



Malta

National Reform Programme

Annex Table 1

Malta's contribution to the Country-specific recommendations (CSR) assessment

Ministry for Finance and Employment
April 2022

CSR 1 Subpart 1: In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment.

Measures	
Entry 1	<p>MEASURE TYPE: Announced (21/02/2022 14:01 PM)</p> <p>Supportive budgetary policy in 2022, including the impulse provided by the Recovery and Resilience Facility With a view to sustaining the recovery, the Maltese Government is set to maintain a supportive budgetary policy in 2022, allowing for the impact of the Recovery and Resilience Facility to fund additional high-quality investment projects and structural reforms. The assumed economic recovery is expected to boost taxation receipts over the course of the next year and by end of 2022, tax revenue is estimated to exceed the level that was recorded prior to the pandemic. General Government expenditure is estimated to decline in 2022, as the temporary support measures are expected to be phased out, in line with Government's commitment to contain expenditure as the public health situation improves and the economy recovers. As a result, the Government deficit is projected to stand at 5.6 per cent in 2022 whilst the debt-to-GDP ratio is expected to reach 61.8 per cent. Preserve nationally-financed investment. Capital expenditure, including gross fixed capital formation and capital transfers, is expected to average 5.6 per cent of GDP between 2021 and 2024, as compared to an average of 4.4 per cent in the 10 years between 2011 and 2020. Nationally-financed investment (GFCF) is expected to register unprecedented highs of around €570 million in 2022 and 2023. This expenditure is further sustained by the Recovery and Resilience Facility, which is expected to fund additional high-quality investment projects and structural reforms, as well as projects funded from the Multiannual Financial Framework (MFF) for the period 2021-2027.</p>
Comments	
State of play	

CSR 1 Subpart 2: When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term.

Measures	
Entry 1	<p>MEASURE TYPE: Announced (22/02/2022 11:57 AM)</p> <p>In 2022, as economic growth is expected to recover from the exceptional impact of the pandemic, the deficit is expected to fall to 5.6%, while debt increases marginally to 61.8% of GDP. For the period beyond 2022, depending on the strength of the recovery and fiscal sustainability considerations, the Maltese Government shall consider fiscal policies that attain a prudent medium-term fiscal position. While the level of uncertainty regarding the short- and medium-term path for the economy remains significant, the targets presented already in the Medium-Term Fiscal Strategy and confirmed in the 2022 Draft Budget Plan are consistent with a measure of control in the growth of public spending aimed at ensuring a gradual annual improvement in the structural budget balance of at least half a percentage point of GDP. In this context, cognisant of the positive bearing that fiscal consolidation and sustainable debt levels have on potential growth, the Government remains committed to gradually balance the budget over the economic cycle, when economic conditions allow. Indeed, the deficit is expected to continue to decline in the following years to 2.9% of GDP by 2024, while the debt ratio is expected to start falling in 2024 to reach 62.4% in the same year.</p>
Comments	
State of play	

CSR 1 Subpart 3: At the same time, enhance investment to boost growth potential. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the national budget, and to the quality of budgetary measures in order to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth-enhancing investment, in particular investment supporting the green and digital transition

Measures	
Entry 1	<p>MEASURE TYPE: Announced (22/02/2022 17:55 PM)</p> <p>Regarding the Science and Technology Cooperation (SINO-MALTA Fund), to date, MCST is supporting 5 projects, with a total national budget of circa €922,000. The SINO-MALTA Fund is a collaboration between MCST and the Ministry of Science and Technology of the People's Republic of China (MOST) that aims to support bilateral R&I in several thematic areas including aquaculture, transport, digital technologies as well as health and green transitions. The outcomes of the 2021 call will shortly be made available, whilst the 2022 Call will be launched in Q2 2022, with a national budget of €600,000. MCST is also engaged in the preparatory processes for the eventual participation in three of the proposed European Partnerships under Horizon Europe (2021-2027). European Partnerships will bring together private and public partners together with the European Commission, to address some of Europe's most pressing challenges through research and innovation. Participation is being foreseen in the Clean Energy Transition Partnership, the Sustainable Blue Economy Partnership and the Transforming Health and Care Systems Partnership with an available national budget of €10.5 million over the lifetime of these Partnerships. Malta also recognises the enabling role of Research and Innovation (R&I) in providing much-needed innovative and green policies, services, and products, thus pushing forward the green transition in the sectors of energy and water which face country-specific challenges, exacerbated by population growth and climate change. For this reason, a National Strategy for R&I in Energy and Water (2021-2030) was developed by the Energy and Water Agency, under the Ministry for Energy, Enterprise and Sustainable Development, to provide a support framework with the aim of financing R&I projects that are tailored to local specificities and national priorities. In this regard, at the start of 2021, five projects led by local researchers and industries were awarded a research grant following a competitive Call for Proposals in 2020. The second call for projects under the Support Scheme for R&I Projects in the field of energy was launched in March 2021 and applications are under review. The Go to Market programme, aiming at addressing advanced technology will also be launched. Through the Horizon Support Measures scheme, the Government will also encourage the further uptake of Horizon Europe by local entities and researchers. Following the launch of the National Artificial Intelligence (AI) Strategy, 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. The six pilot projects established in Malta's</p>

	<p>National AI Strategy have been initiated with the respective entities, of which the majority are in an ongoing stage. Through Artificial Intelligence, these pilot projects aim to enhance various sections at different levels within the public sector in Malta. Tech.mt Consultation initiative was launched in 2021 with the intention of helping start-ups and/or students that/who have an innovative concept but do not have the knowledge and experience to reach the next stage of their entrepreneurial journey. The goal is to provide local tech start-ups with pro-bono, unbiased feedback from an external perspective, management advice, strategic planning and marketing tactics. Furthermore the Tech.mt Digital Transformation Assistance offers guidance to businesses at every stage of the digitalisation process of a company.</p>
Entry 2	<p>MEASURE TYPE: Announced (22/02/2022 17:54 PM)</p> <p>Digital Transition Conscious that the digitalisation of the economy is instrumental to enhance potential growth, the Maltese Government plans to facilitate further digitalisation of services in public administration, as well as supporting business to invest in digitalisation. These include investment grants to intensify the digitalisation of the private sector. The plan also envisages to strengthen the resiliency, security and efficiency of the Government digital infrastructure, enabling the Government to provide proactive action, secure services and streamlined operations to citizens and the business sector. The Government has also announced investments in the digitalization of the Merchant Shipping Directorate within Transport Malta, thus providing a more efficient regulatory service to operators in this important economic activity. Further digitalization and modernisation of the public administration is planned, including public and intra-facing services. The continuation of the digitalisation of the law courts, intended to improve the efficiency and efficacy of the Maltese justice system will also be financed through the RRP. The development of the first Digital Justice Strategy for Malta will act as a blueprint for the digital initiatives to be undertaken in the Maltese justice sector and further promote the synergy of the initiatives across all the relevant sectors. This Strategy for the period 2022-2027 was launched in December 2021. Malta Digitali was also launched in December 2021. It sets out the national strategy for 2022-2027 and highlights how Malta intends to maintain its momentum as a leader in digital transformation while remaining mindful of social and economic opportunities and challenges that arise. In addition, it sets out how Government shall act not only in its traditional role as policy maker, promoter and regulator, but also as a catalyst for change through digitalisation alongside other social and economic actors. Various digitalisation initiatives have been undertaken in the recent years. These include the digitising of the Financial Intelligence Analysis Unit's (FIAU) core communication tools, digitalisation of the Skills register, as well as the automation of data collection processes and data quality at the National Statistics office. The Agricultural Research and Innovation Hub (AGRIHUB) was also launched and will be supporting innovative agriculture applicative research and implement pilot projects using the latest technology to provide support to farmers to help with their decision. Furthermore, as part</p>

of the Pitkalija central vegetable market reform, a new IT system is being implemented which will lead to reduced food wastage by processing food along with helping people in need with food which is not sold during market days. The Digital Tourism Roadmap has been drafted, and a working document will be presented for public consultation to several key stakeholders in March 2022. The roadmap is foreseen to be launched this year, and shall cover a period of five years, identifying the digital investments required by the Government and the private sector. The Smart Specialisation Strategy (RIS3) 2021-2027 was adopted by Cabinet in December 2021. The work on the National R&I Strategic Plan post-2020 is at an advanced stage and a draft of the strategic plan will be launched for public consultation shortly. It is planned for the Strategic Plan to be finalised by mid-2022. Regarding the EU Framework Programme Horizon 2020 which ended in 2020, 257 Maltese entities participated/or were participating in a total of 192 projects and received €37million in EU funding with participants ranging from higher education, public and private as well as non-profit research organisations. Proposal submissions to the new Framework Programme, Horizon Europe (2021-2027), are still being evaluated. In addition, MCST is implementing several support schemes, funded through national funds, aiming to strengthen the Maltese participation in Horizon Europe. The support includes schemes such as the following: Postdoctoral Fellowships to Malta (PF2MT), European Innovation Council (EIC) Support Scheme and the European Research Council (ERC) Support Scheme. Other investment projects to improve R&I in Malta have been implemented by MCST. As of February 2022, the National R&I Fund is comprised of 5 programmes under the FUSION portfolio of programmes in operation: The Research Excellence Programme, an early-stage research programme (18 projects since 2020 with a €0.87 million budget allocation)

- The Research Excellence Programme, an early-stage research programme (18 projects since 2020 with a €0.87 million budget allocation).
- The Commercialisation Voucher Programme, a feasibility assessment (132 projects since 2015 with a €2.4 million budget allocation).
- The Technology Development Programme, an applied research programme for consortia (59 projects since 2015 with a €12 million budget allocation).
- The Technology Development Programme Lite, an applied research programme for individual entities (5 projects with a €0.66 million budget allocation).
- The thematic programmes, ad hoc programmes focusing on national priorities (4 projects related to infectious diseases since 2021 with a €0.56 million budget allocation).

Moreover, the Internationalisation and Partnership Award Scheme (IPAS+) is a scheme dedicated to forming international collaborations, with 101 projects having been awarded as part of this with €0.492 million budget allocation. Since 2018 - and the launch of the Space Research Fund - MCST funded 10 projects in total, with a duration of 20 months and a funding budget of €150,000 per project, totalling €1.5 million to date. The funded projects address several thematic areas including super resolution imagery processing, efficient agriculture monitoring using Earth Observation (EO) with in situ data, coastal erosion monitoring, marine applications, health applications, as well as the development of EO

toolboxes, amongst others. Most of the awarded projects consist of consortia between academia and public entities. MCST will open another competitive call in the year 2022 (Quarter 2). In the field of education, the Space Education Programme introduced capacity building activities to jump-start the space sector in Malta, beginning from primary to secondary school levels. MCST supported local schools by introducing European Space Agency (ESA) related initiatives such as CanSat, Astro Pi, Climate Detectives, and several space-related outreach activities. These initiatives have allowed teachers and students to participate at a European level. Unfortunately, since the majority of these initiatives require physical interaction, most of the activities had to be postponed or cancelled, due to the COVID-19 crisis. Nevertheless, MCST continues to closely collaborate with the European Space Agency and Esplora to introduce space-related online activities, such as online workshops, and opportunities for students to ask questions to an ESA Astronaut. MCST runs annual bilateral and multilateral international funding programmes that support the internationalisation of R&I. The PRIMA programme (Partnership for Research and Innovation in the Mediterranean Area) supports transnational R&I projects in the fields of agriculture, food and water management, and its activities are implemented through three sections. To-date, Maltese entities are participant in consortia of 4 projects under Section 1, having accessed €1.1 million of EU funds out of an overall project value of circa €8 million. Furthermore, Maltese entities are also participant in consortia of 3 projects under Section 2, for which MCST has disbursed circa €770,000 of national funds for projects that have an overall budget of circa €3.5 million. Thus, by the end of 2022, there will be a total of 7 ongoing PRIMA projects with Maltese partners. Moreover, the PRIMA 2022 Calls were launched in the first quarter of 2022 with a national budget of €500,000. The outcomes of the 2022 Calls will be made available in Q4 2022. To facilitate the success of applicants, MCST has disbursed a sum of €20,346 over 2 years, to assist researchers with proposal writing through the PRIMA Proposal Writing Assistance Scheme. The initiative implemented between Malta and Turkey under PRIMA, the MCST-TÜBITAK Joint Call for R&I Proposals, will be awarding €200,000 of national funds to 2 projects in Q1 of 2022, these having an overall budget of ca. €400,000. MCST will open another competitive MCST-TÜBITAK Joint Call in Q1 of 2022. Through MCST's active participation in the Joint Programming Initiative Healthy and Productive Seas and Oceans (JPI Oceans), Malta participated in two funding calls under the MarTERA ERA-NET Co-Fund and the BlueBio ERA-NET Co-Fund, respectively. The MarTERA programme aims to support transnational R&I in marine and maritime technologies. This multilateral programme had its last call for project proposals in 2021, and two projects with Maltese beneficiaries have been selected for funding. The BlueBio programme aims to support transnational R&I in the blue bioeconomy sector. Under the 2020 Call, 2 projects with Maltese participation were selected for funding with a national contribution of €477,535. Moreover, the BlueBio 2021 Call was launched in June 2021 with a national budget of €300,000. The outcomes of this call shall be made available in Q2 2022.

Entry 3	<p>MEASURE TYPE: Announced (22/02/2022 17:52 PM)</p> <p>Sustainable transport. The Government continue to promote alternative modes of transportation, such as car sharing, maritime transport and cycling, and also continued to incentive the purchase of electric vehicles, even in the commercial sector. The Government's commitment towards the gradual penetration of electric charging pillars is also in line with the European Green Deal, and as at end January 2022, 105 charging pillars have been commissioned and operational. Another 400 points to be commissioned by end of 2022. In line with Malta's 2017 national transport strategic vision for 2050 and operational plan to 2025, the general approach aims at achieving more sustainable mobility through improving Malta's strategic road network (particularly the TEN-T roads) by removing traffic bottlenecks and introducing measures aimed at achieving more sustainability to the way we travel. Investments include the deployment of infrastructure to support digitalisation and the decarbonisation of road and maritime transport. These include using technology to improve the efficiency of travel, for example: by promoting the use of alternative fuels; through the use of intelligent transport systems (ITS); and through the introduction of integrated ticketing between different modes to create seamless mobility. Finally, through The Grand Harbour Clean Air Project, the Government is also committed to provide shore supply in the Grand Harbour to enable berthed vessels to switch off their gas- or heavy-fuel-oil-fired engines and plug in to shore side electricity to power their on-board systems. Infrastructure works on the shore-to-ship project in the Grand Harbour will continue over the course of 2022 and is currently forecasted to be ready by end 2023. The High Voltage Shore Supply Global Project consists of the provision of shore supply electricity to vessels within the Grand Harbour. The Global project amounts to €49.9m and consists of provision of OPS at the following locations: Pinto Wharf; Boiler Wharf; Deep Water Quay; Ras Hanzir & Lab Wharf. The aim of the Phase I is to provide shore supply to 5 quays in the port of Valletta, namely 3 quays at Pinto wharf, one at Deep Water Quay and another one at Boiler, which can be operated simultaneously. The second phase of the project will extend shore side electricity to Laboratory Wharf and Ras Hanzir (Fuel Wharf), in Paola. These two quays can also be used by Ro-Ro ships, which berth at the Grand Harbour to ferry wheeled cargo, such as cars and trucks to and from Malta. The Project is estimated to cut over 90% of the air pollution that cruise liners and Ro-Ro ships produce when visiting the Grand Harbour. Similarly, the project of the Onshore Power Supply at Malta Freeport will lead to a drastic reduction in air emissions and even engine noise. To further reduce congestion, the Government shall be promoting remote working in the public sector.</p>
Entry 4	<p>MEASURE TYPE: Announced (22/02/2022 17:51 PM)</p> <p>The National Waste Management Plan (WMP) 2021-2030, adopted in December 2021, comprises of Malta's policy measures to move towards meeting its 2030 obligations when it comes to recycling and diversion of</p>

waste from landfills, as well as supporting the transition to a more circular and resource-efficient economy. The Waste to Energy incinerator plant, together with the other investments forming part of the EcoHive initiative, will ensure a better management of waste in Malta. In collaboration with local councils, the Government will also be providing smart bins for businesses to encourage further recycling. The Government is also seeking to lengthen the lifetime of products through the “Reuse Centres” and the “Repair Centre”. The Strategy on Single-Use Plastics (SUP) which aims to ensure the protection of the environment and human health from plastic pollution, by reducing the consumption of single-use plastic products and increasing the quality and quantities of single-use plastic waste collected for recycling, was launched in 2021. The Maltese Government has continued developing numerous strategies targeting the green transition including the Low Carbon Development Strategy (LCDS), the National Strategy for the Environment (NSE), Malta’s National Air Pollution Control Programme (NAPCP), the Long-Term Renovation Strategy 2050 (LTRS), as well as an Air Quality Plan. Carbon neutrality is an integral part of Malta’s economic vision. The Government will accelerate the ongoing efforts towards increasing energy-efficiency in buildings in line with its Long-Term Renovation Strategy through:

- stronger regulation like for example the introduction of more stringent minimum standards;
- financial incentives, like for example grants for solar water heaters, renewable energy sources and insulation;
- providing an exemplary role with government buildings by investing at an increased rate in the public building stock.

The Low Carbon Development Strategy also proposes incentives for greener buildings. This captures a series of initiatives, including energy-efficient domestic appliances, energy-efficient office equipment, installation of light sensors, roof and wall insulation and LED lighting uptake, amongst others. Moreover, various projects of urban greening will be undertaken. In June 2021, the Environment Fund was launched, aimed at financing projects, programmes and schemes intended to achieve and manage the objectives of the Environment Protection Act (Cap 549 of the Laws of Malta), as well as works needed to remedy any harm caused to the environment. The Government, through Malta Enterprise, has launched a new scheme to support businesses in their investments to incentivise the adoption of twin transition paths for growth, applications opened in December 2021. The Malta Development Bank’s SME Tailored Facility was explicitly expanded in 2021 to include financing for sustainable and environmental projects. Furthermore, the government has utilised part of the structural funds in order to promote the uptake of financial instruments through Commercial banks. Clean and efficient production and use of energy. The Government has launched schemes, such as the ‘Investment Aid for Energy Efficiency Projects’ and ‘Energy Efficiency for Sports Organisations’ with the aim of increasing energy efficiency. Malta shall be supporting undertakings in carrying out investments leading to improved energy efficiency. The assistance is intended to facilitate investments in technological solutions that provide higher energy efficiency and contribute directly towards a reduction in the energy requirements of the

	<p>beneficiaries. The Government's effort to green the Maltese economy has 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. Meanwhile, investments in the power generation sector have led to higher energy efficiency reflecting the Energy Efficiency First principle, increasing the overall conversion efficiency from 25-30 per cent to more than 50 per cent.</p>
Entry 5	<p>MEASURE TYPE: Announced (22/02/2022 17:49 PM)</p> <p>In addition, Malta is aiming to promote the introduction of green infrastructure by providing a financial incentive in the form of a grant scheme with an allocated budget of €2 million. Infrastructure such as green facades, green walls and the retrofitting of front gardens in private properties, located outside Urban Conservation Areas or villa/bungalow sites within Residential Priority Areas, will be eligible. There are also plans to extend such scheme to cover restoration, maintenance and reuse of heritage buildings within all Urban Conservation Areas (UCA) in Malta and Gozo. Other schemes, which include financial assistance, for a number of proposals include physical interventions on public spaces and properties in urban areas which are intended to support activities which benefit the wider communities. The main beneficiaries of these schemes are Local Councils and non-governmental organisations. Apart from the development of various green areas, in the Budget 2022 a number of schemes and initiatives were also launched in order to encourage businesses to invest in sustainable projects and include environmental, social and governance (ESG) criteria in their investment decisions. As part of the green transition and to meet the forecasted increase in the island's electricity demand because of economic growth and the electrification of road transport, a second electrical interconnection between Malta and Sicily is planned, so as to increase the electricity interconnectivity with the European electricity network. Moreover, Malta shall conduct further studies on the Melita TransGas Pipeline (MTGP) Project of Common Interest (PCI 5.19) during the period November 2021-December 2022 so as to redesign the pipeline infrastructure in order to also allow hydrogen transportation. Schemes to promote the efficient production and use of energy continued to be available to enterprises. The 'Promotion of Energy Audits in Small and Medium Enterprises' encourages SMEs to carry out an energy audit in order to identify actions within the enterprise's operation that can lead to energy improvement. Malta Enterprise supports undertakings in carrying out investments leading to improved energy efficiency through various schemes such as the 'Investment Aid for Energy Efficiency Projects'. Currently, in terms of measures related to renewables there are five PV schemes in place to promote the use of renewable energy through enhanced grants. The schemes now support the use of battery storage systems, which will ensure that the energy generated through the PV panels during the day, can be stored in a battery and used later when needed. The PV schemes are complemented by the feed-in tariffs scheme, which further encourages the use of renewable energy. In 2020, a PV</p>

	<p>scheme for Voluntary Organisations funded through national funds was also launched to encourage the use of renewable energy equipment on their premises. Additionally, the Government is also providing support schemes for medium and large-scale renewable energy installations through a competitive process, whereby investors are invited to bid for support. Allocation of capacity is based on the bid price. During 2021, a new investment opportunity was launched for prospective bidders, with bids currently being received. Other schemes encouraging the reduction of consumption of energy include the Roof Insulation and Double-Glazing scheme, the schemes related to solar water heaters and heat pumps and the Domestic Cistern Restoration Scheme, which encourages the harvesting and use of rainwater in the domestic sector by covering costs related to the repairs of cisterns and installation of second-class water systems. The Government's effort to greening of the tourism industry through awards and through the operation of the Eco-certification scheme. Government is also embarking on a 'Toward Net-Zero Tourism Accommodation' project, which will result in the development of a long-term plan aimed at the decarbonisation of the tourism sector. It aims to inject and leverage substantial investment in the tourism accommodation sector to move to net zero operations while developing new technological infrastructure for the Government to obtain data on the consumption in this sector. An initiative implemented by the Market Surveillance Directorate (MSD) within the Malta Competition and Consumer Affairs Authority (MCCAA) includes the participation in an EU funded surveillance project to address Eco Labelling and Eco Design, which supports the improved energy efficiency of household and professional refrigeration. Through cooperation with other EU Member States, the project has generated significant benefits for both the environment and the consumers. Joint actions taken as part of this project resulted in the estimated saving of primary energy loss of 80 GWh per year for the period 2020-2030, which translates into substantial energy-related cost savings.</p>
Entry 6	<p>MEASURE TYPE: Announced (22/02/2022 17:47 PM)</p> <p>Prioritise sustainable and growth-enhancing investment, in particular investment supporting the green and digital transition Following the launch of the Green List market in 2020, the Malta Stock Exchange continues to promote green bonds while also contributing to the discussions at national and regulatory level around sustainable finance. This can be seen through the efforts made by Malta through conferences which discussed the Corporate Sustainability Reporting Directive. The Malta Stock Exchange also maintains a fee structure adopted in 2020 that promotes green bonds through the provision of reduced fees that were also implemented for issuers and investors. As part of the MFSA Corporate Governance Code, the Authority will be proposing a Principle embedding both Corporate Social Responsibility ('CSR') and Environment Social Governance ('ESG') aspects. The aim is to encourage entity's boards to endeavour to embrace ESG and CSR principles in the entity's strategy, leading to an enhanced focus on sustainable finance activities and projects and long-term value creation for all stakeholders. Also, the MFSA is expected to address</p>

	<p>prudential and financial stability risks associated with climate change, conduct risks in ensuring that the right information is provided to clients and ensuring that the financial sector plays an effective role in delivering sustainable finance as part of the wider economy in achieving sustainable goals. In this respect, the setup of an internal Sustainable Finance Working Group ('SFWG') over the past months has helped to address the immediate implementation needs in the Sustainable Finance regulatory approach. The Authority has recently resolved to establish a Sustainable Finance office - with the aim of supplementing the work of the SFWG, enhancing further the technical expertise in this key area, as well as implementing MFSA's strategy for the integration of sustainable finance regulation across the Authority and the industry. In addition, the Budget for 2022 announced the launch of an initiative whereby Maltese enterprises shall be assisted in evaluating the ESG impact of investment projects whilst also providing an incentive to integrate the ESG criteria in their investment plans. The Government is committed to reduce its GHG emissions and to move towards a cleaner, and more sustainable mobility, with grant schemes to enhance the uptake of new electric vehicles, investments to promote alternative modes of transport and investments to decarbonise the public service fleet. A scheme to encourage the installation of PVs on vehicles will also be launched. In the meantime, a pilot project was launched in the third quarter of 2021 involving a limited number of private buses and route buses. Furthermore, all Maltese citizens will be provided with free access to scheduled road public transport services, in order to encourage collective and multi-modal transport. Furthermore, as a result of an investment of €12,400,000 in incentive grants in 2021, 1,079 electric vehicles and 2,917 pedelecs / motorcycles were registered until the end of December 2021. Complementing such initiatives and others mentioned throughout this reporting, are the multiple investments being made to reduce traffic bottlenecks on Maltese Roads. In order to address congestion and pollution, Government has committed an investment of €700 million over 7 years from national budget to upgrade the road network, starting in 2019. By 2021, more than €400 million have been invested.</p>
Entry 7	<p>MEASURE TYPE: Announced (22/02/2022 14:31 PM)</p> <p>The composition of public finances, both on the revenue and expenditure sides of the budget. In recent years, reforms have focused on shifting the tax burden away from labour, widening tax bases whilst tackling environmental concerns, further simplifying the tax system, and combatting tax evasion and avoidance. Extensive investment is being pursued for investigation purposes, along with professional training programme offered by international experts for relevant personnel. The Government's taxation strategy seeks to ensure that revenue streams from taxation are sustainable and supportive to the attainment of its fiscal, economic and welfare goals. The continuous strengthening of the institutional capacity of Malta's fiscal framework sustained the consistent improvement in the Government's fiscal position in recent years. Comprehensive spending reviews reinforced the Maltese Government's strategy to ensure the achievement of a more efficient and effective approach to public spending,</p>

	<p>improving on the policy process while also ensuring that public spending is reflective of changing priorities and changing social needs. Budget 2022 measures for a sustainable and inclusive recovery. The 2022 Budget aims to strengthen further the distributional policies enacted in recent years with the objective of strengthening social inclusion, promote social mobility and reduce poverty while providing the conditions for the economy to recover from the impact of Covid-19 and creating employment within the framework of inclusive economic growth, whilst facilitating the twin Green and Digital transitions. The Budget for 2022 will continue to enhance the disposable income of low and middle-income earners and incentivise people to work by extending and increasing measures which are aimed at making work pay. Such measures include the In-Work Benefit Scheme and the reduction of tax burden on workers, through tax rebates and lower tax on part-time and overtime work. Free childcare services will be extended to evenings and weekends for people working shifts to ease labour supply shortages in specific sectors. The 2022 Budget includes a number of measures aimed at financially enhancing the pensioners' and elderly's income and also supporting the provision of informal long-term care. Most pensions, both contributory and non-contributory pension will increase in excess of the statutory cost of living adjustment. The taxable ceiling on pensions was also raised. Other measures were introduced to strength the support to households that hire private help at home. By means of the forthcoming year's Budget, the Government will continue to support incomes through income supplements and bonuses linked to childbirth or adoption, with a specific focus on low-income households. The Government will also be increasing the stipend allowance provided to students by 10 per cent. Several policy measures which had been put in place in previous years, intended to ensure affordable housing availability, were extended and widened in scope, while the temporary measures introduced to support the property market during the pandemic were not renewed.</p>
Entry 8	<p>MEASURE TYPE: Announced (22/02/2022 14:30 PM)</p> <p>In recent years, Government supported a robust increase in public investment in infrastructure, which incorporates the arterial and urban roads' networks and other transportation facilities with the scope to address the infrastructural gap that emerged in the second half of the past decade. Investment in roads was also extended in residential and rural areas. The Government is committed to continue with its investment in public transportation, through an improved network, a more modern fleet and wider accessibility. To continue promoting alternative modes of transport in particular that by sea, investment in the renovation of a number of breakwaters and marine infrastructure is being planned. In this regard, Government shall be investing in the renewal of the public-sector vehicle fleet with zero-emission electric vehicles, and the purchase of zero-emission electric buses for public transport. In particular, this last investment shall consist of the purchase of 121 electric 12m buses for use on the public bus transport routes. Following the success achieved through the fast ferry between Malta and Gozo, works will continue to increase the number of quays so that alternative routes can be created and thus reduce</p>

	<p>dependence on private vehicles. In the coming years, in order to attract digital and renewable energy investments into Malta, fiscal incentives will continue to support innovative, green and digital investments by businesses. Through schemes such as Change to Grow and Smart & Sustainable Investment, financial aid is provided to drive the transformation towards more sustainable and digitised operations. Carbon neutrality is an integral part of Malta's economic vision. The Government will accelerate the ongoing efforts towards increasing energy-efficiency in buildings. The Low Carbon Development Strategy proposes incentives for greener buildings, through a significant increase in budgets for green planning. Various projects of urban greening will be undertaken. The consolidation and upgrading of the national waste infrastructure, the largest investment undertaken in Waste Management in Malta, will allow Malta to move to a circular economy. Over the past decade, electricity demand has been progressively increasing in reflection of growth in the economy and the population size and is set to continue increasing. A second electricity interconnector cable between Malta and Italy will add a 200MW source of electricity. It will also deliver a more resilient electricity grid that accommodates large-scale renewable energy generation. The Government will continue to pursue the hydrogen-ready pipeline project, which is an EU Project of Common Interest. The Maltese economy's dependence on tourism was highlighted during the COVID-19 pandemic. Following a significant global tourism crisis, the Maltese Government is committed to enhance investment and promotion towards 'safe tourism', in order to position Malta as a safe destination, maximising inbound tourism.</p>
Comments	
State of play	

CSR 1 Subpart 4: Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy and sustainability of health and social protection systems for all.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (22/02/2022 17:58 PM)</p> <p>Pension Reform. Over recent years, the 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, the 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</p>

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, whereby persons who are eligible for retirement at the age of 61 years, are awarded a financial incentive for each additional year that they choose to continue working up to the age of 65 years. This incentive mechanism was initially intended for private sector employees but has now been extended also to those in the public sector. New tax parameters were 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. Labour market statistics clearly show the impact of these reforms. Indeed, the duration of working life in Malta has increased by 6.6 years during the period 2010 to 2020 confirming the largest increase in the EU. As a result, in 2020 the duration of working life in Malta exceeded the EU average by 1.2 years. In addition, the employment rate of older workers (55-64 years) has improved, increasing by around 21 percentage points during the period 2010 to 2020, the third highest increase in Europe. These developments must also be contextualised in the reality that spending on pensions in Malta remains below the EU average. In the 2022 Budget, the Government has already taken on board a number of recommendations issued by the Pensions Strategy Group, such as:

- giving persons in atypical jobs (currently some 10,000) the opportunity of paying social security contributions on more than one part-time job;
- introduced a measure so that over a period of five years the pension income of pensioners (currently some 8,500) who continue working beyond retirement age will no longer be considered as part of the taxable income;
- committed to introduce legislation so that persons (mainly women), who separate or divorce and who could not work because of family responsibilities or age will be entitled to a portion of the pension earned by the working spouse/partner.

Such measures are expected to address gaps in coverage whilst strengthening incentive to work amongst older workers and the contribution base. Government has also introduced a number of measures intended to strengthen the adequacy of pensions. Diversifying retirement income. 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, the tax benefits for the Third Pillar Pension Scheme were strengthened. As a result, there are now several providers offering personal pension plans. In 2019, the 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. On 22 September 2021, the Accountant General launching another issue of the

	<p>62+ Malta Government Savings Bond for individuals born during the year 1959 or before. The Malta Stock Exchange (MSE) Institute concluded its fourth year of operations of offering short courses to financial services practitioners, stakeholders and the retail market. In 2021, over 1,350 persons attended the 72 courses held. The MSE promotes these courses to senior citizens by providing discounted rates for attendance.</p>
Entry 2	<p>MEASURE TYPE: Announced (22/02/2022 17:57 PM)</p> <p>Strengthening the coverage, adequacy, and sustainability of health and social protection systems. The healthcare system A sharp rise in health expenditure was inevitable during 2020 due to the COVID-19 pandemic. The initial policy response sought to lower the number of infections, to avoid an overloading of the acute healthcare system and to limit the number of casualty admissions. In addition, further healthcare funding was necessary to address hospital capacity, procure medical equipment and protective clothing. As the impact of the COVID-19 pandemic is gradually becoming more manageable, fiscal sustainability challenges in the national health system persist. The health system remains increasingly challenged by an ageing population, a fast-growing expat population, rising cost of medicines, as well as increasingly innovative and expensive new drugs. While issues related to access to medicines were exacerbated by Brexit, access to expensive medicines is particularly limited for Malta. The relatively small quantities required put Malta at a disadvantage when it comes to price negotiations. This, as well as reducing the price inequality, is high on the agenda of the Valletta Technical Committee. The Government Formulary List has been extended to include medicines for cancer, osteoporosis, fibromyalgia, circulatory conditions, inflammatory conditions, rare diseases, IVF patients and certain rare and extreme allergies. An integral part of the Government's plans to address a sustainable healthcare system is the investment in primary care, both in terms of the health workforce (especially in tertiary healthcare level), with a focus on specialised clinics, and new infrastructure. The HR Directorate within the Ministry for Health is working with the World Health Organisation to draw up a Health Workforce plan, which will guide capacity building over the coming years. The recruitment of specialists in primary care has been ongoing, in line with Government's plan to shift from outpatients to primary care. ICT systems will be enhanced further, through the refurbishment of the e-Health infrastructure. The Ministry for Health will keep investing in the full deployment and utilisation of the National Electronic Health Record and the Electronic Patient Record. A nationwide Telemedicine 24/7 Client Support Service has become a relative fixture in the public healthcare scenario and continues to support COVID-19 patients in quarantine.</p>
Comments	
State of play	

CSR 1 Subpart 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.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (08/01/2021 21:08 PM)</p> <p>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. Nevertheless, the Government is committed that once exceptional circumstances no longer prevail, it will support a fiscal strategy to revert to the Medium-Term Objective of a balanced budget in structural terms and ensure that the debt ratio remains below 60 per cent of Gross Domestic Product (GDP). It is however premature at this stage to anticipate when these exceptional circumstances will cease to exist.</p>
Entry 2	<p>MEASURE TYPE: Implemented (08/04/2022 16:30 PM)</p> <p>In view of the Government's intention of achieving a carbon neutral economy by 2050, the 2021 Budget outlined initiatives that ensure that the environment, which is crucial for achieving sustained economic growth and a better quality of life, is indeed prioritised. The strategy leading to zero carbon was finalised (Low Carbon Development Strategy) in the beginning of 2021. This strategy will be exploring avenues for cleaner energy, and will recommend actions for cleaner means of transport; high and efficient energy standards for buildings. Further measures also include incentivising the circular economy, by seeking circular consumption and production patterns, exploring waste prevention and management while ensuring the responsible re-use of resources and enhancing green procurement to safeguard the environment. These initiatives create opportunities to build a strong green economy to transform Malta into a modern, resource-efficient and competitive economy - in line with the European Green Deal vision.</p>
Entry 3	<p>MEASURE TYPE: Implemented (08/01/2021 21:05 PM)</p> <p>The forthcoming year's Budget builds on previous years' initiatives aimed at reducing further the risk of poverty for the most vulnerable in society, by enhancing further the adequacy of pensions. a higher tax refund rate, a children's allowance supplement, a higher rate of supplementary</p>

	<p>assistance, whilst also addressing past injustices and assisting in the purchase of residential property by means of the extension of existing reduced stamp duty schemes. It should be noted that the Strategic Review on the adequacy, sustainability and solidarity of the Pension System as mandated by Article 64B of the Social Security Act (Chapter 318 of the Laws of Malta) was recently tabled in Parliament.</p>
Entry 4	<p>MEASURE TYPE: Implemented (08/01/2021 21:00 PM)</p> <p>The 2021 Budget aims to continue to sustain the economic recovery, post pandemic, safeguard employment, ensure social protection and invest in sustainable development. It will keep assisting companies to retain employment, bolstering their investment initiatives and helping start-ups with the implementation of innovative technology projects. Initiatives in this context include the extension of the economic regeneration initiatives in place in 2020 up to March 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. In addition, Malta is currently working on the finalisation of a concept paper that identifies Malta's strategic direction and indicative areas to be supported by the Recovery and Resilience Fund and will serve as a basis for discussions with the European Commission. The official submission of the Recovery and Resilience Plan is expected in 2021, in line with the relevant regulatory provisions. The Plan is expected to primarily address the realities brought about by COVID-19 as well as support initiatives that will enable the necessary recovery and resilience of Malta's economy.</p>
Entry 5	<p>MEASURE TYPE: Implemented (08/01/2021 16:47 PM)</p> <p>In August 2020, the Government announced an electricity bill 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. Over 5,000 businesses will receive a total of €6 million in electricity bill refunds, through a scheme launched by Malta Enterprise. Refunds totalling €2.6 million will be sent out to business owners in December 2020, as the first round of repayments for an electricity bill refund scheme for the commercial sector. Out of the 5,000 businesses, 1,860 are self-employed.</p>
Entry 6	<p>MEASURE TYPE: Implemented (08/01/2021 16:45 PM)</p> <p>Economic aspect: Backed by a solid financial position, the Maltese</p>

	<p>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. Latest estimates indicate that by end September 2020, a total of €225.5 million were disbursed in relation to this measure. 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. By 1 October, €0.9 million were approved for this measure. All these measures were approved by the Commission in view of their state aid implications. A one-off lump sum grant was also provided with respect to those employees on mandatory quarantine. A total of €1.4 million was paid in this regard by the 28 September 2020. 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, the 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.</p>
Entry 7	<p>MEASURE TYPE: Announced (08/01/2021 21:05 PM)</p> <p>In view of the Government's intention of achieving a carbon neutral economy by 2050, the 2021 Budget outlined initiatives that ensure that the environment, which is crucial for achieving sustained economic growth and a better quality of life, is indeed prioritised. By the end of first quarter of 2021, the strategy leading to zero carbon is to be finalised (Low Carbon Development Strategy). This strategy will be exploring avenues for cleaner energy, and will recommend actions for cleaner means of transport; high and efficient energy standards for buildings. Further measures also include incentivising the circular economy, by seeking circular consumption and production patterns, exploring waste prevention and management while ensuring the responsible re-use of resources and enhancing green procurement to safeguard the environment. These initiatives create opportunities to build a strong green economy to transform Malta into a modern, resource-efficient and competitive economy - in line with the European Green Deal vision.</p>
Comments	
State of play	

CSR 1 Subpart 2: Strengthen the resilience of the health system with regard to the health workforce, critical medical products and primary care.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (22/02/2022 19:14 PM)</p> <p>In line with the general escape clause, take all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery. Addressing the ‘health’ aspect of the pandemic: 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. As part of its pandemic management strategy, Malta prioritised the continuity of its preventive, elective and emergency health services. COVID-19 will leave long-lasting effects on some patients suffering from chronic diseases and on mental health. Malta has invested heavily in its public health response, including public health measures and vaccination, and thus managed to keep the hospitalisation and mortality rate low. This meant that the other care pathways were minimally disrupted as the hospitals were never overwhelmed. Malta believes that this should greatly help future sustainability as, globally, the world is bracing itself for a large and sustained wave of patients presenting with advanced non-communicable disease, including cancers and diabetic complications, patients who did not approach the health services during the pandemic, either because of fear or simply because of unavailability of preventive care. Malta’s strategy already seems to be paying off. Based on output data from our healthcare services, activity in most clinical care streams has caught up with any backlog accumulated during the pandemic and are back to pre COVID levels. Regarding travel, Malta introduced the EU Digital Covid Certificate in time for the 2021 summer months. The vaccination programme continued at a fast pace, with the booster programme being launched in September. An integral part of the Government’s plans to address a sustainable healthcare system is the investment in primary care, both in terms of the health workforce (especially in tertiary healthcare level), with a focus on specialised clinics, and also new infrastructure. The HR Directorate within the Ministry for Health will continue is working with the World Health Organisation to draw up a Health Workforce Plan, which will guide capacity building over the coming years. The recruitment of specialists in primary care has been ongoing, in line with Government’s plan to shift from outpatients to primary care.</p>
Entry 2	<p>MEASURE TYPE: Implemented (08/01/2021 17:01 PM)</p> <p>The number of intensive care (ITU) beds were increased significantly, beds during the pandemic. The investments in acute bed occupancy in critical care units together with the acquisition of medical equipment will benefit</p>

contingency planning in future pandemics or national disasters. 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. The Ministry for Health intends to revisit the national pandemic preparedness framework.

Comments

State of play

CSR 2 Subpart 1: Consolidate short-time work arrangements and ensure the adequacy of unemployment protection for all workers.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (22/02/2022 19:15 PM)</p> <p>Consolidate short-time work arrangements and ensure the adequacy of unemployment protection for all workers. In the years prior to the COVID-19 pandemic, Malta's economic performance was characterised by continued growth, driven by robust domestic and external demand. In order to mitigate the impact of the pandemic on the labour market, the Maltese Government has introduced several measures aiming at protecting employment through financial aid such as the Wage Supplement Scheme which has been extended until March 2022 for worst-hit companies (as per measures in place since August 2021); and using short working-time arrangements by firms and businesses themselves. Since the launch of the Wage Supplement scheme in March 2020 until the end of December 2021, Malta Enterprise had disbursed a total of €654.2million and assisted 16,979 business entities in 2020 and 14,476 entities in 2021 which together covered 71,882 employees in 2020 and 81,393 employees in 2021. Through such measures, Malta has managed to maintain a low unemployment rate. Consequently, in December 2021, MT's unemployment rate stood at 3.4%, persistent with pre-COVID levels, when compared to the rate of 4.5% in December 2020. Furthermore, according to Eurostat, operators in Malta within the industry and construction sector had a job vacancy rate of 2.2% (in quarter 3 of 2021), down from 2.5% (in quarter 2 of 2021). At the same time, operators in the services sector in Malta had a rate equivalent to 2.7% (quarter 3 of 2021), a drop of 0.1 percentage points over the job vacancy rate of the previous quarter (2.8%). The Government has also ensured inclusion and equality through specific interventions aimed at supporting households that were unable to work due to the pandemic. In particular, 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). This Article of the Law allows for employers to implement different working conditions on a temporary basis in order to avoid redundancies. The majority of temporary working conditions implemented were either a reduction in hours or periods of unpaid leave. It has been estimated that around 25,000 jobs were saved due to these permits. Furthermore, in order to mitigate the negative consequences of the COVID-19 pandemic, Malta introduced four COVID-19-related social benefits aimed at offering temporary assistance through 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: (i) unemployed persons; (ii) persons with disabilities who had to stay at home due to health concerns that arose as a consequence of the pandemic and could not work from home; (iii) parents working in the private sector who took additional unpaid leave to take care of their children while schools were physically closed; and (iv) persons</p>

	<p>employed in the private sector who had been ordered by the Superintendence of Public Health not to leave their home, were unable to work from home, and were not being paid by their employer while absent from work. The amount disbursed for the four benefits totalled €15,086,112. The Disability and Medical benefits were paid up to 05/06/2020 while the Parent and Additional Unemployment were paid up to 03/07/2020. The Parent Benefit was re-activated during the period 15 March 2021 up to 11 April 2021.</p>
Entry 2	<p>MEASURE TYPE: Implemented (08/01/2021 17:03 PM)</p> <p>Various financial support measures were introduced to support employees. These schemes, among them the COVID wage supplement has at been extended till at least March 2021. It is estimated that at the end of July, 69,538 full-time and 10,038 part-time/casual employees had benefited from this measure. Through such measures, Malta has managed to maintain a low unemployment rate, which is one of the lowest among its European peers. During the third quarter of 2020, Malta' unemployment rate stood at 4.6 per cent which was below the EU average of 7.5 per cent. Moreover, Eurostat statistics indicate that, despite the pandemic, in the third quarter of 2020, Malta registered 1.6% of job vacancies. This rate is lower than a year ago, 2.2%, but higher than the previous quarter (1.4%). In the EU, employers have registered vacancies equivalent to 1.7% of all jobs. Furthermore, according to Eurostat, operators in Malta, in the industry and construction sector, are looking to increase their job vacancy rate by 1.4%, down from 1.6% a quarter earlier. At the same time, operators in the services sector in Malta also have vacancies equivalent to 1.7%, an increase on the previous quarter (1.2%). The Government has also ensured inclusion and equality through specific interventions aimed at supporting households that were unable to work due to the pandemic.</p>
Comments	
State of play	

CSR 2 Subpart 2: Strengthen the quality and inclusiveness of education and skills development.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (22/02/2022 19:19 PM)</p> <p>Artificial Intelligence (AI) in Education pilot project The Ministry for Education and Sports is working towards the implementation of the Artificial Intelligence (AI) in Education pilot project as proposed in Malta: The Ultimate AI Launchpad - A Strategy and Vision for Artificial Intelligence in Malta 2030. The proposed project will consist of two parts:</p> <ol style="list-style-type: none"> 1. The development of an AI-powered adaptive learning system. This system aims to support students' outcomes through personalised learning programmes based on student performance, ambitions and needs. Teachers will be supported in building more formative assessments of the pupils' capabilities. 50 educators and 1,000 students across primary and secondary education shall be participating in the project. 2. The construction of a rich data set and use of AI analytics for State Schools to assist in driving insights and actions to enhance the education system. Its focus will be on delivering predictive insights to assist in identifying potential early school-leavers. This shall help educators take preventative actions to drive better educational outcomes for all students and reduce the risk of early school leaving.
Entry 2	<p>MEASURE TYPE: Implemented (08/04/2022 16:59 PM)</p> <p>MCAST started new courses to bridge existing industry skills gaps in various areas, such as Masters degrees in Mechanical Engineering and Sustainable Technology, Retail, AI, Aerospace Engineering, as well as postgraduate award in Vocational Education Applied Research. MCAST collaborated with several entities to bridge the gap between educational outcomes and workplace needs. This included an Education-Industry Colloquium with the Malta Chamber to discuss skill needs in the coming post-COVID years. The Governance for Inclusive Excellence (GIVE) programme, is another initiative carried out through a collaboration with the Malta Chamber, which aims to increase participation in the VET sector while bridging the gap between VET education providers and the business world. Other initiatives include:</p> <ul style="list-style-type: none"> • A new partnership agreement with Jiangsu Vocational College of Medicine in China (JSMC) aimed to enhance educational opportunities through diverse initiatives, such as student and faculty exchange programmes, dual degrees, cultural immersion, and resource sharing. • Three undergraduate programmes with the Institute for the Public Services (IPS): BA(Hons) in Public Policy and Management and BA(Hons) in Procurement and Finance (full-time); BA (Hons) degree course in Public

Projects on a part-time basis in which students are offered a paid work-placement (in addition to the stipend) and mentoring in the public service.

- Agreement with Institute for Education (IFE) to enhance collaboration between the two educational institutions so that lecturers from MCAST collaborate with the IFE in the development and the teaching of various vocational subjects.
- An agreement with MaritimeMT focusing on possible ways of cooperation and collaboration between the two main institutes in order to enhance the quality of training for maritime students.
- A key partner in the newly established Foundation for Transport as to contribute to upskilling and reskilling needed in the industry, particularly due to the fast-approaching 2030 objectives and longer-term 2050 strategies for the adoption of greener modes of transport.
- A Memorandum of Understanding with the Foundation of Social Welfare Services (FSWS) aimed to develop and strengthen the collaborative relationship and to develop the improved wellbeing of young persons at high risk of social exclusion aged between 16 and 25.
- Approval of the Engineering Board of the College's Pre-Warrant Qualification Course MCAST (PWQC) which enables engineering graduates to apply for a warrant on completion of PWQC.
- A €2.75 million government investment in 2021, aimed to encourage more companies to recruit students in apprenticeship programmes.

In order to adapt to the challenges imposed by the global pandemic, training opportunities have recently begun to be provided through a mix of online and physical courses. The Further Studies Made Affordable (FSMA) financial instrument was launched in October 2019 by the Malta Development Bank (MDB) in collaboration with the Managing Authority of EU Funds to facilitate the financing of cost of students' studies in Malta and overseas, including tuition, accommodation, subsistence, and related expenses. The scheme covers full-time, part-time or distance learning study courses, at MQF levels 5 - 8, and other internationally recognised academic certificates. The maximum loan value can reach up to €100,000 for a term of up to 15 years. Following the success of the FSMA Scheme, during 2021 the Managing Authority secured further EU financing which was directed to the MDB to implement a new scheme, the FSMA+. The Scheme is being funded from the European Social Fund (ESF) and the European Social Fund Plus (ESF+). By the end of 2021, 277 students were supported with loans totalling €9.2 million, or an average loan size of €33,200, which is much higher than what commercial banks are willing to offer in the absence of such a guaranteed scheme. In June 2021, the Directorate for Research, Lifelong Learning and Employability (DRLLE) launched the public consultation on the National Strategy for Lifelong Learning 2021- - 2030. The Strategy covers the entire range of formal, non-formal and informal learning activities, both general and vocational undertaken by students (aged 15+) after leaving initial education and training. It was drafted through research, consultation sessions with stakeholders and focus groups in a manner that groups the major ambitions and the direction of the sector into 4 pillars namely: 1) Improving educational

opportunities for low-skilled and low-qualified adults at higher risk of unemployment, poverty and social exclusion; 2) Diversifying the methods and opportunities for learning; 3) Ensuring quality in Lifelong Learning course provision; 4) Supporting adults to make informed educational decisions through the provision of a guidance system. Overall, the Strategy aims to increase adult participation in learning, in line with EU targets. Underpinned by this Strategy, in 2021 the subjects offered by Lifelong Learning services increased, including through the introduction of vocational and active citizenship programmes. Additionally, Lifelong Learning is broadening the learning outcomes in its crafts programmes to enable learners to learn not only the crafts but also the skills necessary to run a successful social enterprise. Complementary to the previous strategies, the new Employment Policy 2021-2030 aims to ensure that workers upskill, get good jobs and are provided with fair opportunities. The DRLLE is a key player in migrant education with under 50% of the student population in recent years being non-Maltese. This is set to increase as in 2021 the Directorate started collaborating with the Human Rights and Integration Directorate to provide third country nationals with basic skills, MFL and EFL courses. The DRLLE also provides guidance and assistance to adult learners before applying for courses and during the course of their studies, in order to mitigate drop-out and also to provide assistance towards sustain reskilling and upskilling learning trajectories. These changes have contributed to the adult learning participation rate increasing from 7.7% in 2014 to 11% in 2020, exceeding the EU average of 9.2% in 2020. Education, Skills and Employment measures targeting the disabled. From a legislative context, Malta's Public Employment Service (Chapter 594) mandates that at least one person with disability is always represented on this entity's Board; through the legal obligation enforced since 2015 under the Act. Employers who employ 20 or more persons must ensure that a minimum of 2% of their workforce is made up of employees with disabilities. The employment in 2014 of people with registered disabilities stood at 2,007 individuals. However, the employment of persons with registered disabilities has been on an increasing trend since 2015. With the introduction of the 2% quota, latest Jobsplus administrative data (July 2021) show that 4,098 persons with registered disabilities are engaged in full-time or part-time gainful employment. In 2021, the Maltese Government has proposed a legislative amendment to Parliament to make it possible to enforce a law that makes it compulsory on employers of more than 20 people to include 2% of persons with a registered disability in their workforce or pay a contribution. The amendment will ensure that action would be taken against those who do not abide by the 2% quota and refused to pay a contribution to make up for this. Fairness -Women participation, Equal Pay and Gender Employment Gap The success of the Maltese economy can be partially attributed to the increase in female participation in the labour market following the introduction of the Free Childcare Scheme. As per Eurostat data, the female employment rate (20-64 years) in Malta registered a significant increase throughout the years, from 43.8% in 2011 to 67.8% in 2020. The unadjusted gender pay gap, decreased from 13.2% in 2017 to 11.6% in 2019. In addition, during the 2022 Budget speech, the Maltese Government announced that it will be extending the hours of the free childcare service to accommodate employees working in the evening or during weekends. During 2021, the

	<p>Department for Industrial and Employment Relations conducted inspections on businesses with operations both in Malta and Gozo to determine whether unequal pay was given for equal work. When inspections showed that the only difference recorded was based on work location action was taken accordingly. For the purpose of increasing the number of women in decision-making positions, the National Commission for the Promotion of Equality (NCPE) has developed the Directory of Professional Women. This free online database provides profiles of professional women to give them visibility and more opportunities for appointment on boards and committees, and/or to assume decision-making positions in the labour market. Additionally, the Government is further promoting gender equality through the Gender Corrective Mechanism in Parliament which ensures that at least 40.0 per cent of representatives in the House are women. Digitising Education in Malta: National eSkills Strategy 2022-2024. The new eSkills National Strategy 2022-2024, expected to be finalised by April 2022, will take into consideration Europe's Digital Decade and the Digital Education and Action Plan. Once launched, the Strategy will be followed by regular meetings or workshops to assess its status and effect.</p>
Entry 3	<p>MEASURE TYPE: Implemented (22/02/2022 19:16 PM)</p> <p>Strengthen the quality and inclusiveness of education and skills development Malta's education strategy aims to provide present and future generations with opportunities to develop the necessary values, skills and attitudes for active citizenship and employability in the 21st century and close the gap between the worlds of education and employment. This is highlighted in the Framework for the Education Strategy for Malta, which underpins all Malta's education policies and measures. In 2019, the Framework for Education Strategy for Malta 2014-2024, reached the midpoint of its timeline, and was thus reviewed and adjusted to reflect the developments taking place within Maltese society and the world. The pillars within the Framework reflect the aims of Malta's education system, that is preparation for employment, reflecting the human capital model; nurturing attitudes and values that encourage resilient personal development and self-fulfilment; promoting responsible citizenship so that individuals actively contribute to the wellbeing of their community and society; and fuelling economic innovation. In June and July 2021, the Ministry for Education and Servizzi Ewropej f'Malta (SEM) held a series of five online discussions with interested stakeholders to gather feedback on the new Strategic Framework for Education and Training 2030. The five themes that were discussed were: (i) Improving quality, equity, inclusion, and success for all; (ii) Making lifelong learning and mobility a reality for all; (iii) Enhancing competences and motivation in the education profession; (iv) Reinforcing European higher education; and (v) Supporting the green and digital transitions in and through education and training. Early Childhood education Participation in early childhood education continues to increase for children under three. Since the start-up of the Free Childcare Scheme in April 2014 until December 2021, over 25,825 children have benefitted from the service at one point in time. There were 4,176 new applications in 2021</p>

(January to December 2021). The Institute for Education, in conjunction with the Quality Assurance Department, is working on the accreditation of an Award in Child Care Assistance (MQF Level, 30 ECTS) to improve the level and competencies of those aspiring to become childcare assistants in order to facilitate and strengthen their employability. National Standards for Early Childhood Education and Care Services (0-3 years) In May 2021, the Directorate for Quality and Standards in Education (DQSE), responsible for the quality assurance of Early Childhood Education and Care (ECEC) services (0-3 years), launched a consultation to update the National Standards for Early Childhood Education and Care Services (0-3 years) to reflect the significant changes and development of early years education. The DQSE appointed a reference group, including practitioners and experts in the fields of ECEC provision for under 3-year-olds, which provided initial feedback and independent advice on the proposed draft standards. A public consultation exercise was carried out in June-July 2021, which will feed into the finalisation of the revised standards. These newly revised standards are based on the principles of the National Curriculum Framework for All (2012) as well as national policies and international research that incorporate the key elements of best practices in ECEC, including the Proposal for key principles of a Quality Framework for Early Childhood Education and Care under the auspices of the European Commission (DG Education and Culture, European Commission, 2014). Early Childhood Education and Care - National Policy Framework for Malta and Gozo (2021): In October 2021, the Ministry for Education published the Early Childhood Education and Care (0-7) National Policy Framework for Malta and Gozo. This document identifies five primary goals in achieving the national vision in Early Childhood Education and Care (ECEC) where the focus is for young children's development to be maximised. These five priority areas, (i) access, (ii) workforce, (iii) curriculum, (iv) monitoring, and (v) governance. These follow on the European Commission's Council Recommendation on High-Quality Early Childhood Education and Care Systems which was adopted by the EU Member States' Education Ministers in 2019. Shedding light on these five goals will provide the necessary framework that will guide and sustain high quality practice, which is so important for the continual improvement of all services related to Early Childhood Education and Care. Literacy Literacy is key to social inclusion, active citizenship, and productive employability, and is a human right, essential for survival and social change. The National Literacy Strategy 2021-2030 (NLS) recognises the challenges of an ever-evolving world and addresses ways in which these can be overcome. In view of the possible risk of learning loss due to the COVID-19 pandemic, the College Literacy Teams within the Directorate for Learning and Assessment Programmes, in conjunction with the National Literacy Agency, has carried out literacy assessments in Year 3 and Year 4 State primary classrooms to provide a snapshot of learners' literacy achievements and to identify learners who are struggling with their literacy and who would need additional literacy support. Different literacy skills in both Maltese and English were assessed to support class teachers in providing follow-up interventions that are appropriately matched to the learners' needs. On 17 February 2021, a language policy for the Junior Years in Malta and Gozo was launched for public consultation, with the overall purpose to promote and enhance bilingualism among children aged 8 to 11 years in families and in schools.

The Institute for Education, in collaboration with the Literacy Agency is offering an accredited 12 ECTS award at MQF Level 7 dealing with The Foundations of a Family Literacy Intervention Programme. My Journey: Achieving through Different Paths - Equitable Quality Education for All Further extensions to the "My Journey" initiative, which sees the educational sector move from a 'one size fits all' system to a more inclusive and comprehensive learning system, continue to be implemented. In 2021, the first SEAC exam was introduced in the subject of Retail. As of 2022, SEAC exams are offered in the following subjects: hospitality; health and social care; agri-business; information technology; engineering technology; media literacy; education; hairdressing and beauty; retail; fashion and textiles, Malti għall-Komunikazzjoni, English and Communication, Mathematics. Early Leaving from education and training. In 2021, the Strategy entitled 'Early Leaving from Education and Training (ELET) - The Way Forward 2020-2030' was launched, outlining prevention, intervention and compensation strategic actions aimed at preventing early leaving from education and training. This policy outlines fifteen strategic actions, five for each pillar, developed through research projects. The Early School Leaving Unit (ESLU) within the Directorate for Research, Lifelong Learning and Employability (DRLLE) is responsible for monitoring the development of the strategic actions. Following approval of Cabinet, the policy was subject to public consultation and a report was then drawn considering the feedback received. The next implementation report will be drafted according to the fifteen strategic actions within 'The Way Forward (2020-2030)' and, like the previous policy, will be used as Malta's monitoring data collection framework within the ELET field. Four main strategic actions were selected as the priority areas to be implemented during the years 2021-2023, which are all part of the priority to tackle ELET through a holistic and inclusive approach ('The whole school approach') and implementing an early warning system within Malta's colleges. Two measures from each pillar were selected as they are the foundation of the other strategic actions. With regards to impact that the pandemic might have on students at risk of ELET, the ESLU has followed international and EU recommendations. It is keeping abreast with several stakeholders within schools in order to provide recommendations and evaluate policy measures accordingly. It has also liaised with the Research Unit within DRLLE, to evaluate recommendations emerging from their study and the strategic actions as well as other possible studies to be carried out during the coming years. Addressing skills gaps in science and science education: The Science Centre within the Directorate for Learning and Assessment Programmes recently launched the 10th edition of the annual STEM popularisation initiative entitled X'hemM? This initiative aims to provide primary students with educational opportunities to apply mathematical and scientific concepts through engaging, problem-solving activities in a non-formal setting. Additionally, the Science Centre launched the educational programme entitled Xkatapum Physics Experiments on 4 March 2021. Furthermore, The Institute for Education and the Malta Council for Science and Technology (MCST) agreed to co-sponsor several students interested in pursuing the MSc in STEM Education and Engagement which is being offered by the Institute for Education as from October 2021.

Entry 4	<p>MEASURE TYPE: Implemented (08/01/2021 17:11 PM)</p> <p>Other services, such as Early Intervention, Teacher of the Hearing Impaired, Teacher of the Visually Impaired, Home Tuition, Guidance, Counselling, Anti-bullying, AntiSubstance, Child Safety and Career Guidance. Nurture Groups and Learning Support Zones, offer in-house school support in terms of emotional literacy. Moreover, there is also collaboration with various stakeholders to strengthen service provision in order to ensure that all learners with disability receive adequate support as needed. Students are also provided with career guidance services and provided with the latest updates on the skills which would assist them to transition towards further education and/or the world of work. There is also continuous investment in the training of our educators both to prepare them better in the use of modern technologies that can be used in our classrooms but also to use these technologies to extend education out of the classroom and out of class hours. For those already in employment, the Government is providing training opportunities through a mix of online and physical courses. Unemployed, inactive and people in employment can participate in the different courses offered. Furthermore, companies are encouraged to offer training to their staff through the Investing in Skills scheme which is co-financed through the European Social Fund. The 'Training Pays' scheme, which is also co-financed through the European Social Fund, offers individuals the possibility to participate in a training initiative not offered by Jobsplus (MQF 1-5). A similar programme is in place to assist disabled persons 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 by the European Social Fund under Operational Programme II (2014-2020). In the context of the crisis, in order to ensure inclusion and access to education for all, free internet access to students to Scheme 9 students, was provided during the pandemic. A free computer/laptop or tablet was also provided for the duration of schools' closing down, to ensure that students that may not have the means to have a device to continue their online studies.</p>
Entry 5	<p>MEASURE TYPE: Implemented (08/01/2021 17:10 PM)</p> <p>The setting up of an induction hub for secondary school students; and outreach by community liaison workers at compulsory education level An induction hub for secondary school students has been set up and outreach by community liaison workers at compulsory education level has continued in order to strengthen the provision for inclusive support for children from a migrant background. At compulsory education level, the Migrant Learners' Unit within the Ministry for Education (MFED) has continued to strengthen the provision for inclusive support for children from a migrant background. The programme enacted focuses on the learning of Maltese</p>

	<p>and English which are the languages of schooling in Malta. Other academic subjects are taught adopting a Content and Language Integrated Learning (CLIL) approach. This programme focuses on each learner's well-being offering a holistic educational experience while focusing on the acquisition of linguistic and socio-cultural competences. Hence, the MFED has set induction processes for newcomer migrant learners who cannot as yet communicate in the languages of instruction in Maltese state schools (Maltese and English). The induction process spans over one scholastic year and is held in over 20 schools and hubs all over Malta and Gozo. During the scholastic year 2019-2020, a new induction hub for students of secondary schooling age has been set up. The MFED, through the Language Learning and Parental Support for Integration (LLAPSI+) co funded project (Asylum Migration and Integration Fund) has recruited a team of community liaison workers who work 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. These measures are part of the national strategy A Policy on Inclusive Education in School: Route to Quality Inclusion mentioned further above. entitled Through the LLAPSI+ project, the Migrant Learners Unit has also offered a summer intensive language course - the Language 2 Go! - with the aim of supporting newly arrived learners who are still struggling with learning the languages of schooling. The courses have been offered annually in four different sites in both Malta and Gozo. Apart from substantial language training components, the current LLAPSI+ project includes components such as 'Making Friends-Bringing Friends Clubs', an afterschool creative club with the aim of providing an opportunity for newcomer learners to work together and strengthen the relationship between different cohorts including EU nationals and the hosting community. Kinder 1 Reform: As from scholastic year 2019/2020, a Class Learning Support Educator (LSE) Support has been introduced in Kinder 1 classes provided that the student population per group/class exceeds 12 learners in Kinder 1. At Kindergarten and Primary level, inclusion provision for all learners shall be catered for by the teacher or Kindergarten Educator responsible for the class and supported by Learning Support Educators as may be required (officially authorised by the Management). Investment in Specialised rooms within Colleges: In 2016, a pilot project was initiated where multi-sensory learning rooms were set up, where students with severe additional needs could get the necessary support without having to go to resource centres for services during the school day. Up till February 2020, nine multi-sensory- learning rooms were set up in seven colleges with the recent ones opening during the scholastic year 2018/2019.</p>
Entry 6	<p>MEASURE TYPE: Implemented (08/01/2021 17:08 PM)</p> <p>The National Inclusive Education Framework and Policy on Inclusive Education in Schools: Route to Quality Inclusion 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. The four main Policy Benchmarks include:</p>

	<ol style="list-style-type: none"> 1. All learners have access to opportunities for participation in educational systems and structures. 2. All educators employ effective teaching approaches that are more representative of and responsive to diversity that foster a Universal Design for learning Environment. 3. All schools are supported through well organised support structures that embrace shared cultures and ethos of diversity. 4. All educators have access to flexible education and training that supports their work in delivering quality inclusive education. <p>The Policy on Inclusive Education in Schools: Route to Quality Inclusion adopts a wide definition of inclusion, which covers learners with special needs, different sexual orientations, ethnic minorities and different religions and high ability learners. A National Inclusive Education Framework is designed over 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. This framework embraces the principles of ownership, diversity, autonomy, planning and research. This framework is in line with the education strategy of the Ministry for Education (MFED) as stated in the Framework for the Education Strategy for Malta 2014-2024 as it promotes the setting of an inclusive school environment that ensures that all learners have the opportunity to obtain the necessary skills and attitudes to be active citizens and to succeed at work and in society.</p>
Entry 7	<p>MEASURE TYPE: Implemented (08/01/2021 17:07 PM)</p> <p>My Journey: Achieving through Different Paths - Equitable Quality Education for All. The 'My Journey: Achieving through different paths' reform, based on both the values of inclusion, social justice, equity and diversity, and the four main targets of the Framework for the Education Strategy for Malta 2014-2024, is the focus of this strategy. The reform was implemented in lower secondary schools as from scholastic year 2019/2020. This reform sees the educational sector move from a 'one size fits all' system to a more inclusive and comprehensive learning system which equitably support all children's individual talents and needs through quality academic, vocational and applied learning programmes. In this regard, Malta introduced learning outcomes instead of prescribed syllabi. One of the successful measures undertaken by the Ministry for Education (MFED) was the implementation of 5 vocational subjects in both state and non-state secondary schools. These subjects are hospitality, health and social care, agri-business, information technology, and engineering technology. 4 new vocational subjects, namely media literacy, hairdressing and beauty, retail, fashion and textiles; and 9 new Applied subjects were introduced in secondary schools as from September 2019. These new subjects are based on the Learning Outcomes Framework (LOF) with specific objectives. The principal aim of the LOF is to free schools and</p>

learners from centrally-imposed knowledge-centric syllabi, and to give them the freedom to develop programmes that fulfil the framework of knowledge, attitudes and skills-based outcomes. During scholastic year 2019/20, 55% of Year 9 students have chosen at least one vocational or applied subject. A national careers web portal and events such as I Choose were developed. Students and parents/guardians are guided through the subject choosing process and have access to all information on the different subject options through the 3 routes. Furthermore, new state of the art workshops have been developed in all secondary schools where these subjects have been introduced. In this regard, a 3 million ERDF project 'Invest' is in full swing in order to partially fund the capital cost of equipment that will form part of over 70 new laboratories currently being built/repurposed or refurbished as part of the 'My Journey'. This public investment is ensuring top of the line equipment to be used for the teaching and learning of vocational and applied subjects. Complementarily, vocational and applied learning programmes leading up to MQF Level 3, are also made available to all students. Following compulsory education, students can now opt to continue their studies at the University of Malta (UoM), Malta College of Arts, Science and Technology (MCAST), Institute of Tourism Studies (ITS) or another higher education institution of their choice. The introduction of equitable learning programmes has allowed more quality time for in-depth learning while at the same time increasing learning opportunities. 'My Journey' seeks to promote increased links between education and industry.

Comments

State of play

CSR 3 Subpart 1: Ensure effective implementation of liquidity support to affected businesses, including the self-employed.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (22/02/2022 19:20 PM)</p> <p>Ensure effective implementation of liquidity support to affected businesses, including the self-employed. By end 2021, 654 facilities across all economic sectors were approved under the Covid-19 Guarantee Scheme (CGS), covering total sanctioned lending of €1,505.9 million. In terms of the number of facilities, the accommodation and food services activities sector, applied and secured the largest value of sanctioned loans at €121.7 million. This was followed by the wholesale and retail activities, with 12,067 facilities making up a total of €100.8 million sanctioned loans. In June 2020, the Government issued a €100 voucher to Maltese citizens and all those residing in Malta, whether EU or third country nationals. Out of these, €80 were to be spent on hotels and restaurants and €20 eligible to be spent on retailer shops. The measure injected approximately €39 million into the Maltese economy thus benefitting local businesses who were most hardly hit by the COVID-19 pandemic. In 2021, another voucher scheme took place, where residents were given €100 worth of vouchers, divided into €60 to spend on restaurants and hospitality and the remaining €40 to spend on retail and services. The voucher scheme package was worth another €50 million. During 2021, the MDB continued assisting local SMEs through the SME initiative, which is intermediated by Bank of Valletta. Furthermore, despite the pandemic, the SME Invest has supported close to 60 projects undertaken by local SMEs. As at end of 2021, the SME initiative has injected a cumulative €45.3 million in new investments in the local economy, supporting 150 projects undertaken by local SMEs. The sanctioned projects supported by this scheme include a wide array of capital investments, including projects related to childcare centres, refurbishment of retail outlets, hotels and the upgrading of the tourism product, digitalisation, renovation of factories and investment in health-related ventures. In September 2021 Malta Enterprise opened applications for the Soft Loan Scheme, which is a financial instrument designed to support undertakings engaged in a manufacturing or service activity, to accelerate their plans in establishing new products or entering a new geographic market, addressing environmental concerns and digitising processes. Such undertakings may be supported through a soft loan covering part of the funding requirements of up to one million euro.</p>
Entry 2	<p>MEASURE TYPE: Implemented (08/01/2021 17:19 PM)</p> <p>On 3 July 2020 the MDB also introduced a Temporary Bond Subscription Facility to support the rolling over of bonds of a local company maturing on 31 July 2020. Through this facility, the MDB would cover the part of the bond issue, if any, that remains unsubscribed by the market - up to a</p>

	<p>maximum of €18.7 million, with an annual interest rate of 5.5 per cent. Eventually this facility was not taken up as the market responded very favourably and the bonds were fully subscribed by the market. A number of businesses and households, applied with MFIs in Malta for a moratorium on loan repayments. As at end July, there were 9,624 loans subject to a moratorium on repayments. The total value of loans subject to a moratorium stood at €1.8 billion, or 16.0 per cent of total outstanding loans to Maltese residents. The largest number of loans covered by moratoria was held by households, with the sector accounting for around 77.0 per cent of the total volume of loans subject to a moratorium. Maltese households held €642.0 million, or 35.4 per cent, of the total value of loans subject to a moratorium, equivalent to 10.4 per cent of outstanding household loans. Meanwhile, the real estate sector held €319.4 million in loans subject to a moratorium, or around 17.6 per cent of such loans and equivalent to a third of this sector's outstanding loans. This was followed by the accommodation and food services activities, which held €230.3 million in loans subject to a moratorium. The latter was the sector most affected by the containment measures and, indeed, more than half - 51.4 per cent - of the loans held by this sector were subject to a moratorium by the end of July. Moreover, as at end July, the wholesale and retail trade sector held €113.0 million in loans subject to a moratorium, making up 6.2 per cent of such loans subject to a moratorium, or 17.1 per cent of loans held by the sector. Applications closed on 30 September 2020.</p>
Entry 3	<p>MEASURE TYPE: Implemented (08/01/2021 17:18 PM)</p> <p>The 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 per cent guarantee for each eligible working capital loan subject to a cap of 50 per cent 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, the Government is subsidising the interest rates of these loans for a period of two years, up to a maximum of 2.5 per cent. The borrower can pay an interest rate as low as 0.1 per cent, net of the guarantee fee. By end August 2020, 412 facilities were approved under the CGS, covering total sanctioned lending of €285.0 million. In terms of the number of facilities, the sector comprising wholesale and retail activities, applied and secured the largest value of sanctioned loans at €71.9 million. This was followed by accommodation and food services activities, with 95 facilities making up a total of €59.5 million sanctioned loans, and the sector comprising transportation and storage, which had a total of €38.3 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</p>

	instruments.
Entry 4	<p>MEASURE TYPE: Implemented (08/01/2021 17:14 PM)</p> <p>Government introduced a number of measures aimed at retaining individuals in employment and support economic activity. A comprehensive recovery plan aimed at regenerating the Maltese economy, is also in place. To improve business liquidity, there was the introduction of tax deferrals (of Provisional Tax; Value Added Tax; Social Security Contributions) for business and self-employed for the months from March to June. This measure was further extended in the Government economic recovery plan such that some payments due in the months of July and August (depending on the tax category) are to be settled by end of May 2021.</p>
Entry 5	<p>MEASURE TYPE: Announced (08/01/2021 17:20 PM)</p> <p>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.</p>
Comments	
State of play	

CSR 3 Subpart 2: Front-load mature public investment projects

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (22/02/2022 19:20 PM)</p> <p>In view of the forthcoming EU's programming period (2021-27) some €2.28 billion will be allocated from the EU budget in order to contribute towards addressing 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. The Ministry for Education is seeking to secure funds for two major national projects: the extension of the One-Tablet-per-Child (OTPC) initiative, and the provision of a better network infrastructure in the State schools. The extension of the OTPC includes the insertion of new digital content on new laptops provided to students and teachers in Middle and Secondary schools (Year 7 to Year 11). The project is planned to be incremental, with laptops being given to Year 7 students, who continue</p>

	<p>using them throughout their Middle and Secondary school life. This is estimated to cost around €8.1 million in the first year and €54 million over the first 5 years. An upgrade of the network infrastructure in State Schools is also envisaged, yet this will not be the initially proposed 5G. The budget estimate for this upgrade is €22.91 million over 5 years. At MCAST, infrastructural investment is being undertaken to provide state of the art facilities that will ensure that MCAST students will be better prepared to contribute to economic recovery by bridging the gap between Industry and Education. There are also other related projects mentioned in this report.</p>
Comments	
State of play	

CSR 3 Subpart 3: and promote private investment to foster the economic recovery.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (08/01/2021 17:31 PM)</p> <p>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, the 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 €2.1 billion in the form of grants will be invested over the coming 7 years in order to support in the addressing 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.</p>
Entry 2	<p>MEASURE TYPE: Implemented (08/01/2021 17:29 PM)</p> <p>In recent years, gross fixed capital formation has averaged 3.2 per cent of</p>

	<p>GDP, and stood at 3.9 per cent of GDP in 2019. By means of the June 2020 economic regeneration plan, the 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.</p>
Entry 3	<p>MEASURE TYPE: Announced (08/01/2021 17:30 PM)</p> <p>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, the 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 €2.1 billion in the form of grants will be invested over the coming 7 years in order to support in the addressing 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.</p>
Comments	
State of play	

CSR 3 Subpart 4: Focus investment on the green and digital transition, in particular on clean and efficient production and use of energy,

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (22/02/2022 19:21 PM)</p> <p>Carbon neutrality is an integral part of Malta's economic vision. The Government will accelerate the ongoing efforts towards increasing energy-efficiency in buildings. The Low Carbon Development Strategy proposes incentives for greener buildings, through a significant increase in budgets</p>

for green planning. Various projects of urban greening will be undertaken. The consolidation and upgrading of the national waste infrastructure, the largest investment undertaken in Waste Management in Malta, will allow Malta to move to a circular economy. Over the past decade, electricity demand has been progressively increasing in reflection of growth in the economy and the population size and is set to continue increasing. A second electricity interconnector cable between Malta and Italy will add a 200MW source of electricity. It will also deliver a more resilient electricity grid that accommodates large-scale renewable energy generation, mainly offshore. The Government will continue to pursue the hydrogen-ready pipeline project, is an EU Project of Common Interest. The plan will continue to provide schemes to incentivise the use of renewable energy sources in households. The Government is committed to reduce the national GHG emissions and to move towards a cleaner, and more sustainable mobility, with grant schemes to enhance the uptake of new electric vehicles, investments to promote alternative modes of transport and investments to decarbonise the public service fleet. A scheme to encourage the installation of PVs on vehicles will also be launched. Furthermore, all Maltese citizens will be provided with free access to scheduled road public transport services, in order to encourage collective and multi-modal transport. In addition, Malta is aiming to promote the introduction of green infrastructure by providing a financial incentive in the form of a grant scheme with an allocated budget of €2million. Infrastructure such as green facades, green walls and the retrofitting of front gardens in private properties, located outside Urban Conservation Areas or villa/bungalow sites within Residential Priority Areas, will be eligible. There are also plans to extend such scheme to cover restoration, maintenance and reuse of heritage buildings within all Urban Conservation Areas (UCA) in Malta and Gozo. Other schemes, which include financial assistance, for a number of proposals include physical interventions on public spaces and properties in urban areas which are intended to support activities which benefit the wider communities. The main beneficiaries of these schemes are Local Councils and non-governmental organisations. Apart from the development of various green areas, in the Budget for 2022 a number of schemes and initiatives were also launched in order to encourage businesses to invest in sustainable projects and include environmental, social and governance (ESG) criteria in their investment decisions. As part of the green transition and to meet the forecasted increase in the island's electricity demand because of economic growth and the electrification of road transport, a second electrical interconnection between Malta and Sicily is planned, so as to increase the electricity interconnectivity with the European electricity network. Moreover, Malta shall conduct further studies on the Melita TransGas Pipeline (MTGP) Project of Common Interest (PCI 5.19) during the period November 2021-December 2022 so as to redesign the pipeline infrastructure in order to also allow hydrogen transportation. Schemes to promote the efficient production and use of energy continued to be available to enterprises. The 'Promotion of Energy Audits in Small and Medium Enterprises' encourages SMEs to carry out an energy audit in order to identify actions within the enterprise's operation that can lead to energy improvement. Malta Enterprise supports undertakings in carrying out investments leading to improved energy efficiency through various schemes such as the

'Investment Aid for Energy Efficiency Projects' and the 'Leading sport organisations to higher energy efficiency' scheme. Currently in terms of measures related to renewables there are five PV schemes in place to promote the use of renewable energy through enhanced grants. The schemes now support the use of battery storage systems, which will ensure that the energy generated through the PV panels during the day, can be stored in a battery and used later when needed. The PV schemes are complemented by the feed-in tariffs scheme, which further encourages the use of renewable energy. During 2020, a PV scheme for Voluntary Organisations funded through national funds was also launched to encourage the use of renewable energy equipment on their premises. Additionally, the Government is also providing support schemes for medium and large-scale renewable energy installations through a competitive process, whereby investors are invited to bid for support. Allocation of capacity is based on the bid price. During 2021, a new investment opportunity has been launched for prospective bidders, with bids are currently being received. Other schemes encouraging the reduction of consumption of energy include the Roof Insulation and Double-Glazing scheme, the schemes related to solar water heaters and heat pumps and the Domestic Cistern Restoration Scheme, which encourages the harvesting and use of rainwater in the domestic sector by covering costs related to the repairs of cisterns and installation of second-class water systems. The Government has also renewed the scheme for the purchase or upgrading of one's reverse osmosis. The Government's effort to greening of the tourism industry through awards and through the operation of the Eco-certification scheme. Government is also embarking on a 'Toward Net-Zero Tourism Accommodation' project, which will result in the development of a long-term plan aimed at the decarbonisation of the tourism sector. It aims to inject and leverage substantial investment in the tourism accommodation sector to move to net zero operations while developing new technological infrastructure for the Government to obtain data on the consumption in this sector. An initiative implemented by the Market Surveillance Directorate (MSD) within the Malta Competition and Consumer Affairs Authority (MCCAA) includes the participation in an EU funded surveillance project to address Eco Labelling and Eco Design, which supports the improved energy efficiency of household and professional refrigeration. Through cooperation with other EU Member States, the project has generated significant benefits for both the environment and the consumers. Joint actions taken as part of this project resulted in the estimated saving of primary energy loss of 80 GWh per year for the period 2020-2030, which translates into substantial energy-related cost savings. The National Waste Management Plan (WMP) 2021-2030, adopted in December 2021, comprises of Malta's policy measures to move towards meeting its 2030 obligations when it comes to recycling and diversion of waste from landfills, as well as supporting the transition to a more circular and resource-efficient economy. The Waste to Energy incinerator plant, together with the other investments forming part of the EcoHive initiative, will ensure a better management of waste in Malta. In collaboration with local councils, the Government will also be providing smart bins for businesses to encourage further recycling. The Government is also seeking to lengthen the lifetime of products through the "Reuse Centres" and the "Repair Centre". The Strategy on Single-Use Plastics (SUP) which aims to

	<p>ensure the protection of the environment and human health from plastic pollution, by reducing the consumption of single-use plastic products and increasing the quality and quantities of single-use plastic waste collected for recycling, was launched in 2021. The Maltese Government has continued developing numerous strategies targeting the green transition including the National Strategy for the Environment (NSE), Malta's National Air Pollution Control Programme (NAPCP), as well as an Air Quality Plan. In June 2021, the Environment Fund was launched, aimed at financing projects, programmes and schemes intended to achieve and manage the objectives of the Environment Protection Act (Cap 549 of the Laws of Malta), as well as works needed to remedy any harm caused to the environment. The Government, through Malta Enterprise, has launched a new scheme to support businesses in their investments to incentivise the adoption of twin transition paths for growth, applications are open since December 2021. The Malta Development Bank's SME Tailored Facility was explicitly expanded in 2021 to include financing for sustainable and environmental projects. Clean and efficient production and use of energy The Government has launched schemes, such as the 'Investment Aid for Energy Efficiency Projects' and 'Energy Efficiency for Sports Organisations', with the aim of reducing the commercial use of fossil-fuel based energy. Malta shall be supporting undertakings in carrying out investments leading to improved energy efficiency. The assistance is intended to facilitate investments in technological solutions that provide higher energy efficiency and contribute directly towards a reduction in the energy requirements of the beneficiaries. The Government's effort to green the Maltese economy has 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. Meanwhile, investments in the power generation sector have led to higher energy efficiency reflecting the Energy Efficiency First principle, increasing the overall conversion efficiency from 25-30 per cent to more than 50 per cent.</p>
Entry 2	<p>MEASURE TYPE: Implemented (08/01/2021 17:34 PM)</p> <p>Schemes, such as the 'Investment Aid for Energy Efficiency Projects' and 'Energy Efficiency for Sports Organisations', have been launched with the aim of reducing the commercial use of fossil-fuel based energy. Malta shall be supporting undertakings in carrying out investments leading to improved energy efficiency. The assistance is intended to facilitate investments in technological solutions that provide higher energy efficiency and contribute directly towards a reduction in the energy requirements of the beneficiaries. The Government's effort to green the Maltese economy has 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. Meanwhile, investments in the power generation sector has led to higher energy efficiency reflecting the Energy Efficiency First principle, increasing the overall conversion efficiency from 25-30 per cent to more than 50 per cent.</p>

Comments
State of play

CSR 3 Subpart 5: sustainable transport,

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (22/02/2022 19:27 PM)</p> <p>The Government continue to promote alternative modes of transportation, such as car sharing, maritime transport and cycling, and also continued to incentive the purchase of electric vehicles, even in the commercial sector. The Government's commitment towards the gradual penetration of electric charging pillars is also in line with the European Green Deal, and as at end January 2022, 105 charging pillars have been commissioned and operational. Another 400 points to be commissioned by end of 2022. In line with Malta's 2017 national transport strategic vision for 2050 and operational plan to 2025, the general approach aims at achieving more sustainable mobility through improving Malta's strategic road network (particularly the TEN-T roads) by removing traffic bottlenecks and introducing measures aimed at achieving more sustainability to the way we travel. Investments include the deployment of infrastructure to support digitalisation and the decarbonisation of road and maritime transport. These include using technology to improve the efficiency of travel, for example: by promoting the use of alternative fuels; through the use of intelligent transport systems (ITS); and through the introduction of integrated ticketing between different modes to create seamless mobility. Finally, through The Grand Harbour Clean Air Project, the Government is also committed to provide shore supply in the Grand Harbour to enable berthed vessels to switch off their gas- or heavy-fuel-oil-fired engines and plug in to shore side electricity to power their on-board systems. To further reduce congestion, the Government shall be promoting remote working in the public sector and increase the efficiency of the public sector vehicle fleet.</p>
Entry 2	<p>MEASURE TYPE: Implemented (08/01/2021 17:38 PM)</p> <p>In the context of sustainable transport and reducing traffic congestion, the Government is promoting incentives to reduce private vehicle use and emissions, through:</p> <ul style="list-style-type: none"> • a more effective public transport and incentivising scheduled public transport usage by offering free public transport to certain cohorts of passengers. Free public transport is offered to persons over the age of 75

	<p>years. From 2021, this has been reduced to include persons over the age of 70. Free public transport is also offered to persons with disability, to young people aged 14-16, and full-time students over the age of 20. Government has also introduced free transport to all school children to and from school;</p> <ul style="list-style-type: none"> • incentivising alternative modes such as car sharing, maritime transport and cycling; • electrification of cars; €7,000 when registering a new electric vehicle falling under the M1 or N1 category while de-registering and scrapping another M1, M2, N1 or N2 ICE vehicle which is at least 10 years old from its year of manufacture; €6,000 when registering a new electric vehicle falling under the M1 or N1 category without de-registering and scrapping an older ICE vehicle; €2,000 when registering an imported second-hand electric vehicle under the categories M1 or N1 and the electric vehicle is not older than 36 months and should not exceed 15,000km on the odometer; When registering a new electric quadricycle, or electric motorcycle falling under the, L6e-B, L7e-C , and L3e-A3 category, the grant will be of 25% of the CIF value which amount will be capped to €6,000. When de-registering and scrapping another M1, M2, N1 or N2 ICE vehicle which is at least 10 years old from its year of manufacture, an additional €1,000 will be given. €400 will be given to private individuals purchasing a new pedelec (one); €2,000 will be given to private individuals purchasing a new cargo pedelec (one). €400 when purchasing and registering a new electric motorcycle/ scooters/ moped/ tricycle/ quadricycle falling under the L1e, L2e, L3e-A1, L3e- A2, L5e, L6e or L7e category (one). • support to local mobility through the development of sustainable and accessible modes of transport; and • intelligent transport systems.
Entry 3	<p>MEASURE TYPE: Announced (08/01/2021 17:42 PM)</p> <p>In line with Malta's 2017 national transport strategic vision for 2050 and operational plan to 2025, the general approach aims at achieving more sustainable mobility through improving Malta's strategic road network (particularly the TEN-T roads) by removing traffic bottlenecks and introducing measures aimed at achieving more sustainability to the way we travel. The removal of traffic bottlenecks is also a priority as this will reduce traffic congestion in urban areas; thus, giving prominence to more sustainable transport as well as promoting further modes of transport including cycling and pedestrian facilities. Predictions from studies carried out on 7 major projects (St Andrews Road, Buqana Road, Marsa Hamrun Bypass, Santa Lucija Underpass, Tal-Balal road, Marsa Junction and Central Link Project) indicate that this will lead to a reduction of 14% in costs of congestion over a number of years, while it is also anticipated that these projects will lead to a reduction of 62,000 tonnes of CO2 emissions per year. In this regard, Malta will therefore aim to include investment in roads as part of potential investment under Cohesion policy for the upcoming programming period. In order to address congestion and pollution, Government has committed an investment of €700 million over 7 years</p>

	<p>from national budget to upgrade the road network, starting in 2019. Two years of the 7-year plan have been implemented. This upgrade is part of a holistic approach towards sustainability, air quality, reduction in cars and traffic congestion and modal shift. Other investments include the deployment of infrastructure to support digitalisation and the decarbonisation of road and maritime transport. These include using technology to improve the efficiency of travel, for example: by promoting the use of alternative fuels (such as zero emission electric vehicles over internal combustion engine (ICE) vehicles) through incentives and infrastructure; through the use of intelligent transport systems (ITS); and through the introduction of integrated ticketing between different modes to create seamless mobility. As a result of an investment of €1.5 million in incentive grants in 2019, 299 electric vehicles and 280 pedelecs were registered. Finally, through The Grand Harbour Clean Air Project, the Government is also committed to provide shore supply in the Grand Harbour to enable berthed vessels to switch off their gas- or heavy-fuel-oil-fired engines and plug in to shore side electricity to power their on-board systems.</p>
Comments	
State of play	

CSR 3 Subpart 6: waste management,

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (08/01/2021 21:33 PM)</p> <p>Public awareness raising campaign. In 2019, there was the launch of the Saving Our Blue campaign. Now in its second edition, the campaign aims to raise public awareness on marine litter - especially single-use plastics - and the harm this causes. We embarked on an EU Funded project 'Encouraging Sustainable Waste Practices in Households and Beyond' in order to focus on waste separation at source. The project has a total cost of around €8 million part-financed through Cohesion Funds. The project includes: a nationwide campaign targeting organic waste separation in households; promotion of the separation of waste at source through kerbside collection vehicles; raising awareness on hazardous waste separation with a focus on expired medicine; introducing waste separation in the public sector; and provision of stackable bins to households, schools and other entities in Malta and Gozo. These activities were accompanied by an educational campaign themed 'Sort it Out' that aimed to educate the public on the above-mentioned areas.</p>

Entry 2	<p>MEASURE TYPE: Announced (08/01/2021 21:32 PM)</p> <p>Public awareness raising campaign. A Strategy, on Single-Use Plastics 2020-2030, is being finalised following a public consultation exercise. Moreover, considering the importance of the construction industry in Malta and the waste management challenges that come with it, the Government commissioned a study to develop a Construction and Demolition Waste Strategy, in line with the circular economy principles. Government has also launched a Beverage Container Refund System to be implemented by the end of 2021.</p>
Entry 3	<p>MEASURE TYPE: Announced (08/01/2021 21:28 PM)</p> <p>Waste management infrastructure Presently an advanced Multi Material Recovery Facility (MMRF) and storage facility as an expansion to WasteServ's current infrastructure is being built in Hal-Far. This will assist WasteServ in deviating as much waste as possible away from the landfill. Moreover, following the success of the source separation of household organic waste, the Government is committed to high-quality compost to be used in the agricultural sector as well as biogas. This facility will lead to the utilisation of food waste resources in the local environment. The plan aims to facilitate waste prevention and reuse of materials and correct management of waste by industry, government, citizens and tourists. There are several plans for investment in upgrading the waste management infrastructure. These plans include the setting up of a 'Waste to Energy' facility in Malta. This project is intended to reduce landfill dependency and assisting the Maltese Islands in reaching the EU targets without resorting to exporting waste at high costs. In fact, this facility will manage non-recyclable waste from a number of household and commercial waste streams. In addition, there are also plans to invest in a new Material Recovery Facility intended to sort recyclable waste such as paper, plastic and metals and direct them for export for recycling, thus making the Maltese Islands adhere with the principles of circular economy. The Government is also planning to build a thermal treatment facility. This facility 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. These include abattoir waste, clinical waste, and pharmaceutical waste amongst other hazardous waste streams.</p>
Entry 4	<p>MEASURE TYPE: Announced (08/01/2021 17:40 PM)</p> <p>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. The development of the National Waste Management Plan (WMP) 2021-2030 is underway and was launched for public</p>

	<p>consultation on 15 December 2020. It will comprise Malta's policy measures to help it meet its 2030 obligations when it comes to recycling and diversion of waste from landfills, as well as supporting the transition to a more circular and resource-efficient economy. The strategic objectives of the Waste Management Plan were published on the Malta Government Gazette on 20th October 2020:</p> <ol style="list-style-type: none"> 1. Maximise the resource value in waste through different management options for selected waste streams; 2. Innovate by designing waste prevention initiatives to lower Malta's per capita generation rate; 3. Reform the collection system to increase economies of scale, harmonise collection practices and modernise the collection fleet; 4. Build the necessary waste management facilities to treat recyclable, organic and residual waste to achieve Malta's targets by 2035; 5. 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; 6. Promote further the involvement of the private sector in waste management.
Comments	
State of play	

CSR 3 Subpart 7: research and innovation.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (22/02/2022 19:29 PM)</p> <p>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 Carbon neutrality is an integral part of Malta's economic vision. The Government will accelerate the ongoing efforts towards increasing energy-efficiency in buildings. The Low Carbon Development Strategy proposes incentives for greener buildings, through a significant increase in budgets for green planning. Various projects of urban greening will be undertaken. The consolidation and upgrading of the national waste infrastructure, the largest investment undertaken in Waste Management in Malta, will allow Malta to move to a circular economy. Over the past decade, electricity demand has been progressively increasing in reflection of growth in the economy and the population size and is set to</p>

continue increasing. A second electricity interconnector cable between Malta and Italy will add a 200MW source of electricity. It will also deliver a more resilient electricity grid that accommodates large-scale renewable energy generation, mainly offshore. The Government will continue to pursue the hydrogen-ready pipeline project, is an EU Project of Common Interest. The plan will continue to provide schemes to incentivise the use of renewable energy sources in households. The Government is committed to reduce the national GHG emissions and to move towards a cleaner, and more sustainable mobility, with grant schemes to enhance the uptake of new electric vehicles, investments to promote alternative modes of transport and investments to decarbonise the public service fleet. A scheme to encourage the installation of PVs on vehicles will also be launched. Furthermore, all Maltese citizens will be provided with free access to scheduled road public transport services, in order to encourage collective and multi-modal transport. In addition, Malta is aiming to promote the introduction of green infrastructure by providing a financial incentive in the form of a grant scheme with an allocated budget of €2million. Infrastructure such as green facades, green walls and the retrofitting of front gardens in private properties, located outside Urban Conservation Areas or villa/bungalow sites within Residential Priority Areas, will be eligible. There are also plans to extend such scheme to cover restoration, maintenance and reuse of heritage buildings within all Urban Conservation Areas (UCA) in Malta and Gozo. Other schemes, which include financial assistance, for a number of proposals include physical interventions on public spaces and properties in urban areas which are intended to support activities which benefit the wider communities. The main beneficiaries of these schemes are Local Councils and non-governmental organisations. Apart from the development of various green areas, in the Budget for 2022 a number of schemes and initiatives were also launched in order to encourage businesses to invest in sustainable projects and include environmental, social and governance (ESG) criteria in their investment decisions. As part of the green transition and to meet the forecasted increase in the island's electricity demand because of economic growth and the electrification of road transport, a second electrical interconnection between Malta and Sicily is planned, so as to increase the electricity interconnectivity with the European electricity network. Moreover, Malta shall conduct further studies on the Melita TransGas Pipeline (MTGP) Project of Common Interest (PCI 5.19) during the period November 2021-December 2022 so as to redesign the pipeline infrastructure in order to also allow hydrogen transportation. Schemes to promote the efficient production and use of energy continued to be available to enterprises. The 'Promotion of Energy Audits in Small and Medium Enterprises' encourages SMEs to carry out an energy audit in order to identify actions within the enterprise's operation that can lead to energy improvement. Malta Enterprise supports undertakings in carrying out investments leading to improved energy efficiency through various schemes such as the 'Investment Aid for Energy Efficiency Projects' and the 'Leading sport organisations to higher energy efficiency' scheme. Currently in terms of measures related to renewables there are five PV schemes in place to promote the use of renewable energy through enhanced grants. The schemes now support the use of battery storage systems, which will ensure that the energy generated through the PV

panels during the day, can be stored in a battery and used later when needed. The PV schemes are complemented by the feed-in tariffs scheme, which further encourages the use of renewable energy. During 2020, a PV scheme for Voluntary Organisations funded through national funds was also launched to encourage the use of renewable energy equipment on their premises. Additionally, the Government is also providing support schemes for medium and large-scale renewable energy installations through a competitive process, whereby investors are invited to bid for support. Allocation of capacity is based on the bid price. During 2021, a new investment opportunity has been launched for prospective bidders, with bids are currently being received. Other schemes encouraging the reduction of consumption of energy include the Roof Insulation and Double-Glazing scheme, the schemes related to solar water heaters and heat pumps and the Domestic Cistern Restoration Scheme, which encourages the harvesting and use of rainwater in the domestic sector by covering costs related to the repairs of cisterns and installation of second-class water systems. The Government has also renewed the scheme for the purchase or upgrading of one's reverse osmosis. The Government's effort to greening of the tourism industry through awards and through the operation of the Eco-certification scheme. Government is also embarking on a 'Toward Net-Zero Tourism Accommodation' project, which will result in the development of a long-term plan aimed at the decarbonisation of the tourism sector. It aims to inject and leverage substantial investment in the tourism accommodation sector to move to net zero operations while developing new technological infrastructure for the Government to obtain data on the consumption in this sector. An initiative implemented by the Market Surveillance Directorate (MSD) within the Malta Competition and Consumer Affairs Authority (MCCAA) includes the participation in an EU funded surveillance project to address Eco Labelling and Eco Design, which supports the improved energy efficiency of household and professional refrigeration. Through cooperation with other EU Member States, the project has generated significant benefits for both the environment and the consumers. Joint actions taken as part of this project resulted in the estimated saving of primary energy loss of 80 GWh per year for the period 2020-2030, which translates into substantial energy-related cost savings. The National Waste Management Plan (WMP) 2021-2030, adopted in December 2021, comprises of Malta's policy measures to move towards meeting its 2030 obligations when it comes to recycling and diversion of waste from landfills, as well as supporting the transition to a more circular and resource-efficient economy. The Waste to Energy incinerator plant, together with the other investments forming part of the EcoHive initiative, will ensure a better management of waste in Malta. In collaboration with local councils, the Government will also be providing smart bins for businesses to encourage further recycling. The Government is also seeking to lengthen the lifetime of products through the "Reuse Centres" and the "Repair Centre". The Strategy on Single-Use Plastics (SUP) which aims to ensure the protection of the environment and human health from plastic pollution, by reducing the consumption of single-use plastic products and increasing the quality and quantities of single-use plastic waste collected for recycling, was launched in 2021. The Maltese Government has continued developing numerous strategies targeting the green transition including the National Strategy for the Environment (NSE), Malta's National Air

	<p>Pollution Control Programme (NAPCP), as well as an Air Quality Plan. In June 2021, the Environment Fund was launched, aimed at financing projects, programmes and schemes intended to achieve and manage the objectives of the Environment Protection Act (Cap 549 of the Laws of Malta), as well as works needed to remedy any harm caused to the environment. The Government, through Malta Enterprise, has launched a new scheme to support businesses in their investments to incentivise the adoption of twin transition paths for growth, applications are open since December 2021. The Malta Development Bank's SME Tailored Facility was explicitly expanded in 2021 to include financing for sustainable and environmental projects. Clean and efficient production and use of energy. The Government has launched schemes, such as the 'Investment Aid for Energy Efficiency Projects' and 'Energy Efficiency for Sports Organisations', with the aim of reducing the commercial use of fossil-fuel based energy. Malta shall be supporting undertakings in carrying out investments leading to improved energy efficiency. The assistance is intended to facilitate investments in technological solutions that provide higher energy efficiency and contribute directly towards a reduction in the energy requirements of the beneficiaries.</p>
Entry 2	<p>MEASURE TYPE: Implemented (08/01/2021 17:51 PM)</p> <p>Artificial Intelligence. During the 2018 the Government launched the Malta AI Task Force. In 2019 the task force launched a policy document aimed at focusing on national resources across the public and private sectors. Moreover, in October 2019, a National AI Strategy was launched and it built on 3 pillars, which are a) Investment, Start-ups and Innovation, b) Public Sector Adoption and c) Private Sector Adoption. Underpinning these pillars are three enablers that cut across all aspects of the National AI Strategy, which are a) Education and workforce, b) Ethical and Legal and c) Ecosystem Infrastructure. The strategy is built on the Malta Ethical AI Framework, which builds on the European Commission's AI HLEG Ethics Guidelines for Trustworthy AI and the Recommendation of the Council on Artificial Intelligence adopted by the OECD countries. Such framework sets out four Ethical AI Principles, which are a) Human autonomy, b) Prevent harm, c) Fairness and d) Explicability. In terms of the Innovation, start-ups and innovation pillar, the Strategy sets out initiatives to generate investment and position the country as a hub for AI application and niche areas of research and development, supported by a vibrant start-up community. Following the launch of the National AI Strategy, 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. Malta Digitali: In line with its aim to be a leader in the digital sphere, Malta is currently in the process of updating its national digital strategy. The Strategy is expected to be launched in the early months of 2021.</p>

<p>Entry 3</p>	<p>MEASURE TYPE: Implemented (08/01/2021 17:51 PM)</p> <p>The Internationalisation Unit within MCST implements several regional and international funding programmes for the R&I stakeholder community run at bi-lateral or multi-lateral levels. Since being set up in mid-2019, the unit has kept its commitment to the implementation of international programmes but has signed Memoranda of Understanding with third countries, paving the way for further collaborations. Malta's R&I flagship programme, PRIMA – Partnership for Research and Innovation in the Mediterranean Area has seen the award of 3 projects with a total of €462,500. PRIMA supports transnational R&I projects in the fields of agriculture, food and water management. Under the Joint Programming Initiative Healthy and Productive Seas and Oceans (JPI Oceans) a project of €100,000 was launched under the Microplastics call. Furthermore, another project of €100,000 was awarded under the Blue Bioeconomy ERA-NET co-funded call, for improving aquaculture technologies. All these projects are run in collaboration with both European as well as international counterparts, hence the overall value of each project would be substantial. MCST also participates on a yearly basis in the R&I Funding Initiative, MarTERA, an initiative that funds R&I in the fields of marine and maritime technologies. In 2019, MCST launched a call for projects under the Science and Technology Cooperation (Sino-Malta Fund) together with the People's Republic of China's Ministry Of Science and Technology (MOST). Two projects were awarded with an overall budget value of €700,000 (both Malta and China contributions). The Sino-Malta Fund supports R&D&I projects in the fields of Maritime Services, Maritime Technologies, Aquaculture, and Transport; Digital Technologies was added as a priority area in 2020. A further three (3) projects are shortly to be awarded. The Unit will continue running these bilateral and multilateral initiatives also through 2021, including the Partnership portfolio under the upcoming Horizon Europe.</p>
<p>Entry 4</p>	<p>MEASURE TYPE: Implemented (08/01/2021 17:50 PM)</p> <p>Since 2018 - and the launch of the Space Research Fund - MCST funded 7 projects in total, with a duration of 20 months and a funding budget of €150,000 per project, totalling €1.05 million to date. The funded projects address several thematic areas including super resolution imagery processing, efficient agriculture monitoring using Earth Observation (EO) with in situ data, coastal erosion monitoring, and development of EO toolboxes, amongst others. Most of the awarded projects consist of consortia between academia and public entities. MCST will open another two competitive calls in the years 2021 and 2022 and shall disburse another €750,000 for Earth Observation related projects. In the field of education, the Space Education Programme introduced capacity building activities to jump start the space sector in Malta, beginning from Primary to Secondary level schools. MCST supported local schools by introducing ESA-related initiatives such as CanSat, Astro Pi, Climate Detectives and several space-related outreach activities. These initiatives have given teachers and</p>

	students the opportunity to participate at European level.
Entry 5	<p>MEASURE TYPE: Implemented (08/01/2021 21:35 PM)</p> <p>With regard to Horizon 2020, by November 2020, 215 Maltese entities had participated/or were participating in a total of 159 projects and received €31 million in EU net funding with participants ranging from higher education, public and private as well as non-profit research organisations. Other investment projects to improve R&I in Malta have been implemented by the MCST, such as the National R&I Fund which is comprised of 2 programmes under the FUSION branding: the Commercialisation Voucher Programme (CVP) and the Technology Development Programme (TDP). The FUSION programme offers support to eligible Maltese Research Entities to assess the feasibility of their idea through the CVP, and subsequently, providing funds for research through the TDP. The total FUSION allocated budget between June 2014 and September 2020 is €12.1 million. As of September 2020, 269 Maltese entities had participated in the CVP Programme, of which 126 CVP applications were funded, with a total allocated budget of €2.2 million. Also, as of September 2020, MCST received a total of 95 TDP applications for funding, of which 48 TDP projects were funded, with a total allocated budget of €9.9 million.</p>
Comments	
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CSR 4 Subpart 1: Complete reforms addressing current shortcomings in institutional capacity and governance to enhance judicial independence.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (22/02/2022 19:31 PM)</p> <p>Complete reforms addressing current shortcomings in institutional capacity and governance to enhance judicial independence Strengthen institutional and governance. As part of the Structural Reform Support Programme, World Bank experts are assisting the Government in addressing specific reforms particularly with regard to the strengthening of the functioning of Office of the Attorney General and the Office of the State Advocate. This set of reforms includes strengthening internal structures, enhancing administrative procedures and improving the organisation of the mentioned Offices. The initial meetings kick-starting the project were held in June 2021. The project has an 18-month timeframe during which the World Bank experts will identify and make recommendations for the overall improvement in the operational efficiency of both Offices and is due to be concluded by December 2022. Quality and efficiency of the courts Following the entry into force of Act LIII of 2020 - which Act amended the Code of Organization and Civil Procedure - it was made possible for civil proceedings to be held via live video conferencing. In addition, the entry into force of Act III of 2021 - which Act amended the Criminal Code - made it possible for criminal judicial acts to be filed electronically. As from December 2021, the online filing system of judicial acts has also been expanded to include two new categories in the Civil Court; that is the family section and the voluntary jurisdiction section. Moreover, since 2021, all court halls in both Malta and Gozo are fully equipped to provide for virtual / remote sittings. Projects are underway to continue upgrading the present system. Role of the Commissioners for Justice: On 21 July 2021, the Minister for Justice and Governance announced that the Commissioners for Justice will start presiding over cases which are considered as minor offences, more specifically contraventions, such as the disturbance of public peace, offences affecting other persons' property. Legal Notice 82 of 2022 has amended the Commissioners for Justice Act (Schedule) and provides for the decriminalization of such offences. Act No. XXXII of 2021 - Justice Reform (Civil Procedure) Act was published on 18 June 2021 and provides that appeals from judgements and decrees of the Civil Court (Family Section), and appeals from judgements and decrees in causes for the eviction from immovable property and from decisions of the Land Arbitration Board are to be assigned to the newly created Third Chamber of the Court of Appeal. The Third Chamber differs from the other two Chambers of the Court of Appeal in that it is not presided by the Chief Justice but by another Judge who also sits on the Court of Appeal. Since its first sitting which was on 22 November 2021, this Third Chamber delivered 186 rulings. At present there are 83 pending cases. There are 1208 applications (December 2021) pending before the three Chambers of the Court of Appeal compared to 2018 (November) having 1537 pending applications. Therefore, the setting up of the Third Chamber has been</p>

	<p>instrumental in tackling the backlog of pending applications before the Court of Appeal. The first national Digital Justice Strategy for 2022 to 2027 was launched on 3 December 2021, with the aim of improving administrative efficiency of the justice system. The investment aims to implement a number of secure digital solutions and tools to support justice sector users through collaboration and integration, increased accessibility to justice and strengthened efficiency. The primary stakeholders are the Law Courts, the Malta Police Force, the Office of the State Advocate, the Office of the Attorney General, the Legal Aid Agency, and the Asset Recovery Bureau. Upholding Good Governance. An Anti-Fraud & Corruption Policy which provides a framework for identifying and preventing corruption within the Police force has been introduced. The aim of this policy is to prevent fraud and corruption within the Malta Police Force.</p>
Entry 2	<p>MEASURE TYPE: Implemented (08/04/2022 17:02 PM)</p> <p>Upholding Good Governance</p> <ul style="list-style-type: none"> • A very constructive process, based on a structured dialogue, led to the preparation and implementation of a first set of constitutional and institutional reforms mentioned in the previous section. • Following the favourable opinion on proposed legislative changes, by the Venice Commission in June 2020, the Government tabled 10 Bills in Parliament on 1 July 2020, faithfully translating the agreed concepts into legislative texts with a view to their adoption before the summer recess. • A structured and transparent dialogue with all interested stakeholders resumed throughout July, leading to the unanimous vote in the House of Representatives in favour of six of ten bills presented. These significant reforms, mentioned in the previous section, are unprecedented in Malta's recent constitutional history. These reforms were described as 'significant' in the first Rule of Law report adopted by the Commission on 30 September 2020. The four remaining Bills are being discussed in Parliament, which has now resumed its work. These concern: <ul style="list-style-type: none"> • the Auditor General and the National Audit Office. • the appointments of the Principal Permanent Secretary and the Permanent Secretaries. • reform of the procedure for making various appointments. • appointment of persons of trust. <p>The recommendations contained in the additional Opinion of the Venice Commission, published on 8 October 2020 will be considered within the framework of the structured dialogue in the House of Representatives. These reforms also compliment other recent reforms carried out over the past months, such as that which splits the office of the Attorney General from the office of the State Advocate, with the former taking on the prosecution role. Judicial Review of decisions by the Attorney General not to prosecute, and other reforms regarding the Ombudsman were also</p>

	<p>adopted. The method of appointment of the Commissioner of Police was also changed through amendments to the law by Parliament. A new Commissioner of Police was appointed. Significant resources are being invested into the Malta Police Force, that has now also announced a transformation strategy. It is pertinent to recall that a discussion on these constitutional and institutional reforms have been ongoing at least since 2010, including but not limitedly, in public for a under the auspices of the then President of the Republic through the President's Forum. This included contributions by members of academia, experts - foreign and local, as well as civil society. There are also other issues which merit due attention for good governance, including issues identified in the 2018 Venice Commission Opinion, the GRECO recommendations and as well as home grown initiatives. Some of these will be dealt with in the regular Parliamentary work, while other reforms will be considered in the framework of the Constitutional Convention. The Constitutional Convention, presided by the President, is another development in good governance. As noted in the Opinion, the first phase of collecting material from society at large has been concluded and the submissions are available online. A report analysing these proposals will be published soon. The Convention will be able to propose its recommendations. It will not have executive powers and it would ultimately be up to Parliament to adopt any recommended constitutional or legislative amendments. The President is envisaging that the Convention would have a tentative size of 120 members. Some 40 per cent of delegates would represent institutional bodies and organs, education organisations, work related organisations and academia, whereas 60 per cent of the delegates would represent civil society. A process to select representatives from 1,700 civil society organisations in Malta is necessary. Parliament would need to call the Convention through a resolution.</p>
Entry 3	<p>MEASURE TYPE: Implemented (08/01/2021 17:56 PM)</p> <p>Quality and efficiency of the courts Further reforms within the justice system are being undertaken targeted at improving the quality and efficiency of court proceedings. Following the establishment of the Court Services Agency (CSA), work is currently underway to further extend the building of the law courts. Finances have already been allocated for this project. Institutional capacity has also continued to be enhanced with measures to further digitalise the workings of the courts use; the continued investment in alternative methods of dispute resolution and the continued investment in legal aid and in the Legal Aid Agency.</p>
Entry 4	<p>MEASURE TYPE: Implemented (08/01/2021 17:56 PM)</p> <p>Enhance judicial independence. The key reforms enhancing judicial independence have been completed as part of a wider reform process mentioned above, which was recognised in the Commission's first Annual Rule of law report, the Abstract of which states: A number of significant</p>

reforms of the Maltese justice system have recently been unanimously adopted by Parliament. In particular, reforms of the system of judicial appointments and of disciplinary proceedings aim at improving the checks and balances by limiting the role of the Prime Minister and Parliament. These reforms aim at strengthening judicial independence and the system of separation powers and at responding to some of the Venice Commission's December 2018 recommendations and to recommendations from the European Commission and the Council in the framework of the European Semester. It is evident that these reforms have therefore been implemented through concrete measures and operationalised. It is also pertinent to recall that the previous system (prior to the reform) is subject to a preliminary reference procedure. The Legal Opinion of Advocate General Hogan delivered on 17 December 2020 following a request for a preliminary ruling from the Qorti Ċivili Prim'Awla - Ġurisdizzjoni Kostituzzjonali (First Hall of the Civil Court, sitting as a Constitutional Court, Malta)), raises important issues relating to the nature of judicial independence; for instance: "55. It is important to note, however, that the mere fact that judges are appointed by a member of the executive does not in itself give rise to a relationship of subordination of the former to the latter or raise doubts as to the former's impartiality, if - and it is a critical proviso - once appointed, they are free from influence or pressure when carrying out their role. There is, however, one exception. As the Court acknowledges in its judgment of 26 March 2020, *Review Simpson and HG v Council and Commission* (C-542/18 RX-II and C-543/18 RX-II, EU:C:2020:232), Article 19 TEU comes into play where a particular judge has been invalidly appointed and where that irregularity has been of such gravity that it created a real risk that, in the words of the Court, the executive could thereby undermine the integrity of the appointment process. It follows in turn that there must exist a mechanism whereby an illegal judicial appointment - in particular, where the judge in question was legally ineligible for the appointment - can be legally set aside." In fact, reference is also made to "two of the world's most prominent and influential courts - namely, the US Supreme Court and the German Constitutional Court - nearly all of whose members were associated with particular political parties and political traditions." Therefore, an important take away from this is two fold. Firstly, this is external in nature, and "requires that the court concerned exercise its functions wholly autonomously, without being subject to any hierarchical constraint or being subordinated to any other body and without taking orders or instructions from any source whatsoever, thus being protected against external interventions or pressure liable to impair the independent judgment of its members and to influence their decisions. The second aspect, which is internal in nature, is linked to impartiality and seeks to ensure that an equal distance is maintained from the parties to the proceedings and their respective interests with regard to the subject matter of those proceedings. That aspect requires objectivity and the absence of any interest in the outcome of the proceedings apart from the strict application of the rule of law." Through the reforms completed in July 2020, one could argue that Malta has gone beyond such requirements. By way of example, judges and magistrates are now appointed by their own peers.

Entry 5	<p>MEASURE TYPE: Implemented (08/01/2021 17:53 PM)</p> <p>The following are some highlights of the most significant reforms carried out over the past months, amplifying upon the information above: - 1) Since the beginning of 2020, the Government for the first time a Minister whose portfolio specifically includes governance, which emphasises a renewed mind frame of giving unprecedented priority to this matter. A Cabinet Committee on Governance was set up in January 2020, tasked with overseeing and coordinating reforms and preparing the necessary laws and legal amendments needed in line with the recommendation made by the Venice Commission and GRECO. - 2) the split of the dual role of the Attorney General resulting in the creation and establishment of the Office of the State Advocate, with the former taking on the prosecution role. A new Attorney General and a new State Advocate were appointed in line with the revised appointment procedure as set out in the Laws of Malta. Both Offices have increased their human resources and relocated to newly refurbished, separate and bigger buildings. Apart from this, as from 1 October 2020 and by virtue of the Prosecution of Offences (Transitory Provisions) Regulations, 2020 (Legal Notice 378 of 2020), issued under the State Advocate Act (Chapter 603 of the Laws of Malta), criminal offences attracting a punishment of more than two years imprisonment have now started being prosecuted by the Attorney General (and no longer by the Police). These include crimes such as homicide, money-laundering, bribery or evasion of customs duty. - 3) The method of appointment of the Commissioner of Police was also changed through amendments to the law by Parliament. A new Commissioner of Police was also appointed. There are significant resources being invested into the Malta Police Force, that is now also implementing a transformation strategy. One of the strategic objectives of the Maltese Police Force Transformation Strategy is that of increasing the trust and confidence of the public, legitimacy and responsiveness. Connected to this, the Malta Police Force is to hold frequent and open consultations with public interest bodies, listen to feedback from the public about the police service, seek a quality award for the service provided and hold periodic scheduled press briefings. Also, a number of Policies are being implemented by the Police Force, including the Code of Ethics, the Horizontal Movement Policy and Anti-Fraud and Corruption Policy. These actions address various GRECO recommendations. - Malta's Parliament has approved unanimously 7 bills affecting unprecedented judicial and institutional reforms. Institutional reforms include, but are not limited to, changes in the appointment of the President of the Republic, the appointment of judges and magistrates, the appointment of the Police Commissioner, the appointment of the Attorney General (the Public Prosecutor) and of the State Advocate. We have made changes to the laws regulating the Office of the Ombudsman as well as the procedures governing the Permanent Commission against Corruption.</p>
Comments	
State of play	

CSR 4 Subpart 2: Continue efforts to adequately assess and mitigate money-laundering risks and to ensure effective enforcement of the anti-money-laundering framework.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (22/02/2022 19:33 PM)</p> <p>Institutional Capacity and effective enforcement • FIAU Up till 17 January 2022, the FIAU had a staff complement of 116 officials - an increase of 46 new employees since the end of 2019 (40% increase). The FIAU is actively working to equip its new offices with all the necessary services and equipment. However, the worldwide logistical setbacks and shortage of supplies caused by the COVID-19 pandemic meant that the FIAU's original plan to relocate to such new premises by Q4 of 2021 had to be slightly delayed. As a result, this also impacted the latest update to the Human Resources Plan for the years 2019-2021 which projected the staff complement to increase to 161 by the end of 2021. Nevertheless, the project is steadily progressing, with the move now planned to take place between Q1 and the beginning of Q2 of 2022. The FIAU also successfully completed the digital transformation of its core business applications in 2021. The process was carefully studied with industry leading third party providers and all measures were taken to ensure that the FIAU's data was never at risk. This has enabled the Unit to expand its technology and integration capability to match the latest industry applications and therefore provide more flexibility and solutions to the complex issues encountered throughout its operations. • MFSA The MFSA has continued to strengthen its human resource capacity, increasing to 411 as at December 2021. Increases were particularly significant within the Financial Crime Compliance team as well as within its supervisory, Enforcement, Due Diligence, Risk Management, Data Management and Technology functions. An intensive local and overseas training programme remains ongoing. The adoption of Act VIII of 2019 which amended the 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. The MFSA has also recently set up an intra-departmental AML/CFT Committee and included new checks and balances in the authorisations process, which has the direct involvement of the Authorisations Unit of the relevant Supervisory Unit, the Financial Crime Compliance Unit and the Due Diligence Function which sits within the Enforcement Directorate. • Malta Business Registry In September 2021, the MBR concluded an interim risk assessment on commercial partnerships with specific focus on Beneficial Ownership (BO) information. In this risk assessment, the MBR identified a number of vulnerabilities and threats which commercial partnerships pose to the Maltese financial sector. A list of counter-measures was drawn up in order to be able to arrive to a residual risk. Based on the residual risk, companies were classified as high, medium-high, medium and low risk. A supervisory plan has been set for</p>

	<p>2022 to cover the medium-high risk companies. • Asset Recovery Bureau In 2021 the ARB continued to recruit additional officers in line with the Asset Recovery Bureau Strategy (2021-2023), which aims to see to the engagement of forty-five (45) new officers, by the end of 2023. These new officers would encompass various roles, from research officers, administrative and support staff as well as managerial level staff. Apart from this, a Police Inspector was also assigned to the ARB in March 2021. Finally, the Director of the Asset Recovery Bureau has also recently been appointed.</p>
Entry 2	<p>MEASURE TYPE: Implemented (22/02/2022 19:32 PM)</p> <p>Continue efforts to adequately assess and mitigate money- laundering risks and to ensure effective enforcement of the anti-money laundering framework FIAU-sponsored visits carried out by FCC Number of Scheduled Visits July 2019 - June 2020 60 July 2020 - June 2021 67 July 2021 - up till January 2022 29 During 2021, the National Coordinating Committee on Combating Money Laundering and Funding of Terrorism Regulations (NCC) has launched the National Anti-Money Laundering/ Counter Terrorism Financing / Targeted Financial Sanctions (AML/CFT/TFS) Strategy for the period 2021-2023. The Strategy for 2021-2023 aims to enhance the element of sharing of information, the importance of constantly acting on a risk-based approach and addressing the importance of additional capacity building and using the tools to have effective outcomes. In June 2021, Malta made a high-level political commitment to work with the FATF and MONEYVAL to strengthen the effectiveness of its AML/CFT regime. Malta is addressing the insufficient progress elucidated in the FATF evaluation through an action plan that was set up, where all the key players in this field, from the supervisory, the investigative and the prosecutorial are set to enhance their approach in coordination and cooperation; capacity building; strengthening of the legal/regulatory infrastructure; the collection, analysis and sharing of intelligence; and the communication and reporting of the actions taken. In order to prevent crime, primarily that of money laundering, through the use of high value cash payments, the Use of Cash (Restriction) Regulations (S.L. 373.04) come into force on 9 March 2021. These regulations prohibit any person from making or receiving payments, or from carrying out transactions in cash, equivalent to or exceeding €10,000 in relation to specific high-risk goods. Other significant legislative changes were made in 2021 to further strengthen Malta's AML/CFT legal framework and to further increase accountability for persons or entities who commit acts of money laundering. Act XV of 2021 which came into force in April 2021 introduced further aggravations under the PMLA to acts of money laundering, including aggravations to an offence committed within the framework of a criminal organization as per EU law and to an offence being committed within the exercise of one's professional activity. Additional sanctions were also added against any physical person committing money laundering. During 2021, the MGA engaged external consultants to assist the Authority in conducting a sectoral risk assessment on ML/TF related risks affecting the land-based and remote gaming sectors in Malta. The study is still in</p>

	<p>progress and results of the Gaming sectoral risk assessment are expected to be published during 2022. In 2021, the MGA has also established processes for the carrying out of systematic tax compliance audits with the ultimate purpose being that of mitigating, and possibly avoiding, tax leakages. In 2021, the FIAU also signed an MoU with the Malta Business Registry (MBR) which is responsible at law for the registration of new commercial partnerships and climate legal entities and tasked with the keeping of the beneficial ownership register of the same. The MoU sets out the authorities' mutual commitment to cooperate, exchange information, and to complement each other's duties and functions. This further strengthens the mechanisms by which both authorities detect and take measures promptly concerning any possible issues of non-compliance and preventing Maltese legal entities from being used for criminal purposes, including money laundering and funding of terrorism. The FIAU also increased its efforts to strengthen the exchange of information with foreign counterpart FIUs. In 2021, 3 new MoUs were concluded between the FIAU and foreign counterpart FIUs of Turkey, UAE and Ukraine respectively in order to enhance bilateral cooperation, and information exchange between the FIAU and the said counterpart FIUs. Negotiations are underway to conclude similar MoUs with a number of other FIU counterparts across the globe.</p>
Entry 3	<p>MEASURE TYPE: Implemented (08/01/2021 18:19 PM)</p> <ul style="list-style-type: none"> • MFSA The MFSA has continued to strengthen its human resource capacity, increasing by 37.5 per cent since 2018, and currently standing at 421 (July 2020). Increases were particularly significant within the newly set up financial crime compliance team as well as within its supervisory, enforcement, due diligence, risk management, data management and technology functions. An intensive local and overseas training programme remains ongoing. In addition, MFSA has continued to upgrade its IT systems and a major project is underway. The adoption of Act VIII of 2019 which amended the 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. The MFSA has also recently set up an intra-departmental AML/CFT Committee, and included new checks and balances in the authorisations process, which has the direct involvement of the Authorisations Unit of the relevant Supervisory Unit, the Financial Crime Compliance Unit and the Due Diligence Function which sits within the Enforcement Directorate. Publications relating to the MFSA's expectations on AML/CFT controls at licensing stage, the MLRO's role, Shareholding Policy, Fitness and Propriety requirements, as well as source of wealth and source of funds expectations have also been circulated. Cooperation with European Supervisory Authorities (ESAs) and counterpart regulatory authorities of both EU Member States and beyond, remains ongoing. The MFSA's supervisory work is underpinned by the Supervisory Priorities which are published in advance. For 2020, this

	<p>included six cross-sectorial themes, which included Governance & Culture, Financial Crime Compliance, Retail Investor Protection, Cybersecurity, Cross-border operations and financial soundness. The MFSA has also highlighted the way it is implementing Risk-based Supervision, as well as the Risk Appetite Statement. 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.</p> <ul style="list-style-type: none"> Asset Recovery Bureau Following its first year in operations, the Asset Recovery Bureau (ARB) continued to strengthen its' asset tracing capabilities both on the local level and abroad through cross-border cooperation with Europol and other Asset Recovery Offices (EU Network). This has resulted in the identification of assets pertaining to the investigated person/s located abroad, and which directly or indirectly are considered as potentially originating from proceeds of crime. The Asset Recovery Bureau shall continue to invest in its human resources capacity, specialised training to staff, screening of relevant legislation, cooperation with other competent authorities and the construction of an ARB Compound which would increase the ARB capacity to collect, preserve and manage seized assets in a way that the best possible value is retained. Moreover, the ARB is continuing its efforts to strengthen itself in line with the recommendations as expressed by the National Risk Assessment for Malta, the 5th MONEYVAL Evaluation for Malta and the newly proposed legislation for an Act of Parliament. This new proposed act as prepared by the ARB Board provides the ARB with better tools to work with and at the same time, harmonizing relevant Court Orders scattered in different laws and enhancing the whole confiscation regime. It has also embarked on a campaign to strengthen mutual co-operation for the exchange of information with local competent authorities and even foreign asset recovery offices.
Entry 4	<p>MEASURE TYPE: Implemented (08/01/2021 18:19 PM)</p> <ul style="list-style-type: none"> FIAU In 2019, the FIAU pursued its commitment to increase human resources - by the end of December 2019, the FIAU had 70 officials on its books. Up till September 2020, the number of employees stood at 94 officials. Such efforts are complemented by a Human Resources Plan which was agreed with the Government of Malta in 2018, which was updated in 2019, and will see the FIAU grow to 154 officers by the end of 2021. Such initiatives are coupled with the introduction of various IT tools to increase automation and efficiency. The FIAU acquired and successfully went live with the GoAML application [a UNODC strategic response to fight financial crime] on 22 June 2020 as well as other series of tools for the analysis of transactions carried out over the blockchain and to automate the data collation process over the internet.

Entry 5

MEASURE TYPE: Implemented (08/01/2021 18:14 PM)

- The Malta Police Force The Malta Police Financial Crimes Investigations Department (FCID) has prioritised its actions following the National Risk Assessment, in particular vis-à-vis its risks and threats. All financial intelligence emanating from incoming requests for assistance is being recorded in the intelligence database that is available to the department, and it is being used for future investigations as from 2019. When the case requires, national investigations are being/will be conducted. An AML strategy has been drafted to have formal guidelines and procedures on the strategy of the Malta Police Force in relation to AML. This strategy will also assist the FCID in prioritising its duties. The AML Squad has twelve (12) Inspectors investigating Money Laundering and Terrorist Financing and another Inspector is assigned to investigate Tax offences. These thirteen Inspectors together with their respective teams shall receive adequate and aggressive ongoing training to enhance their capabilities in this area of financial crimes. This complement in the staffing of the Department as at 1 December 2020, represents an increase of almost 80% in capacity since the MONEYVAL onsite visit. According to the Human Resources plan, which was also submitted to MONEYVAL as part of the action plan, the optimum complement of the Financial Crimes Investigations Department will be that of 11 investigators at the Economic Crimes Squad, and 24 investigators at the Anti-Money Laundering Squad, conducting anti-money laundering, financing of terrorism and financial investigations. The increase in investigators will be gradual as per the Human Resources plan and will take place with every intake of police inspector. Also in May 2020, the Malta Police Force issued an internal circular with guidelines on when and how parallel financial investigations are to be initiated and carried out. An internal policy is to be drafted on when parallel local investigations should be initiated from incoming MLAs. The new premises, at a rental cost of €500,000 per annum and at a cost of €2 million for finishing and equipment, will not only provide a more adequate work environment for around one-hundred and twenty (120) officers, but will also provide the Department with all the necessary facilities that such a unit requires, including interrogation rooms, better training facilities, improved working environment for financial analysts, and improved security. The sum of €60,000 from these funds have been allocated to the purchase of a Document Management System for the Department. This tool will be a first for the Malta Police, and will allow the Department to better organize the investigations and the documents related to same. The system will permit all personnel within the Department to search all the documents easily, according to their level of security within the system. The Financial Crimes Investigations Department has successfully been awarded €1 million in EU funds under the Hercules III Programme to enhance the Department's main intelligence analysis tool (the IBM i2). This project is currently in the data migration phase, after all the necessary hardware was purchased and installed through tendering procedure. As part of this project, the necessary training will also be provided for the users, together with specialized train-the-trainer programme and technical training. Furthermore, specialized hands-on

	training will also be provided.
Entry 6	<p>MEASURE TYPE: Implemented (08/01/2021 18:09 PM)</p> <p>Institutional Capacity and effective enforcement</p> <ul style="list-style-type: none"> Permanent Commission against Corruption, Ombudsman, Commissioner for Standards in Public Life and Auditor General, including the possibility of judicial review Whilst the Permanent Commission Against Corruption will retain its role in investigating complaints of corruption made to it, amendments passed to the Permanent Commission Against Corruption Act on 7 August 2020 (Permanent Commission Against Corruption (Amendment) Act (Act XLVI of 2020)) provide for the possibility for the report of the results of an investigation by the PCAC to be transmitted directly to the Attorney General “if in the Opinion of the Commission, the conduct investigated is corrupt or connected with or conducive to corrupt practices.” The same applies to the Ombudsman by way of Act No. XLII of 2020 entitled ‘An Act to amend laws which regulate the Office of the Ombudsman.’ These provisions represent a marked change and improvement on the previous reporting possibilities of the Commission and is intended to provide synergy between the Commission and the prosecution service. Moreover, if the Attorney General fails to act upon such a report the Commission is enabled to seek judicial review of the AG’s decision not to prosecute. This is in fact an important exception to the rule that judicial review of a decision not to prosecute may only be demanded by the injured party. It should also be noted that Act No. XLI of 2020 (which came into force on 1 October 2020) provides the possibility of judicial review of a decision by the Public Prosecutor not to prosecute. The Permanent Commission Against Corruption, the Ombudsman, the Commissioner for Standards in Public Life and the Auditor General have been given the status of an injured party at law when they report a corrupt practice (as defined in the Permanent Commission Against Corruption Act) to the Attorney General.
Entry 7	<p>MEASURE TYPE: Implemented (08/01/2021 18:06 PM)</p> <p>Over the past two years, the MFSA has undergone a transformative process, including 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 and IMF. The Financial Crime Compliance (FCC) acts as an agent of the FIAU in order to perform supervisory visits on their behalf. The FIAU, in consultation with the MFSA, draws up a Supervisory Plan for each sector, and the FCC is allocated with its share of visits. Over the past two years, there has been a substantial increase in AML/CFT focused visits, in view of the increased</p>

	<p>staffing of the FCC. The below figures exclude prudential/conduct visits. FIAU-sponsored visits carried out by FCC</p> <p>Number of Scheduled Visits</p> <p>July 2018 - June 2019 - 18</p> <p>July 2019 - June 2020 - 60</p> <p>July 2020 - June 2021 - 75</p> <p>The MFSA maintains a MoU with the Sanctions Monitoring Board (SMB), setting out procedures whereby reports of deficiencies from the MFSA are used by the SMB to investigate and take enforcement action, therefore further complementing the national priority to combat ML/TF. The MFSA was expected to perform 350 on-site inspections in total throughout 2020, as opposed to 227 in 2019 and 168 in 2018. Up till October 2020, the total amount of visits performed by the MFSA was 389, which is more than what was expected to perform throughout 2020. The efforts above 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 which is working 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. The MFSA has also increased outreach to deliver targeted messages and guidance to the industry. AML/CFT has been a key message throughout 2020, and the MFSA has organised workshops, webinars, as well as published key guidance documents. The Supervisory Plan for gaming operators for 2019/2020 (1 July 2019 - 30 June 2020) has been concluded by the FIAU (with the assistance of the MGA), with a total of 44 AML/CFT compliance examinations (2 land-based casinos and 42 remote gaming operators) taking place between the said period. 7 AML/CFT compliance examinations on gaming operators have already taken place as part of the 1 July 2020 - 30 June 2021 supervisory plan. Furthermore, in order to meet with the demands of AML/CFT examinations, the MGA increased its resource headcount from 8 full-time AML officers to a total of 15 full-time AML officers, between 2019 and 2020. In April 2020, the MGA and the FIAU signed an updated MoU aimed at increasing the efficiency and effectiveness of AML/CFT supervision and the manner in which it is conducted. In addition, the MGA is currently preparing to launch another sectoral risk assessment which will focus both on the land-based sector as well as the remote gaming sector. Training to the industry through the various conferences organised for the gaming industry is ongoing, with the MGA taking an active role in delivering numerous lectures, presentations training sessions during seminars and conferences. The Central Bank of Malta and the FIAU signed an MoU providing for a more structured and regular exchange of information on participants in payment systems.</p>
Entry 8	<p>MEASURE TYPE: Implemented (08/01/2021 18:02 PM)</p> <p>Use of Cash Restrictions. During 2019 and 2020, Malta transposed the 5AMLD. In connection with its AML/CFT supervisory function, the FIAU,</p>

	<p>assisted by other Supervisory Authorities, including the Malta Financial Services Authority (MFSA) and the Malta Gaming Authority (MGA), carries out AML/CFT supervisory examinations on subject persons, including credit/financial and gaming services entities respectively. All Authorities follow common supervisory procedures that were developed by the FIAU as part of the overhaul of the Supervisory Framework. During 2019, the FIAU applied for the first time a new risk-based supervisory strategy – with the first annual supervisory plan based on this strategy carried out between July 2019 and June 2020. In 2019, the FIAU (together with the assistance of the MFSA and MGA), concluded a total of 37 AML/CFT compliance examinations, with a further 28 supervisory meetings taking place up until December 2019. During 2020 (up until 31 August 2020), the FIAU (together with the assistance of the MFSA and MGA), concluded a total of 132 AML/CFT compliance examinations, a sharp increase when compared to 2019. The FIAU has also been active in taking enforcement action against subject persons found to be in breach of their obligations. During 2019, the FIAU issued no less than 12 written reprimands and 20 administrative penalties to subject persons found to have breached their AML/CFT obligations, the total value which amounted €3,932,801. In 2020 (up until 9 September 2020), the FIAU issued no less than 14 remediation directives (4 of which have been concluded), 6 written reprimands, 3 follow-up directives, and 160 administrative penalties to subject persons found to have been in breach of their AML/CFT obligations, the total value of which amounted to €3,469,022. In 2019, the Intelligence Analysis Section received a total of 2,778 Suspicious Transaction Reports (STRs) from reporting entities. In 2020, the FIAU already received a total of 2,558 STRs. The FIAU sent 61 analytical reports to the Malta Police in 2019, with a further 50 analytical reports sent until 9 September 2020. As at December 2020, the CfR had initiated 270 tax audits out of 563 reports (involving 803 taxpayers) sent by the FIAU. Out of these 270 audits, 77 were concluded (with the rest ongoing). These 77 completed audits led to the recovery of approximately €2.8million in evaded taxes and 1.5 million related charges. FIAU has regularly during 2019 and 2020, through its Guidance and Outreach team provided training sessions, webinars and informative material, to assist subject persons with implementing their AML/CFT obligations and to enhance their understanding of the ML/FT risks specific to their sector, especially during the COVID period. A number of binding explanatory procedures and guidance notes have been issued and will continue to be issued by FIAU.</p>
Entry 9	<p>MEASURE TYPE: Implemented (08/01/2021 18:00 PM)</p> <p>Malta continues to be committed to preventing, detecting and prosecuting money laundering and terrorist financing activities. Financial crime undermines the safety of society, the integrity of its financial system, and the stability of the economy. Further detail on all the specific improvements carried out can be found in the Draft Budgetary Plan. Malta is also confident that the public sector institutions and private entities are equally adequately prepared to effectively fight the evolving risks in this area. The National Strategy Plan was formulated in April 2018 with actions</p>

	<p>deliverable by 2020, including the related initiatives to improve the national AML/CFT framework. Several actions out of the 48 actions were successfully implemented by the competent authorities. More precisely, 30 actions have been completed, 18 actions are work in progress. During 2019, the National Coordinating Committee on Combating Money Laundering and Funding of Terrorism Regulations (NCC) completed three sector-based risk assessments regarding the financing of terrorism: legal entities, legal arrangements (LEA) and voluntary organisations (VOs), as well as on the virtual financial assets (VFAs), with the contributions from the concerned competent authorities. The Virtual Financial Assets (VFA) sector-based risk assessment was endorsed by the NCC members in December 2019. This sector-based risk assessment includes an assessment that takes into consideration the updates to the FATF recommendation guidelines, where such an assessment considers to what extent the domestic legislative framework would need to be revisited to ensure that Malta would be compliant with the revised FATF Recommendations. The NCC has worked to coordinate efforts between the different Maltese competent authorities, so as to address the MONEYVAL recommendations. Since the publishing of the Mutual Evaluation Report, for the 58 recommendations that were identified, an action plan was drawn up and circulated to the competent authorities so that they would report their plans and give timeframes as to when the deficiencies would be effectively addressed. Currently there are 27 completed actions (47 per cent). A further 31 (53 per cent) actions related to MONEYVAL recommendations are in the progress phase, many of which are at an advanced stage. 18 of the actions categorised as 'in progress' are of an ongoing nature. These efforts have resulted in the enactment of new laws, the issuing of more guidance notes to the industry and other operators as well as the entering into of a number of Memoranda of Understanding between the national authorities engaged in the fight against money laundering and the financing of terrorism. A list of this work is found in Annex 1. During 2019, the FIAU was vested with a further additional responsibility - to establish, manage and administer the Centralised Bank and Payment Account Register.</p>
Entry 10	<p>MEASURE TYPE: Announced (08/01/2021 18:17 PM)</p> <ul style="list-style-type: none"> The Malta Police Force Legislative amendments are being drafted so that the police do not resort to the issuance of Investigation Orders or require authorisation from the Prime Minister to obtain the necessary tax information for investigations. The Police have engaged two officers in its Economic Crimes department specialising in remote gaming. Moreover, the police have been recently granted access to the GoAML system currently in use by the FIAU. A working platform between the AG's Office, FIAU, Police, Customs & MSS has been planned so that FT risks and cases will be discussed, and the details of investigations exchanged within a legal framework. In addition, access to the CBAR (Centralised bank Account Register) will be granted by the FIAU, once the system from their end is up and running. This will allow the police to have direct access to this register and which will allow the police to work more efficiently.

Entry 11	<p>MEASURE TYPE: Adopted (08/01/2021 18:11 PM)</p> <ul style="list-style-type: none"> National Anti-fraud and Corruption Strategy Malta is in the process of finalising the revision of the Strategy, which is based on the input of a Coordinating Committee set up in terms of the Internal Audit and Financial Investigations Act to which various of the institutions mentioned above have contributed. The four main objectives of the strategy are capacity building, effective communication, and maximisation of national and international cooperation.
Comments	
State of play	

CSR 4 Subpart 3: Step up action to address features of the tax system that facilitate aggressive tax planning by individuals and multinationals.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (22/02/2022 19:34 PM)</p> <p>Step up action to address features of the tax system that facilitate aggressive tax planning by individuals and multinationals Malta has taken the following actions in relation to aggressive tax planning:</p> <ul style="list-style-type: none"> - Malta implemented ATAD 1 in 2018 and ATAD 2 in 2019; - Malta implemented Council Directive (EU) 2018/822 concerning Mandatory Disclosure Rules, providing for the disclosure of potentially tax aggressive schemes by intermediaries in 2019; - Malta has also ratified 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. <p>An MOU was signed between the Commissioner for Revenue and the CEO of Community Malta Agency (CMA) in October 2021 with respect to the sharing of information. Through this MOU the CMA will be assisting the Office of the Commissioner for Revenue in meeting its international obligations regarding Spontaneous Exchange of Information in relation to RBI/CBI. (In the case of this MOU, reference is being made to the Citizenship by Naturalisation for exceptional Services by Direct Investment). Measures in relation to the Code of Conduct (Business Taxation) list of non-cooperative jurisdictions: a) enhanced scrutiny on companies having commercial relations with entities established in those</p>

	<p>jurisdictions; and. b) changes in the law to limit the Participation Exemption on profits received from such jurisdictions. The Budget Implementation Act (Act XVIII of 2021) has introduced limitations to the participation exemption with respect to certain inbound payments from bodies of persons resident in jurisdictions included in the EU list of non-cooperative jurisdictions for a period of at least 3 months. The Office of the Commissioner for Revenue is in the final stages of a tender publication with respect to a study concerning measures relating to inbound and outbound dividend, interest and royalty payments, which is to be undertaken by Q4 2022. The objective of the study is to provide the Government with guidance for the formulation of policy to mitigate aggressive tax planning risks, particularly situations resulting in double non-taxation of income in the area of inbound and outbound dividend, interest and royalty payments. Towards the end of 2021, Malta entered into a competent authority agreement with the United States wherein both jurisdictions confirmed their understanding of the meaning of the term “pension fund” for the purposes of the United States-Malta income tax treaty. This agreement was entered into because US taxpayers with no connection to Malta were misconstruing the pension provisions of the Treaty to avoid income tax on the earnings of, and distributions from, personal retirement schemes established in Malta.</p>
Entry 2	<p>MEASURE TYPE: Implemented (08/01/2021 18:22 PM)</p> <p>Malta has taken the following actions in relation to aggressive tax planning:</p> <ul style="list-style-type: none"> - Malta implemented ATAD 1 in 2018 and ATAD 2 in 2019; - Malta implemented Council Directive (EU) 2018/822 concerning Mandatory Disclosure Rules, providing for the disclosure of potentially tax aggressive schemes by intermediaries in 2019; Malta has also ratified 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. To mitigate the debt bias issue, the National Interest Deduction (NID) rules, have been assessed as not harmful by the EU Code of Conduct Group. In order to mitigate the high risk of potential circumvention of the Common Reporting Standard (CRS) using Citizenship by Investment/Residence by Investment (CBI/RBI) schemes concerning the Malta Individual Investor Programme and the Malta Residence and Visa Programme, the following position/actions were taken, whilst continuously ensuring the proper application of the Standard: - The local CRS guidelines have been amended, to give a more comprehensive explanation to Financial Institutions (FIs) of such schemes and their potential misuse for CRS circumvention. - Malta’s CRS regulations and guidelines contain adequate instructions to FIs regarding the documentation required to determine the appropriate jurisdiction(s) of tax residence in carrying out due diligence obligations. The guidelines also place an obligation on FIs to confirm the reasonableness of self-certifications, including cross-checking this with

AML/KYC documentation and certificates of residency and/or government-issued valid identification.

- As per local CRS regulations and guidance, in order to determine whether a self-certification is correct/reliable, an FI must consider all relevant information which is available to it, including information collected and maintained for AML/KYC purposes. Annex III to Directive (EU) 2015/849 (i.e. the 4th Anti-Money Laundering Directive) lays down a non-exhaustive list of factors and types of evidence of potentially higher risk situations when it comes to ML/FT.

- Both local CBI and RBI scheme operators will include the following wording as part of the application documentation, respectively:

- By signing this form, I confirm that I am fully aware that the Individual Investor Programme and the acquisition of citizenship does not provide any tax related status or benefits.

- By signing this form, I confirm that I am fully aware that the Permanent Residency granted under the Malta Residency Visa Programme does not provide any tax related status or benefits. A minimum amount of tax liability amounting to €5,000 was introduced for persons that are resident but non-domiciled in Malta. The minimum tax liability for such non-domiciled individuals does not apply to individuals whose foreign income is less than €35,000.

Comments

State of play

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

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (22/02/2022 18:18 PM)</p> <p>Strengthening the coverage, adequacy, and sustainability of health and social protection systems. The healthcare system A sharp rise in health expenditure was inevitable during 2020 due to the COVID-19 pandemic. The initial policy response sought to lower the number of infections, to avoid an overloading of the acute healthcare system and to limit the number of casualty admissions. In addition, further healthcare funding was necessary to address hospital capacity, procure medical equipment and protective clothing. As the impact of the COVID-19 pandemic is gradually becoming more manageable, fiscal sustainability challenges in the national health system persist. The health system remains increasingly challenged by an ageing population, a fast-growing expat population, rising cost of medicines, as well as increasingly innovative and expensive new drugs. Access to expensive medicines is particularly limited for Malta, where the relatively small quantities required put Malta at a disadvantage when it comes to price negotiations. This, as well as reducing the price inequality, is high on the agenda of the Valletta Technical Committee. The Government Formulary List has been extended to include medicines for cancer, osteoporosis, fibromyalgia, circulatory conditions, inflammatory conditions, rare diseases, IVF patients and certain rare and extreme allergies. An integral part of the Government's plans to address a sustainable healthcare system is the investment in primary care, both in terms of the health workforce (especially in tertiary healthcare level), with a focus on specialised clinics, and also new infrastructure. The HR Directorate within the Ministry for Health is working with the World Health Organisation to draw up a Health Workforce plan, which will guide capacity building over the coming years. The recruitment of specialists in primary care has been ongoing, in line with Government's plan to shift from outpatients to primary care. ICT systems will be enhanced further, through the refurbishment of the e-Health infrastructure. The Ministry for Health will keep investing in the full deployment and utilisation of the National Electronic Health Record and the Electronic Patient Record. A nationwide Telemedicine 24/7 Client Support Service has become a relative fixture in the public healthcare scenario and continues to support COVID-19 patients in quarantine. Pension Reform over recent years, the 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, the 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</p>

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, whereby persons who are eligible for retirement at the age of 61 years, are awarded a financial incentive for each additional year that they choose to continue working up to the age of 65 years. This incentive mechanism was initially intended for private sector employees but has now been extended also to those in the public sector. New tax parameters were 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. Labour market statistics clearly show the impact of these reforms. Indeed, the duration of working life in Malta has increased by 6.6 years during the period 2010 to 2020 confirming the largest increase in the EU. As a result, in 2020 the duration of working life in Malta exceeded the EU average by 1.2 years. In addition, the employment rate of older workers (55-64 years) has improved, increasing by around 21 percentage points during the period 2010 to 2020, the third highest increase in Europe. These developments must also be contextualised in the reality that spending on pensions in Malta remains below the EU average. In the 2022 Budget, the Government has already taken on board a number of recommendations issued by the Pensions Strategy Group, such as:

- giving persons in atypical jobs (currently some 10,000) the opportunity of paying social security contributions on more than one part-time job;
- committed to introduce legislation so that persons (mainly women), who separate or divorce and who could not work because of family responsibilities or age will be entitled to a portion of the pension earned by the working spouse/partner;
- introduced a measure so that over a period of five years the pension income of pensioners (currently some 8,500) who continue working beyond retirement age will no longer be considered as part of the taxable income;
- removed the income tax payable on their pension other than any other income they may earn for some 8,200 pensioners. Such measures are expected to address gaps in coverage whilst strengthening incentive to work amongst older workers and the contribution base.

Comments

State of play

CSR 2 Subpart 1: Address features of the tax system that may facilitate aggressive tax planning by individuals and multinationals, in particular by means of outbound payments.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (22/02/2022 18:20 PM)</p> <p>Address features of the tax system that may facilitate aggressive tax planning by individuals and multinationals, in particular by means of outbound payments Malta has taken the following actions in relation to aggressive tax planning:</p> <ul style="list-style-type: none"> - Malta implemented ATAD 1 in 2018 and ATAD 2 in 2019; - Malta implemented Council Directive (EU) 2018/822 concerning Mandatory Disclosure Rules, providing for the disclosure of potentially tax aggressive schemes by intermediaries in 2019; - Malta has also ratified 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. <p>An MOU was signed between the Commissioner for Revenue and the CEO of Community Malta Agency (CMA) in October 2021 with respect to the sharing of information. Through this MOU the CMA will be assisting the Office of the Commissioner for Revenue in meeting its international obligations regarding Spontaneous Exchange of Information in relation to RBI/CBI. (In the case of this MOU, reference is being made to the Citizenship by Naturalisation for exceptional Services by Direct Investment). Measures in relation to the Code of Conduct (Business Taxation) list of non-cooperative jurisdictions: a) enhanced scrutiny on companies having commercial relations with entities established in those jurisdictions; and. b) changes in the law to limit the Participation Exemption on profits received from such jurisdictions. The Budget Implementation Act (Act XVIII of 2021) has introduced limitations to the participation exemption with respect to certain inbound payments from bodies of persons resident in jurisdictions included in the EU list of non-cooperative jurisdictions for a period of at least 3 months. The Office of the Commissioner for Revenue is in the final stages of a tender publication with respect to a study concerning measures relating to inbound and outbound dividend, interest and royalty payments, which is to be undertaken by Q4 2022. The objective of the study is to provide the Government with guidance for the formulation of policy to mitigate aggressive tax planning risks, particularly situations resulting in double non-taxation of income in the area of inbound and outbound dividend, interest and royalty payments. Towards the end of 2021, Malta entered into a competent authority agreement with the United States wherein both jurisdictions confirmed their understanding of the meaning of the term "pension fund" for the purposes of the United States-Malta income tax treaty. This agreement was entered into because US taxpayers with no connection to Malta were</p>

misconstruing the pension provisions of the Treaty to avoid income tax on the earnings of, and distributions from, personal retirement schemes established in Malta. Strengthen the overall governance framework, including by continuing efforts to detect and prosecute corruption. An Anti-Fraud & Corruption Policy which provides a framework for identifying and preventing corruption within the Police force has been introduced. The aim of this policy is to prevent fraud and corruption within the Malta Police Force. Continue the ongoing progress made on strengthening the anti-money-laundering framework, in particular with regard to enforcements. During 2021, the National Coordinating Committee on Combating Money Laundering and Funding of Terrorism Regulations (NCC) has launched the National Anti-Money Laundering/ Counter Terrorism Financing / Targeted Financial Sanctions (AML/CFT/TFS) Strategy for the period 2021-2023. The Strategy for 2021-2023 aims to enhance the element of sharing of information, the importance of constantly acting on a risk-based approach and addressing the importance of additional capacity building and using the tools to have effective outcomes. In June 2021, Malta made a high-level political commitment to work with the FATF and MONEYVAL to strengthen the effectiveness of its AML/CFT regime. Malta is addressing the insufficient progress elucidated in the FATF evaluation through an action plan that was set up, where all the key players in this field, from the supervisory, the investigative and the prosecutorial are set to enhance their approach in coordination and cooperation; capacity building; strengthening of the legal/regulatory infrastructure; the collection, analysis and sharing of intelligence; and the communication and reporting of the actions taken. In order to prevent crime, primarily that of money laundering, through the use of high value cash payments, the Use of Cash (Restriction) Regulations (S.L. 373.04) come into force in 9th March 2021. These regulations prohibit any person from making or receiving payments, or from carrying out transactions in cash, equivalent to or exceeding €10,000 in relation to specific high-risk goods. Other significant legislative changes were made in 2021 to further strengthen Malta's AML/CFT legal framework and to further increase accountability for persons or entities who commit acts of money laundering. Act XV of 2021 which came into force in April 2021 introduced further aggravations under the PMLA to acts of money laundering, including aggravations to an offence committed within the framework of a criminal organization as per EU law and to an offence being committed within the exercise of one's professional activity. Additional sanctions were also added against any physical person committing money laundering. During 2021, the MGA engaged external consultants to assist the Authority in conducting a sectoral risk assessment on ML/TF related risks affecting the land-based and remote gaming sectors in Malta. The study is still in progress and results of the Gaming sectoral risk assessment are expected to be published during 2022. In 2021, the MGA has also established processes for the carrying out of systematic tax compliance audits with the ultimate purpose being that of mitigating, and possibly avoiding, tax leakages. In 2021, the FIAU also signed an MoU with the Malta Business Registry (MBR) which is responsible at law for the registration of new commercial partnerships and legal entities and tasked with the keeping of the beneficial ownership register of the same. The MoU sets out the authorities' mutual commitment to cooperate, exchange information, and to complement each other's duties and functions. This further strengthens

the mechanisms by which both authorities detect and take measures promptly concerning any possible issues of non-compliance and preventing Maltese legal entities from being used for criminal purposes, including money laundering and funding of terrorism. The FIAU also increased its efforts to strengthen the exchange of information with foreign counterpart FIUs. In 2021, 3 new MoUs were concluded between the FIAU and foreign counterpart FIUs of Turkey, UAE and Ukraine respectively in order to enhance bilateral cooperation, and information exchange between the FIAU and the said counterpart FIUs. Negotiations are underway to conclude similar MoUs with a number of other FIU counterparts across the globe. Strengthen the independence of the judiciary, in particular the safeguards for judicial appointments and dismissals, and establish a separate prosecution service. Strengthen institutional and governance. As part of the Structural Reform Support Programme, World Bank experts are assisting the Government in addressing specific reforms particularly with regard to the strengthening of the functioning of Office of the Attorney General and the Office of the State Advocate. This set of reforms includes strengthening internal structures, enhancing administrative procedures and improving the organisation of the mentioned Offices. The initial meetings kick-starting the project were held in June 2021. The project has an 18-month lifetime during which the World Bank experts will seek to identify and make recommendations for the overall improvement in the operational efficiency of both Offices and is due to be concluded by December 2022. Enhance judicial independence Quality and efficiency of the courts The entry into force of Act LIII of 2020 - which Act amended the Code of Organization and Civil Procedure - made it possible for civil proceedings to be held via live video conferencing facilities. On the other hand, the entry into force of Act III of 2021 - which Act amended the Criminal Code - made it possible for criminal judicial acts to be filed electronically. As from December 2021, the online filing system of judicial acts has also been expanded to include two new categories in the Civil Court; that is the family section and the voluntary jurisdiction section. Moreover, since 2021, all court halls in both Malta and Gozo are fully equipped to provide for virtual / remote sittings. Projects are underway to continue upgrading the present system. Role of the Commissioners for Justice: On 21 July 2021, the Minister for Justice and Governance announced that the Commissioners for Justice will start presiding over cases which are considered as minor offences, more specifically contraventions such as the disturbance of public peace, affecting other persons or others' property. Legal Notice 82 of 2022 has amended the Commissioners for Justice Act (Schedule) and provides for the decriminalization of such offences. The first national Digital Justice Strategy for 2022 to 2027 was launched on 3 December 2021, with the aim to improve administrative efficiency of the justice system. The investment aims to implement a number of secure digital solutions and tools to support justice sector users through collaboration and integration, increased accessibility to justice and strengthened efficiency. The primary stakeholders are the Law Courts, the Malta Police Force, the State Advocate, the Attorney General, the Legal Aid Agency and the Asset Recovery Bureau.

Comments

State of play

CSR 2 Subpart 2: Strengthen the overall governance framework, including by continuing efforts to detect and prosecute corruption.

Measures
Comments
State of play

CSR 2 Subpart 3: Continue the ongoing progress made on strengthening the anti-money-laundering framework, in particular with regard to enforcements.

Measures
Comments
State of play

CSR 2 Subpart 4: Strengthen the independence of the judiciary, in particular the safeguards for judicial appointments and dismissals, and establish a separate prosecution service.

Measures
Comments
State of play

CSR 3 Subpart 1: Focus investment-related economic policy on research and innovation,

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (22/02/2022 18:23 PM)</p> <p>Clean and efficient production and use of energy The Government has launched schemes, such as the 'Investment Aid for Energy Efficiency Projects' and 'Energy Efficiency for Sports Organisations', with the aim of reducing the commercial use of fossil-fuel based energy. Malta shall be supporting undertakings in carrying out investments leading to improved energy efficiency. The assistance is intended to facilitate investments in technological solutions that provide higher energy efficiency and contribute directly towards a reduction in the energy requirements of the beneficiaries. The Government's effort to green the Maltese economy has 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. Meanwhile, investments in the power generation sector have led to higher energy efficiency reflecting the Energy Efficiency First principle, increasing the overall conversion efficiency from 25-30 per cent to more than 50 per cent. Sustainable transport. The Government continue to promote alternative modes of transportation, such as car sharing, maritime transport and cycling, and also continued to incentive the purchase of electric vehicles, even in the commercial sector. The Government's commitment towards the gradual penetration of electric charging pillars is also in line with the European Green Deal, and as at end January 2022, 105 charging pillars have been commissioned and operational. Another 400 points to be commissioned by end of 2022. In line with Malta's 2017 national transport strategic vision for 2050 and operational plan to 2025, the general approach aims at achieving more sustainable mobility through improving Malta's strategic road network (particularly the TEN-T roads) by removing traffic bottlenecks and introducing measures aimed at achieving more sustainability to the way we travel. Investments include the deployment of infrastructure to support digitalisation and the decarbonisation of road and maritime transport. These include using technology to improve the efficiency of travel, for example: by promoting the use of alternative fuels; through the use of intelligent transport systems (ITS); and through the introduction of integrated ticketing between different modes to create seamless mobility. Finally, through The Grand Harbour Clean Air Project, the Government is also committed to provide shore supply in the Grand Harbour to enable berthed vessels to switch off their gas- or heavy-fuel-oil-fired engines and plug in to shore side electricity to power their on-board systems. To further reduce congestion, the Government shall be promoting remote working in the public sector and increase the efficiency of the public sector vehicle fleet.</p>

Entry 2

MEASURE TYPE: Implemented (22/02/2022 18:22 PM)

Green Transition Following the launch of the Green List market in 2020, the Malta Stock Exchange continues to promote green bonds while also contributing to the discussions at national and regulatory level around sustainable finance. The Malta Stock Exchange also maintains a fee structure adopted in 2020 that promotes green bonds through the provision of reduced fees that were also implemented for issuers and investors. As part of the MFSA Corporate Governance Code, the Authority will be proposing a Principle embedding both Corporate Social Responsibility ('CSR') and Environment Social Governance ('ESG') aspects. The aim of this is to encourage entity's boards to endeavour to embrace ESG and CSR principles in the entity's strategy, leading to an enhanced focus on sustainable finance activities and projects and long-term value creation for all stakeholders. Also, the MFSA is expected to address prudential and financial stability risks associated with climate change, conduct risks in ensuring that the right information is provided to clients and ensuring that the financial sector plays an effective role in delivering sustainable finance as part of the wider economy in achieving sustainable goals. In this respect, the setup of an internal Sustainable Finance Working Group ('SFWG') over the past months has helped to address the immediate implementation needs in the Sustainable Finance regulatory approach. The Authority has recently resolved to establish a Sustainable Finance office - with the aim of supplementing the work of the SFWG, enhancing further the technical expertise in this key area, as well as implementing MFSA's strategy for the integration of sustainable finance regulation across the Authority and the industry. In addition, the Budget for 2022 announced the launch of an initiative whereby Maltese enterprises shall be assisted in evaluating the ESG impact of investment projects whilst also providing an incentive to integrate the ESG criteria in their investment plans. The Government is committed to reduce GHG emissions in line with EU collective commitments towards climate neutrality and to move towards cleaner, and more sustainable mobility, with grant schemes to enhance the uptake of new electric vehicles, investments to promote alternative modes of transport and investments to decarbonise the public service fleet. A scheme to encourage the installation of PVs on vehicles will also be launched. Furthermore, all Maltese citizens will be provided with free access to scheduled road public transport services, in order to encourage collective and multi-modal transport. In addition, Malta is aiming to promote the introduction of green infrastructure by providing a financial incentive in the form of a grant scheme with an allocated budget of €2 million. Infrastructure such as green facades, green walls and the retrofitting of front gardens in private properties, located outside Urban Conservation Areas or villa/bungalow sites within Residential Priority Areas, will be eligible. There are also plans to extend such scheme to cover restoration, maintenance and reuse of heritage buildings within all Urban Conservation Areas (UCA) in Malta and Gozo. Other schemes, which include financial assistance, for a number of proposals include physical interventions on public spaces and properties in urban areas which are intended to support activities which benefit the wider communities. The main beneficiaries of these schemes are Local Councils and non-

governmental organisations. Apart from the development of various green areas, in the Budget 2022 a number of schemes and initiatives were also launched in order to encourage businesses to invest in sustainable projects and include environmental, social and governance (ESG) criteria in their investment decisions. As part of the green transition and to meet the forecasted increase in the island's electricity demand because of economic growth and the electrification of road transport, a second electrical interconnection between Malta and Sicily is planned, so as to increase the electricity interconnectivity with the European electricity network. Moreover, Malta shall conduct further studies on the Melita TransGas Pipeline (MTGP) Project of Common Interest (PCI 5.19) during the period November 2021-December 2022 so as to redesign the pipeline infrastructure in order to also allow hydrogen transportation. Schemes to promote the efficient production and use of energy continued to be available to enterprises. The 'Promotion of Energy Audits in Small and Medium Enterprises' encourages SMEs to carry out an energy audit in order to identify actions within the enterprise's operation that can lead to energy improvement. Malta Enterprise supports undertakings in carrying out investments leading to improved energy efficiency through various schemes such as the 'Investment Aid for Energy Efficiency Projects' and the 'Leading sport organisations to higher energy efficiency' scheme. Currently in terms of measures related to renewables there are five PV schemes in place to promote the use of renewable energy through enhanced grants. The schemes now support the use of battery storage systems, which will ensure that the energy generated through the PV panels during the day, can be stored in a battery and used later when needed. The PV schemes are complemented by the feed-in tariffs scheme, which further encourages the use of renewable energy. During 2020, a PV scheme for Voluntary Organisations funded through national funds was also launched to encourage the use of renewable energy equipment on their premises. Additionally, the Government is also providing support schemes for medium and large-scale renewable energy installations through a competitive process, whereby investors are invited to bid for support. Allocation of capacity is based on the bid price. During 2021, a new investment opportunity has been launched for prospective bidders, with bids are currently being received. Other schemes encouraging the reduction of consumption of energy include the Roof Insulation and Double-Glazing scheme, the schemes related to solar water heaters and heat pumps and the Domestic Cistern Restoration Scheme, which encourages the harvesting and use of rainwater in the domestic sector by covering costs related to the repairs of cisterns and installation of second-class water systems. The Government has also renewed the scheme for the purchase or upgrading of one's reverse osmosis. The Government's effort to greening of the tourism industry through awards and through the operation of the Eco-certification scheme. Government is also embarking on a 'Toward Net-Zero Tourism Accommodation' project, which will result in the development of a long-term plan aimed at the decarbonisation of the tourism sector. It aims to inject and leverage substantial investment in the tourism accommodation sector to move to net zero operations while developing new technological infrastructure for the Government to obtain data on the consumption in this sector. An initiative implemented by the Market Surveillance Directorate (MSD) within the Malta Competition and

	<p>Consumer Affairs Authority (MCCAA) includes the participation in an EU funded surveillance project to address Eco Labelling and Eco Design, which supports the improved energy efficiency of household and professional refrigeration. Through cooperation with other EU Member States, the project has generated significant benefits for both the environment and the consumers. Joint actions taken as part of this project resulted in the estimated saving of primary energy loss of 80 GWh per year for the period 2020-2030, which translates into substantial energy-related cost savings. The National Waste Management Plan (WMP) 2021-2030, adopted in December 2021, comprises of Malta's policy measures to move towards meeting its 2030 obligations when it comes to recycling and diversion of waste from landfills, as well as supporting the transition to a more circular and resource-efficient economy. The Waste to Energy incinerator plant, together with the other investments forming part of the EcoHive initiative, will ensure a better management of waste in Malta. In collaboration with local councils, the Government will also be providing smart bins for businesses to encourage further recycling. The Government is also seeking to lengthen the lifetime of products through the "Reuse Centres" and the "Repair Centre". The Strategy on Single-Use Plastics (SUP) which aims to ensure the protection of the environment and human health from plastic pollution, by reducing the consumption of single-use plastic products and increasing the quality and quantities of single-use plastic waste collected for recycling, was launched in 2021. The Maltese Government has continued developing numerous strategies targeting the green transition including the Low Carbon Development Strategy (LCDS), the National Strategy for the Environment (NSE), Malta's National Air Pollution Control Programme (NAPCP), as well as an Air Quality Plan. In June 2021, the Environment Fund was launched, aimed at financing projects, programmes and schemes intended to achieve and manage the objectives of the Environment Protection Act (Cap 549 of the Laws of Malta), as well as works needed to remedy any harm caused to the environment. The Government, through Malta Enterprise, has launched a new scheme to support businesses in their investments to incentivise the adoption of twin transition paths for growth, applications are open since December 2021. The Malta Development Bank's SME Tailored Facility was explicitly expanded in 2021 to include financing for sustainable and environmental projects.</p>
Entry 3	<p>MEASURE TYPE: Implemented (22/02/2022 18:21 PM)</p> <p>Digital Transition Conscious that the digitalisation of the economy is instrumental to enhance potential growth, the Maltese Government plans to facilitate further digitalisation of services in public administration, as well as supporting business to invest in digitalisation. These include investment grants to intensify the digitalisation of the private sector. The plan also envisages to strengthen the resiliency, security and efficiency of the Government digital infrastructure, enabling the Government to provide proactive action, secure services and streamlined operations to citizens and the business sector. The Government has also announced investments in the digitalization of the Merchant Shipping Directorate within Transport Malta, thus providing a more efficient regulatory service to operators in this</p>

important economic activity. Further digitalization and modernisation of the public administration is planned, including public and intra-facing services. The continuation of the digitalisation of the law courts, intended to improve the efficiency and efficacy of the Maltese justice system will also be financed through the RRP. The development of the first Digital Justice Strategy for Malta will act as a blueprint for the digital initiatives to be undertaken in the Maltese justice sector and further promote the synergy of the initiatives across all the relevant sectors. The Malta Digital Strategy (2022-2027) has been launched in December 2021. Various digitalisation initiatives have been undertaken in the recent years. These include the digitising of the FIAU's core communication tools, digitalisation of the Skills register, as well as the automation of data collection processes and data quality at the National Statistics office. The Agricultural Research and Innovation Hub (AGRIHUB) was also launch and will be supporting innovative agriculture applicative research and implement pilot projects using the latest technology to provide support to farmers to help with their decision. Furthermore, as part of the Pitkalija central vegetable market reform, a new IT system is being implemented which will lead to reduced food wastage by processing food along with helping people in need with food which is not sold during market days. The Digital Tourism Roadmap has been drafted, and a working document will be presented for public consultation to a number of key stakeholders in March 2022. The roadmap is foreseen to be launched this year, and shall cover a period of five years, identifying the digital investments required by the Government and the private sector. Work is underway on the development of the National R&I Strategic Plan post-2020 and the preparation of the Smart Specialisation Strategy (RIS3) 2021-2027. With regard to Horizon, by September 2021, 250 Maltese entities participated/or were participating in a total of 186 projects and received €36,715,580 million in EU net funding with participants ranging from higher education, public and private as well as non-profit research organisations. Other investment projects to improve R&I in Malta have also been implemented by the MCST. Moreover, the Internationalisation and Partnership Award Scheme (IPAS+) is a scheme dedicated to forming international collaborations, with 87 projects having been awarded. Further to the above and 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. This was a combined effort between the MCST and Malta Enterprise. 36 applications were received, with 4 applicants awarded €3.54 million in grant funding. MCST runs annual bilateral and multilateral international funding programmes that support the internationalisation of R&I. The PRIMA programme (Partnership for Research and Innovation in the Mediterranean Area), supports transnational R&I projects in the fields of agriculture, food and water management. Furthermore, a new joint initiative, the MCST-TÜBITAK Joint Call for R&I Proposals, was launched in Q1 2021 to fund R&I projects that are jointly undertaken by Maltese and Turkish entities. MCST put forward a call budget of €200,000 to support 2 bilateral projects that shall provide innovative solutions for water management and the agriculture and food sectors. Call outcomes shall be made available in Q4 2021. Furthermore, SINO-MALTA Fund, which is a collaboration between MCST and the Ministry of Science and Technology of the People's Republic of China (MOST) aims to support bilateral R&I in several thematic areas including

aquaculture, transport, digital technologies as well as innovations in health and green transitions. For 2021, MCST launched its annual call in Q2 2021, with a national budget of €600,000. The outcomes of the call shall be made available by end 2021. MCST is also engaged in the preparatory processes for the eventual participation in three of the proposed European Partnerships under Horizon Europe (2021-2027). European Partnerships will bring together private and public partners together with the European Commission, to address some of Europe's most pressing challenges through research and innovation. Participation is being foreseen in the Clean Energy Transition Partnership, the Sustainable Blue Economy Partnership and the Transforming Health and Care Systems Partnership with an available national budget of €10.5 million over the lifetime of these Partnerships. Malta is also recognising the enabling role of Research and Innovation (R&I) in providing much-needed innovative and green policies, services and products, thus pushing forward the green transition in the sectors of energy and water which face country-specific challenges, exacerbated by population growth and climate change. For this reason, a National Strategy for R&I in Energy and Water (2021-2030) was developed by the Energy and Water Agency, under the Ministry for Energy, Enterprise and Sustainable Development, to provide a support framework with the aim of financing R&I projects that are tailored to local specificities and national priorities. In this regard, at the start of 2021, five projects led by local researchers and industries were awarded a research grant following a competitive Call for Proposals in 2020. The second call for projects under the Support Scheme for R&I Projects in the field of energy was launched in March 2021 and applications are under review. The Go to Market programme, aiming at addressing advanced technology will also be launched. Through the Horizon Support Measures scheme, the Government will also encourage the further uptake of Horizon Europe by local entities and researchers. Following the launch of the National AI Strategy, 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. The six pilot projects established in Malta's National AI Strategy have been initiated with the respective entities, of which the majority are in an ongoing stage. Through Artificial Intelligence, these pilot projects aim to enhance various sections at different levels within the public sector in Malta. Tech.mt Consultation initiative was launched in 2021 with the intention of helping start-ups and/or students that/who have an innovative concept but do not have the knowledge and experience to reach the next stage of their entrepreneurial journey. The goal is to provide local tech start-ups with pro-bono, unbiased feedback from an external perspective, management advice, strategic planning and marketing tactics. Furthermore the Tech.mt Digital Transformation Assistance offers guidance to businesses at every stage of the digitalisation process of a company.

Comments

State of play

CSR 3 Subpart 2: natural resources management,

Measures
Comments
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CSR 3 Subpart 3: resource and energy efficiency,

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CSR 3 Subpart 4: sustainable transport, reducing traffic congestion and

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CSR 3 Subpart 5: inclusive education and training.

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