Culture and Tourism

Case Study MALTA

Work Package 9

Ex post evaluation of Cohesion Policy programmes 2007-2013, focusing on the European Regional Development Fund (ERDF) and the Cohesion Fund (CF)
Ex post evaluation of Cohesion Policy programmes 2007-2013, focusing on the European Regional Development Fund (ERDF) and Cohesion Fund (CF) – Work Package nine: Culture and Tourism

Work Package 9: Culture and Tourism – Case Study Malta

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Work Package 9: Culture and Tourism

Case Study Malta

This report is part of the Ex post evaluation of Cohesion Policy programmes 2007-2013, focusing on the European Regional Development Fund (ERDF) and the Cohesion Fund (CF).

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List of abbreviations

AIR Annual Implementation Report
DG REGIO Directorate General for Regional and Urban Policy
EC European Commission
EFL English as a Foreign Language
ERDF European Regional Development Fund
EU European Union
GDP Gross Domestic Product
H&R Hotels and Restaurants
HM Heritage Malta
ICTs Information and Communication Technologies
IMC Tourism Inter-Ministerial Committee for Tourism
PPCD Planning and Priorities Co-ordination Directorate within OPM
LTSs Local Tourism Systems
MA Managing Authority
MIIIT Ministry for Investment, Industry and Information Technology
MJHA Ministry of Justice, Culture and Local Government
MTA Malta Tourism Authority
MT Ministry for Tourism
NSO National Statistics Office
OP Operational Programme
PPCD Planning and priorities Coordination Division
ROP Regional Operation Programme
SCH Superintendence for Cultural Heritage
UNWTO United Nations World Tourism Organisation
Forward

The European Commission, Directorate-General for Regional and Urban Policy (DG REGIO) is undertaking an ex post evaluation of Cohesion Policy programmes financed by the European Regional Development Fund (ERDF) and the Cohesion Fund (CF) during the period 2007-2013 in regions covered by the Convergence, Regional Competitiveness & Employment and European Territorial Cooperation objectives in 28 member states.

Within this framework, the Consortium IRS-CSIL-CISET-BOP has been selected to undertake the ex post evaluation on ‘Culture and Tourism’ (Work Package 9). An important element within the exercise is a series of case-study analyses of NUTS2 regions covering interventions co-financed by ERDF during the 2007-13 programming period.

The case studies are designed to obtain a better understanding of the ERDF contribution to the overall objectives of CF in the culture and tourism sectors and to set out what has been implemented on the ground, with a particular focus on the interface between the wider context of the intervention and the rationale and design of intervention strategies. In doing so, the relative effectiveness of the adopted strategies will be revealed. The case studies are designed to identify and assess the effectiveness of the different types of ERDF strategies implemented in the culture and tourism sectors.

This report provides the results of a detailed case study of ERDF approaches to culture and tourism pursued in Malta (MT) during the 2007-13 programming period.

The case study analysis has been based upon the following:

- desk-based analysis of relevant statistical and socio-economic data sourced from Eurostat and the National Statistics Office (Malta);
- desk-based analysis of documents relating to the programming period and covering items such as Operational Programme (OP) materials, Annual Implementation Reports (AIRs) and various other regional reports and documents as indicated in Section 5;
- semi-structured interviews with 14 interviewees. These include senior members of the Managing Authority, policy makers, and officers implementing specific projects (Annex 1, Table A sets out the names and contact details of the interviewees).

The following pages present a draft version of the Malta case study based on interviews with 14 interviewees (see Annex) and desk analysis of available documents, which were provided during the interviews or identified as part of desk research.
Executive summary

The Maltese archipelago consists of three islands, Malta, Gozo and Comino. Together they form the same NUTS region, eligible for support under the Convergence Objective and referred to in the remainder of the report as Malta. Malta is the most densely populated country in EU.

Malta gained independence from the UK in 1964 and since then tourism has become an increasingly important pillar of the economy.

In common with other Mediterranean destinations tourism in Malta remains highly concentrated in the summer months and in particular in July, August and September.

The introduction of a separate Priority Axis (Axis 2: Promoting sustainable tourism) led to the allocation of over 100 million Euros\(^1\) to support tourism or culture projects, which is about 16% of the total value of the programme.

This represented a ten-fold increase in the ERDF spend on tourism or culture compared with the 2004-2006 Operational Programme\(^2\).

The OP strategy is committed to reduce the seasonality by diversifying the products and capitalizing on the environmental and socio-cultural resources of the Maltese islands, increasing the use of e-business services, and ensuring the sustainable development of touristic activities. Although only indirectly mentioned under this strategy, the culture sector benefits from significant investments aimed to increase physical accessibility and ensure conservation and preservation of cultural assets, which are seen as potential attractions for increasing the touristic flows.

The rationale for the Axis was that tourism was a strategic part of the Maltese economy, with growth potential in a number of market segments that together could help to extend the tourist season and contribute to the sustainability of businesses and employment, replacing seasonal jobs with full time permanent jobs.

The main focus of investment has been on infrastructure investments. For example, projects include the Regeneration of Balzan Square and Implementing a Tourist Heritage Trail (ERDF 205) or Restoration and Rehabilitation of Historical Fortifications (Ramparts) of Malta and Gozo (ERDF 039).

Between 2007 and 2013 tourism grew strongly achieving an overall growth of some 17.9% well ahead of the EU average. Such gains over this period at the macro level can only be partly attributed to the 2007-2013 programme given that there were other public and private interventions. Less success has been achieved in reducing seasonality.

ERDF support through the 2007-2013 programme has supported investments which together have contributed significantly to improvements in the visitor offer and helped to communicate better the visitor offer. However, the strong growth in the number of

\(^1\) The total amount allocated to Priority Axis 2 is €120 million, of which €102 million is the ERDF share.

\(^2\) Under the 2004-2006 programming period, tourism was mainly addressed under Priority Axis 1 – Strategic Investments and Strengthening Competitiveness and Priority Axis 4 - Regional Distinctiveness (Gozo Special Needs).
international destinations with flight connections with Malta has undoubtedly contributed significantly to the strong rise in numbers of tourists.

At a strategic level the Maltese Government was committed to deliver the programme as planned and absorb all available funds. Malta chose to concentrate delivery through its ministries, Local Councils and non-governmental organizations (NGOs). Significantly, the Office of the Prime Minister took over the tourism portfolio in 2008 in order to ensure that tourism is on top of the national agenda given its importance on Malta’s competitiveness.

Committed expenditure\(^3\) stands at very close to 100% of the allocation. With respect to the target outputs these have all been equaled or exceeded. In total, 23 tourism and cultural projects have been supported. Several of the major projects are either only recently completed or are still under construction. Whilst data on the agreed target results will not be available until late 2015 it is anticipated by the relevant Implementation Bodies and the Managing Authority that each of the targets will be exceeded. The projects look likely to be successful in increasing the number of visitors to upgraded cultural sites. The more deprived and less economically developed island of Gozo has benefitted from a relative concentration of funding.

Most of the expenditure has delivered physical improvements to monuments, buildings and sites in central government ownership. The sustainability of most of the investment will thus depend on the future priority afforded by the Maltese national Government.

Given that Malta did not join the EU until 2004, Malta has been quick to build up the expertise needed to deliver a coherent European funded programme of investment.

Understanding of evaluation is building and the ex-ante appraisal process has continued to develop and refine. The agreed output, results and impact indicators together provide a practical set of measures that provide a useful indication of the progress towards successful implementation of the supported projects. This agreed group of measures however provide limited evidence in order to judge the effectiveness of the supported investments. The Managing Authority is currently undertaking a Thematic Evaluation for Operational Programme I. Task 1, which was carried out in 2013/14 concluded that there is likely to be a time lag after completion before the full benefits are delivered. In Task 2, which was carried out in 2014/15, the evaluators also make the same assessment that the apparent lack of progress towards OPI targets reflects the fact that many of the projects were still at the development stage and the targets can only be achieved once the projects are completed. Thus in Task 3, which will also serve as an ex post evaluation, the Managing Authority will be assessing the impact / effectiveness of the tourism interventions on the ground.

Nonetheless, given their nature, some of the projects might reap the positive results only in the medium to long term run.

There continues to be greater recognition across all Government Departments that tourism is no longer just of relevance to the Ministry of Tourism. The selection of Valletta as European Capital of Culture in 2018 and shift away from tourism investment to cultural investments has helped to give cultural strategies a much more central role.

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\(^3\) MEAIM May 2015
1 The regional context

1.1 The geo-institutional context in the analysed Region

Malta is the smallest and most densely populated country in EU. The Maltese archipelago consists of three islands, Malta, Gozo and Comino, with a total population of 421,364 living in an area of 316 km². All of Maltese archipelago is eligible for support under the Convergence Objective referred to in the remainder of the report as Malta.

The population grew by 0.6% a year in the years 2000-2006.

As all small island states, the Maltese economy is characterised by limited available land and natural resources and a very strong external dependency which increases the risk of exposure to exogenous forces. Malta is the second most open economy in the EU trade averaging 82% of GDP since EU entry in 2004.

The global recession predictably affected the Maltese economy with its major trading partners transmitting their economic downturn. However, strong growth in Malta’s tourism industry since 2006 has largely masked its effect on tourism.

Malta’s GDP per head in PPS, which rose progressively relative to the EU average up until 2005, declined between 2006 and 2008 and was in 2009 around 78% of the EU average. The employment rate (working age population) was among the lowest in the EU (55% in 2009).

Malta is governed by a national government with a full range of departments and 68 local councils. Most expenditure is decided at the national level. The role of local councils is limited.

1.2 Socio-Economic development

Malta had been an important military base for centuries. However, the size of military operations that the UK Government could afford in Malta diminished after World War II. The Lord Robens report in 1967 in response to the anticipated ending of British Armed forces being based in Malta highlighted the future need for the Maltese economy to diversify. The report identified three key sectors - tourism, shipbuilding and ship repair, and light manufacturing.

Malta gained independence from the UK in 1964 and over the initial decades following independence Malta diversified, its economic base from a military economy to one pronged on tourism, shipbuilding and ship repair and light manufacturing.

Closure of all remaining British military bases in the 1970s led to reduced demand for ship repair. In the 1990s a further transition occurred as Malta invested in soft and hard infrastructures to encourage the expansion of its knowledge and services sectors as well as the high value-added manufacturing. In recent years, the manufacturing

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4 Additional details on the social and economic context for Malta are found in Appendix : Table B
6 16.2% of all Maltese employment was for the British Armed Forces in 1964 – Lino Briguglio the Economy of a small island state, Malta 1960-1993.
sector has faced major challenges from imports, its share of output and employment in the economy declining in the period 2003-2008. Information Communications and Technology (ICT) and Financial Services, have grown strongly and Foreign Direct Investment has been attracted in the pharmaceuticals sector industry.

Table 1.1. Socio-economic features of the Region

<table>
<thead>
<tr>
<th></th>
<th>Malta</th>
<th>EU</th>
<th>∆ 2007-2013 (%)</th>
<th>2007</th>
<th>2013</th>
<th>∆ 2007-2013 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population (million)</td>
<td>0.41</td>
<td>0.4</td>
<td>3.9</td>
<td>498.4</td>
<td>507.2</td>
<td>1.8</td>
</tr>
<tr>
<td>Population Education level (% of tertiary educated Level 5-6)</td>
<td>12.4</td>
<td>18.9</td>
<td>6.5</td>
<td>23.5</td>
<td>28.5</td>
<td>5.0</td>
</tr>
<tr>
<td>GDP per inhabitant (PPS, Index Number EU=100)*</td>
<td>79</td>
<td>86</td>
<td>7</td>
<td>100</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Total Employment rate (15-64) (%)</td>
<td>55</td>
<td>60.8</td>
<td>5.8</td>
<td>65.2</td>
<td>64</td>
<td>-1.2</td>
</tr>
<tr>
<td>Total Unemployment rate (15 and over) (%)</td>
<td>6.5</td>
<td>6.4</td>
<td>-0.1</td>
<td>7.2</td>
<td>10.8</td>
<td>3.6</td>
</tr>
<tr>
<td>People at risk of poverty or social exclusion (%)</td>
<td>19.7</td>
<td>24.0</td>
<td>-4.3</td>
<td>24.4</td>
<td>24.5</td>
<td>0.1</td>
</tr>
<tr>
<td>NEET rate 15-24 (%)</td>
<td>11.5</td>
<td>9.9</td>
<td>-1.6</td>
<td>10.9</td>
<td>13.0</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Source: Eurostat (Regional Statistics)
* 2011 instead of 2013

Malta remains characterised by lower GDP per capita values than the EU average but achieved strong relative growth between 2007 and 2013.

This relatively strong economic performance is also reflected in an employment rate between 2007 and 2013 (see table 1.1). From being more than 10% lower than the EU average, the gap has been reduced to just 3.2%. Similarly the unemployment in Malta has fallen slightly over a period when the EU average has risen significantly. Moreover the proportion of young people not in education, employment or training has reduced and has moved from being above the EU average in 2007 to well below in 2013. Overall the figures in table 1.1 indicate that despite having an open economy heavily dependent on EU markets, the Maltese economy has managed ameliorate the effects of the crisis on demand.

The proportion of Malta’s population educated to tertiary level rose strongly between 2007 and 2013 narrowing the gap slightly with the EU average.

The effects of this relatively strong economic performance appear to have been unevenly felt – the proportion of Maltese at risk of poverty or social exclusion rose to almost a quarter a rise of 4.3% compared with a rise of just 0.1% across the EU as a whole.

1.3 Overall picture of the culture and tourism conditions and trends in the region

Malta’s tourism product offer is composed of its favourable climate, sea and coast, its culture, its tangible and intangible heritage, its people and its landscapes. Malta has one of the highest densities of cultural heritage sites in the world.

Malta has a mature tourist industry which plays a key role in the overall economy. In relation to the typology of tourist regions (Interim Report Table 3.2) Malta is a “specialised tourist region”.
The tourism industry has since the late 1960's become one of the main pillars of Malta's economy. Tourism grew strongly in the 1960s from an annual total of around 20,000 foreign visitors at the start of the decade to 186,000 in 1969. In the 1970s tourist numbers continued to grow strongly and by 1979 an annual total of around 750,000 foreign visitors were visiting Malta. These tourists were mainly from the UK (over 80%) and the overwhelming majority of demand fell in just three summer months July, August and September.

Due to a combination of economic recession in the UK (a key market for Maltese tourism), rising value of the Maltese lira against the British Pound (£), and growing competition from alternative Mediterranean destinations resulted in a sharp fall in tourists from the UK. In a single year the number of tourists from the UK fell by over 400,000.

This crisis led to Malta’s first strategy for its tourism industry in 1984. The key aims of the strategy were to reduce seasonality; diversify demand away from the single focus on sun and sea tourism and reduce the dependence on the UK market. Whilst Malta’s tourism strategy has continued to develop and refine through to the current strategy of the Ministry responsible for Tourism and the Malta Tourism Authority (MTA) these aims remain key components of the strategy.

Since 1984 the tourism market in Malta has both grown and diversified. Whilst Malta remains mainly attractive for its sun and sea, culture and heritage is placed in second by overseas visitors after coastal tourism as their reason for visiting Malta. Business tourism is third, with large numbers coming to Malta for meetings, incentives, conferences. English language courses annually attract over 75,000 foreign tourists.

Tourism earnings account for approximately 26% of Malta’s services exports and the industry represents 30% of GDP. Approximately 12500 people work in the industry, or 8.5% of the employed workforce (see Table 1.2). Almost 4,500 businesses serve the tourism sector, of which 2,700 are in the catering industry and 1,500 are travel agencies or tour operators.

Although the crisis affecting EU countries could be expected to echo on Maltese inbound Tourism, with the exception of a slight downward ‘blip’ in 2009 most trends in tourism have been strongly upwards.

In Malta, the employment in tourism (8.2%) is more than twice the EU27 average (4.0%).

Between 2007 and 2013 tourism has grown strongly achieving an overall growth of some 17.9% well ahead of the EU average. This is across the different visitor segments, with holiday, business, visiting friends and relatives, all growing strongly over the period. In 2014 1.69 million tourists visited Malta.

In common with other Mediterranean destinations tourism in Malta is concentrated in the summer, due to the attractiveness of the sea and the main holiday season in Europe for those in work being in the summer. The proportion of tourists departing from Malta in the main summer holiday period July through to September remains high. It has remained close to 37% since the late 1980s. Some success has been

8 Tourism industry sub-sectors COUNTRY REPORT MALTA March 2014 European Commission.
9 Source: MTA 2014
achieved in growing the number and proportion of visitors in April, May and June, however the average growth rate achieved in January, February, March, October and November has actually been lower than the annual average growth rate.

Malta has established itself as one of the main centres for learning English. Nearly 75,000 language students visited Malta to learn English in 2013\textsuperscript{10}.

Since the 1950s, Malta’s ports have supported the tourist industry, adding additional recreational facilities and improving connectivity. The port of Valletta offers a range of maritime services, including various cruise/ferry reception facilities. The Port of Valletta is a major destination for cruise liners but the numbers have fluctuated between a low of 425,538 in 2009 and a high of 562,812 in 2012\textsuperscript{11}.

The seasonal population growth with the arrival of tourists during the summer months increases demand for water and puts pressure on other resources. Over three tourists visit Malta for every resident, per year. The Operational Programme 2007-2013 attempted to minimise the environmental pressure and other potentially negative externalities through:

- Spatially distributing the load – investment through Axis 2 in historic sites, which are away from the main centres of tourist accommodation; and through projects to support Gozo’s potential as a rural destination.
- Investment in a new ferry terminal in the port of Ċirkewwa (CF 198) to increase capacity and reduced travelling time to and from Gozo.
- ERDF 266 - Extending Waste Separation & Collection Services in the Maltese Islands.
- Sewage system upgrading (CF 116) took into consideration the increase in the number of persons residing in Malta, especially in the summer months due to increase in tourists arrivals.

Potentially negative externalities were sometimes mitigated by incorporating sustainable tourism-related measures within projects. For example:

- Promotion of the natural asset of Wied il-Mielah in Gharb (ERDF 22) making it more accessible for country walks on the Island of Gozo included measures to protect its flora and fauna.
- Regeneration of Balzan Square and Implementing a Tourist Heritage Trail (ERDF 205) included the refurbishment of a water reservoir with a capacity of 248,165 gallons which is located in the Ħal Balzan village square in order to permit rain water to be collected and then used for a number of different purposes, including agricultural.

\textsuperscript{10} Source: NSO (TEFL) in Tourism in Malta Edition 2014 MTA.
\textsuperscript{11} MTA 2015.
Table 1.2. A general overview of the culture and tourism sectors

<table>
<thead>
<tr>
<th></th>
<th>Malta</th>
<th>EU</th>
<th>Malta</th>
<th>EU</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The share of tourism in regional economy (measured in terms of GDP or added value)*</td>
<td>n.a</td>
<td>n.a</td>
<td>n.a</td>
<td>3.2</td>
<td>3.2</td>
</tr>
<tr>
<td>Percentage of workers employed in the sector of tourism (%)**</td>
<td>8.1</td>
<td>8.7</td>
<td>0.6</td>
<td>4.2</td>
<td>4.5</td>
</tr>
<tr>
<td>Business Local Units in tourism (Incidence on the total local Units) (%)***</td>
<td>10.7</td>
<td>10.7</td>
<td>0.0</td>
<td>8.5</td>
<td>8.4</td>
</tr>
<tr>
<td>Total arrivals at tourist accommodation establishments (total) per 1,000 inhabitants</td>
<td>2,941</td>
<td>3,466</td>
<td>17.9</td>
<td>1,507</td>
<td>1,729</td>
</tr>
<tr>
<td>Total nights spent by residents + non residents (total) per 1,000 inhabitants</td>
<td>19,819</td>
<td>20,175</td>
<td>1.8</td>
<td>4,707</td>
<td>5,208</td>
</tr>
<tr>
<td>Net occupancy rate of bed places****</td>
<td>57.6</td>
<td>60.5</td>
<td>2.9</td>
<td>42.0</td>
<td>41.3</td>
</tr>
</tbody>
</table>

**ADDITIONAL INDICATORS SPECIFIC FOR THE REGION**

<table>
<thead>
<tr>
<th></th>
<th>Malta</th>
<th>EU</th>
<th>Malta</th>
<th>EU</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>% of tourists departing Malta between July and September</td>
<td>38.0</td>
<td>36.0</td>
<td>-2.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Net Use of Bed-Places % July, August, September</td>
<td>83.6</td>
<td>79.5</td>
<td>-4.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Net Use of Bed-Places % Excluding July, August, September</td>
<td>49.9</td>
<td>51.8</td>
<td>1.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of tourists stating that history/culture was a reason for choosing Malta**</td>
<td>37.7</td>
<td>39.2</td>
<td>1.5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Eurostat (Regional Statistics)
* For Malta and EU-28: Gross value added (at basic prices), % on the All NACE Activities of I- Accommodation and food service activities, and N79 - Travel agency, tour operator reservation services and related activities
** 2008 instead of 2007
*** 2012 instead of 2007

Table 1.3. A general overview of the culture sector

<table>
<thead>
<tr>
<th></th>
<th>Malta</th>
<th>EU</th>
<th>Malta</th>
<th>EU</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The share of culture in regional economy (measured in terms of GDP or added value)*</td>
<td>n.a</td>
<td>n.a</td>
<td>n.a</td>
<td>2.6</td>
<td>2.6</td>
</tr>
<tr>
<td>Workers employed in the sector of culture (%)**</td>
<td>1.6</td>
<td>1.9</td>
<td>0.2</td>
<td>2.3</td>
<td>2.3</td>
</tr>
<tr>
<td>Business Local Units in culture (Incidence on the total local units) (%)***</td>
<td>3.2</td>
<td>1.3</td>
<td>-1.9</td>
<td>2.0</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Source: Eurostat; the percentage of workers in tourism and culture is based on ad-hoc elaboration on EU-LFS microdata Plus data supplied by MTA 2015
* For Malta and EU-28: Gross value added (at basic prices), % on the All NACE Activities of 59 — Motion picture, video and television programme production, sound recording and music publishing activities; 60 — Programming and broadcasting activities; 90 — Creative, arts and entertainment activities; 91 — Libraries, archives, museum and other cultural activities; 93 — Sports activities and amusement and recreation activities.
** 2008 instead of 2007
*** 2008 instead of 2007, 2012 instead of 2013 for culture; For culture we have considered JS8 - Publishing activities; JS9 - Motion picture, video and television programme production, sound recording and music publishing activities; J60 - Programming and broadcasting activities; G476 - Retail sale of cultural and recreation goods in specialised stores.
Malta’s ‘Culture sector’, in contrast with its tourism sector is smaller. Over the period 2007 to 2013 it achieved relatively strong growth in employment, albeit from a low base compared with the EU average. 1.6% of Malta’s workers were employed in the sector in 2007. The gap narrowed slightly by 2013 with a rise to 1.9% (this is in the context of an expanding workforce in Malta). The estimates of the percentage of local business units in the ‘culture sector’ suggest a loss of more than half of the businesses in the sector. This is thought likely to reflect a process of Malta catching up with other parts of the EU with a more advanced retail offer rather than any significant reduction of its ‘culture sector’ (see Table 2.3).

Supported projects are spread across a variety of locations\(^{12}\) including:

- The historic cities of Valletta (Malta), Vittoriosa (Malta), Mdina (Malta), Cittadella (Gozo), including new attractions, repaired fortifications and other historic sites.
- Various coastal and inland sites across Malta and Gozo benefitting from improved marketing and facilities for niche market tourism in mature coastal resorts in Malta such as Qawra, St Pauls Bay, Bugibba have benefitted from environmental improvements and new attractions.

Within the OP strategy document the Maltese Government was committed to spend a minimum of ten percent of the funds in Gozo. The largest investment in Gozo with regard to tourism was the refurbishment of the fortifications of Cittadella. In the case of the grant scheme for sustainable tourism projects by enterprises then almost 20% of the committed funds have been for activities based in Gozo.

\(^{12}\) The Tourism Policy for the Maltese Islands 2007-2011 identifies a range of tourism zones and investment has been heavily focussed on these areas
2 The regional ERDF 2007-2013 strategy in the culture and tourism sectors

2.1 Chronology of the ERDF strategy in the tourism and culture sectors

Malta became a member of the European Union as from 1st May 2004. The initial 2004 – 2006 programme was heavily focused on transport and environmental projects with some resources allocated to key archaeological sites in a state of neglect. The introduction of a separate Priority Axis (Axis 2: Promoting sustainable tourism) led to a ten-fold increase in allocation of ERDF funds to support tourism or culture13.

Table 2.1. Chronology of key developments in the development of a Cohesion Policy Strategy for Malta

<table>
<thead>
<tr>
<th>Year</th>
<th>Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>Carrying Capacity Assessment for Tourism</td>
</tr>
<tr>
<td>2002</td>
<td>Cultural Heritage Act</td>
</tr>
<tr>
<td>2004</td>
<td>Malta joins European Union</td>
</tr>
<tr>
<td>2005</td>
<td>Research, analysis, and consultation in the development of the strategies</td>
</tr>
<tr>
<td>Oct 2005</td>
<td>National Reform Programme (NRP) 2005-2008</td>
</tr>
<tr>
<td>Dec 2006</td>
<td>National Strategic Reference Framework (NSRF) 2007-2013</td>
</tr>
<tr>
<td>2006</td>
<td>National Strategy for Cultural Heritage</td>
</tr>
<tr>
<td>2007</td>
<td>Tourism Policy for the Maltese Islands 2007-2011</td>
</tr>
<tr>
<td>2008</td>
<td>NRP 2008-2010</td>
</tr>
<tr>
<td>2010</td>
<td>Launch of the Creative Economy Working Group</td>
</tr>
<tr>
<td>2012</td>
<td>National Strategy for Cultural Heritage</td>
</tr>
</tbody>
</table>

Malta’s strategy for Cohesion Policy 2007-2013 was based on a thorough research, analysis and consultation process which started in early 2005. It is also inter-linked with other strategic documents, including the National Reform Programme, the National Strategy for Rural Development and the National Fisheries Strategic Plan.

Also influential was the Carrying Capacity Assessment for Tourism in the Maltese Islands by the Ministry for Tourism in 2001. The report suggested a long-term target for tourism volume to Malta to peak at 1.5 million tourists per annum. At the time, this was considered to be the optimum target for Malta on the basis of improved occupancy levels in tourism accommodation and Malta’s carrying capacity constraints.

The goals and strategic priorities for Cohesion Policy 2007-2013 in Malta are identified by Malta’s National Strategic Reference Framework (NSRF), which was approved by the European Commission in December 2006. The main priorities for the development of the country over the period 2007-2013 are formulated in the NSRF and in the NRP 2008-2010; both documents are linked with the Lisbon Strategy and build on the sectoral strategies formulated by the Maltese Government and in particular the National Strategy for Cultural Heritage, 2006; and the Tourism Policy for the Maltese Islands, 2007-2011.

The key national sectoral strategy underpinning Priority Axis 2 in the OP is the

"Tourism Policy for the Maltese Islands, 2007-2011". The objectives of this tourism policy were:

i. to manage tourism in Malta and Gozo on the principles of sustainable development;
ii. to maintain and conserve environmental and socio-cultural resources, being the key elements of the Maltese Islands’ tourism product;
iii. to increase tourism earnings and tourism value added;
iv. to sustain existing jobs and create more and better jobs;
v. to achieve a fair distribution of income;
vi. to increase our competitive advantage and deliver quality and distinct tourism product, built on our characteristics;
vii. to reduce seasonality;
viii. to capitalise on the unique characteristics of Gozo;
ix. to increase accessibility to and from Malta;
x. to benefit from e-business in tourism;
xi. to maximise on Malta’s membership of the European Union.

The Tourism Policy for the Maltese Islands, 2007-2011, which is mentioned under Priority Axis 2 – Promoting Sustainable Tourism also makes reference to culture. Whilst there is no direct reference to a strategy on culture in OP I, there is a section, which explains the importance of cultural heritage to the Malta.

The first National Strategy for Cultural Heritage, 2006, was an output from the 2002 Cultural Heritage Act. Although no direct reference was made to this strategy in the Operational Programme, it served as the basis for its cultural aspect and contributed to the strategies contained in the OP and the Tourism Policy for the Maltese Islands, 2007-2011. The first scope of the Strategy was to give increased coherence to Government’s action in the cultural heritage sector. A second important scope of this document was to create a greater symbiosis between Central Government investment on one hand, and the significant contribution of Local Councils, Voluntary Organisations and Private Enterprise in the care and development of Malta’s immense cultural patrimony.

The second National Strategy for Cultural Heritage, 2012, brings together 22 Strategic Objectives for implementation during the next five years. Strategic Objectives in this document range from the macro level of policy and legislation, to more specific operational initiatives including scientific research, cultural heritage management, conservation and public participation. In recognition of the increased importance attached to culture within the Maltese Government, the Creative Economy Working Group was set up as a joint initiative between the Finance Ministry and the Culture Ministry in 2010, leading to the drafting of a National Strategy for the Cultural and Creative Industries (2013). Tourism, heritage, and cultural policy have become increasingly interwoven and the links between the two are expected to increase. Over recent years, the main reasons for choosing to visit Malta have not changed significantly. Several cultural heritage sites have been fully or partially closed for repair and restoration potentially impacting on the ability of Malta Tourism Authority (MTA), Malta Heritage and other agencies to market cultural heritage sites.
Over the 2007-2013 period, the MTA has had a substantial annual budget, which in 2014 was EUR 38.5 million. Approximately half, in recent years, has been spent on assisting low cost airlines to develop underserved routes, with the remainder spent on marketing and advertising. The strong growth in the number of international destinations with flight connections with Malta has directly contributed to the strong rise in numbers of tourists.

2.2 Rationale and objectives of the ERDF intervention in the sector of tourism and culture

The OP recognised the importance of the tourism sector to Malta’s economy (24% of GDP and 29% of full-time employment) with a specific strategy for the sector under the Priority Axis 2 – Promoting Sustainable Tourism.

Malta is continuing to take measures to move beyond the traditional “sea and sun” package by innovating and diversifying its tourism offer. The OP strategy is committed to reduce the seasonality by diversifying the products and capitalizing on the environmental and socio-cultural resources of the Maltese islands, increase the use of e-business services and ensure the sustainable development of touristic activities.

Although only indirectly mentioned under this strategy, both the Managing Authority survey (carried out by the study team in early 2015) and confirmed by subsequent interviews with key officers the Managing Authority and relevant policy makers that the culture sector benefits from significant investments aimed to increase physical accessibility and ensure conservation and preservation of cultural assets which are seen as potential attractions for increasing the touristic flows. Therefore, the economic potential of Malta’s wealth of cultural heritage is being increasingly recognised.

ERDF support for culture is primarily through support for the upgrading of the tourism product, particularly its cultural assets.

The ERDF strategy 2007-2013 aimed to promote the full contribution of tourism to Malta’s economy by:

- Increasing tourism numbers.
- Focusing on emerging niche markets (including agri-tourism; music festivals; adventure tourism and sport).
- Further promoting historical heritage, notably by continuing embellishing Valletta and the older cities but also opening up historical buildings for longer hours to tourists.
- Reducing seasonality, by developing the tourism offer during the winter and the shoulder months through the promotion of additional social, cultural and sporting opportunities.

The specific objectives for culture directly or indirectly addressed by the ERDF Operational Programme were:

- Improve the competitiveness of tourism and culture operators.
- Support the development and networking of cultural resources and activities.
- Encourage the development of entrepreneurship in the cultural sector (e.g. creative industries).
Support culture sector (including creative industries) to improve urban regeneration and social cohesion.

Diversify the cultural offer and support the production/promotion of new culture services.

The specific objectives for tourism directly or indirectly addressed by the ERDF Operational Programme were:

- Promote the Maltese Islands as a prime and diverse tourist destination beyond sun and sea niche segments.
- Support the development of sustainable economic activities in natural heritage areas.
- Encourage the development of entrepreneurship in the tourism sector.
- Diversify the tourism offer and create targeted tourism products/packages.
- Support the upgrading of hotels and other accommodation facilities.
- Improve the tourist attractiveness of the region and enhance tourism promotion, also through the use of ICT.
- Support the development of territorial marketing actions.

The potential interventions identified in the OP were:

- Investment in the upgrading of the Maltese (and Gozitian) tourism product across all identified niches and segments including:
  - Upgrading of coastal areas.
  - Enhancement of tourism zones.
  - Restoration and revalorisation of cultural sites.
  - Nature protection interventions that impact on the tourism industry.
- Marketing of diverse tourism segments.
- Aid schemes to tourism and cultural undertakings and non-undertakings.

Considering the taxonomy developed in Task 1, the ERDF strategy developed for Malta in the two sectors is therefore a mix of the following typologies:

- **Regeneration and social cohesion**, particularly through the restoration and revalorisation of heritage and cultural sites.

- **Socio-economic and environmental sustainability**. Through the diversification of the tourist offer; through the development of sustainable economic activities in natural heritage areas; and through nature protection interventions that impact the tourism industry.

- **Support for innovation and competitiveness**. Through the support provided to e-business services, niche markets such as sports tourism, cultural and arts tourism, diving sector, leisure and tour operator business, meetings, incentives, conferences and exhibitions, and the English language schools.

This broadly accords with the findings from the survey of the Managing Authority.
2.3 The main elements of the ERDF strategy in the tourism and culture sectors

The primary elements are:

- Interventions to secure the refurbishment and protection of important historic monuments and sites were allocated a central role within the programme. The main rationale being that historical and cultural assets required urgent restoration in order to be preserved and to attract visitors.

- In addition, the ‘Grant scheme for sustainable tourism projects by Enterprises’ sought to address identified market failures including deficiencies in their marketing strategies, such as lack of ICT utilisation in e-marketing, e-commerce and e-booking systems and inadequate provision of services and quality assurance. In this regard, the tourism grant scheme supported investment in: new niche markets, services and products; product upgrading; environmentally friendly measures; investment in entrepreneurship; investment in marketing and ICT.

These interventions support the key objectives of the OP strategy (and successive National Tourism Plans) to:

- reduce seasonality by diversifying the products and capitalising on the environmental and socio-cultural resources of the Maltese Islands;
- ensure the sustainable development of touristic activities.

The main focus of investment has been on infrastructure investments.

The largest share of ERDF funds allocated to tourism and culture sectors was to support actions for the ‘Protection and preservation of cultural heritage’ (58). EUR 45,458,707 (44.6% of Axis 2) was allocated to protect and preserve cultural heritage. The largest single project was to repair and refurbish the fortifications (ERDF039).

The next largest share of ERDF funds allocated to tourism and culture sectors was to support actions providing ‘Other assistance to improve tourist services (57)’. The project to provide a ‘Tourism Zone Upgrade with landscaped urban spaces and other facilities’ (ERDF033) was the largest single project allocated to this category.

There were no other axes with specific allocations for culture and tourism. 15

Most of the support for ‘Sustainable Tourism Projects by Enterprises’ (ERDF 135) has been spent on new or improved buildings or equipment.

Given Malta’s relatively high population density, most of the projects and most of the expenditure have been in urban areas. Although a small number of projects have been supported in rural areas.

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14 Malta is identified as one of a number of OPs which have supported both the economic diversification of the sector while promoting the economic and environmental.

15 Although support was provided for hotels and restaurants this was allocated to code 57 activity category 14 of Hotels and Restaurants.
Much of this infrastructure investment is either still under construction or only recently completed. Final beneficiaries will include tourists, local tourist operators, and property owners.

Each of the main projects has sought to reduce seasonality by diversifying and innovating the products and capitalising on the environmental and socio-cultural resources of the Maltese Islands by ensuring the sustainable development of touristic activities.

Table 2.2. ERDF 2007-2013 Malta. Axis 2 total amounts of financial resources (ERDF)\(^\text{16}\)

<table>
<thead>
<tr>
<th>Lines of activity/Actions*</th>
<th>N° of projects</th>
<th>ERDF support (total and per project)</th>
<th>Largest of projects</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>Median**</td>
</tr>
<tr>
<td><strong>Tourism</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>55 – Promotion of Natural Assets</td>
<td>1</td>
<td>€ 313,151.17</td>
<td>€ 313,151.17</td>
</tr>
<tr>
<td>56 – Protection and development of natural heritage</td>
<td>2</td>
<td>€ 1,731,093.35</td>
<td>€ 865,546.68</td>
</tr>
<tr>
<td>57 – Other assistance to improve tourist services</td>
<td>14</td>
<td>€34,741,768.53</td>
<td>€ 2,481,554.89</td>
</tr>
<tr>
<td><strong>Culture</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>58 – Protection and preservation of cultural heritage</td>
<td>11</td>
<td>€ 45,458,707.46</td>
<td>€ 3,788,225.82</td>
</tr>
<tr>
<td>59 – Development of cultural infrastructure</td>
<td>11</td>
<td>€18,585,461.51</td>
<td>€ 1,689,587.41</td>
</tr>
<tr>
<td>60 – Other assistance to improve cultural services</td>
<td>2</td>
<td>€ 1,035,633.45</td>
<td>€ 517,816.73</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>€ 101,865,815.47</td>
<td></td>
</tr>
</tbody>
</table>

* In the case of projects supporting multiple actions the allocated split is based on the covenant between the Managing Authority.

Projects falling under code 55 are: ERDF022. The allocation included is the projects’ contribution to the theme.

Projects falling under code 56 are: ERDF022, ERDF024. The allocation included is the projects’ contribution to the themes.

Projects falling under code 57 are: ERDF031, ERDF033, ERDF039, ERDF039, ERDF212, ERDF213, ERDF213, ERDF221, ERDF222, ERDF226, ERDF244, ERDF245, ERDF246, ERDF249, ERDF401, ERDF402, ERDF135. The allocation included is the projects’ contribution to the theme.

Projects falling under the code 59 are: ERDF032, ERDF142, ERDF151, ERDF151, ERDF205, ERDF213, ERDF221, ERDF244, ERDF245, ERDF246, ERDF249, ERDF403. The allocation included is the projects’ contribution to the theme.

Projects falling under code 60 are: ERDF205, ERDF205, ERDF135. The allocation included is the projects’ contribution to the theme.

** The figure provided is the mean and not the median.

2.4 Governance and supportive features of the ERDF strategy in the tourism and culture sectors

The Planning and Priorities Coordination Division (PPCD) established in 2001 (currently within the Ministry for European Affairs and the Implementation of the Electoral Manifesto, MEAIM) has been the Managing Authority for the management and implementation of the OP.

The PPCD have been responsible for the managing and implementing of the OP including:

\(^{16}\) Data not yet available to break down by project completion
Ensuring that operations are selected for funding in accordance with criteria applicable to the OP and that they comply for the whole implementation period.

Verifying that the selection process (except in the case of aid schemes) has complied with the evaluation criteria.

Ensure that data on the implementation necessary for financial management monitoring verifications audits, and evaluation are collected.

Ensure that IBs account for all transactions.

Guide the work of the Monitoring Committee.

The Certifying Authority has been the Ministry of Finance (MFIN) and is entrusted with the certification of the declarations of expenditure and applications for payment.

The Audit Authority and Investigations Directorate (IAID) within the office of the Prime Minister reports to the Cabinet Secretary and the Internal and Audit Investigations Board within the Cabinet Office. The IAID is entrusted with verifying the effective functioning of the management and control system of the OP.

The Monitoring Committee (MC) for the OP is chaired by the Permanent Secretary of MEAIM or head of the MA and comprised of the Permanent Secretaries of each Government Ministry and other relevant stakeholders. The role of the MC is to:

- Consider and approve the criteria for selecting projects.
- Periodically review progress made towards achieving specific targets.
- Examine the results of implementation.
- Propose if necessary any revision likely to make possible the attainment of the Funds’ objectives.

Before its submission to the EU, the strategy developed within Priority Axis 2 was the subject of consultations between the relevant ministries. The approach chosen by the Maltese Government to distribute the financial resources was based on the identified priorities and the financial and organisational capacity to deliver projects. In the case of the ‘Grant scheme for sustainable tourism projects by enterprises’ (ERDF 135) the allocated budget was then allocated to beneficiary enterprises using a competitive selection process which used selection criteria, pre-set for prioritising the projects. The share of available funds during implementation remained in place and as a result there was relatively little redistribution across the identified recipients. Several projects have taken considerably longer to deliver than originally envisaged.

The Treasury within the Ministry of Finance pre-finances, from the national budget, the EU-share of the projects being implemented by Government (Central government, public authorities, public corporations and local authorities) or NGOs. In the case of private enterprises in receipt of support they were reimbursed by the Treasury upon presentation by the beneficiary of relevant receipts and supporting documentation from the Intermediate Body.

Intermediate Bodies have acted on behalf of the MA to carry out duties vis-à-vis beneficiaries implementing operations in the context of aid schemes.

The scale of the OP and the opportunity afforded by the funds helped to focus national government attention to secure the timely development of important infrastructure.
projects. All of the Implementation Bodies were central government Ministries or Government Agencies. The decision to use Government Ministries and Government Agencies as intermediaries for the delivery of projects supported through ERDF Axis 2 helped to ensure that matched funding resources were available to support implementation.

Following the perceived success of the Interdisciplinary Committee established to prepare Malta for the Commonwealth Heads of Government meeting in 2005, Malta’s Prime Minister established and then chaired between 2006-2008 Inter-ministerial Committee on Tourism and then personally took over the role of Tourist Minister as part of his portfolio in 2008. A clearer understanding of the needs of tourism resulted in the Cabinet. The decision by the Prime Minister to then take direct control over the Ministry in 2008 can be expected to have given tourism and cultural strategy further impetus.

As a result the limited range of actors and close involvement in the programme at the highest level politically, resources, both financial and technical, were in place to ensure project delivery.

The supportive measures adopted to bring to implementation the ERDF regional strategy on tourism and culture, were:

- **Selection criteria and procedures.** Projects implemented under priority themes 55 to 60 are not competing with each other. The criteria adopted for project approval are: consistency with the relevant priority theme’s objectives, technical feasibility, and financial capacity.

- **Use of public–private partnerships.** The new National Aquarium which formed a major component of the ‘Tourism Zone Upgrade’ (ERDF 33) involved a public–private partnership which was the first of its kind for EU-funding in Malta.

- The ‘Grant scheme for sustainable tourism projects’ supported 110 investment projects implemented by SMEs.

- **Tools used to analyse impacts.** Qualitative measures are in place with a significant evaluation is planned at the programme level for late 2015 to measure the impact of the strategy. Various implementation bodies plan to use a simple quantitative measure of tourist satisfaction to gauge the impact of the project. A ‘thematic evaluation’ will be carried out in early 2016. It has been accepted that it is too early to measure the impact of projects.

- **Monitoring system.** A robust monitoring system has been developed to measure the financial performance of the programme. For monitoring of results is concerned, the system of indicators of Axis 2 encompasses a limited number of both output indicators and results indicators.

- **Typologies of contracts.** ERDF grants have been used for the delivery of the interventions in tourism and culture.

Strategies on culture and tourism are becoming more integrated. Prior to the 2007-2013 programme awareness of the creative economy and of the potentially important role of creative industries in developing the Maltese economy was little understood - the first EU report on the cultural industries was a key starting point to
strategies being developed in Malta\textsuperscript{17}.

Whilst it is possible some Ministries may have used tourism as pretext to secure ERDF support for projects under Axis 2. The experience of inter-ministerial working on tourism has increased understanding within the Tourism Ministry of the important contribution that other ministries can make to the success of the tourism sector. Malta’s Tourism Policy, 2012-2016, identified cultural heritage as an important part of the offer to tourists. This policy response aimed to create better intertwining between the tourism offer and Malta’s cultural offer. The 2015 tourism policy for the first time involved inputs from several different ministries and this resulted from inter-ministerial consultations.

The mandate to establish the Creative Economy Working Group (CEWG) was announced by the then Minister of Finance, Economy and Investment in 2009. This resulted in the development of a National Strategy for the Cultural and Creative Industries, which built upon on the National Cultural Policy and Vision. The selection of Valletta as European Capital of Culture in 2018 and the shift away from tourism investment to cultural investments in the 2014-2020 OP has helped to give cultural strategies a more central role.

In summary, the governance structures have helped to ensure both a high degree of absorption of funds (as they were well integrated with national funding sources); and a strong relationship between the objectives of Priority Axis 2 and the projects supported (as the strategies were integrated).

However, there were challenges. These included delays between application and approval, which in certain circumstances triggered businesses supported by the ‘Grant scheme for sustainable Tourism’ making ‘non-material’ changes (such as use of a more up to date model of a type of equipment) to improve the value for money of the project. This in turn led to several of the supported businesses being able to claim back less of the total cost than anticipated. Consideration needs to be given as to how the private sector can communicate planned costs in such a way that non material changes can be incorporated without expenditure becoming ineligible.

Delays between costs incurred by the private sector and reimbursement could have caused businesses supported by the ‘Grant scheme for sustainable Tourism’ significant financial difficulty had levels of deadweight been lower. Consideration need to be given as to how expenditure approval processes could be streamlined.

The scale and complexity of the projects that were implemented represented a challenge for the implementing bodies. As a result at an operational level Axis 2 has also helped to develop skills and institutional capacity. Examples include:

- Establishment of Public Private Partnerships – the Aquarium which formed part of ERDF 033 was the first Public Private Partnership EU-funded project in Malta.
- Project management of large complex projects – several ministries and government agencies had responsibility for tendering arrangements and managing the delivery of by Maltese standards relatively large complex capital projects.
- The development of specialist in house skills - including laser surveying, and

\textsuperscript{17} The Economy of Culture in Europe Study prepared for the European Commission (Directorate-General for Education and Culture) October 2006 KEA.
various specialist forms of fortification repair and reconstruction including underpinning techniques and abseiling (ERDF 39); specialist forms of concrete structure repair (ERDF 244).

### 2.5 The implementation process: actors and phases

Malta’s accession to the EU was not until 2004. The institutional structures and pool of expertise to design and manage European funded programmes has developed quickly within the Managing Authority.

Several factors may have impacted on the speed of decision making and delays to the start of projects and phases within projects, including a lengthy delay between ramparts restoration project (ERDF 039) being approved by the Managing Authority and the MC and approval by the EU; and issues of staff turnover within the Managing Authority.

Neither of these factors had a significant impact on the deliverability of projects. However, anecdotal feedback from beneficiaries of the ‘Grant Scheme for Sustainable Tourism Projects by Enterprises’ (ERDF 135) suggested that the time delay between project application and approval was long enough for the precise model specification for the proposed use of technologies to have been superseded by the time of implementation.

Overall, Axis 2 was one of the most stable in terms of the expenditure and implementation. The four calls reflected the OP strategy and the approved projects were in line with strategy.

### 2.6 Outputs achieved

This section sets out the performance of the ERDF regional strategy for tourism and culture in terms of both financial and physical realisations. It shows the original OP targets and reported achievements.

As illustrated in Table 2.1, against a total programme ERDF expenditure of EUR 120 million for Axis 2, the financial resources committed to projects during implementation amounts to over EUR 119 million. The number of implemented projects will exceed the target objective 23 versus 20 originally planned.

According to the Managing Authority, the main reason underlying the achievement of target spending and delivery of planned projects lies in the strong integration of national and EU funds.

Efficiency savings notably in relation to the restoration of the ramparts (ERDF 39) helped to create the opportunity to fund three additional projects.

### Table 2.3. Implementation data, Financial Analysis, December 2014

<table>
<thead>
<tr>
<th>Allocation</th>
<th>Mainstream Projects</th>
<th>Aid Scheme</th>
<th>Total PA2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N/A</td>
<td>N/A</td>
<td>EUR 120,000,000</td>
</tr>
<tr>
<td>Committed</td>
<td>EUR 112,055,931</td>
<td>EUR 7,942,482</td>
<td>EUR 119,998,413</td>
</tr>
<tr>
<td>Contracted</td>
<td>EUR 104,677,723</td>
<td>EUR 7,942,483</td>
<td>EUR 112,620,206</td>
</tr>
<tr>
<td>Disbursed</td>
<td>EUR 84,859,384</td>
<td>EUR 7,565,790</td>
<td>EUR 92,425,174</td>
</tr>
<tr>
<td>Certified</td>
<td>EUR 83,237,580</td>
<td>EUR 6,343,469</td>
<td>EUR 89,581,049</td>
</tr>
</tbody>
</table>

Source: MEAIM May 2015

* Our elaboration on Annual Implementation Report 2013
With respect to the limited range of agreed outputs, a similarly good performance has already been achieved with all committed outputs anticipated to be either equaled or exceeded.

Unexpected savings of tens of thousands of Euros in several of the major projects created the opportunity for a small number of windfall projects to be implemented. Cost savings on the ramparts restoration project (ERDF 039) for example allowed for a greater area of ramparts to be restored and the creation of The Fortress Builders - Fortification Interpretation Centre.18

Table 2.4. Output indicators as at December 2014:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Target</th>
<th>Achievement*</th>
<th>Committed Results</th>
<th>Methodology Used/Proposed</th>
<th>Notes</th>
<th>Source/to be Provided by</th>
<th>Date Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of assisted tourism and cultural projects</td>
<td>20</td>
<td>23</td>
<td>23</td>
<td>Each Grant Agreement signed will be considered as one projects</td>
<td>Data will be generated at project level</td>
<td>Managing Authority</td>
<td>Currently</td>
</tr>
<tr>
<td>Number of projects implemented by enterprises</td>
<td>110</td>
<td>115</td>
<td>110</td>
<td>Each Grant Agreement signed will be considered as one projects</td>
<td>Data will be generated at IB level</td>
<td>IB</td>
<td>Currently</td>
</tr>
<tr>
<td>Number of marketing measures to penetrate/develop new/established niche markets</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>Each marketing measure adopted will be considered as one (activities actually undertaken)</td>
<td>Data will be generated at project level</td>
<td>Beneficiary</td>
<td>Currently</td>
</tr>
</tbody>
</table>

Source: MEAIM May 2015

The number of assisted tourism and cultural projects that will be completed by the end of 2015 will be 23, exceeding the target of 20 originally planned.

2.7 Results achieved

The result indicators are based on the main focus areas, have been “kept at a minimum to take account of the proportionality principle and in order to enable effective monitoring of the targets. This is in line with Article 37 (c) of the Council Regulation EC/1083/2006 and also the recommendations of the Mid-Term Update of the 2004-2006”19. The indicators, along with the methodology for collecting data, are summarised in Table 2.5 below.

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18 Precise data on the magnitude of these savings for each individual project is not available.
19 Operational Programme I Cohesion Policy 2007-2013 Investing in Competitiveness for a Better Quality of Life Malta March 2014
### Table 2.5. Result Indicators (at December 2014)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Target</th>
<th>Achievement*</th>
<th>Committed Results</th>
<th>Methodology Used/Proposed</th>
<th>Notes</th>
<th>Source/to be Provided by</th>
<th>Date Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface area of rampart elevation plan restored (sq m)</td>
<td>150,000</td>
<td>141,507</td>
<td>153,632</td>
<td>M2 of area restored</td>
<td></td>
<td>Beneficiary</td>
<td>Currently</td>
</tr>
<tr>
<td>% overall increase in number of paying visitors at upgrade sites</td>
<td>4</td>
<td>NA</td>
<td>4.34</td>
<td>Each additional paying visitor will be considered as one and expressed as a % on the OP’s baseline</td>
<td></td>
<td>Beneficiary and Managing Authority (in terms of aggregation of data)</td>
<td>To be collected at the end of programme</td>
</tr>
<tr>
<td>% of total tourist visiting upgraded cultural sites</td>
<td>14</td>
<td>2.2</td>
<td>30.92</td>
<td>Each tourist visiting upgraded cultural sites will be considered as one and expressed as a % on the OP’s baseline. Data will be collected following project closure.</td>
<td></td>
<td>Beneficiary and Managing Authority (in terms of aggregation of data)</td>
<td>To be collected at the end of the programme</td>
</tr>
<tr>
<td>% average increase in tourist departures for the (established) niche segments</td>
<td>3</td>
<td>NA</td>
<td>6.71</td>
<td>Each tourist departure related to niche segments will be considered as a % on the OP’s baseline. Data will be collected following project closure.</td>
<td></td>
<td>Beneficiary and Managing Authority (in terms of aggregation of data)</td>
<td>To be collected at the end of the programme</td>
</tr>
<tr>
<td>Number of enterprises adopting new products and processes</td>
<td>90</td>
<td>68</td>
<td>90</td>
<td>Each enterprise adopting new products and processes will be considered as one.</td>
<td></td>
<td>IB</td>
<td>Currently</td>
</tr>
</tbody>
</table>

**Progress against indicators**

Whilst most key projects look on course to achieve or exceed the agreed target outputs it is too early to judge impact. Many of the projects supported are either still in the process of completion or have been completed for only a short period. Moreover the majority of investment has been on new or existing infrastructures which can be expected to have a contributory impact on tourist perceptions and behaviour and an indirect impact on future investment decisions, which again will need.
Indicative data suggests that the **surface area of rampart elevation plan restored** is anticipated to be 153,632 sq m **slightly higher** than the initial target of 150,000 sq m. Efficiency savings achieved as the project developed allowed more complementary investment in associated landscaping and a new tourist attraction – the Fortress Builders interpretation centre.

The IB and MA can be confident that the **number of paying visitors at upgraded sites will increase** by more than 4%. Although the results are yet to be calculated the number of additional paying visitors to upgraded sites is likely to exceed the overall target of 41,434.

The **percentage of tourists visiting upgraded cultural sites** can also be expected to be exceeded. Calculating the number of tourists visiting upgraded tourist sites will be easy in the case of paying attractions but much more difficult to calculate in the case of non-paying sites open to the public and will need to rely on evidence gathered from exit survey. Notable new or upgraded experiences for tourists on upgraded sites include:

- ‘Maltese Megalithic Temples’, Ġgantija, Gozo
- War museum in St Elmo’s Fort, Valletta
- National Aquarium, Qawra
- Passenger lift, Valletta.

There has been no clear change in the **proportion of tourist departures for the established niche segments**. However growth in tourist numbers overall has been so strong that there has been an average increase of over 3% per annum in the overall number of tourists.

The **number of directly supported enterprises adopting new products and processes may end up being slightly less** than the target of 90. Several of the grant aided organisations received more than one grant and some were not enterprises.

The impact indicator for the OP specifically related to the tourism sector was a **1% increase per annum in tourism earnings over the 2007-2013** period. The Grant Scheme for sustainable tourism projects by enterprises contributed towards an upgrading of the offer and thus the outcomes contributed towards the achievement of this indicator. Although this target has been greatly exceeded it will be a major challenge to isolate the impact attributable to the funded projects. Most of the major infrastructure projects supported through the 2007-2013 programme are either only recently completed (e.g. Quara, Pembroke and St Paul’s Bay Tourism Zone Upgrade (ERDF 33) including the new National Aquarium) or nearing completion (Fort St Elmo Heritage Experience, Restoration and Rehabilitation of the historical fortifications in Birgu (Vittoriosa)).

**Evaluation of project impact**

As evaluation expertise has developed within Malta, several projects have sought to measure the impact of projects with a crude measure of visitor satisfaction through the use of surveys to examine the ex-ante tourist satisfaction level and then compare this post-project completion. Using a simple scale to categorise levels of tourist satisfaction (0 Very Poor, 1 Fair, 2 Good, 3 Very Good, 4 Excellent.). In some cases the sample sizes have been small. For, example the ex-ante tourist survey for the
'Regenerating Balzan Square and Implementing a Tourist Heritage Trail’ conducted in May 2011 over a 2-day period included a sample of just 29 tourists. The ex-ante level of tourist satisfaction levels was recorded as Level 2 (Good). It is envisaged that, post-project completion the Local Council will continue to make use of this survey in an attempt to determine tourist satisfaction levels. The Local Council is aiming at increasing the level of tourist satisfaction level to Level 3 (Very Good).

**Other benefits identified**

Given this caveat, encouraging indicators include:

- Recent private sector investment in new restaurants and boutique hotels within areas surrounded by the restored fortifications most notably in Valetta and Birgu.
- Wider process of gentrification (unsupported by ERDF) with strong growth in property values and an active process of redundant building refurbishment again most notably in Valetta and Birgu.

Completed new attractions funded through the 2007 and 2013 programme included the “The Fortress Builders - Fortification Interpretation Centre” and the new national aquarium. “The Fortress Builders” attracted just 11,250 visitors in 2014 its first year of operation as a free attraction. With visitor friendly opening hours, a realistic charging structure, signposting, integration within a Valetta heritage trail, joint ticketing with leading attractions and so on this has the ‘interpretation centre’ has the potential to be an economically viable attraction.

In contrast, the recently opened and privately run National Aquarium\(^2\) has developed a significant profile. The visitor numbers to the newly opened National Aquarium are encouraging. The new aquarium opened in October 2013 and attracted over 90,000 foreign tourists in its first year of operation significantly exceeding its target of 70,000 foreign tourists.

In the case of several of the largest ERDF interventions it is difficult to conclude the extent to which the investments constitute a good use of public finances. In the case of the ‘Repair and maintenance of the ramparts’ the major programme of refurbishments will need to be complemented with a continuous programme of additional public intervention. The apparent link between investment in the ramparts and investment by the private sector in adjacent areas may make an even more convincing case to secure future national funding. If tourism continues to grow then other sections of the historic ramparts in need of repair can be expected to be identified.

The selection of grant support for “Sustainable Tourism Projects by Enterprises” (ERDF 135) weighted in favour of viable businesses. Based on our interviews with 12 beneficiaries, it is considered likely that the majority of the businesses that were supported will have increased their viability as a result of the grant support. More importantly the upgrading of accommodation and websites may have helped to stimulate other, non- ERDF supported, competing businesses to update and improve their offer and help to improve the overall competitiveness and sustainability of Malta’s tourism industry.

The largest investments have been to refurbish historic building and monuments. The

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\(^2\) http://www.aquarium.com.mt/contact-us.
experiences gained through the implementation of these major infrastructure projects has increased the capacity of the implementation bodies such as the Restoration Directorate to cost effectively repair historic buildings and monuments investments.

Similarly, private sector construction businesses in Malta have demonstrated their capacity to deliver large and specialist, refurbishment and rebuilding contracts.

The scale of investment and co-ordination of tourism strategy at ministerial level led to significant change to the appearance and potential of several of the most targeted areas, in the case of Valletta and Birgu in particular this may have been an important factor in pump priming significant private sector investment already occurring in building refurbishment and new tourism and culture business formation.

Cost benefit analysis has been undertaken and in the case of a project to create a sandy beach this proposal was rejected when the analysis concluded that the sand would after a number of years be washed away. The merits of including more precise targets and ones which measure impact need to be explored. London Economic specifically identified net jobs created. London Economics also recommended that the MA develop a consistent framework for monitoring the success of projects in terms of the Horizontal Priorities and that further training and support for project leaders with regard to the implementation of the HPs should be considered.

In the case of smaller projects selection criteria were important in the assessment of their potential contribution to priority and programme objectives. In the case of Project 135 there was no specific attempt to gauge potential levels of either deadweight or displacement. The result was a number of projects being supported which focused on the refurbishment of existing rooms or facilities but also included the necessary components to score highly in the project appraisal. The majority if projects supported appear to have resulted in at least partial deadweight (projects would have been smaller, qualitatively different or later in the absence of ERDF support).
3 Conclusions and lessons learnt

Between 2007 and 2013 tourism grew strongly achieving an overall growth of some 17.9% well ahead of the EU average. Holiday, Business, Visiting friends and relatives and other segments each grew strongly over the period. In 2014 1.69 million tourists visited Malta. Percentage of tourists stating that history/culture was a reason for choosing Malta was marginally higher in 2013 than it was in 2008.

Almost three quarter of the expenditure has been on the refurbishment, recovery and protection of historic sites, buildings and monuments. The impact of shrouding and closure of historic areas under construction or refurbishment is expected to have restricted the ability of the MTA and its partners to market more effectively the historic sites and monuments benefitting from programme of support over the 2007-2013 period. Now that the various restoration works, are either completed or close to completion, the impact of these projects on tourism, and on the overall economy in general, can be expected to be felt at different spatial scales. At the micro level sites and premises immediately adjacent to these investments will have greater visitor and development potential. At the meso level the ‘cities’ bounded by the fortifications and the areas adjacent to major refurbished sites such as the Fort St Elmo Heritage Experience (ERDF 244) will benefit from increased tourist footfall and enhanced vistas and can be expected to similarly have greater visitor and development potential.

At the macro level, the restored fortifications and historic sites will enable a better image of the tourism product that Malta already has on offer and an enhanced visitor experience for those with an interest in history. Although not yet complete there are already indications of the significance of the ramparts to Malta’s overall tourism offer.

A recent article in the Telegraph (UK newspaper) referred to the fortifications (in the areas restored with ERDF funds) in five of the nine best free attractions in Malta identified in the article21.

The following conclusions can also be drawn from the evidence presented in the case study:

- **The ERDF regional strategy is integrated into a wider policy of local and sustainable development**, which has been developed following an analysis of the needs of Malta (and Gozo) The tourism and culture projects funded (within Axis 2) through OPI 2007-2013 were selected in part on the ability of the various ministries to cover the cost of the projects. This approach proved successful in achieving a high level of absorption of the funds. The Maltese Government is also committed to ensuring the sustainability of the investments for example providing the necessary revenue costs associated with management, repairs and maintenance. The restoration of the forts, fortifications and other historical assets will remain dependent on public funding.

- **The effectiveness of the ERDF regional strategy on tourism and culture appears satisfactory, but evidence is limited.** Planned financial expenditure will be almost entirely used by the end of 2015 (99%) and, above

all, no projects have failed to complete due to either a lack of institutional or lack of financial capacity. The late completion of several of the major projects and the timing of the ex-post evaluation at the end of the year make it difficult to assess the effectiveness of the investments.

- **The impact of the ERDF regional strategy on tourism and culture is likely to be sustainable.** Most projects post completion will continue to be operated and managed by the public sector, and the sustainability of intervention will depend on the wealth and long term commitment of the municipalities. In the case of the supported enterprises priority was afforded to projects that presented a low degree of risk

- **Malta’s expertise in the relation to monitoring and evaluation continues to develop** as a result of the demands of the European Commission. The agreed output, results and impact indicators together provide a practical set of measures that provide a useful indication of the progress towards successful implementation of the supported projects. This agreed group of measures however provide little useful evidence in order to judge the effectiveness of the supported investments in contributing to the overall programme objectives.

The following lessons can be learnt:

- **The added value of the EU strategy was largely at the national level**\(^{22}\). The Maltese ministries have integrated the ERDF intervention with national plans in the fields culture and, tourism. The existence of programmes at the national level and their integration with the ERDF strategy was decisive for early identification, better financial planning and complementarity of projects. In addition, the coordination of resources, the management of large and complex investment projects by different ministries and the application of both national and EU legislation, enhanced the institutional learning and the administrative capacity of the Maltese Government. The scale and complexity of the projects that were implemented represented a challenge for the implementing bodies. As a result at an operational level Axis 2 has also helped to develop skills and institutional capacity. Examples include:
  
  - Establishment of Public Private Partnerships – the Aquarium which formed part of ERDF 033 was the first Public Private Partnership project in Malta.
  - Project management of large complex projects – several ministries and government agencies had responsibility for tendering arrangements and managing the delivery of by Maltese standards relatively large complex capital projects.
  - The development of specialist in house skills - including laser surveying, and various specialist forms of fortification repair and reconstruction including underpinning techniques and abseiling (ERDF 39); specialist forms of concrete structure repair (ERDF 244).

- **Greater recognition of the importance of culture and tourism across**

\(^{22}\) It is important to note that Malta is smaller both in terms of population and areas than many municipalities.
government has resulted from the ERDF funding. Strong growth in tourism and particularly growth of higher value forms of tourism has continued to increase the importance of tourism to the economy. There continues to be greater recognition across all Government Departments that tourism is no longer just of relevance to the Ministry of Tourism. The 2015 tourism policy for the first time involved inputs from several different ministries. Recent examples of how tourism now pervades the Maltese economy include:

- A new St Bartholomew’s (London) teaching facility in Gozo which is anticipated will help secure private investment in a new £200 million hospital in Gozo. The new private partners would use the Bart’s Hospital brand to help to attract medical tourists.

- Potential investment of a new campus / language learning facility by a US University in the South of Malta.

**Delays between application and approval can hinder the effectiveness of the funding.** In this case, they led to businesses supported by the ‘Grant scheme for sustainable Tourism’ making ‘non-material’ changes (such as use of a more up to date model) to improve the value for money of the project. This in turn led to several of the supported businesses being unable to claim back less of the total cost than anticipated. Consideration needs to be given as to how the private sector can communicate planned costs in such a way that non material changes can be incorporated without expenditure becoming ineligible.

**Delays between costs incurred by the private sector and reimbursement** could have caused businesses supported by the ‘Grant scheme for sustainable Tourism’ significant financial difficulty has levels of deadweight been lower. Consideration needs to be given as to how expenditure approval processes could be streamlined.

**Phased letting of smaller contracts** slowed the delivery of the refurbishment of the fortifications but had the benefit if maximising skills development within the Restoration Department and Maltese contractors and the submission of increasingly professional and competitive tenders. Ultimately cost savings were achieved which were able to improve and extend the scale of works initially planned.

These delays were a result of the implementing bodies not having authority to issue contracts. By not giving the Restoration Department the responsibility to issue contracts this in effect delayed the delivery of each component of the project by approximately 6 months.

Managing Authorities should examine and refine appraisal processes to ensure they are able to select the projects that will contribute most to the objectives of the programme. ‘Grant scheme for Sustainable Tourism projects by Enterprises’ may have been overly mechanistic – projects achieved a higher score if they combined the five areas of intervention or if the business had been trading for longer. Insufficient priority may have been afforded to projects that had the direct potential to attraction of net additional visitors to Malta. The scheme attracted a broad range of types of project. Thematic calls for example ‘Investment in diving infrastructure to enable all year round diving’ with appropriately tailored selection criteria and adjusted intervention rates may have stimulated stronger applications and achieved better value for money.
More needs to be done to **reduce administrative burden** on assisted businesses, with one business spending EUR 11,000 to reduce the direct burden of applying for funds and completing monitoring information and to ensure that businesses are not spending money which is then going to be deemed ineligible. Several of the beneficiaries of ‘Grant scheme for Sustainable Tourism projects by Enterprises’ were unsure whether they could manage the bureaucracy associated with applying for ERDF support again.
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- Annual Implementation Reports 2007-2013:
- Malta Tourism Authority’s Research and Statistics:
## ANNEX

### Table A. People interviewed

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Contacts</th>
</tr>
</thead>
</table>
| Mr Jonathan Vassallo        | Director-General, Planning and Priorities Coordination Division, MALTA | +356 22001140
                                |                                                                      | jonathan.vassallo@gov.mt        |
| Dr Georgina Scicluna Bajada | Head Operational Programme I, Planning and Priorities Coordination Division | georgina.scicluna-bajada@gov.mt |
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                                |                                                                      | caldon.mercieca@gov.mt          |
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                                |                                                                      | norbert.gatt@gov.mt             |
| Arch Mireille Fsadni        | Works and Infrastructure Department, Ministry for Transport and Infrastructure | +356 21.23.57.91
                                |                                                                      | mireille.fsadni@gov.mt          |
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                                |                                                                      | kevin.fsadni@visitmalta.com     |
| Ms Francelle Azzopardi      | Project Executive of ERDF 033, Malta Tourism Authority               | + 356 22915185
                                |                                                                      | francelle.azzopardi@visitmalta.com |
| Ms Lucienne Meilak          | Director Policy and Programme Implementation, Ministry for Transport and Infrastructure | +356 22209312
                                |                                                                      | euaffairs.mitc@gov.mt           |
| Mr Charles D’Alfonso        | Project Leader of ERDF 244, Grand Harbour Regeneration Corporation   |                                 |
| Ms Moira Pisani             | Director Policy and Programme Implementation, Ministry for Tourism    | +356 2291 5035
                                |                                                                      | moira.pisani@gov.mt             |
| Mr Leslie Vella             | Director, Malta Tourism Authority                                     | + 356 22915200
                                |                                                                      | leslie.vella@visitmalta.com     |
| Marilou Micallef            | Projects Manager Planning & Priorities Coordination Division, MEAIM    | marilou.micallef@gov.mt         |
| Elizabeth Bugeja            | Projects Manager Planning & Priorities Coordination Division, MEAIM    | +356 22001190
                                |                                                                      | elizabeth.bugeja@gov.mt         |
| Alexander Formosa           | Projects Manager Planning & Priorities Coordination Division, MEAIM    | alexander.formosa@gov.mt        |
Table B. A general overview of the social and economic conditions of the region

<table>
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<tr>
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<th>Malta</th>
<th></th>
<th>EU</th>
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<tr>
<td><strong>Total Population (million)</strong></td>
<td>0.41</td>
<td>0.42</td>
<td>3.9</td>
<td>498.4</td>
<td>507.2</td>
<td>1.8</td>
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<tr>
<td>- male (million)</td>
<td>0.20</td>
<td>0.21</td>
<td>4.1</td>
<td>243.0</td>
<td>247.6</td>
<td>1.9</td>
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<tr>
<td>- female (million)</td>
<td>0.21</td>
<td>0.21</td>
<td>3.6</td>
<td>255.4</td>
<td>259.6</td>
<td>1.6</td>
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<td><strong>Population Education level (% of tertiary educated Level 5-6)</strong></td>
<td>12.4</td>
<td>18.9</td>
<td>6.5</td>
<td>23.5</td>
<td>28.5</td>
<td>5.0</td>
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<tr>
<td><strong>GDP per inhabitant (PPS, Index Number EU=100)</strong></td>
<td>79</td>
<td>86</td>
<td>7</td>
<td>100</td>
<td>100</td>
<td>0.0</td>
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<tr>
<td><strong>Total Employment rate (15-64) (%)</strong></td>
<td>55.0</td>
<td>60.8</td>
<td>5.8</td>
<td>65.2</td>
<td>64</td>
<td>-1.2</td>
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<tr>
<td>Male Employment rate (15-64) (%)</td>
<td>73.5</td>
<td>74.1</td>
<td>0.6</td>
<td>72.3</td>
<td>69.3</td>
<td>-3.0</td>
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<tr>
<td>Female Employment rate (15-64) (%)</td>
<td>36.0</td>
<td>47.0</td>
<td>11.0</td>
<td>58.1</td>
<td>58.7</td>
<td>0.6</td>
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<tr>
<td><strong>Number of Employed (15-64) (million)</strong></td>
<td>0.15</td>
<td>0.17</td>
<td>12.0</td>
<td>216.9</td>
<td>211.4</td>
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<td>Number of Male Employed (15-64) (million)</td>
<td>0.1</td>
<td>0.11</td>
<td>2.5</td>
<td>120.0</td>
<td>114.1</td>
<td>-4.9</td>
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<td>Number of Female Employed (15-64) (million)</td>
<td>0.05</td>
<td>0.07</td>
<td>31.9</td>
<td>96.9</td>
<td>97.3</td>
<td>0.4</td>
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<td><strong>Total Unemployment rate (15 and over) (%)</strong></td>
<td>6.5</td>
<td>6.4</td>
<td>-0.1</td>
<td>7.2</td>
<td>10.8</td>
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<td>Male Unemployment rate (15 and over) (%)</td>
<td>5.8</td>
<td>6.5</td>
<td>0.7</td>
<td>6.6</td>
<td>10.8</td>
<td>4.2</td>
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<tr>
<td>Female Unemployment rate (15 and over) (%)</td>
<td>7.9</td>
<td>6.3</td>
<td>-1.6</td>
<td>7.9</td>
<td>10.9</td>
<td>3.0</td>
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<tr>
<td><strong>People at risk of poverty or social exclusion (%)</strong></td>
<td>19.7</td>
<td>24.0</td>
<td>4.3</td>
<td>24.4</td>
<td>24.5</td>
<td>0.1</td>
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<td>NEET rate 15-24 (%)</td>
<td>11.5</td>
<td>9.9</td>
<td>-1.6</td>
<td>10.9</td>
<td>13.0</td>
<td>2.1</td>
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<tr>
<td>- male (%)</td>
<td>11.9</td>
<td>9.8</td>
<td>-2.1</td>
<td>9.8</td>
<td>12.8</td>
<td>3.0</td>
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<tr>
<td>- female (%)</td>
<td>11.2</td>
<td>10.1</td>
<td>-1.1</td>
<td>12.2</td>
<td>13.2</td>
<td>1.0</td>
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Source: Eurostat (Regional Statistics)

* 2011 instead of 2013
Table C. A general overview of the tourism sector

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<tr>
<td>The share of tourism in regional economy (measured in terms of GDP or added value)*</td>
<td>n.a</td>
<td>n.a</td>
<td>3.2</td>
<td>3.2</td>
<td>0.0</td>
<td></td>
<td></td>
<td>3.2</td>
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<td>Workers employed in the sector of tourism (%)**</td>
<td>8.1</td>
<td>8.7</td>
<td>4.2</td>
<td>4.5</td>
<td>0.3</td>
<td></td>
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<td>Workers employed in the sector of tourism (number) **</td>
<td>12,842</td>
<td>15,165</td>
<td>9,374,510</td>
<td>9,699,973</td>
<td>3.5</td>
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<tr>
<td>Business Local Units in tourism (Incidence on the total local Units) (%)***</td>
<td>10.7</td>
<td>10.7</td>
<td>8.5</td>
<td>8.4</td>
<td>-0.1</td>
<td></td>
<td></td>
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<tr>
<td>Business Local Units in tourism (Number) ***</td>
<td>2,548</td>
<td>2,626</td>
<td>1,896,297</td>
<td>1,889,562</td>
<td>-0.4</td>
<td></td>
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<tr>
<td>Arrivals at tourist accommodation establishments (total) (million)</td>
<td>1.2</td>
<td>1.5</td>
<td>751.3</td>
<td>876.9</td>
<td>16.7</td>
<td></td>
<td></td>
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<tr>
<td>Total arrivals at tourist accommodation establishments inhabitants per 1,000 inhabitants</td>
<td>2,941</td>
<td>3,466</td>
<td>1,507</td>
<td>1,729</td>
<td>14.7</td>
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<td>Arrivals at tourist accommodation establishments (residents) (million)</td>
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<td>0.1</td>
<td>493.6</td>
<td>553.6</td>
<td>12.2</td>
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<td>Arrivals at tourist accommodation establishments (non-residents) (million)</td>
<td>1.0</td>
<td>1.3</td>
<td>257.7</td>
<td>323.2</td>
<td>25.4</td>
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<td>Share of non-resident arrivals in tourist accommodations (%)</td>
<td>88.0</td>
<td>89.8</td>
<td>34.3</td>
<td>36.9</td>
<td>2.6</td>
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<td>Nights spent at tourist accommodation establishments (total) (million)</td>
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<td>8.5</td>
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<td>2,641,5</td>
<td>12.3</td>
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<td>Total nights spent by residents + non residents (total) per 1,000 inhabitants</td>
<td>19,819</td>
<td>20,175</td>
<td>4,707</td>
<td>5,208</td>
<td>10.6</td>
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<td>Nights spent at tourist accommodation establishments (residents) (million)</td>
<td>0.3</td>
<td>0.3</td>
<td>1,344,2</td>
<td>1,449,9</td>
<td>7.9</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Nights spent at tourist accommodation establishments (non-residents) (million)</td>
<td>7.7</td>
<td>8.2</td>
<td>1,007,8</td>
<td>1,192,1</td>
<td>18.3</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Share of non-residents nights spent in tourist accommodations (million)</td>
<td>95.9</td>
<td>96.1</td>
<td>42.8</td>
<td>45.1</td>
<td>2.3</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Total nights spent by residents + non residents (total) per km2</td>
<td>25,609</td>
<td>26,902</td>
<td>517</td>
<td>580</td>
<td>12.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of bed-places in hotels and similar establishments (million)</td>
<td>0.041</td>
<td>0.043</td>
<td>28.1</td>
<td>30.3</td>
<td>8.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net occupancy rate of bed places****</td>
<td>57.6</td>
<td>60.5</td>
<td>42.0</td>
<td>41.3</td>
<td>-0.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of establishments</td>
<td>166</td>
<td>170</td>
<td>424,661</td>
<td>561,988</td>
<td>32.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Eurostat (Regional Statistics)
* For IT and EU-28: Gross value added (at basic prices), % on the All NACE Activities of I- Accommodation and food service activities, and N79 - Travel agency, tour operator reservation services and related activities
** 2008 instead of 2007
*** 2008 instead of 2007, 2012 instead of 2013; For tourism we have considered I- Accommodation and food service activities, N79 - Travel agency, tour operator reservation service and related activities;
**** 2012 instead of 2007
## Table D. A general overview of the culture sector

<table>
<thead>
<tr>
<th></th>
<th>Malta</th>
<th>EU</th>
</tr>
</thead>
<tbody>
<tr>
<td>The share of culture in regional economy (measured in terms of GDP or added value)*</td>
<td>n.a</td>
<td>n.a</td>
</tr>
<tr>
<td>Workers employed in the sector of culture (%)**</td>
<td>1.6</td>
<td>1.9</td>
</tr>
<tr>
<td>Number of workers employed in the sector of culture**</td>
<td>2,511</td>
<td>3,404</td>
</tr>
<tr>
<td>Business Local Units in culture (Incidence on the total local units) (%)***</td>
<td>3.2</td>
<td>1.3</td>
</tr>
<tr>
<td>Number of business Local Units in culture***</td>
<td>456</td>
<td>310</td>
</tr>
</tbody>
</table>

Source: Eurostat (Regional Statistics)

* For IT and EU-28: Gross value added (at basic prices), % on the All NACE Activities of 59 — Motion picture, video and television programme production, sound recording and music publishing activities; 60 — Programming and broadcasting activities; 90 – Creative, arts and entertainment activities; 91 – Libraries, archives, museum and other cultural activities; 93 - Sports activities and amusement and recreation activities.

** 2008 instead of 2007

*** 2008 instead of 2007, 2012 instead of 2013 for culture; For culture we have considered J58 - Publishing activities; J59 - Motion picture, video and television programme production, sound recording and music publishing activities; J60 - Programming and broadcasting activities; G476 - Retail sale of cultural and recreation goods in specialised stores.
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