Malta’s Replies to the Consultation Questions regarding the Future Cohesion Policy

These questions were published in the Fourth Report on Economic and Social Cohesion and should structure the contributions to the consultation.

Introduction

Malta welcomes this opportunity to contribute to the debate on the future Cohesion Policy. While acknowledging that it is still too early to evaluate the impact of the most recent reform of Cohesion Policy, it is agreed that the reform process must continue.

Malta considers that it is important that the principle of solidarity continues to be the guiding light in the reform of Cohesion Policy. This solidarity should not be merely in the form of transfers from the richer to the poorer countries. Malta believes that Cohesion Policy’s greatest strength is that it has the potential to directly touch the life of citizens and hence every citizen should feel that Cohesion Policy is contributing to a better quality of life.

Questions

1. What lessons can be drawn from the experience of preparing the 2007-2013 programmes? In this context and in the light of the analysis provided by this report, how far is cohesion policy adapted to the new challenges European regions will face in the coming years? For example:

   1.1. How can the regions react to restructuring pressures from dynamic competitors in low and medium tech sectors?

   1.2. Given wide differences in birth rates, death rates and migratory flows at regional level, what is the role of cohesion policy in responding to demographic change?

   1.3. To what extent is climate change a challenge for cohesion policy

Malta believes that an important lesson to be taken from the 2007-2013 Programming process is that the Programming process should be distinct and specific to each Member State. It is important to avoid the one-size fits all approach. Although the EU, as a Union, is facing common challenges, the specificities at the Member State, regional and local level must be taken into account. This should be the idea behind each national strategy. Malta believes that more attention should be taken of the specificities of the Member States / regions which should then be reflected (with a degree of flexibility) in the relevant Programmes and measures. In this regard having pre-set earmarking targets is counter-productive as targets can only be set once the situation on the ground is assessed, not irrespective of.

A typical example from the 2007-2013 Programme could be the issue of RTDi. The bulk of Malta’s enterprises are small, family run businesses that cannot support in-house RTDi but can benefit from smaller scale actions such as networking. Most of the foreign firms in Malta are not carrying out local RTDi but are merely producing on the Island. In this regard, although an effort will be made to try and use Cohesion Policy to give that extra push to enterprises to urge them to innovate, at the programming stage, more flexibility is required to take into account the
limitations of certain Member States rather than merely concentrate on percentages achieved in the earmarking process.

Regions (or Member States in the case of Malta) should themselves identify the strategy they wish to follow. Nobody is better placed than the Member State (or region) itself to identify its weaknesses and strengths and the right policy mix that is required for growth and jobs, the ultimate European objective (to which all Member States had subscribed). Although the Union, as a whole, is facing re-structuring pressures, globalisation pressures and other urgent issues, the solution cannot be the same for all. Different problems at the micro level require different solutions. Similar targets (for all) cannot be set regardless of the conditions on the ground that must be met for certain policies to stand a chance and even work. In this regard holistic measures must be undertaken and not merely stand alones in isolation.

Cohesion Policy has the potential to make a difference in a number of areas – not just to respond to demographic changes. Given the diversity of the problems, no one solution can be determined. It is up to the Member State to decide which challenges it wishes to undertake using Cohesion Policy support and which to address with other resources or a combination of resources.

Climate change is a global challenge. As one of the major environmental challenges of the century, Cohesion Policy resources should also be targeting this challenge as the issues concerning climate change have the potential to stall development and growth as well as impinge on the quality of life of citizens.

2. How can cohesion policy further develop an integrated and more flexible approach to development/growth and jobs in this new context?

2.1. How can cohesion policy better promote harmonious, balanced and sustainable development taking into account the diversity of EU territories, such as least favoured areas, islands, rural and coastal areas but also cities, declining industrial regions, other areas with particular geographic characteristics?

2.2. What are the impacts of the challenges identified in the report for key elements of social cohesion such as inclusion, integration and opportunity for all? Are further efforts needed to anticipate and counteract these impacts?

2.3. What are the key future skills that are essential for our citizens in facing new challenges?

2.4. What are the critical competencies that should be developed at the regional level to make regions globally competitive?

Geography matters. In this regard Malta welcomes the introduction of the concept of territorial cohesion in the new Treaty. By territorial cohesion, Malta understands looking beyond mere economic statistics (as has been the case so far with regard to Cohesion Policy) but to look also at the apparent geographical realities of the territory (and the resulting vulnerabilities) which have the potential to seriously threaten socio-economic cohesion.

It is clear that the diversity of the EU territories is a critical issue when determining strategies for growth and development. Cohesion Policy should use the instruments available to determine, in conjunction with the Member State, the territorial diversities and which measures
can be supported through Cohesion Policy. In the case of Islands, for example, Malta welcomes Malta Declaration 17 of the Reform Treaty which states that:

The Conference considers that the reference in Article 158 to island regions can include island States in their entirety, subject to the necessary criteria being met.

Such Member States share with islands similar problems and disadvantages which arise from insularity/peripherality/vulnerability factors brought about by the territorial and geographical realities and which have negative effects on various areas including the economy, environment, energy and climate change.

Once again Malta needs to stress the issue of looking at the conditions on the ground. Although each region / Member State has challenges with regard to social inclusion and integration, particularly with regard to those furthest away from the labour market, Malta believes that tailored measures may need to be adopted to address the different challenges in the Member States. Malta also recommends more harmonisation of the different EU Programmes and Community Initiatives at a European Union level to ensure a more cohesive and targeted approach.

In this regard, whilst ESF could concentrate on re-integrating social groups into the labour market, other instruments could address issues that are more of a social nature to prevent (in the case of children and youths) and address (in the case of adults) issues which are not necessarily directly and immediately connected to the labour market. This is part of ensuring a sustainable welfare for citizens. Malta finds also that its public administration, NGOs and support groups could benefit from experiences in other Member States in this regard and hence the importance of networks and co-operation.

In the case of Malta, a number of key skills have been identified in the ESF Operational Programme 2007-2013. These are primarily ICT skills, as well as more science and technology graduates at all levels, including the introduction of vocational degrees in these areas. However, there is a need also to continue to improve skills pertinent to key industries such as the hospitality industry, the financial services sector and the construction industry. Improvement of skills often comes along with the embracing of new technologies, systems and processes and hence ESF assistance must be supported with ERDF grants to encourage persons and industry to innovate and move beyond compliance (with regard to regulatory issues).

With regard to the public administration, Malta very much welcomes (public) administrative capacity as an ESF priority for the 2007-2013 period. Malta’s public administration (at officer level) is small and needs further specialisation and expertise, particularly in order to continue to face the challenges of EU membership.

Regions (and Member States) should strive to improve upon their strengths. Not every region can become a centre of excellence for research, albeit this being very desirable. Malta has a number of key industries that are doing well and the main objective should be to continue to support these industries, both directly and also by creating the enabling infrastructure for these industries to continue to develop and grow. This notwithstanding, Cohesion Policy should also support new niche areas which the regions identify as potential growth areas.

3. Following the appraisal of the previous questions, what is the assessment of the policy management system for the period 2007-2013?
3.1. Given the need for efficient management of cohesion policy programmes, what is the optimum allocation of responsibility between the Community, national and regional levels within a multi-level governance system?

3.2 How can cohesion policy become more effective in supporting public policies in Member States and regions? What mechanisms of delivery could make the policy more performance-based and more user-friendly?

3.3. How can we further strengthen the relationship between cohesion policy and other national and Community policies to achieve more and better synergies and complementarities?

3.4. What are the new opportunities for co-operation between regions, both within and outside the EU?

The management system is critical to the whole argument of Cohesion Policy. The recent reform has yielded some results in that a number of decisions have been devolved to the Member States (e.g. eligibility rules), however, a cautious approach has prevailed with a number of Member States applying EC Regulation 448/04 in the formulation of their eligibility rules to ensure that no major problems are encountered later on with audits and controls.

An efficient management system is critical to the implementation of Cohesion Policy. The system should reflect the different levels of government and relevant responsibilities of the Member States. Malta has a centralised system which has served its own purpose very well, particularly in view of the limited resources and, therefore, the need to maximise on these. Each Member State should be left to its own decisions with regard to the optimum level of decentralisation of functions / responsibilities. This is part of subsidiarity. The regulatory framework should be flexible enough to allow Member States to adopt implementation systems and control functions at the appropriate level.

Cohesion Policy should always complement national and regional policies. It is not in the interest of the Member State / region to duplicate efforts and resources, when these are limited in every region, regardless of the level of development in the Member State / region. However, it should be up to the Member State /region to decide how synergy and complementarity between national and Community resources will take place. Some operations are very well placed to be funded under Cohesion Policy, others are not either because their implementation would involve the setting up of ad hoc control / management systems / procedures (therefore, the value added is not clear), or because other resources may be obtained and hence precious Cohesion Policy resources can be directed elsewhere.

Malta believes that it is important for guidance to be provided on the implementation of the Cohesion Policy Regulatory Framework. This guidance must take into account the different administrative set ups as well as the proportionality principle. Exchange of good practice is also welcome and can contribute to a better understanding of the policy.

This is particularly the case for territorial co-operation programmes where the regions from different Member States participating in the same project have different ways of accounting for expenditure. In this regard, Malta fully agrees that cross-border programmes are very difficult to implement and awaits to assess whether the EGTC regulations will have a positive impact on the management of these programmes.
In this regard, Malta believes that the principle of proportionality should be strengthened, particularly to cater for small projects. Malta also believes that the process of simplification should continue. Synergies with other Community Policies and Initiatives are not only important at the level of content but also at the level of procedures. Some Community Programmes and Initiatives are much “lighter” in terms of procedures simply because they are generally characterised by much smaller operations. By virtue of the principle of proportionality, Cohesion Policy should also be able to cater for such small projects using a lighter implementation / control system while at the same time ensuring that the principle of sound financial management is not, in any way, compromised. In Malta’s case this is especially the case for participating enterprises (which tend to be in their majority micro organisations) and NGOs which also tend to be limited in capacity and resources.

With regard to more synergies in terms of content, Malta believes there should be a good stock take of the different initiatives available and the target groups / policies they are meant to address. More mainstreaming and rationalisation needs to be undertaken to ensure that the resources available for particular sectors / policies and target groups are harnessed with the objective of providing higher impact and also less duplication. Malta believes that this will also facilitate both implementation and co-ordination at the Member State level (and possibly also result in higher efficiencies), while at the same time provide the citizens and enterprises (at whom all efforts are targeted) with a clearer information of what is available and which Programme / Initiative (rather than the maze currently available) is best targeted to help them. Currently, Citizens / NGOs and enterprises (particularly those limited in size and resources) require (expensive) professional help to tell them what is available and which Programme could best be suited for their needs.

Member States (including Malta) and the European Commission itself have set up structures and produced many information campaigns to inform the general public and enterprises of what is available, however, more needs to be done, at an EU and Member State level to ensure that this information reaches the right target groups.

Greater rationalisation and clearer delineation of the different intervention areas between the different Community instruments and Cohesion Policy Programmes, should not only result in making such Programmes (including Cohesion Policy) more user-friendly, efficient and more focused (as the scope of the different Initiatives and Programmes will be limited and not remain as general as there are today), but potentially also result in higher participation of European organisations and citizens and with a more visible and tangible impact on the ground.

As an Island State on the periphery of Europe and in centre of the Mediterranean, Malta believes that increasing co-operation between the European regions themselves, as well attracting the participation of regions outside the EU is important, both from a political perspective, as well as from the perspective of the success of a number of Community policies, particularly energy, climate change and migration flows. In this regard, Malta welcomes the introduction of the ENPI and the relevant Programmes. Malta believes that it is beneficial both to the EU regions as well as to countries for third / partner countries to work together in a number of sectors. Malta believes this is a good opportunity and it is important to monitor progress to learn from the experience and seek to improve upon what is currently available.