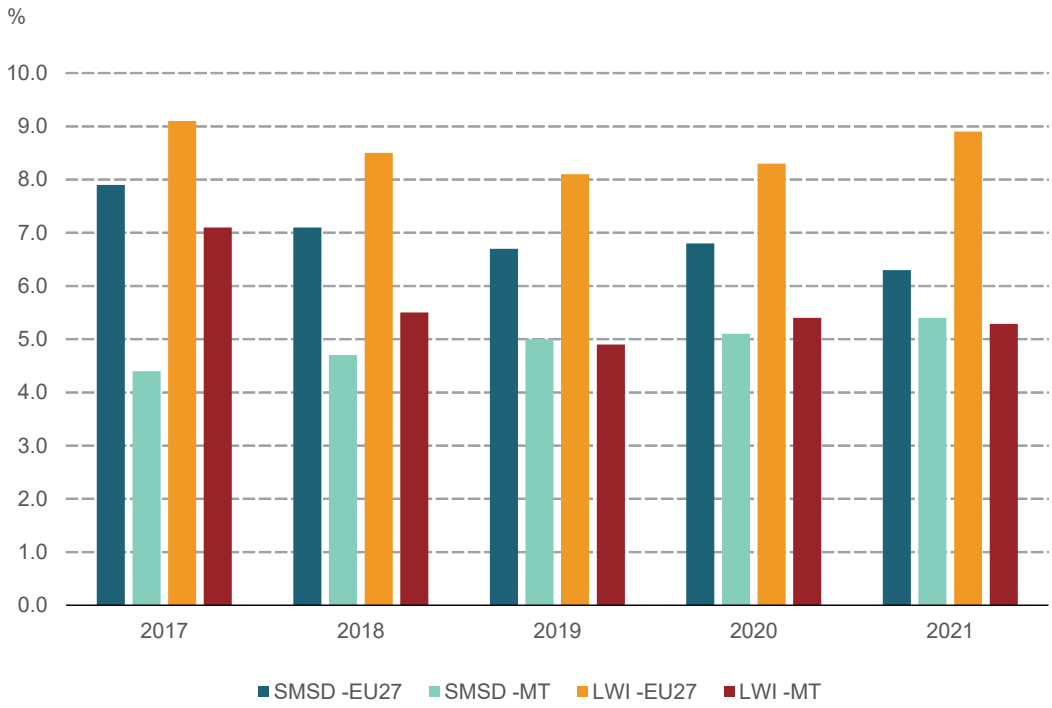
Source: Eurostat

Figure 4.3: At Risk of Poverty by Age



Source: Eurostat

Figure 4.4: Severe Material and Social Depriviation and Low Work Intensity



Source: Eurostat

years the Government has been introducing an annual increase in pension over and above the Cost of Living Adjustment (COLA) with the aim of reducing elderly's poverty risk.

Figure 4.4 illustrates the pattern of the two other components of the AROPE[3] indicator i.e. the severe material and social deprivation (SMSD) and low work intensity (LWI). In 2021, SMSD rate among persons living in household stood at 5.4%, which is equivalent to around 27,334 individuals. Additionally, based on the 2021 data, when compared to the EU average, the rate for Malta is 0.9 percentage points lower. Furthermore, the share of person residing in a household with LWI declined from 7.1% in 2017 to 5.3% in 2021, which is 3.6 percentage points lower than the rate recorded at EU level in 2021. This implies that more individuals aged between 18 and 64, are living in households where their activity of work is equivalent to their potential.

[3] The AROPE indicator for the EU 2030 target is made up of three components: at-risk-of-poverty (AROP) rate, severe material and social deprivation (SMSD) and low work intensity (LWI). The definition of this indictor is slightly different than the indicator used for the EU 2020 strategy. The SMSD indicator replaced the severe material deprivation (SMD) indicator whereby it now captures the proportion of the population experiencing an enforced lack of at least 7 out of 13 material and social deprivation items. The other difference relates to the extension of the age bracket of the LWI indicator from 0 to 59 years to 0 to 64 years. Further detail: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:At_risk_of_poverty_or_social_exclusion_(AROPE)

4.2 Macroeconomic and Social Impact of the Recovery and Resilience Plan

4.2.1 Quantitative Analysis

The following is a macroeconomic simulation estimating the likely impact of each component funded by the RRP on the macroeconomic outlook. This will provide insights on the likely short-term and long-term impact of the RRP on the Maltese economy.

Type of model used and estimation technique

The results presented in this section are based on modelling generated on the basis of two models: the QUEST III R&D model of the European Commission and the Structural Annualised Econometric Model for Malta (SAMM) model of the Economic Policy Department. The QUEST III model is a New-Keynesian Dynamic Stochastic General Equilibrium (DSGE) model with microeconomic foundations derived from utility and profit optimisation that include frictions in the goods, labour and financial markets. SAMM is built around the Keynesian tradition of macroeconomic models, where output and employment are driven by the expenditure components of aggregate demand. The model incorporates the use of an input-output framework, through the utilization of symmetric input-output tables which show the economy's inter-industry transactions through the disaggregation into 51 products and 51 industries.

Main assumptions

The results presented in this section are modelled through an increase in Government investment that is broadly equivalent to the value of the investments incorporated in the specific RRP components. Since SAMM is sufficiently disaggregated, it is possible to shock the investing sector that is specific to a particular project and thus make a detailed assessment of the short-term impact on different product and sectoral output. On the other hand, QUEST is a-priori able to capture long-term effects which cannot be captured by SAMM. Given the different attributes of the two models both are being used for this evaluation.

It is pertinent to note that in focusing on the impact of the initial capital investment, this analysis does not capture the full impact of the RRP. Specifically, it omits additional possible economic impacts in terms of labour and capital efficiency derived in the operational phase of these projects. In particular it excludes environmental impacts as a result of decarbonisation, improvements in the labour force's skill level as a result of the educational projects, improvements in the quality of lives, as well as the impact of structural reforms. Such impacts are not modelled owing to complexities associated to the specific elements of components as well as constraints associated with the structure of the models.

Data Sources

SAMM is an annual model with an accounting structure following the European system of national and regional accounts (ESA 2010). Most of the data starts from 1995 or 2000 with input-output 2010 as its base. On the other hand, the QUEST model does not require historical data but is

based on Eurobase data at a point in time with sources ranging from OECD, EUROSTAT, the EU Commission's own estimates as well as renowned publications and studies. The QUEST version used to run the simulations corresponds to 2021.

Table 4.3 summarises the main results[4]. In comparing the results from both models, it is pertinent to keep in mind that whereas SAMM is tailored to estimate the short-term impact of a shock, the QUEST model is more tailored to estimate the medium-to-long-term impact of a shock. For this reason, results from the two models are not directly comparable.

Nevertheless, despite the differences between the two models and the limitations outlined above, both models highlight the significant growth potential of the RRP. The average GDP growth over the project rollout period (2022-2026) relative to the baseline is 0.56% in SAMM whereas the QUEST model suggests that GDP is expected to grow by 0.48% by the end of the project rollout period, relative to the baseline. Overall, the RRP is expected to boost employment levels in the short-run and return to baseline levels in the medium term, with the QUEST model reaching baseline levels earlier than SAMM, owing to the assumption that agents are forward looking.

Whilst the magnitude of the short-term impact is similar, some dynamics in the two models highlight potential differences. In SAMM prices and wages are more rigid and consequently the short-term impact on employment is stronger than in QUEST. The SAMM results also suggest a stronger impact on consumption. In QUEST the impact on consumption in the short term derives mostly from the liquidity constrained households.

Table 4.3: Macroeconomic and social impact

Years after shock	Model	1	2	3	4	5	9	19
Year		**2022**	**2023**	**2024**	**2025**	**2026**	**2030**	**2040**
GDP*	QUEST	0.11	0.21	0.32	0.46	0.48	0.41	0.24
	SAMM	0.56	0.70	0.54	0.65	0.34		
Employment*	QUEST	0.06	0.04	0.04	0.04	0.00	0.01	0.01
	SAMM	0.12	0.22	0.23	0.22	0.13		
Employment (absolute change)	QUEST	161	107	103	93	-6	36	31
	SAMM	279	499	514	482	292		
Productivity*	QUEST	0.05	0.17	0.27	0.42	0.48	0.40	0.22
	SAMM	0.42	0.42	0.25	0.34	0.16		

* percentage difference from baseline

[4] For modelling purposes, it was assumed that project funding will start from 2022 onward even though a limited amount of funds are expected to be disbursed by the end of this year; these funds were relocated to the year 2022.

QUEST is also able to highlight some distributional effects which are interesting in themselves. The investment in these projects tends to create short-term employment opportunities particularly at low and medium skill levels. However, these effects are shown to be temporary. Nevertheless, the impact on wages is more permanent and is consistent with the more permanent productivity gains.

4.2.2 Qualitative Analysis

Sustainability

This section will outline the long-term impact of the Plan from a sustainability perspective. Whilst economic modelling can provide important insights on the impact of the plan, one needs to acknowledge that there are important limitations inherent in that approach. In QUEST, Government investment raises productivity in the medium term, and the output enhancing effects of the infrastructure investment are even pronounced in the succeeding years. Indeed, in the long term (2040), GDP growth is expected to increase by around 0.24% over the baseline. The impact on labour productivity is shown to be long lasting and remains positive even in 2050. This indicates that even if we excluded some of the effects of the operation of these projects, the potential impact is rather long-lasting and structural in nature and will lead to a persistent improvement in living standards and economic development.

Referring to Table 4.3 and the qualitative impacts that are expected in terms of this plan, it is clear that there will be long-lasting impacts tied to each component. Firstly, Component 1 (addressing climate neutrality through enhances energy efficiency, clean energy and a circular economy), directly targets the green transition which will result in long-lasting impact in reduced energy consumption and the clean and efficient use of energy. This will foster long lasting economic and social benefits thanks to improved environmental conditions, including improved health and wellbeing of individuals. The net-carbon-neutral school building will set an example for future generations on living sustainably and will therefore create a generational shift towards sustainable living. Beyond the time horizon of the RRP, Government shall be financing the recurrent expenditure associated with this project through national funds. With regards to the renovation of buildings, renovation is a medium-term investment. The reduced cost from energy consumption and overall qualitative benefits are important economic benefits justifying the need to sustain the maintenance associated with such investments beyond the time horizon of the programme. Overall, the measures within the Component 1 have been included in the Government programme and therefore costs related to them will be sustained.

Component 2 (addressing carbon-neutrality by decarbonising transport), once again, directly contributes to the long-term benefits associated to the green transition of the economy, including improved air quality and reduction is noise pollution that will affect positively the quality of life and improve overall health. This component targets the public sector (which sets an example to the private sector), domestic households through not only the purchase of electric vehicles but also through land public transportation. Additional measures through other sources of funding, such as a pilot cycle corridor, the fare-free bus transport and the cycling strategy, amongst others, will be key for a modal shift that will encourage less car dependency. Moreover, this component is tied to long-term environmental strategies, including the Low Carbon Development Strategy till 2050, which has been approved by Government and thus, included in the long-term Government programme, ensuring that the costs will be sustained in the future. Once the RRP is finalised, complementary measures on transport within this strategy will continue to be rolled

out. The remote working scheme will result in significant impact owing to the important role the public service plays in employment in Malta, both by providing work-life-balance policies to its employees but also by setting an example for the private sector.

Component 3 (fostering a digital, smart and resilient economy) directly contributes to the digital transition of Malta's economy. By targeting public administration, this will spill over to the private sector, both by leading by example but also by improving access and efficiency of services provided by Government to businesses. Reducing these barriers to doing business will improve productivity, competitiveness and sustainable growth across sectors. These results will lead to a long-term impact on the resilience of the Maltese economy both for domestic competitiveness but also when competing in international markets.

Component 4 (health) aims to improve the resilience of the health sector while also improving universal access, high quality of care and sustainable services. the proposed reforms and investment will continue strengthening the health care system with regard to the response and containment of the virus and the resulting direct and spill-over effects. The health policy framework will, amongst others, strengthen and support the health workforce through enhanced planning and improve the individual patient care experience through the introduction of teleconsultation and telemedicine in physicians' workplans. With reference to the specific blood bank investment, this will enable the national health service to provide a service that would usually have patients travel to the UK for treatment, thus mitigating the impact of Brexit by becoming self-sufficient. This reduces Malta's reliance on external countries for these critical essential services, especially in the event of a shock. Having a resilient healthcare system would lead to better health outcomes with the results that that the population is more active in the labour market, raising productivity whilst sustaining future social protection expenditure. Moreover, a healthier workforce is more likely to probably to extend its working life. As a result, such benefits will not only be enjoyed by the current generation but will also spill-over to the future generation.

Component 5 (enhancing quality of education and fostering socio-economic sustainability) will aim to bridge the gap between education provision and labour market needs. The proposed measures would prevent long-term unemployment and social exclusion, as through up-skilling these individuals will improve their employability and face lower risk of falling into poverty. The diversification, innovation and competitive labour force would impact positively the economy but at a lag. Therefore, benefits for this component are more likely to be long-term and long lasting, than immediate and short-term, because of investment in education impacting persons receiving it later in their work life. By having more employed individuals earning higher wages, will not only contribute towards improving their financial position, but will also ease the burden from the social security system, enhancing fiscal sustainability in the long run.

Component 6 (strengthening the institutional framework) targets 3 main elements; institutional capacity and governance of the judiciary, anti-money laundering framework and aggressive tax planning. The general improvement in robustness and transparency within the regulatory regime can affect the risk appetite of financial institutions, further allowing legitimate businesses to thrive and facilitate cross border investment. This, coupled with the proposed reforms aimed at improving the quality and efficiency of the justice system and institutional capacity, would increase transparency, trust in the institutions and promote good governance. This will strengthen the institutions and economy as a whole, making them more resilient. Improved business sentiment and trust in Maltese institutions will increase investment, efficiency and decrease bureaucracy and lead to improvements in the business environment. This component is mainly composed of cost-less reforms. Reforms that do involve costs due to e.g. capacity building, have been

funded through national funds and will be included in the recurrent costs of the Government. The Government has pledged and budgeted these low running costs within its Government programme and committed to sustain such reforms in time.

Finally, in the REPowerEU Chapter, the objectives of the proposed reform and investment together with the initiatives in Component 1 and 2, are to facilitate and accelerate Malta's efforts towards enhanced clean energy and the uptake of renewables. These measures are expected to reduce the overall reliance on fossil fuels by accelerating the deployment of renewables, upgrading Malta's electricity transmission and distribution grids and fostering electricity storage while also improving energy efficiency. Such initiatives play a crucial role in the long-term benefits of transitioning to a green economy. This Chapter contributes to improving air quality and reducing noise pollution. These improvements in turn positively impact the quality of life and overall health of individuals, creating a more sustainable and liveable environment. Therefore, the successful implementation of these initiatives will not only help achieve climate-neutrality, but also bring a range of benefits that will contribute to a more sustainable and healthier society, leading to further economic advancement.

4.3 Cohesion

The following Table identifies relevant indicators to monitor each component across time. Where available, the data for between 2016 and 2020 was included for ease of analysis in the future.

Table 4.4: Main RRP Result Indicators

Component	Proposed Indicator	Source	2016	2017	2018	2019	2020	2021
Education	Early leavers from education and training (%)	Eurostat	15.6	14.0	14.0	13.9	12.6	10.7
Decarbonisation of Transport	Greenhouse gas emissions by source sector – domestic road transport (million tonnes of CO_2 eq.)	European Environment Agency	0.57	0.71	0.67	0.61	0.59	N/A
Health	People with access to improved health care services (in thousands)	NSO[1]	46.0	47.6	49.4	51.5	51.6	N/A
Health	Out of Pocket expenditure on health care	Eurostat	35.1	35.2	34.3	34.1	30.3	N/A
Digitisation (public)	Individuals using the internet for interaction with public authorities (%)	Eurostat (DESI)	44.81	45.79	46.64	50.04	55.26	63.38
Digitisation (private)	Enterprises where persons employed have access to the internet (%)	Eurostat (DESI)	95.8	95.7	96.5	97.2	97.3	97.4
Renovation of Old Buildings	Greenhouse gas emissions – Residential and Commercial (million tonnes of CO_2 eq.)	European Environment Agency	0.14	0.13	0.11	0.12	0.14	N/A
Governance	Effectiveness (Percentile Rank; 100 being highest)	World Bank	77.9	80.8	78.8	77.4	81.7	77.9
Cohesion	At-risk-of-poverty or social exclusion rate (AROPE)	Eurostat	20.2	19.4	19.2	20.7	19.9	20.3

[1] https://nso.gov.mt/en/publicatons/Publications_by_Unit/Documents/02_Regional_Statistics_(Gozo_Office)/2020/Regional_Statistics_Malta-2020%20Edition.pdf

4.4 Comparison with the investment baseline

The fiscal impact of the growth-enhancing expenditure financed through the RRP is expected to have a differentiated impact on the different classifications of the functions of Government expenditure and will vary across the years. It is worth noting that, as outlined earlier in this chapter, considering that these measures are of a capital nature, the recurrent costs will be much lower than the one-time investments. Whilst Government has pledged to keep financing the related recurrent costs, these are expected to be significantly less than those considered within this RRP, such that by the end of the outlined period, expenditure is expected to broadly revert to the average of the previous years (2017-2019).

Measures classified at COFOG 1.3 contributing to the digital transition of Malta's economy are expected to result in an increase of around 24% on average between 2020 and 2026, when compared to the average level of expenditure classified under this function during the reference period. The increase in expenditure will be relatively evenly spread and is expected to remain at relatively elevated levels compared to historical levels up to 2025. Additionally, related digitisation measures expected to increase the institutional capacity and governance of the judiciary, classified at COFOG 3.3, are expected to result in similar developments, with expenditure increasing by 50% compared to the reference period.

Expenditure addressing carbon-neutrality by decarbonising transport classified at COFOG 4.5, is expected to result in a significant increase in expenditure from €234 million during the reference period to €389 million on average between 2020 and 2026.. In addition, pollution abatement measures are expected to result in a significant increase in expenditure on pollution abatement (COFOG 5.3) compared to the baseline, from an average of €4 million during the reference period to extraordinary levels of €46 million in 2025.

Growth enhancing expenditure intended to improve the resilience of the health sector, classified at COFOG 7.4, is expected to increase from an average of €19 million during the reference period to an average of €63 million between 2020 and 2026.

Investment towards enhancing the quality of education is classified at COFOG 9.1. Expenditure towards pre-primary and primary education is expected to result in an increase in expenditure of around €92 million on average between 2020 and 2026, when compared to the average of €164 million classified under this function during the reference period. Expenditure on education is expected to remain at relatively elevated levels compared to historical levels up to 2026.

Impact and Investment for Part 4

ANNEX

Table 3a. Impact of the plan (qualitative)

Please provide an overview on how the plan and its components contributes to the objectives of the Facility and meets the assessment criteria listed in Annex II of the regulation.

Sequential Number	Component	Relevance	Description of the expected impacts of the measure on: (mark include relevant quantitative indicators)						
					Economic, institutional and social resilience (2.3)	Implementation of European Pillar of Social Rights (2.3)	Mitigation of the economic and social impact of the crisis (2.3)	Social and territorial cohesion and convergence (2.3)	lasting impact (2.7)
1	1 - Renovation of Buildings	The main policy objective is to foster reforms and investments in green transition through energy efficiency in buildings (both public and private buildings), whilst facilitating reforms in renewable energy and waste management, contributing towards further transition to a circular economy. The outlined policies will contribute further efforts to promote energy efficiency and renewable energy in line with Malta's 2019, 2020 and 2022 Country Specific Recommendations, Malta's NECP (2019), the Draft Smart Specialisation Strategy and in line with the ambitions of the Green Deal and Paris Agreement. Moreover, the proposed renovation investments in the energy sector take into account the aspirations put forth in the European Commission's Renovation Wave Strategy and the European Flagship 'Renovate' (COM (2020) 575). These investments shall also aim to target renewable energy generation, thus complementing the European Flagship 'Power Up' by integrating RES interventions.	The reforms and investments outlined in this component contribute towards addressing CSR 3 2019, CSR 3 2020, and CSRs 1 and 4 2022 relating to the green transition, in particular the clean and efficient use of energy and waste management.	The rapid increase in the population and growth in GDP over a relative short time span has put strain on the environment and increased energy consumption. Moreover, Malta's high population density, limited land space and lack of economies of scale coupled with geophysical conditions are also contributing to the challenges of sustainable waste management. Further investment and reforms are thus needed to mitigate such challenges and to reduce bottlenecks which might hinder further growth. The proposed investment in relation to the renovation of the public and private buildings and institutions and the reform to develop a long-term renovation strategy for residential property will increase energy and resource efficiency, thus reducing energy consumption and greenhouse gas (GHG) emissions. This will improve the air quality, with positive implications for health and well-being, which are commonly associated with better productivity and growth potential. Moreover, such investment will create new job opportunities as a qualified and specialised workforce would be required to implement such policies. In addition, these reforms would encourage further private investment which could have positive implications on the business environment and economic advancements. Furthermore, Malta's Draft Long-term Waste Management Plan which includes the digitalisation of waste data management is expected to increase efficiency and productivity, save costs, reduce administrative burden and streamline compliance with reporting obligations.	The investments targeting the renovation of buildings and the reform on waste management will help move towards achieving a circular economy. The investment will reduce environmental pressures associated with land use change and waste management, ensuring economic, institutional and social resilience. Moreover, apart from improving the sustainability of the environment, the investments and reforms in the energy and waste sector have also positive implications on the market itself in terms of enhanced market surveillance and energy efficiency practices. In addition, the improvement in the air quality as a result of lower carbon emissions will improve the quality of life and health of citizens in Malta and Gozo	N/A	N/A	The proposed investments in the renovations of public and private buildings and reforms in the long-term renovation strategy and waste management will help to decrease GHG emissions in Malta, which will contribute towards reaching the EU targets in relation to better air quality and climate change. Whereas the reform in the waste sector will foster long-term waste management, the framework promotes more efficient waste management practices and reduce GHG emissions from waste in line with the EU Directives.	Investment and the reforms will improve the air quality of Malta through more efficient energy and resource consumption and better waste management, with positive implication on health and well-being in the long run. Moreover, the measures will enhance movement towards more sustainable environmental practices, ensuring sustainability in the long run.
2	2 - Decarbonisation of Transport	This component aims to contribute towards Malta's commitment concerning national greenhouse gas (GHG) emissions reduction targets in line with international and national policy and strategic framework. More specifically, this component seeks to contribute to EU's collective 55% net GHG emissions reduction target by 2030 when compared to 1990 levels in accordance with Article 3 (1) of the European Climate Law. The objective of this component is to contribute towards national efforts aimed at facilitating cleaner, smarter and more sustainable mobility and reduce traffic congestion. In particular the proposed initiatives in this component focuses on: i) a more effective public transport; ii) incentivising alternative modes such as car sharing, maritime transport and cycling; iii) electrification of cars and alternative fuel infrastructure; iv) support to local mobility through the development of sustainable and accessible modes of transport; and v) intelligent transport systems. This objective is in line with, and forms part of Malta's overall strategic framework towards decarbonisation of transport as identified in Malta's National Energy and Climate Plan for 2030 (2019), the 2050 Low Carbon Development Strategy, Malta's National Reform Programme (2020) and Malta's National Transport Strategy. The component also follows the concept of the European Flagship 'Recharge and refuel' by promoting future-proof clean technologies and accelerating the use of sustainable transport through the use of zero and low emission vehicles thus making the Maltese Islands cleaner and contributing to reaching the 2050 climate neutrality objective.	The reforms and investments outlined in this component addresses CSR 2019.03, CSR 2020.03, and CSRs 2022.01 and 2022.04 on the sustainability of the transport sector. These measures are expected to incentivise the use of public transport and alternative modes of transport instead of private cars and increase the investment in electric vehicles. Thus, they will decrease GHG emissions and reduce traffic congestion. Supporting the green transition, by using clean and efficient use of energy and sustainable transport.	The proposed investment will generate a more clean and smart urban mobility as this is expected to improve air quality and reduce traffic congestion. The recent population growth and economic developments have put pressures on the transport infrastructure, creating bottlenecks which need to be addressed through further investment, as otherwise this could stagnate further potential growth. These reforms would also stimulate private investment, especially in transport-related services which will create and safeguard jobs. In addition, the decarbonisation in of public service transport will enable more sustainable, effective and efficient shared mobility services, across Government. This could result in a reduced vehicle fleet (due to shared mobility and investment in smart traffic management systems to manage public service mobility) and will also reduce congestion and travel time. This, together with the promotion of remote working in the public sector contributes towards better work life balance practices, reduces commuting time and increases productivity thus strengthening incentives for labour participation. Moreover, substituting fossil fuel-based public transport by zero emission alternatives will reduce air and noise pollution with positive impacts on public health. Public health is often linked to economic growth for a number of reasons. For instance, better public health implicitly lowers health expenditure costs. Furthermore, a healthier population would result in a higher participation rate in the labour market as well as enhanced productivity.	The improvement in mobility and free transport increases accessibility across the island for all the population. This is especially the case for vulnerable groups in society who are unable to afford a private vehicle, thus supporting social and economic integration. In addition, reduction in air and noise pollution, together with incentives for remote working improve quality of life as a result of improved public health and more leisure time as a result of time saved from travel.	The reform which promotes remote working in the public sector is expected to target Principle 9 relating to work life balance. Since remote working will not only decrease traffic congestions, daily commutes and emissions but also facilitate flexible work schedules. Moreover, the investment is expected to provide better air quality which can be linked to Principle 16 relating to health care.	Remote working and digitalisation have helped contain the disruptions in service-based sectors caused by the crisis, enabling private and public sectors to continue with their operations. This has safeguarded jobs, whilst ensuring that the spread of the virus is contained. Thus, further investment in this area will support the economic recovery. Moreover, the expected improvements in efficiency and higher productivity that these investments will contribute to, are expected to further stimulate growth post pandemic.	Investments like for instance the free public transport provision for the elderly will ensure better accessibility and mobility to this cohort, resulting in more inclusive economic and social opportunities. Moreover, the proposed investments will decrease GHG emissions in Malta which will contribute towards reaching the EU targets related to improved air quality and climate change.	The benefits arising from these reforms and investments will improve the air quality of Malta, which benefits will be also be present in the long run. Indeed, such investment will not only improve the quality of life of the current generation but also of the future generation, as cleaner air and lower noise pollution is linked to better health (both physical and mental health) and improved well-being. Furthermore, the investments are expected to contribute towards economic growth through induced productivity and enhanced efficiencies. To be also noted that investments towards the decarbonisation of transport under the RRP are complemented by other locally-funded public investments as evidence of the sustainability of Government policies in this field that span beyond the period covered by the RRP.
3	3 - Digital	The objective of this component is to facilitate further digitalisation of services in the public administration and public regulatory services, including in the maritime sector, as well as to strengthen initiatives related to digitalisation in the private sector. These reforms and investment aim to reduce barriers to the usage of e-services, and incentivise a collective shift towards a digitized society, which will contribute towards further productivity, competitiveness, and sustainable growth across various sectors. An enhanced digital policy framework, coupled with enhanced digital solutions for public and private services, will be of benefit to both citizens and businesses alike. The reforms and investments under this component shall contribute towards the European flagship 'Modernise' by promoting modernised and secure digital services that are accessible and will also foster ICT as an enabler for Research and Development. In this regard, the integration of digital technology and the digitalisation of services, shall form an important stepping-stone in Malta's digital transition.	The reforms and investments outlined in this component contribute towards addressing CSR 3 2020 and CSR 1 2022 in relation to digital transition.	The development and sustainability of the Digital Economy comes through investment in the right technologies, in particular through Government-led and Government supported investment. Concrete measures such as spending on R&D, attracting venture capital, and incentivising private industry to invest in technology can lead to innovation, productivity and growth, through the economic multiplier effect. To be also noted that the nature of the public investment will also support the take up of digital tools by the private sector by enhancing the digital environment where economic exchange takes place this supporting the competitiveness of the economy. Providing support to the private sector to invest in digitalisation will enhance the business long-term sustainability, help them improve their business model and enable them to strive amidst the challenges brought by the fast-changing economy. This will make businesses more competitive and productive leading to job creation, especially high-skilled jobs, and induces economic advancements. This is an integral part of moving towards innovation-led and technology driven socio-economic growth. In addition, investment in the public sector will enhance efficiency and could potentially result in improvements in public finances, enabling further investment in areas that necessitate support.	The investment in the public service will increase the capacity and resilience within the existing digital infrastructure to cope with current and future demand. Thus, the investment in modernisation of the public services will be beneficial for the Government and the citizens, ensuring a digital transformation that will strengthen economic, institutional and social resilience. In the case of the scheme for the private sector this will support investment in digital transformation ensuring competitiveness and long-term sustainability. Furthermore, it is evident that in a post-Covid environment digitalisation plays a key role in strengthening the resilience of all members of society and their capacity to adapt to unexpected shocks.	One of the investments being proposed aims at improving the digitization of public administration in relation to remote working solutions. This investment is linked with the investment proposed in component 2 to promote remote working among the public sector which is expected to target Principle 9 relating to a better work-life balance. This investment is needed to build the necessary network infrastructure to make remote working viable and effective.	The relevance of digitalisation is even more evident nowadays, especially following the Covid-19 pandemic. Indeed, the investments being proposed under these components are necessary to help counteract some of the challenges brought about by the crisis. First of all, the investment to strengthen the Government ICT infrastructure is necessary to build more resilience to cater for increasing demands and enable future emergency responses. The Covid-19 pandemic has elevated customers' preference to access a number of services online. Furthermore, it has emphasised the need for workplaces to adapt to new exigencies and to support the move towards remote working across the public sector. Moreover, the proposed investment will not only further improve efficiency in the public sector but will also strengthen the business competitiveness, especially for SMEs, through the support offered to the private sector. This is necessary not only for the local business community to remain relevant during the pandemic but also to ensure resilience and a quick recovery post-pandemic. Tourism - the sector most hardly hit by the pandemic - is identified as having a particularly high degree of potential for innovation through digitalisation, leading to new innovative practices and sustainable business model.	The proposed reforms and investment will improve the efficiency of the public sector and strengthen the strategic position of business, inducing innovation and improving their competitive position both in the local and international markets. Moreover, the improvement and the increased accessibility of technology for all the population will ensure broader access to all groups of society including groups that tend to be the most resistant to change. This is expected to mitigate the emergence of new divides in society.	The investment and development in the digital economy fosters sustainability in the long run, in particular through Government-led and Government supported investment in the right technologies. This will help support investment in technology that will generate innovation, productivity and growth. Indeed, future digital technology is one of the main areas of specialisation identified for Malta whereby such technologies act as both sources and enablers of innovation.

Table 3a. Impact of the plan (qualitative)

Please provide an overview on how the plan and its components contributes to the objectives of the Facility and meets the assessment criteria listed in Annex II of the regulation.

4	4 - Health	The proposed investments aim to foster improved resilience of the health sector whilst ensuring universal access, high quality of care and sustainable services. Sustainability in healthcare, will be sought through investment in preventive and primary care, improved monitoring and improved utilisation of resources. Through this component, building on the reforms (particularly the development of the health policy framework 2030) and investments being implemented in relation to improved health services, Government will increase the variety of services offered to the population in Malta and further streamline interactions between different services to ensure continuity of care. In this regard, investments supported under the RRF shall be targeted towards the establishment of a Blood, Tissue and Cell Centre within close proximity to the main acute care hospital in Malta. In addition, investment in the digitalisation of the health care includes digital pathology services and strengthening the facilities related to oncology.	The reforms outlined in this component addresses CSR 2019.01 and CSR 2020.01 relating to the sustainability and resilience of the health care system. The provision of free healthcare at the point of care has always been a core tenet of the Maltese Government. Health expenditure growth has persistently exhibited an upward trend due to increases in the cost of health care provision, evolution in medical technology and best practices, high prices of new medicines and the expanding population not only within older age brackets, but also due to the considerable net inward migration over recent years. Innovation and investment are therefore essential in order to continue improving efficiency and effectiveness in the delivery of health care, whilst ensuring fiscal sustainability.	The investment in the establishment of a blood, tissue and cell centre for Malta, the investment in the digitalisation of the health care together with the other reforms will create job opportunities for highly specialised scientists and other personal needed in the design, construction and up-keeping of the investment. Moreover, such investment would increase effectiveness and efficiency in the health care system, thus fostering growth potential through better allocation of resources. Besides, improved health care is also linked to enhanced labour productivity both as a result of a reduction in production losses due to worker illnesses as well as better overall well-being. This would positively impact economic growth. This investment enables the provision of new medical facilitates and treatments which are not currently available in Malta, decreasing the costs associated with travelling abroad to access such services.	The objective of the proposed investment is to strengthen the resilience of the healthcare system with positive spill over effects on social and economic resilience. Moreover, the reforms aimed at increasing the efficiency and effectiveness of the outpatient and oncology sections, whilst increasing the number of services offered in primary health services relieve pressures from Malta's main acute care facility, ensuring a more sustainable health care delivery. Furthermore, the provision of new treatments for which currently patients are presently required to travel abroad will decrease part of the social burden that these patients and their families encounter.	The investment will further improve the quality of the health care system and will enable the provision of new treatments and more effective services at the national level. This will improve the quality of life of the Maltese population as well, as the life expectancy. Moreover, this investment will increase the accessibility of preventative and curative health treatments, making the health care system more equal (in line with Principle 16).	The crisis brought several unprecedented challenges on the health care system, which required immediate response and adaptation of health care services. The healthcare workforce, especially that in primary care has played an instrumental role in the management of the Covid-19 pandemic. So, the proposed reforms and investment will continue strengthening the health care system in regard to the response and containment of the virus and the resulting direct and spill-over effects. Moreover, providing the service that would usually have patients travel to the UK for treatment, mitigates the impact of Brexit and ensures in-house service provision, reducing the reliance on external countries in the event of a shock. This has been proven by the impact of COVID-19 on travelling, and putting Maltese patients travelling for these treatments at risk of infection.	Through the provision of more efficient services thanks to increased digitisation, new health care services, and innovative treatments, Malta's health care system will continue converging towards best practices. Moreover, the better accessibility resulting from the investment project, will lead to more social equality as the projects will be to the benefit of all the population, irrespective of their social status.	Sustained investment in health care is needed since Malta is projected to have the highest increase in population over the next fifty year, both through ageing and influx of foreigners. Thus, the proposed investments are vital to ensure sufficient capacity and better quality, whilst maintaining fiscal sustainability in the long run. Having a resilient health care system could drive the population to be more active in the labour market, which increases productivity and sustains future pensions. Moreover, a healthier workforce is more likely to postpone its retirement thus relieving the burden associated with the fiscal cost of ageing. As a result, such benefits will not only be enjoyed by the current generation but will also spill-over to the future generation. Therefore, the latter will benefit both from the improvement in the health care system and the indirect economic advancements. Furthermore, the investment will ensure cost reductions in the future due to the enhanced efficiency and effectiveness in the system.
	5 - Education	The objective of this component is multi-faceted: it will strengthen the quality of education by strengthening basic skills as well through quality vocational education possibilities, address skill shortages whilst enhancing the sustainability of pensions. Through this component students will be encouraged to continue pursuing education beyond compulsory education, through reforms in vocational education in the hospitality industry, with the aim of reducing Malta's Early School Leaving (ESL) rate in line with CSR 3 (2019) and CSR 2 (2020) whilst bridging the gap between educational provision and labour market needs. This Component will also strive to strengthen the labour market in line with CSR 1 (2020), whilst also ensuring fiscal sustainability of the pension system in line with CSR 1 (2019). The component shall also address the European Flagship Initiative 'Reskill and Upskill' in particular by strengthening vocational education.	The reforms outlined in this component addresses the following CSRs: - 2019 CSR 3 and 2020 CSR 2 relating to the quality and inclusiveness of education and skills development. - 2020 CSR 1 relating to the strengthening of the labour market and ensure adequacy of employment. - 2019 CSR 1 relating to the need to ensure fiscal sustainability of the pension system.	The proposed reforms aim to strengthen vocational education, encourage more participation in labour market and decrease the number of early school leavers (ESL) thus, creating a more skilled work force, addresses skill shortages and facilitate transitions to the labour market. The fact that Malta is a small island and its natural resources are limited renders it highly dependent on human capital. Investment in this regard is thus warranted for future economic advancement. The reforms relating to higher quality education are mainly targeting the hospitality and tourism sector since it holds the largest share of low-skilled workers. By providing further training and initiatives , young adults especially ESL will be motivated to continue studying thus, improving their employment prospects. This is expected to increase productivity in the future. Moreover, the upskilling opens prospects for higher earning jobs. This relieves social expenditure burden on the State, through lower potential social assistance pay-outs and ensures higher contributions towards the pension funds thus, fostering socio-economic sustainability. Also, the re-skilling of the workforce is key to meet challenges constantly emerging from the rapid transformation of the modern economies and ageing population. In this regard, the proposed project supports innovation and encourages new investment which creates new job opportunities. This increases diversification and competitiveness, enhancing growth potential. In addition, as technology advances and labour market changes, re-skilling, and up skilling opportunities especially for older workers is key to ensure their retainment in the labour market.	Reforms in good quality education and in vocational training together, with increasing skills development opportunities is fundamental to ensure a strong labour force. This is fundamental to ensure adaptability in the labour market. Furthermore, education and training fuels innovation, new investments, diversification within the economy and enhances competitiveness, all of which are necessary in ensuring economic resilience. The proposed reforms also incentivise individuals in long-term unemployment to re-enter the labour market which decreases the probability of individuals, especially those coming from vulnerable groups, being caught up in the in-activity and poverty trap. Implicitly, people would become less dependent on the State which contributes towards economic, institutional and social resilience. Ensuring the sustainability of pensions ensures that future generations can continue to enjoy pensions thus strengthening social and economic resilience.	As mentioned, the proposed measures would prevent long-term unemployment and social exclusion, as the up-skilling of these individuals will likely lead to a better-paid job, decreasing the risk of falling into poverty. Thus, such individuals will benefit from a better quality of life and a more equal society. The measures are also intended to improve the sustainability of the pension system, expected to diversify and increase pension income/ savings which would enhance the financial position of pensioners. Overall, the proposed measures are expected to target the following principles: Principle 1: Education, training and life-long learning Principle 3: Equal opportunities Principle 4: Active support to employment Principle 5: Secure and adaptable employment Principle 12: Social protection Principle 13: Unemployment benefits Principle 15: Old age income and pensions	Strengthening the labour market would ensure a swift recovery through the prospects of diversification and innovation. This will also have a positive impact on GDP. Moreover, lower social expenditure from the expected increase in employment and transition to higher income job (up-skilling) will decrease the fiscal cost of the Government in relation to social protection and increase Government revenue. The COVID-19 crisis has highlighted the need to invest more in vocational training in the Tourism Industry, one of the most important sectors for the Maltese economy. In order to help the recovery of this sector, while also improving the quality of the services provided through better training, this component will both directly target the economic and social impact of the crisis.	The proposed reforms will enhance social convergence as the up-skilling of low-skilled worker and reduction in ESL will improve their job prospects, making them more competitive in the labour market. This will improve Malta's position in relation to other members states.	As highlighted, the reforms in good quality education and in vocational training will reap several economic benefits such as diversification, innovation and competitive labour force, which will help the prospects of the targeted cohorts (ESL and low-skilled adults). These initiatives-will help build more resilient educational institutions which benefits will spill-over to the future generation. Thus, this would not only create new job opportunities but also jobs which are more productive, contributing towards economic growth. This would also be useful in mitigating future economic shocks. In addition, as technology advances and labour market changes, re-skilling and up skilling opportunities especially for older workers are key to ensure their retainment in the labour force. In addition, the targeted cohorts will benefit from several social aspects, such as better education and higher income, which will trigger a virtuous cycle to the benefit of future generations. Besides, having more employed individuals earning higher wages, will not only contribute towards improving their financial position, but will also ease the burden from the social security system, ensuring fiscal sustainability in the long run. Moreover, by investing in higher quality education for this industry, this will hopefully reflect in a higher quality service provided in the hospitality industry thus sustaining the country's competitiveness in attracting premium-paying tourists. Finally, by their very nature it is expected that the measures related to pensions will have long-term lasting impact on public finances.
	6 - Strengthening of the Institutional Framework	This component proposes several reforms and investments which are split in three sub-components: institutional capacity and governance of the judiciary, anti-money laundering (AML) and aggressive tax planning. With regards to the first criteria, the objective is to enhance the independence and improve the quality and efficiency of the justice system and to reinforce the institutional framework capacity in the fight against corruption. Malta is committed to prevent, detect and prosecute money laundering and terrorist financing activities. In this regard, the proposed reforms in the area of AML aim to strengthen the effectiveness of the AML framework in combating financial crime, enhance law enforcement, transparency and governance. Lastly, Malta remains committed to combat aggressive tax planning.	The reforms and investment outlined in this component under all three criteria tackles CSR 2 (2019), CSR 4 (2020) & CSR 3 (2022) on the recommendations to: • tackle the shortcomings in institutional capacity and governance to enhance judicial independence (2020); Strengthen the overall governance framework, including by continuing efforts to detect and prosecute corruption. • strengthen the independence of the judiciary, in particular the safeguards for judicial appointments and dismissals, and establish a separate prosecution service. • adequately assess and mitigate money laundering risks and to ensure effective enforcement of the anti-money laundering framework. • address features of the tax system that facilitate aggressive tax planning by individuals and multinationals.	The reforms outlined in this component are expected to have a positive impact on Malta's position as an international business centre through positive reputational effects. The reforms targeted towards combating AML and towards the improvement of the quality and efficiency of the justice system and institutional capacity would increase transparency, trust in the institutions and good governance, ultimately strengthening the rule of law. This could increase business confidence and will thus attract more cross border investment. As a by-product, this investment could have positive effect on productivity, employment and economic advancements. Furthermore, the digitalisation of the justice system would increase efficiency and ensure less bureaucracy which would also improve the business environment and support the attraction of foreign investment.	The continuous updating of legislations and risk assessments, as being proposed, is a necessity, especially in the digital age where new financial innovations are constantly brought to the markets and used for a wide variety of financial services. This would improve transparency and the legitimacy of the transactions. In addition, increased transparency and accuracy of the registrar of beneficial ownership, coupled with the establishment of the CBAR will facilitate the way data is gathered and accessed by the different supervisory authorities, allowing for a more robust payments services system and further improve the integrity of the Maltese financial sector in general. The general improvement in robustness and transparency within the regulatory regime can affect the risk appetite of financial institutions and further allowing legitimate businesses to thrive and facilitate cross border investment. This, coupled with the proposed reforms aimed at improving the quality and efficiency of the justice system and institutional capacity, would increase transparency, trust in the institutions and promote good governance. This will strengthen the institutions and economy as a whole, making them more resilient.	N/A	The proposed reforms will create more transparency and better governance in Malta, which in turn could attract further foreign investment, increase the prospects of new jobs and increase potential for further economic growth. This would facilitate the economic recovery post-pandemic.	The policies targeted towards limiting AML practices and improving the quality and efficiency of the justice system and institutional capacity will improve the rule of law for all citizens, irrelevant of their background or social status.	The proposed reforms will for sure have a positive and lasting impact on the Maltese economy as changes in the legislation and improvement in the procedures will generate more trust in the institutions and improve business environment, thus supporting a more sustainable basis for future economic growth.

Table 3a. Impact of the plan (qualitative)

Please provide an overview on how the plan and its components contributes to the objectives of the Facility and meets the assessment criteria listed in Annex II of the regulation.

	REPowerEU	The main objectives of the reform and investment proposed under this component is to further facilitate and accelerate Malta's efforts towards enhanced clean energy and the uptake of renewable. Specifically, these objectives are to: •äccelerate and maximise the deployment of onshore (and future offshore) renewables by offering a faster permitting process and enable a more robust and resilient connection to the Maltese grid; •ënable the increase in the share of renewables for Malta at a lower-cost compared to other more costly offshore solutions thereby reducing the reliance on local electricity generation from fossil fuels including LNG, and decrease the indirect exposure from electricity imports price fluctuations from Italy through the cable link; •ïstrengthen the distribution network, to promote and incentivise private investments in large scale RES installations (onshore and offshore) by facilitating the grid connection; and •ïstrengthen the Maltese electricity grid to provide a firm, flexible and fast-responding energy supply to the Maltese consumer. Such initiatives aim to bridge the national energy needs and gaps identified in Malta's energy and climate policy framework and Malta's 2022 Country Report. These investments will build on the initiatives foreseen under Component 1 and Component 2 and will also contribute towards the European Flagship 'Power Up'.	RRP reforms and investments outlined in REPower EU address CSRs 2022.1 and 2022.4. These measures are expected to reduce the overall reliance on fossil fuels by accelerating the deployment of renewables, by promoting and enabling investments in wind and solar energy, including in floating offshore energy, upgrade Malta's electricity transmission and distribution grids and create incentives for electricity storage while also improving energy efficiency.	Being a small island state, Malta already faces various challenges due to it geophysical characteristics including small size, high population density, lack of natural resources and land space, absence of natural gas for domestic use and district heating and cooling networks, as well as climatic conditions which inhibit possibilities for energy diversification. Thus, further investment is needed to mitigate these challenges which might limit economic growth in the short, medium and long term. The proposed reforms and investment outlined in the REPowerEU chapter will increase the uptake of renewable energy, which will help meet future energy demand and decrease greenhouse gas (GHG) emissions. As a result, this will decrease air and noise pollution which has positive implications on health and well-being. Improved quality of life of citizens is associated with improved productivity and growth potential, as a healthier population tend to increase their participation in the labour market. The investments will also create and encourage further private investment which could have positive effect on the business environment and economic growth.	The investments and reforms outlined under REPowerEU chapter, together with other reforms and investments in Component 1 and 2, will improve the sustainability of the energy market and the environment. These investments will also encourage and improve the public perception on investing in renewable energy sources, which will increase the use of clean energy. Thus, making the energy market more resilient. Furthermore, the reduction of emissions will improve the air quality, which will improve the quality of life of the citizens in Malta and Gozo.	The investment in renewable energy is expected to provide better air quality and lower noise pollution which can be linked to Principle 16 relating to health care.	The proposed reforms and investment outlined in the REPowerEU Chapter will contribute towards the reduction of gas imports at EU level. Malta imports around 20% of its electricity needs from Italy, which in turn, depends on imports of Russian gas. This will reduce the dependency on fossil fuels, making the energy market more resilient especially in light of the challenges arising from the Russian invasion of Ukraine. The reforms and investments will also contribute to ensure that the economic agents especially, vulnerable households, are not negatively impact by high energy prices leading to an increase in energy poverty.	The proposed reforms and investment will decrease GHG emissions in Malta which will contribute towards reaching the EU targets related to improved air quality and climate change.	The reforms and investment will contribute towards the use of cleaner energy and enhanced energy efficiency. This will improve the air quality of Malta which benefit will continue to last in the future. Such investments will improve the quality of life of all members in society as well for the future generation, as cleaner air and lower noise pollution is linked with improved health and well-being. Moreover, through lower dependency on energy imports and fossil fuels, the investment will also contribute towards economic growth.

Table 3b. Impact of the plan (quantitative)

Please provide a brief description and estimate of the impact of the plan and its components or most important measures (reforms/investments).

Sequential Number	Component	Channels of impact *Detailed description of the channels through which the measures deliver the expected impact*	Risks/Challenges	Quantification of the impact (if available) *i.e. % difference from policy neutral baseline*			Medium-term (5 years ahead)						
				GDP	Employment	Budget balance (pps)	GDP	Employment	Budget balance (pps)	GDP	Employment	Budget balance (pps)	
0	0 - Overall	A shock to government investment in QUEST; SAMM - a shock to government investment in the corresponding sector in the economy (e.g. for the renovation of building component, government investment in the construction sector was shocked)	Refer to below rows	0.21-0.70%	0.04-0.22%		0.34-0.48%	0.00-0.13%		0.0024	0.0001		
1	1 - Renovation of Buildings	A shock to government investment in QUEST; a shock to the government investment in construction in SAMM	Environmental and quality of life impacts could not be captured by either model; lower government consumption due to improved energy efficiency could not be modelled due to missing information	0.05-0.13%	0.01-0.04%		0.07-0.10%	0.00-0.03%		0.0005	0		
2	2 - Decarbonising Transport	A shock to government investment in QUEST; a shock to the government investment in transport in SAMM	The impact of a reduction in travelling time could not be modelled due to missing information; air pollution and quality of life impacts could not be captured by either model	0.11-0.21%	0.02-0.07%		0.03-0.13%	0.00-0.01%		0.0003	0		
3	3 - Digitisation	A shock to government investment in QUEST, a shock to the government investment in information and communication in SAMM	Impact on efficiency of public sector employees could not be modelled due to missing information	0.05-0.08%	0.00-0.03%		0.02-0.08%	0.00-0.01%		0.0004	0		
4	4 - Health	A shock to government investment in QUEST; a shock to the government investment in health services in SAMM	Impact on quality of life could not be captured by either model	0.01-0.05%	0.01-0.01%		0.01-0.05%	0.00-0.01%		0.0003	0		

Table 3b. Impact of the plan (quantitative)

Please provide a brief description and estimate of the impact of the plan and its components or most important measures (reforms/investments).

6	6 - Institutional Governance	A shock to government investment in QUEST, a shock to the government investment information and communication in SAMM	Impact on efficiency of public sector employees could not be modelled due to missing information	0.00-0.01%	0.00-0.00%		0.01-0.01%	0.00-0.01%		0.0001	0	
7	7 - REPowerEU	A shock to government investment in QUEST, a shock to the government investment in Mining, Quarrying, Electricity and Gas in SAMM	Environmental and quality of life impacts could not be captured by either model; Substitution between different alternative energy sources is not modelled.	0.11-0.16%	0.00-0.04%		0.01-0.09%	-0.01-0.00%		0.0003	0	

Table 4a. Investment baseline - Input of COFOG Level II items

Please fill in the green cells (mn EUR) and give a brief description of the expenditure financed through RRF grants affecting the COFOG level II items.
Fill in only the rows that will be affected by expenditure financed through RRF grants in 2020-2026.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Brief description of the expenditure financed through RRF grants affecting the COFOG level II item
GDP at current prices	11703	12587	13592	13173	15002	16870	18102	19315	20490	21136	
Growth-enhancing expenditure financed through RRF grants				1	16	56	76	72	83	31	
Total growth-enhancing expenditure affected by expenditure financed through RRF grants	446	607	667	902	904	887	974	953	963	948	
01 - General public services, of which	**103**	**103**	**149**	**145**	**131**	**156**	**161**	**151**	**147**	**134**	
01.1 - Executive and legislative organs, financial and fiscal affairs, external affairs											
01.2 - Foreign economic aid											
01.3 - General services	103	103	149	145	131	156	161	151	147	134	
01.4 - Basic research											
01.5 - R&D General public services											
01.6 - General public services n.e.c.											
01.7 - Public debt transactions											
01.8 - Transfers of a general character between different levels of government											
02 - Defence, of which	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
02.1 - Military defence											
02.2 - Civil defence											
02.3 - Foreign military aid											
02.4 - R&D Defence											
02.5 - Defence n.e.c.											
03 - Public order and safety, of which	**29**	**32**	**40**	**46**	**58**	**47**	**50**	**52**	**52**	**50**	
03.1 - Police services											
03.2 - Fire-protection services											
03.3 - Law courts	29	32	40	46	58	47	50	52	52	50	
03.4 - Prisons											
03.5 - R&D Public order and safety											
03.6 - Public order and safety n.e.c.											
04- Economic affairs, of which	**151**	**278**	**273**	**366**	**340**	**361**	**395**	**402**	**420**	**435**	
04.1 - General economic, commercial and labour affairs											
04.2 - Agriculture, forestry, fishing and hunting											
04.3 - Fuel and energy											
04.4 - Mining, manufacturing and construction											
04.5 - Transport	151	278	273	366	340	361	395	402	420	435	
04.6 - Communication											
04.7 - Other industries											
04.8 - R&D Economic affairs											
04.9 - Economic affairs n.e.c.											
05 - Environmental protection, of which	**2**	**4**	**6**	**11**	**21**	**34**	**46**	**30**	**22**	**8**	
05.1 - Waste management											
05.2 - Waste water management											
05.3 - Pollution abatement	2	4	6	11	21	34	46	30	22	8	
05.4 - Protection of biodiversity and landscape											
05.5 - R&D Environmental protection											
05.6 - Environmental protection n.e.c.											
06 - Housing and community amenities, of which	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
06.1 - Housing development											
06.2 - Community development											
06.3 - Water supply											
06.4 - Street lighting											

Table 4a. Investment baseline - Input of COFOG Level II items

Please fill in the green cells (mn EUR) and give a brief description of the expenditure financed through RRF grants affecting the COFOG level II items.
Fill in only the rows that will be affected by expenditure financed through RRF grants in 2020-2026.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
GDP at current prices	11703	12587	13592	13173	15002	16870	18102	19315	20490	21136	Brief description of the expenditure financed through RRF grants affecting the COFOG level II item
Growth-enhancing expenditure financed through RRF grants				1	16	56	76	72	83	31	
Total growth-enhancing expenditure affected by expenditure financed through RRF grants	446	607	667	902	904	887	974	953	963	948	
01 - General public services, of which	**103**	**103**	**149**	**145**	**131**	**156**	**161**	**151**	**147**	**134**	
06.5 - R&D Housing and community amenities											
06.6 - Housing and community amenities n.e.c.											
07- Health, of which	**17**	**21**	**19**	**139**	**139**	**33**	**38**	**43**	**45**	**33**	
07.1 - Medical products, appliances and equipment											
07.2 - Outpatient services											
07.3 - Hospital services											
07.4 - Public health services	17	21	19	139	139	33	38	43	45	33	
07.5 - R&D Health											
07.6 - Health n.e.c.											
08- Recreation, culture and religion, of which	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
08.1 - Recreational and sporting services											
08.2 - Cultural services											
08.3 - Broadcasting and publishing services											
08.4 - Religious and other community services											
08.5 - R&D Recreation, culture and religion											
08.6 - Recreation, culture and religion n.e.c.											
09- Education, of which	**143**	**170**	**180**	**194**	**214**	**257**	**284**	**276**	**283**	**289**	
09.1 - Pre-primary and primary education	143	170	180	194	214	257	284	276	283	289	
09.2 - Secondary education											
09.3 - Post-secondary non-tertiary education											
09.4 - Tertiary education											
09.5 - Education not definable by level											
09.6 - Subsidiary services to education											
09.7 - R&D Education											
09.8 - Education n.e.c.											
10 - Social protection, of which	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
10.1 - Sickness and disability											
10.2 - Old age											
10.3 - Survivors											
10.4 - Family and children											
10.5 - Unemployment											
10.6 - Housing											
10.7 - Social exclusion n.e.c.											
10.8 - R&D Social protection											
10.9 - Social protection n.e.c.											

glossary: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Classification_of_the_functions_of_government_(COFOG)

Assumptions:

1. Historical data updated to reflect latest releases (GDP 2022 & Cofog 2021); projections based on DBP2023
2. Projections by Cofog level 2 based on trend 2011-2019, after removing exp by RRP
3. Cost of RRP projects added back to respective Cofog component

Table 4b. Investment baseline - Display of COFOG Level I items

Growth-enhancing expenditure affected by expenditure financed through RRF grants, classification of the functions of government (COFOG), reference level for 2017-2019 and expenditure in 2020-2026
(mn EUR)

	2017	2018	2019	**Reference level: 2017-2019 average**	2020	2021	2022	2023	2024	2025	2026	**Planned 2020-2026 average**
General public services	103	103	149	**118.33**	145	131	156	161	151	147	134	**146.43**
Defence	0	0	0	**0.00**	0	0	0	0	0	0	0	**0.00**
Public order and safety	29	32	40	**33.67**	46	58	47	50	52	52	50	**50.71**
Economic affairs	151	278	273	**234.00**	366	340	361	395	402	420	435	**388.43**
Environmental protection	2	4	6	**4.00**	11	21	34	46	30	22	8	**24.57**
Housing and community amenities	0	0	0	**0.00**	0	0	0	0	0	0	0	**0.00**
Health	17	21	19	**19.00**	139	139	33	38	43	45	33	**67.14**
Recreation, culture and religion	0	0	0	**0.00**	0	0	0	0	0	0	0	**0.00**
Education	143	170	180	**164.33**	194	214	257	284	276	283	289	**256.71**
Social protection	0	0	0	**0.00**	0	0	0	0	0	0	0	**0.00**
Total growth-enhancing expenditure affected by expenditure financed through RRF grants (a)	445	608	667	**573.33**	901	903	888	974	954	969	949	**934.00**
Growth-enhancing expenditure financed through RRF grants (b)					1	16	56	76	72	83	31	**47.86**
Growth-enhancing expenditure excluding expenditure financed through RRF grants (a-b)	**445**	**608**	**667**	**573.33**	**900**	**887**	**832**	**898**	**882**	**886**	**918**	**886.14**
GDP at current prices (c)	11703	12587	13592	**12627.33**	13173	15002	16870	18102	19315	20490	21136	**17726.86**
Growth-enhancing expenditure excluding expenditure financed through RRF grants (a-b)/c	**0.04**	**0.05**	**0.05**	**0.05**	**0.07**	**0.06**	**0.05**	**0.05**	**0.05**	**0.04**	**0.04**	**0.05**

Sustainable Development Goals

ANNEX 1.1

Annex 1.1: Sustainable Development Goals

The Sustainable Development Goals (SDG) Index and Dashboards Report 2020 published by the Bertelsmann Stiftung and Sustainable Development Solutions Network ranked Malta in 32nd place out of 166 countries with a score of 76 (0 denoting worst performance and 100 describing the optimum). Comparatives with previous years is not possible as is confirmed by the methodological statement of the report that clearly states that "owing to slight changes in the indicator selection, the 2020 rankings and scores are not comparable with last year's results." Furthermore, there is also an increase in the number of countries report last year.

The below Table[1] summarises Malta's scores by SDG as compared to the average of the scores of all EU Member States (EU-27) taken together. The shaded SDG columns are those where Malta ranked above the EU average.

Table A1.1: SDG scores

	SDG 1	SDG 2	SDG 3	SDG 4	SDG 5	SDG 6	SDG 7	SDG 8	SDG 9	SDG 10	SDG 11	SDG 12	SDG 13	SDG 14	SDG 15	SDG 16	SDG 17
Malta Score	99.8	62.2	91.8	99.2	60.4	83.0	94.5	85.9	66.5	94.0	84.4	43.1	62.2	59.7	86.4	75.2	43.0
EU Average	99.0	65.5	90.0	95.8	75.4	85.4	91.5	82.3	76.4	78.2	84.4	58.2	69.3	61.1	84.1	82.0	57.8

Malta fared extremely well on SDG 1 – No Poverty, maintaining its SDG achievement with a score of 99.8 slightly above EU average. On SDG 2 – Zero Hunger, Malta scored 62.2 suffering on account of the prevalence of obesity (28.9% of adult population resulting in a low score of 19.2 for this indicator) and the Sustainable nitrogen management index (with a low score of 25.7). The Sustainable Nitrogen Management Index (SNMI) is a one-dimensional ranking score that combines two efficiency measures in crop production: Nitrogen Use Efficiency (NUE) and land use efficiency (crop yield).

Malta is on track or maintaining SDG achievement in relation to most of the indicators falling under SDG 3 – Good health and wellbeing achieving an overall SDG score of 91.8 slightly above EU average. The incidence of tuberculosis has increased from last year.

Malta also scored on the high side on SDG 4 – Quality Education with an improved score of 99.2 achieving a better score than last year, which was 97.5 also above EU average. This improvement can be attributed to higher rates in relation to all indicators:

- net primary enrolment rate (%) 99.5 last year was 97.6;
- lower secondary completion rate (%) 100.4 last year was 99.8;
- literacy rate (% of population aged 15-24) 99.3 last year was 98.9.

[1] In 2021, this document was compiled to showcase updates to SDGs, which are usually outlined in Malta's National Reform Programme (NRP). Since the adoption of Malta's RRP, any updates relating to SDGs will be outlined in Malta's NRP. Malta submitted its 2023 NRP in mid-April 2023.

Malta's score on SDG 5 – Gender Equality is moderately improving but classified to be doing so at a rate which is inferior to that required to meet 2030 targets. The challenges identified and which contribute to a score below the EU average relate primarily to the ratio of female- to-male labour force participation (65.5% slight increase from last year which was 63.7% resulting in a score of 56.1) but the trend shows that Malta should be in a position to achieve its 2030 target. No improvements were seen from last year with regard to the ratio of female-to-male mean years of education received. Major challenges remain with regard to seats held by women in national parliament (13.4% resulting in a low score of 25).

Malta's score on SDG 6 – Clean water and Sanitation is 83, which is very close to the EU average of 85.4. Here the challenges identified relate to:

- freshwater withdrawals (% of available freshwater resources) with 52.3% resulting in a score of 54.5; and
- scarce water consumption embodied in imports (m^3/capita) with 39.2% resulting in a score of 60.8.

Malta achieved as score of 100 for population using at least basic drinking water services; for anthropogenic wastewater that receives treatment and with regard to population using at least basic sanitation services.

Under SDG 7 – Clean and Affordable Energy, Malta achieved a score of 94.5 slightly higher than the EU average of 91.5 and is marked as on track or maintaining SDG achievement. Under this SDG, Malta scored 100 with regard to population with access to electricity and population with access to clean fuels and technology for cooking. Malta achieved a score of 83.5 with regard to CO_2 emissions from fuel combustion for electricity and heating per total electricity output.

Similarly, Malta performed better than the EU average on SDG 8 – Decent work and economic growth with a score of 85.9. Apparently there was no data provided for the indicator on slavery and, the report indicates insufficient trendlines for adjusted growth rate. Challenges remain in fatal work-related accidents embodied in imports (1.4 per 100,000 resulting in a score of 76.1 for this indicator) however Malta is still listed as on track or maintaining SDG achievement.

Malta experienced improvements with regard to SDG 9 – Industry Innovation and Infrastructure with a score of 66.5 increasing from 43.3 last year. Malta experienced an increase in the % of population using the internet as well as an increase in broadband subscriptions (per 100 population). Despite these improvements, major challenges remain particularly with regard to expenditure on research and development being that of 0.5% of Gross Domestic Product (GDP) resulting in a lower score of 14.8.

With regard to SDG 10 – Reduced Inequalities Malta scored 94, well above the EU average of 78.2 with the report indicating insufficient trendlines related to the Gini Coefficient adjusted for top income, making Malta on track towards achieving this SDG.

With regard to SDG 11 – Sustainable cities and communities – Malta experienced a slight increase with an overall score of 84.4 increasing from 83.1 last year. This slight increase is mainly attributed to the increase in satisfaction with public transport which stood at 60.3% increasing from 57.1% last year.

Malta registered a relatively low score in relation to SDG 12 – Responsible Consumption and Production that of 43.1 and fared lower that the EU average. Municipal solid waste is classified as presenting significant challenges. Challenges also remains with regard to production –based nitrogen emissions. Electronic waste, production-based SO_2 emissions, SO_2 emissions embodied in imports and nitrogen production footprint being classified as persisting major challenges.

Malta's score with regard to SDG 13 – Climate Action is 62.2. One notes that the major challenges here is the CO_2 emissions from energy which stood at 6.3 per capita and CO_2 emissions embodied in imports which stood at 2.8 (tCO_2/capita).

Malta registered a relatively low score in SDG 14 – Life Below Water – a score which is marginally lower than the EU average. The concerns raised here are Ocean Health Index - Clean waters (41.1 (worst 0-100 best), and Fish caught by trawling (93.6% resulting in a 0 score for this indicator). The Ocean Health Index measures to what degree marine waters under national jurisdictions have been contaminated by chemicals, excessive nutrients (euthropication), human pathogens or trash. The index Fish caught by trawling measure the percentage of a country's total fish catch, in tonnes, caught by trawling, a method of fishing in which industrial fishing vessels drag large nets (trawls) along the seabed.

SDG 15 – Life on Land continued to build on the improvements made in the previous year as the for the second year running the score increased considerably from 70.6 in 2019 to 86.4 in 2020. This improvement also enabled Malta to leapfrog the EU average score which stood at 84.1. The validation of the indicator Permanent Deforestation (5-year average annual %) needs to be ascertained in the light that Malta is too small to have forests. As a result, the rating and overall trend for this indicator was not available. The Red List Index of species survival indicator is classified as remaining a challenge with the overall trend for this indicator being stagnating as the rating remained unchanged from the previous year.

Malta score with regard to SDG 16 – Peace, Justice and Strong Institutions is that of 75.2. The challenges identified are namely related to:

- Corruption Perception Index which stood at 54 (worst 0-100 best); and
- Exports of major conventional weapons which stood at 1.1 (TIV constant million USD per 100,000 population).

No score was provided for 'Children involved in child labour' (% of population aged 5 to 14).

Malta's weakest performance has been in relation to SDG 17 – 'Partnerships for the Goals' where it suffered a considerable decline from the previous year's score while also faring lower than the EU average. The overall score is classified as moderately improving however major challenges remain making it insufficient to attain the desired goal. The major challenges are in relation to international concessional public finance which is the amount of official development assistance (ODA) to third-world countries as a share of the provider country's gross national income (GNI), in US$ constant prices. It includes grants, soft loans (where the grant element is at least 25% of the total) and the provision of technical assistance and excludes grants and loans for military purposes. Corporate Tax Haven Score has also been listed as major concern with a score of 73.5 (best 0-100 worst). No data has been provided for the indicator Other countries: Government Revenue excluding Grants (% GDP).