



## **Factsheet on 2014-2020 Rural Development Programme for Malta**

The Rural Development Programme (RDP) for Malta was formally adopted by the European Commission on 24 November 2015, outlining Malta's priorities for using the € 129 million of public money that is available for the 7-year period 2014-2020 (€ 97 million from the EU budget and € 32 million of national co-funding).

Malta's RDP is putting particular emphasis on actions related to restoring, preserving and enhancing ecosystems, resource efficiency and climate and improving the competitiveness of the farm and forestry sectors. 6% of agricultural land will come under management contracts supporting biodiversity, almost 3% of the agricultural land is expected to come under management contracts supporting better water management and nearly 3% of the agricultural land will be under contracts to improve soil management. Under resource efficiency and climate around € 3 million public and private investment is foreseen in renewable energy production and 154 Ha of irrigated land switching to more efficient irrigation system. The Maltese RDP aims to target 16% of Livestock Units through investments in livestock management in order to reduce greenhouse gas and ammonia emissions from agriculture. The RDP will also pursue carbon conservation and sequestration by supporting 5.3% of agricultural land. Finally, to improve the competitiveness of farmers, 116 farms will receive support to restructure or modernise their farms and 60 young farmers will be granted business start-up aid.

Support for Rural Development is the 2nd Pillar of the Common Agricultural Policy, providing Member States with an envelope of EU funding to manage nationally or regionally under multi-annual, co-funded programmes. In total, 118 programmes are foreseen in all 28 Member States. The new RD Regulation for the period 2014-2020 addresses six economic, environmental and social priorities, and programmes contain clear targets setting out what is to be achieved. Moreover, in order to coordinate actions better and maximise synergies with the other European Structural & Investment Funds (ESIF), a Partnership Agreement has been agreed with each Member State highlighting its broad strategy for EU-funded structural investment.

This document provides a brief overview of how the challenges and opportunities Malta are facing are addressed by the RDP. In the annex, a table indicates the priorities and focus areas each with their specific targets, and their allocated budgets.

## **1. SITUATION AND KEY CHALLENGES**

Malta is the smallest country in EU (0.005% of the total EU 28 area). The total area adds up to just 316 km<sup>2</sup>. There is one geographical region at NUTS II level, split into two NUTS III regions, subdivided into 6 districts and 68 localities. Of these, 46 classify as rural. Rural areas account for 91% of the island's territory and are home to 64% of the total population. There are no lakes, rivers or mountains and all areas constitute a continuum from urban to rural.

Agriculture as a whole contributed 1.6% to Malta's GDP<sup>1</sup> and 1.3% to its GVA<sup>2</sup> in 2012. The economic importance of the sector is significant in respect of its contribution to Malta's food and drink economy and as a provider of employment, particularly part-time employment, across the islands. Agriculture is the largest land user on the islands, accounting for around 47% of total land surface, although Malta also has an unusually high proportion of developed land – at 29% of the total. Other land use categories are natural areas at around 23% and woodland at less than 1%. The 2010 Agricultural Census for Malta recorded a total of 12 529 holdings. The average farm holding size in hectares is around 0.9 ha, a figure which has remained the same for a decade. 73% of all farm holdings (just over 8 000) have less than one hectare of land. In 2010, 79% of the UAA<sup>3</sup> was in arable land; 11% in permanent crops and the remaining 10% in kitchen gardens.

Water supply and diffuse water pollution from agriculture are critical issues for Malta, both currently and for the future, particularly in the context of anticipated climate change and demographic pressures and challenges. The state of Malta's water resources is among the most stressed in the world. Another critical point concerns Malta's heavy reliance on imported fuel for its energy needs.

## **2. HOW MALTA'S RDP WILL ADDRESS THESE CHALLENGES**

In addressing these challenges, Malta's RDP will fund operations under all six Rural Development priorities, with a particular emphasis on Restoring, preserving and enhancing ecosystems related to agriculture as well as improving the competitiveness of the farm sectors and promoting social inclusion and economic development in rural areas. The focus of each priority is explained briefly below.

### Knowledge transfer and innovation in agriculture, forestry and rural areas

Malta is attaching importance to this priority through training and advisory initiatives. Knowledge transfer will address the training, coaching, information and advisory needs of the agricultural, food and forestry sectors as well other land holder and SMEs in rural areas, in particular related to sustainable agricultural and forestry practices, regulatory issues, innovation and technology, quality products and diversification. 7 200 places will be made available in training courses.

4 projects will be supported to strengthen the link between agriculture, food and forestry sectors and research and the programme will implement the European Innovation Partnership.

### Competitiveness of agri sector and sustainable forestry

Given the ageing farmer population and the small size of farms, the RDP will support the start-up of 60 young farmers and investments and modernisation in more than 116 farms, with a specific emphasis on investments in infrastructure – in particular through the upgrading of rural roads – as a means to increase competitiveness. The sustainability of agricultural production is taken into account also by promoting sustainable investments beneficial to the environment and an efficient use of renewable energy

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<sup>1</sup> Gross Domestic product

<sup>2</sup> Gross Value Added

<sup>3</sup> Utilized Agricultural Area

resources through investments. Farm restructuring will target the horticulture sector and livestock farming.

#### Food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture

Under this priority, Malta will support the promotion of quality products and the participation of farmers in quality schemes: the RDP is expected to support 90 farms to participate in quality schemes. The RDP will also support the development and strengthening of supply chains, including short supply chains and local markets, in order to enlarge the market for regional products and ensure a higher added value to the farmer's production resulting in a higher income for the farmer.

#### Restoring, preserving and enhancing ecosystems related to agriculture and forestry

Under this priority, Malta will focus on environment-friendly farm investments and management procedures, with a particular emphasis on quality of water: 3% of agricultural land will be under contracts to improve water management. The problem of water erosion will be tackled by placing 3% of the agricultural land under management contracts combating soil erosion. Moreover, 6% of agricultural land will be under management contracts supporting biodiversity. About 40% of the allocated EAFRD amount under this priority will be used for area-based payments to farmers for using environment/climate-friendly land management practices, including organic farming, support to areas facing natural constraints. 58 hectares of farmland will receive support to either convert or maintain organic farming.

#### Resource efficiency and climate

Under this priority, Malta aims to target 16% of Livestock Units through investments in livestock management in order to reduce greenhouse gas and ammonia emissions from agriculture. The RDP will also pursue carbon conservation and sequestration on 5.3% of the agricultural land. Renewable energy production is supported by 3 038 387 EUR of the public and private budget.

#### Social inclusion and local development in rural areas

The Maltese RDP pays attention to social inclusion and economic development in rural areas, which are promoted by supporting farm and business development including also training in technological and ITC sector. The whole rural population of Malta will be covered by local development strategies, which will be developed by 3 LEADER Local Action Groups. Supported projects facilitating diversification, creation and development of small enterprises are expected to create 35 new jobs.

The four **biggest RDP measures** in budgetary terms (total public funding) are:

- € 76 million allocated to measure 4 (Investments in physical assets)
- € 12 million allocated to measure 13 (Payments to areas facing natural or other constraints)
- € 8 million allocated to measure 6 (Farm / business development)
- € 7 million allocated to measure 10 (agri-environment-climate)

## Annex 1: Indicative public support for the Rural Development Programme in Malta

Target	Measure	€ Total public	%
<b>Priority1: Knowledge transfer and innovation in agriculture, forestry and rural areas<sup>4</sup></b>			
1A: Fostering innovation, cooperation, knowledge base 8.19 % of RDP expenditure	01 knowledge		
	02 advisory		
	16 cooperation		
1B: Strengthening links (with research etc.) 4 cooperation projects	16 cooperation		
1C: Training 7 200 participants trained	01 knowledge		
<b>Priority 2: Farm viability, competitiveness and sustainable forest management</b>		<b>28 474 607</b>	<b>21.94</b>
2A: Economic performance, restructuring & modernisation 0.93 % of holdings with RDP support	02 advisory	200 000	0.15
	04 investments	21 090 010	16.25
	06 farm / business development	1 925 000	1.48
2B: Generational renewal 0.48 % of holdings with RDP supported business development plan/investments for young farmers	02 advisory	200 000	0.15
	04 investments	759 597	0.59
	06 farm / business development	4 300 000	3.31
<b>Priority 3: Food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management</b>		<b>9 178 538</b>	<b>7.07</b>
3A: Improving competitiveness of primary producers 1.56 % of agricultural holdings receiving support for participating in quality schemes, local markets and short supply circuits, and producer groups/organisations 25 operations supported under M4.2 contributing to FA 3A	03 quality schemes	1 100 000	0.85
	04 investments	7 453 538	5.74
	16 cooperation	625 000	0.48

<sup>4</sup> No financial allocation shown for Priority 1 as the expenditure is distributed across other focus areas.

<b>Priority 4: Restoring, preserving and enhancing ecosystems in agriculture and forestry<sup>5</sup></b>		<b>50 236 643</b>	<b>38.71</b>
4A Biodiversity 6.37 % of agricultural land under contracts	01 knowledge	1 760 000	1.36
	02 advisory	1 050 000	0.81
4B Water management 2.98 % of agricultural land under contracts	04 investments	24 908 690	19.19
	08 forest	1 750 000	1.35
4C Soil erosion and management 2.98 % of agricultural land under contracts	10 AEC	6 817 953	5.25
	11 organic farming	200 000	0.15
	13 ANC	12 000 000	9.25
	16 cooperation	1 750 000	1.35
<b>Priority 5: Resource efficiency and shift to low carbon and climate resilience economy in agriculture, food and forestry sectors</b>		<b>27 543 642</b>	<b>21.23</b>
5A Water efficiency 5.44 % percentage of irrigated land switching to more efficient irrigation system	01 knowledge	1 760 000	1.36
	02 advisory	350 000	0.27
	04 investments	18 348 157	14.14
	16 cooperation	250 000	0.19
5B Energy efficiency Total investment for energy efficiency € 759 597	01 knowledge	440 000	0.34
	02 advisory	350 000	0.27
	04 investments	379 798	0.29
5C Renewable energy Total investment in renewable energy production € 3 038 387	04 investments	1 519 194	1.17
	16 cooperation	600 000	0.46
5D Reducing GHG and NH3 16.09 % of LU concerned by investments in live-stock management in view of reducing GHG and/or ammonia emissions	01 knowledge	220 000	0.17
	02 advisory	350 000	0.27
	04 investments	1 044 446	0.80
5E Carbon conservation / sequestration 5.31 % of agricultural and forest land under management contracts contributing to carbon sequestration and conservation	08 forest	1 750 000	1.35
	10 AEC	182 047	0.14

<sup>5</sup> Expenditure under Priority 4 is programmed for the priority as a whole, not for individual focus areas

<b>Priority 6: Social inclusion, poverty reduction and economic development in rural areas</b>		<b>9 145 000</b>	<b>7.05</b>
6A Diversification, SMEs and job creation 35 Jobs created in supported projects	M06 Farm / business development	1 925 000	1.48
	16 Cooperation	250 000	0.19
6B Fostering local development 99.97 % of rural population covered by local development strategies 10 jobs created (via LEADER)	16 Cooperation	250 000	0.19
	19 LEADER and CLLD	6 500 000	5.01
6C Percentage of total public expenditure allocated for ICT actions/interventions 20 % of rural population benefiting from new or improved services/infrastructures (ICT)	01 Knowledge	220 000	0.17
<b>Technical Assistance</b>		5 190 768	4
<b>Total public expenditure €</b>		<b>129 769 198</b>	<b>100</b>