

26 March 2024

Positive preliminary assessment of the satisfactory fulfilment of milestones and targets related to the second payment request submitted by Malta on 21 December 2023, transmitted to the Economic and Financial Committee by the European Commission

Executive summary

In accordance with Article 24(2) of Regulation (EU) 2021/241, on 21 December 2023, Malta submitted a request for payment for the second instalment of the non-repayable support. The payment request was accompanied by the required management declaration and summary of audits.

To support its payment request, Malta provided due justification of the satisfactory fulfilment of the 34 milestones and targets of the second instalment of the non-repayable support, as set out in Section 2.1 of the Council Implementing Decision of 5 October 2021 on the approval of the assessment of the recovery and resilience plan for Malta¹.

In its payment request, Malta has confirmed that measures related to previously satisfactorily fulfilled milestones and targets have not been reversed. The Commission does not have evidence of the contrary. Upon receipt of the payment request, the Commission has assessed on a preliminary basis the satisfactory fulfilment of the relevant milestones and targets. Based on the information provided by Malta, the Commission has made a positive preliminary assessment of the satisfactory fulfilment of all 34 milestones and targets.

The milestones and targets positively assessed as part of this payment request demonstrate significant steps in the implementation of Malta's Recovery and Resilience Plan. They notably highlight the continuation of the reform momentum in key policy areas. This includes, among others, reforms to curb aggressive tax planning practices, capacity building at the Attorney General's office, improving waste collection and management, strengthening quality inclusive education, enhancing training opportunities for all with the launch of the e-college, deepening digital transformation and reducing the digital divide. The milestones and targets also confirm progress towards the completion of investment projects related to energy efficient renovation of private and public buildings (hospital and schools), subsidies for electric vehicles in the private sector, grant support for the digitalisation of businesses, new technologies and digitalisation in the health sector.

By the transmission of this positive preliminary assessment and in accordance with Article 24(4) of Regulation (EU) 2021/241, the Commission asks for the opinion of the Economic and Financial Committee on the satisfactory fulfilment of the relevant milestones and targets.

¹ ST 11941/2021; ST 11941/2021 ADD 1 as amended by ST 11202/23; ST 11202/23 ADD 1, not yet published.

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Non-repayable support

Number: 1.3	Related Measure: Reform C1-R1: Develop a long-term renovation strategy	
Name of the Milestone: Training and certification of professionals in the construction industry		
Qualitative Indicator: Launch of training and certification of professionals in the construction industry		Time: Q4 2022
<p>Context:</p> <p>The objective of this reform is the training and certification of professionals in the construction industry.</p> <p>Milestone 1.3 requires the launch of an open call for applications for a training and certification program for professionals and tradesmen of various levels in the buildings and construction industry to enhance the capacity for renovation courses.</p> <p>Milestone 1.3 is the second milestone of the reform, and it follows the completion of milestone 1.1, related to entry into force of the Building and Construction Authority Act. It will be followed by milestone 1.2 related to the full operationalisation of the Building and Construction Authority and the and target 1.4, related to the number of trained and certified professionals in the construction industry. The reform has a final expected date for implementation in Q2 2023.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. A summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. ii. A copy of the first public call targeted to current qualified assessors and a link to the website where the call may be accessed: https://bca.org.mt/invitation-for-current-assessors-to-attend-a-sponsored-course-provided-by-the-bicc-award-in-concepts-for-the-decarbonization-of-the-building-industry%ef%bf%bc/. iii. A copy of the second public call targeted to competent persons interested in becoming assessors and a link to the website where the call may be accessed: https://bca.org.mt/eprdm-assessor-course-for-dwellings/. iv. A copy of the third public call targeted to professionals, non-professionals and tradesmen and a link a link to the website where the call may be accessed: https://bca.org.mt/two-day-course-on-energy-efficiency-in-maltese-buildings%ef%bf%bc/. <p>The authorities also provided:</p> <ol style="list-style-type: none"> v. Document entitled “Award in Concepts for the Decarbonisation of the Building Industry”. vi. Document entitled “Detailed description of Course- Award in Concepts for the Decarbonisation of the Building Industry”. vii. Document entitled “Detailed description of the Two-Day Course on Energy Efficiency in Maltese Buildings” viii. Document entitled “Detailed description of the Course on Energy Performance Rating of Dwellings in Malta” ix. Document with programme for the course entitled “A Two-Day Course on Energy Efficiency in Maltese Buildings” x. Notification Letter to Assessors. 		

Analysis:

The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the milestone.

Open call for applications for a training and certification program for professionals and tradesmen of various levels in the buildings and construction industry to enhance the capacity for renovation courses. It shall target an array of professionals and tradesmen at various levels within the local construction eco-system.

Two public calls were issued in 2022 for the course ‘Award in concepts for the decarbonisation of the building industry’ targeting **professionals within the local construction eco-system**.

The first public call targeted the **current qualified building assessors** for the course on “Award in concepts for decarbonisation of the building industry” (available at the following link <https://bca.org.mt/invitation-for-current-assessors-to-attend-a-sponsored-course-provided-by-the-bicc-award-in-concepts-for-the-decarbonization-of-the-building-industry%ef%bf%bc/>). The call was distributed to all qualified assessors by a reminder notification letter. Such notification letter (see document entitled “Notification Letter to Assessors”) specifies that course graduates are **certified** after completion with the award of the **skill card**, which will become a mandatory requirement to act as a registered performance of building assessor, as demonstrated by the “Notification Letter to Assessors”, which notified the assessors that “Assessors who do not complete the course until the 31st of March 2023 will be deactivated from the BCA registration portal until the course is successfully completed”.

The course “Award in concepts for decarbonisation of the building industry” promotes a comprehensive understanding of the technical aspects delivered in five modules: (1) introduction to climate change and sustainability, (2) design for sustainability, (3) building energy systems and innovative technologies, (4) building assessment tools, government grants and best renovation package and (5) legal framework, standards and policies (see “Award in concepts for decarbonisation of the building industry” and “Detailed description of the course”).

The second public call targeting competent persons interested in becoming assessors included in a combined package with the previous course an additional course on “Energy Performance Rating of Dwellings in Malta” (available at the following link <https://bca.org.mt/eprdm-assessor-course-for-dwellings/>).

The course “Energy Performance Rating of Dwellings in Malta” has a five-day duration and provides participants with an in-depth understanding of various aspects related to the national calculation tool for assessing energy performance.

The two courses are aimed at increasing the pool of assessors and strengthening and diversifying their skills in the building and construction industry.

The two calls target middle management and professionals with an eligibility requirement in the application process of MQF level 5 certification.

Their content is built on the “train the trainer” approach aiming to address the specific needs required to enhance the capacity for renovation while creating spill-over effects through the supervision and knowledge transfer to the tradesmen.

A third call for a training program addressed to **professionals, non-professionals and tradesmen within the local construction eco-system** was launched on 9 June 2023 titled “Energy Efficiency in Maltese Buildings”. The training program has a two-day duration and includes, among others, courses in (1) the energy context, (2) energy and its use in typical buildings, (3) buildings and the EU Policy context, (4) sustainable building design, insulation, and glazing systems and (5) minimum energy performance requirements (Document F)-providing a detailed roadmap for achieving energy performance targets (see document entitled “Detailed description of the Two-Day Course on Energy Efficiency in Maltese Buildings”).

Course graduates are **certified** with the award of a skill card (if they do not have one)-see “Invitation for the course Award in Concepts for the Decarbonisation of the Building Industry and for the course Energy Performance Rating for Dwellings” or with an update of the existing one to reflect the participation in the training program-see document entitled “Notification Letter to Assessors”.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 1.9	Related Measure: C1-R2 Fostering effective waste management through a robust waste governance framework including reforming the waste collection system	
Name of the Milestone: Adoption of standards for the Construction Industry		
Qualitative Indicator: Adoption of standards for the construction industry		Time: Q4 2022
<p>Context:</p> <p>The objective of this reform is to improve waste management and further the transition towards a circular economy.</p> <p>Milestone 1.9 concerns the adoption of standards for the construction industry with the aim to reduce the construction and demolition waste generated and ensure that the waste generated is suitable for treatment in line with the waste hierarchy. The standards will cover the following areas: i) best practices for (de)construction, aimed at reducing the Construction and Demolition (C&D) waste generated and ensuring waste generated is suitable for treatment in line with the waste hierarchy; ii) the classification of C&D waste by type, material, composition and weight, aimed to encourage on-site separation as well as improve the quality of the waste streams for subsequent re-use or recycling; iii) appropriate excavation works; and iv) dimensions of internal and external apertures of residential dwellings.</p> <p>Milestone 1.9 is fourth milestone of the reform. It followed milestone 1.5 on the entry into force of the updated Environment Protection Act, milestone 1.8 on the adoption of the Construction and Demolition Waste Strategy for Malta and milestone 1.13 on entry into force of revised legislation on packaging material to allow for the regional collection of packaging waste. It is followed by milestone 1.11 on the recovery of construction and demolition waste through backfilling void spaces, milestone 1.12 on the reorganisation of the waste collection system, milestone 1.10 on the entry into force of a new regulatory framework for the management of construction and demolition waste, milestone 1.6 related to the study for expansion of extended producer responsibility obligations to additional waste streams and milestone 1.7 related to its legislative enactment. The reform has a final expected date for implementation in Q4 2025.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. A summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. ii. Copies (both in English and Maltese) of Construction Management Site Regulations (Legal Notice 340 of 2022) and links to the websites where they can be accessed; (https://legislation.mt/eli/ln/2022/340/eng) and (https://legislation.mt/eli/ln/2022/340/mlt); iii. Copy of the notification of Legal Notice 340 of 2022 published in Government Gazette No. 20,978 of 20 December 2022 and a link to the website where it can be accessed; (https://www.gov.mt/en/Government/DOI/Government%20Gazette/Documents/2022/12/Gaz%20Government%20Gazette%20-%2020th%20December.pdf) notifying that Legal Notice 340 of 2022 was published in the Supplement to the Government Gazette No 20,976 of 16 December 2022; 		

- iv. National Standard “SM 810:2022 - Recycling-oriented Deconstruction, Controlled Excavation Works and Classification of Waste”;
- v. Notification of approval and endorsement of the National Standard “SM 810:2022 - Recycling-oriented Deconstruction, Controlled Excavation Works and Classification of Waste” in the Government Gazette No. 20,918 dated 6 September 2022;
- vi. Technical Document “Standardisation of Apertures for Residential Buildings” in Malta.

Analysis:

The justification and substantiating evidence provided by the Malta authorities covers all constitutive elements of the milestone.

Adoption of standards for the construction industry. The standards shall concern:

1) Best practices for (de)construction, aimed at reducing the Construction and Demolition (C&D) waste generated and ensuring waste generated is suitable for treatment in line with the waste hierarchy provided in the Article 4 of the Directive 2008/98/EC on waste.

“SM 810:2022-Recycling-oriented Deconstruction, Controlled Excavation Works and Classification of Waste” is a standard for best practices and for everyday use by building owners, developers, designers, and contractors, prioritising the reduction of waste generation and highlighting the importance of saving raw material resources.

National Standard “SM 810:2022 - Recycling-oriented Deconstruction, Controlled Excavation Works and Classification of Waste” provides in Section 7 that deconstruction operations shall be planned through a structured approach, supported with an engineering appraisal. The deconstruction shall be supported by an adequate classification of waste arising prior, during and after deconstruction as provided in Section 5 to allow for a better decision making with regards to preparation for reuse or recycling of waste, in line with the principles of the waste hierarchy. The encouragement of deconstruction instead of demolition will allow for i) reduced generation of waste, ii) preservation of primary raw material resources, iii) reducing reliance on backfilling, and iv) facilitation of reusing and recycling.

2) The classification of C&D waste by type, material, composition and weight, aimed to encourage on-site separation as well as improve the quality of the waste streams for subsequent re-use or recycling.

National Standard “SM 810:2022 - Recycling-oriented Deconstruction, Controlled Excavation Works and Classification of Waste” provides in Section 5 that the waste classification shall be performed according to the waste hierarchy as laid down in Regulation 4A. of S.L. 549.63 Waste Regulations transposing Article 4 of Directive 2008/98/EC. The standards provides in Section 5 that a waste catalogue shall be compiled when requested by the competent authority and shall be kept by the developer for record purposes. The waste catalogue shall include information on the type, material, composition and weight, notably: i) a description of each waste stream identified and the corresponding European Waste Catalogue (EWC) code (see Section 5, Table 1), ii) quantities of each waste stream, iii) destination of each waste stream, and iv) any other information as may be required by the competent authority.

In cases involving demolition, deconstruction, and/or control excavation operations, where a waste catalogue is not required by the competent authority, a list of waste foreseen to be generated on site shall be categorised together with corresponding quantities as a basic minimum. This shall be maintained and kept available for records on site.

3) Appropriate excavation works, with the aim to re-use excavated rock for the purposes of construction.

National Standard “SM 810:2022 - Recycling-oriented Deconstruction, Controlled Excavation Works and Classification of Waste” provides in Section 8 that controlled excavation works are a priority in excavation sites giving due consideration to the potential resources that may be extracted in the form of blocks instead of traditional excavation with the aim to minimise the generation of waste.

Controlled excavation shall be based on the following assessments to identify the potential of the resource: (1) Assessment of materials through a geotechnical investigation intended to assess the properties of the material and its applicability for engineering applications, (2) Assessment of yield of large blocks from the site and their quality, (3) Assessment of equipment which shall be used for controlled excavation, suitability of equipment and methods and risk analysis, (4) Assessment of other impacts of the extracted resource including transport and storage, end use and re-processing. Records of any assessment undertaken shall be maintained.

4) Dimensions of internal and external apertures of residential dwellings aimed at encouraging the re-use of fittings as well as reduce diversification bringing about economies of scale.

The “Technical Document – Standardisation of Apertures” provides standardised dimensions for doors and windows. Standardised dimensions will allow for more interchangeability in terms of easier repairs or replacements and higher re-use potential due to standard fitting sizes. It will also support more efficient and cost-effective production processes in terms of resource use since raw materials would be produced in modules, thus reducing waste generation.

These standards shall be incorporated within the regulatory framework

The Construction Management Site Regulations (L.N. 340 of 2022) published in the Supplement to the Malta Government Gazette No 20,976 of 16th December 2022, incorporated these four standards within the regulatory framework making them mandatory as of the date of entry into force (which corresponds to the date of publication by virtue of the provisions of Article 72 of the Constitution of Malta, Chapter 0 of the Laws of Malta, and Articles 5 and 16 of the Interpretation Act, Chapter 249 of the Laws of Malta which provide that the entry into force of a legal act takes place at the moment of the publication in the Government Gazette if not stipulated otherwise).

The first three standards are incorporated in the Fourth Schedule (Regulations 6 and 9) of the Construction Management Site Regulations which stipulates in Article 3.a that any deconstruction or excavation works on a site should be carried out in line with sections 5, 7 and 8 of the national standard SM 810:2022 titled “Recycling-oriented Deconstruction, Controlled Excavation Works and Classification of Waste”.

The fourth standard is incorporated in the Fourth Schedule (Regulations 6 and 9) of the Construction Management Site Regulations which stipulates in Article 3.b that any apertures utilised in a residential building shall by design follow the standardisation of dimensions of internal and external apertures as specified in the Technical Document titled “Standardisation of Apertures for Residential Buildings in Malta”.

and compliance with these standards shall be an essential requirement prior to the issuance of an executable Development Permit.

When the applicant/architect responsible has to submit a development application to the Planning Authority, they shall declare that "*The proposed development relating to any new residential component has been designed in line with Regulation 3(b) of Schedule 4 of S.L. 623.08. Any updated drawings shall also conform to these standards*". In addition, at planning application stage, a waste catalogue is to be submitted, together with declarations by the architect and the developer confirming that they will abide by their obligation to carry out works in line with sections five (5), seven (7) and eight (8) of the national standard SM 810:2022 titled 'Recycling-oriented Deconstruction, Controlled Excavation Works and Classification of Waste' as per the fourth Schedule in the Regulation S.L. 623.08 (see Article 3(a) of Schedule 4).

The executable permit can only be issued as long as the waste catalogue and the declarations by the architect and developer have been submitted.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 1.11	Related Measure: C1.R.2 Fostering effective waste management through a robust waste governance framework including reforming the waste collection system	
Name of the Milestone: Recovery of construction and demolition waste through backfilling void spaces (quarries)		
Qualitative Indicator: Conditions are in place for the recovery of construction and demolition waste in void spaces		Time: Q4 2022
<p>Context:</p> <p>The objective of this reform is to improve waste management and further the transition to a circular economy.</p> <p>Milestone 1.11 requires putting in place the right conditions for the recovery of construction and demolition waste in void spaces including: i) identifying the quarries, which have been declared as partly exhausted, exhausted or inactive and determine their available volume ii) drafting a set of terms of reference for the restoration of void spaces to their original state and iii) identifying mechanisms to incentivise the crushing of material prior to backfilling.</p> <p>Milestone 1.11 is the fifth milestone of the reform. It followed milestone 1.5 on the entry into force of the updated Environment Protection Act, milestone 1.8 on the adoption of the Construction and Demolition Waste Strategy for Malta, milestone 1.9 on the adoption of standards for the construction industry and milestone 1.13 on entry into force of revised legislation on packaging material to allow for the regional collection of packaging waste. It is followed by milestone 1.12 on the reorganisation of the waste collection system, milestone 1.10 on the entry into force of a new regulatory framework for the management of construction and demolition waste, milestone 1.6 related to the study for expansion of extended producer responsibility obligations to additional waste streams and milestone 1.7 related to its legislative enactment.</p> <p>The reform has a final expected date for implementation on 31 December 2025.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled; ii. A copy of the study by the Environmental and Resource Authority, in collaboration with the Planning Authority, titled “<i>Recovery of C&D waste through backfilling of void spaces (Identification & quantification of void spaces)</i>” of June 2022, identifying the quarries that have been declared as partly exhausted, exhausted or inactive and determined their volume therein iii. A copy of the set of terms of reference for the restoration of void spaces “<i>Terms of reference on the closure, aftercare and rehabilitation of landfills and excavation voids</i>” finalised and published by Environment and Resources Authority on its website in May 2021, and the link where it can be accessed: https://era.org.mt/wp-content/uploads/2021/11/COCOON_ToRs.pdf ; iv. A description of the mechanisms put in place to incentivise the crushing of material consisting in the call for application “<i>ROVS - Restoration of void spaces with crushed inert</i>” 		

excavation, construction and demolition waste”, opened by the Environment and Resources Authority on 22 December 2022, and a link to where it can be accessed <https://era.org.mt/environment-fund/rovs-restoration-of-void-spaces/>;

- v. A copy of the **advert** published in The Sunday Times of Malta of 25 September 2022, concerning the consultation session
- vi. Copies of the e-mail **invitation** to the consultation session
- vii. A copy of the formal **consultation document** with the *State Aid Monitoring Board*
- viii. The feedback from the *State Aid Monitoring Board*
- ix. Copy of **e-mail correspondence** with *Malta enterprise*.

- x. For each quarry being backfilled (13 in total), a copy of the **annual declaration** confirming that the waste used for backfilling was suitable non-hazardous waste, each signed by an independent perit/architect, notably:
 - Annual declaration dated 6 January 2023 regarding the Quarry HM22, demonstrating that the waste used for backfilling in 2022 was suitable non-hazardous waste substituting non-waste materials.
 - Annual declaration dated 26 January 2023 regarding the Quarry Triq Wied Ganu, Zurrieq, demonstrating that the waste used for backfilling during the period 1 October to 31 December 2022 was suitable non-hazardous waste substituting non-waste materials.
 - Annual declaration dated 3 February 2023 regarding the Quarry Ta Zuta Siggiewi, demonstrating that the waste used for backfilling during the period 1 October to 31 December 2022 was suitable non-hazardous waste substituting non-waste materials.
 - Annual declaration dated 28 April 2023 regarding the Quarry HM 28 1-Naxxar, demonstrating that the waste used for backfilling during the period 1 October to 31 December 2022 was suitable non-hazardous waste substituting non-waste materials.
 - Annual declaration dated 5 May 2023 regarding the Quarry SM66, demonstrating that the waste used for backfilling in 2022 was suitable non-hazardous waste substituting non-waste materials.
 - Annual declaration dated 14 June 2023 regarding the Quarry Ex SM22, demonstrating that the waste used for backfilling in 2022 was suitable non-hazardous waste substituting non-waste materials.
 - Annual declaration dated 26 June 2023 regarding the Quarry HM05, demonstrating that the waste used for backfilling in 2022 was suitable non-hazardous waste substituting non-waste materials.
 - Annual declaration dated 20 October 2023 regarding the Quarry HM13a, demonstrating that the waste used for backfilling in 2022 was suitable non-hazardous waste substituting non-waste materials.
 - Annual declaration dated 23 October 2023 regarding the Quarry SM44, demonstrating that the waste used for backfilling in 2022 was suitable non-hazardous waste substituting non-waste materials.
 - Annual declaration dated 23 October 2023 regarding the Quarry Ta Furrumu, demonstrating that the waste used for backfilling in 2022 was suitable non-hazardous waste substituting non-waste materials.
 - Annual declaration dated 23 October 2023 regarding the Quarry HM01, demonstrating that the waste used for backfilling in 2022 was suitable non-hazardous waste substituting non-waste materials.
 - Annual declaration dated 24 October 2023 regarding the Quarry SG03, demonstrating that the waste used for backfilling in 2022 was suitable non-hazardous waste substituting non-waste materials.

Annual declaration dated 25 October 2023 regarding the Quarry SG07, demonstrating that the waste used for backfilling in 2022 was suitable non-hazardous waste substituting non-waste materials.

Malta also submitted:

- xi. A copy of Environmental Permit number EP 01255/23 and a link to the website containing a list of all permitted quarries to accept clean inert waste, together with their relevant permits: <https://era.org.mt/topic/permitted-quarries/>
- xii. Copies of the variation to the environmental permit introduced for 34 permitted quarries

Analysis:

The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the milestone.

The following conditions are in place for the recovery of construction and demolition waste in void spaces to restore them in their original state with high environmental standards:

(i) The Environment and Resource Authority, in collaboration with the Planning Authority has identified the quarries, which have been declared as partly exhausted, exhausted or inactive and determined the volume contained therein.

The Environment and Resource Authority, in collaboration with the Planning Authority, carried out and published on its website in June 2022 the study called “Recovery of C&D waste through backfilling of void spaces (Identification & quantification of void spaces)” as demonstrated by evidence ii). The study identified potential quarries and evaluated the additional void space available over and above the current backfilling void space contained in permitted operational quarries. The study included two steps: (1) the determination of specific selection criteria to distinguish partly exhausted, exhausted and disused quarries from other permitted quarries which are currently operational, (2) the utilisation of drones for aerial surveying collecting data to support and develop digital elevation models aimed to evaluate the volume contained in the selected quarries. The study identified 26 void spaces which have a potential for backfilling, amounting to an estimated total volume of circa 1,200,000m (pages 5 and 6 of the study titled “Recovery of C&D waste through backfilling of void spaces (Identification & quantification of void spaces”).

A set of terms of reference for the restoration of void spaces to their original state.

In May 2021, the Environment and Resource Authority published on its website the document “Terms of Reference on the Closure, Aftercare, and Rehabilitation of Landfills and Void Spaces “. The Terms of Reference apply also to quarries. The terms of reference (paragraph 78 to 92) stipulate conditions related to monitoring, minimum and mandatory cover and capping system to be installed as well as minimum requirements for the restoration of void spaces to their original state, including criteria related to the site characteristics and the sensitivity of the environment (paragraph 129 to 139) and their possible after-use (paragraph 93 to 98).

The conditions laid out in the terms of reference are included in the environmental permit, with standard conditions included for all permits carrying out backfilling activities. In particular: (i) Schedule 1 of every environmental permit of quarries that are permitted to backfill void spaces contains the list of the waste that can be accepted on site (as shown in Schedule 1 of the example permit EP 01255/23); (ii) Quarry permits also include conditions requiring monitoring programmes to be conducted when deemed necessary in the event of an environmental hazard, to demonstrate

that the quality of the groundwater has not been compromised (as shown in condition 4.1.11 of the mentioned permit). (iii) regarding the after-use, monitoring may be required as part of the closure of the site to assess the stability of the waste mass backfilled (as shown in condition 5.6 of the same permit). The mentioned conditions apply to all permitted quarries.

Mechanisms to incentivise the crushing of material prior to backfilling, such as including the crushing of material prior to backfilling as a requirement when publishing call for tenders involving construction works by Government entities.

In line with the provisions stipulated in Article 32 of the Environment Protection Act (Cap. 549), Malta opted to develop and set up a new financial incentive through a grant scheme with the aim to encouraging operators to crush material which cannot be reused or recycled, prior to back filling, thereby making better use of their available void spaces. The respective call for application (ROVS - Restoration of void spaces with crushed inert excavation, construction and demolition waste) was launched by the Environment and Resources Authority on 22 December 2022 and remained opened until 30 June 2023, as demonstrated under evidence iv.

The overall budget of the scheme was established at € 350,000 and will be disbursed over a total duration of five years. There is a maximum disbursement of € 50,000 per each successfully selected applicant. The budget will be disbursed to eligible applicants on a first come first served basis according to the availability of funds. Eligible final recipients must ensure that they operate in full compliance with a grant agreement and will be subject to a verification process including (1) annual declaration by an independent body confirming that the material backfilled in the same year is crushed inert excavation waste, (2) weighbridge receipts confirming tonnage of crushed waste and, (3) random inspections carried prior to any disbursement of funds.

The definition of such mechanisms shall be determined following consultation with stakeholders, including potential beneficiaries, the relevant authorities and also other primary stakeholders.

The potential incentives were consulted with potential beneficiaries and other primary stakeholders (including quarry owners and Kamra tal-Periti (architects)) in a consultation session. To this end, an invitation (document vi) was circulated and an advert (document v) was published in various newspapers to increase the awareness and participation rate.

Relevant authorities were also consulted, notably the State Aid Monitoring Board (document viii) and Malta enterprise (document ix)).

The measure shall not lead to a significant increase in the disposal of waste, or create disincentives to preparing for reuse and recycling of waste.

An economic assessment was carried by taking into consideration the revenue from the crushing of waste prior to backfilling against the capital investment and the operational costs to perform such an operation. The revenue from this activity took into account secondary effects materialised in an increase of the density of waste.

The incentive rate per tonne of crushed material is set to strike a balance between the need to

encourage marginally the quarries to backfill crushed material while not creating a disincentive for preparation for reuse and recycling. The incentive provides a small financial reward for waste operators to crush material which is not suitable for preparation for reuse or recycling, prior to backfilling and maximize the void space available creating opportunities for additional revenue diversification. On the same time, the incentive level is not more attractive than the recycling/preparation of material for reuse which is a more profitable operation depending on the market dynamic and available demand.

The overall regulatory framework in place provides additional safety that the backfilling does not lead to a significant increase in the disposal of waste or create disincentives for preparing for reuse or recycling. Article 2 of the Waste Regulations S.L. 549.63 ensure adherence with the EU waste hierarchy and with the EU waste legislation. Furthermore, the Construction and Demolition waste Strategy for Malta 2021 – 2030 identifies options for the management of waste arising from excavation, construction and demolition activities to increase preparing for re-use and recycling.

Among the options proposed there are standards on classification of waste, appropriate excavation works and best practices for (de)construction with a view to encourage on-site separation as well as improve the quality of the waste streams for subsequent re-use or recycling.

The waste used for backfilling shall be suitable non-hazardous waste substituting non-waste materials and shall be limited to the amount strictly necessary, in line with Article 3(17a) of Directive 2008/98/EC on waste.

According to Malta Waste Regulations (S.L. 549.63), Regulation 4, in line with Article 3(17a) of Directive 2008/98/EC on waste, quarries need to ensure that the waste used for backfilling shall be suitable non-hazardous waste substituting non-waste materials and shall be limited to the amount strictly necessary.

In line with the powers under the Environment Protection Act (CAP. 549), as shown by document (xii), the Environment and Resources Authority (ERA) introduced a variation in the environmental permits of quarries that are currently permitted to backfill material aiming to ensure that only suitable inert waste substituting non-waste materials was used. In particular, following the variation for each quarry an Annual Declaration by an independent body is required confirming that waste used for backfilling was suitable inert waste substituting non-waste materials (see Condition 4.4.5 and Schedule 4 of variation) This declaration is submitted together with the Annual Environmental Reports and is accompanied by a report carried out by an independent body and shall include: (1) a quarterly review of the data on waste collected by the Permit Holder at the acceptance stage on site and (2) details of the site visits carried out by the independent body on a quarterly basis (condition 4.4.5 of the variation). Annual declarations have been provided for the 13 quarries that are currently to backfill waste, and that during Q4 of 2022 carried out backfilling.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 1.12	Related Measure: C1.R.2 Fostering effective waste management through a robust waste governance framework including reforming the waste collection system	
Name of the Milestone: Setting up of five municipal regional bodies responsible for waste collection across Malta and Gozo		
Qualitative Indicator: Responsibility for collection shifted to regions, including collection of recyclables and all waste collection centres are fully operational.	Time: Q4 2022	
<p>Context:</p> <p>The objective of this reform is to improve waste management and further the transition toward a circular economy.</p> <p>Milestone 1.12 requires the shifting of the responsibility for collection to regions, including collection of recyclables and that all waste collection centres are fully operational.</p> <p>Milestone 1.12 is fifth step for the implementation of this reform. It follows milestone 1.8 on the adoption of a Construction and Demolition Waste Strategy, milestone 1.5 concerning the entry into force of the updated Environment Protection Act and milestones 1.9 and 1.11, both related to the implementation of the Construction and Demolition waste strategy. It will be followed by milestone 1.6 and 1.7, concerning respectively the study and follow-up legislation for the expansion of extended producer responsibility obligations to additional waste streams and milestone 1.10 concerning the last step of the implementation of Construction and Demolition Waste Strategy.</p> <p>The reform has a final expected date for implementation 31 December 2025.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i. Validation Certificate – Regional Waste Management – Northern Regional Council, dated 26 June 2023 ii. Validation Certificate – Regional Waste Management – Eastern Regional Council, dated 22 May 2023 iii. Validation Certificate – Regional Waste Management – Western Regional Council, dated 22 May 2023 iv. Validation Certificate – Regional Waste Management – Port Regional Council, dated 22 May 2023 v. Validation Certificate – Regional Waste Management – Southern Regional Council, dated 22 May 2023 vi. Validation Certificate – Regional Waste Management – Gozo Regional Council, dated 22 May 2023. <p>The authorities also provided:</p> <ul style="list-style-type: none"> vii. Contract Agreement (ref. CT 2134/2022) signed on 29 December 2022, whereby the responsibility of waste collection in the respective 9 Local Councils shifted to the Northern Regional Council 		

- viii. Contract Agreement (ref. CT 2135/2022) signed on 29 December 2022, whereby the responsibility of waste collection in the respective 12 Local Councils shifted to the Eastern Regional Council
- ix. Contract Agreement (ref. CT 2136/2022) signed on 14 March 2023, whereby the responsibility of waste collection in the respective 10 Local Councils shifted to the Western Regional Council
- x. Contract Agreement (ref. CT 2137/2022) signed on 29 December 2022, whereby the responsibility of waste collection in the respective 11 Local Councils shifted to the Port Regional Council
- xi. Contract Agreement (ref. CT 2138/2022) signed on 23 December 2022, whereby the responsibility of waste collection in the respective 12 Local Councils shifted to the Southern Regional Council
- xii. Contract Agreement (ref. CT 2139/2022) signed on 29 December 2022, whereby the responsibility of waste collection in the respective 14 Local Councils shifted to the Gozo Regional Council.

Analysis:

The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the milestone.

Responsibility of waste collection shall shift from 68 Local Councils to six regions: a) Port (including 11 Local Councils), b) Southern (12 Local councils), c) Eastern (12 Local Councils), d) Western (10 Local Councils), e) Northern (9 Local Councils), f) Gozo (14 Local Councils). The transition of waste collection to six centres is completed. The six centres are fully operational and in charge of collecting waste.

The six Regional Councils signed contracts for provision of the service of waste collection in the six regions. The scope of the contracts is to provide household collection services in the localities within the region according to the Waste Management Plan 2021-2030, to minimise waste generation and to promote an increase in recyclables (both in organic and inorganic waste).

As certified by the Validation Certificates (evidence i. to vi.), the waste collection services in each region are shifted from the Local Councils to the respective Regional Council and are fully operational and managed by the respective Regional Councils starting with 2022.

The six Regional Councils in charge of collecting waste are (1) Northern Regional Council (11 Local Councils), (2) Eastern Regional Council (12 Local Councils), (3) Western Regional Council (12 Local Councils). (4) Port Regional Council (10 Local Councils), (5) Southern Regional Council (9 Local Councils) and (6) Gozo Regional Council (14 Local Councils).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 1.13	Related Measure: C1.R.2 Fostering effective waste management through a robust waste governance framework including reforming the waste collection system	
Name of the Milestone: Entry into force of revised legislation on packaging material to allow for the regional collection of packaging waste		
Qualitative Indicator: Provision in the revised legislation indicating the entry into force of the revised legislation		Time: Q4 2022
<p>Context:</p> <p>The objective of this reform is to improve waste management and further the transition toward a circular economy.</p> <p>Milestone 1.13 requires the entry into force of revised legislation on packaging material allowing for the regional collection of packaging waste. It also requires regional councils to be responsible for the logistics to enable economies of scale, and producers to be responsible for the financing of the costs related to the management of the packaging and packaging material that they put on the market in Malta.</p> <p>Milestone 1.13 is third out of nine milestones of the reform. It follows milestone 1.5 on the entry into force of the updated Environment Protection Act and milestone 1.8 on the adoption of the Construction and Demolition Waste Strategy for Malta. It is followed by milestone 1.9 on the adoption of standards for the construction industry, 1.11 on the recovery of construction and demolition waste through backfilling void spaces, milestone 1.12 on the reorganisation of the waste collection system, milestone 1.10 on the entry into force of a new regulatory framework for the management of construction and demolition waste, milestone 1.6 related to the study for expansion of extended producer responsibility obligations to additional waste streams and milestone 1.7 related to its legislative enactment.</p> <p>The reform has a final expected date for implementation in Q4 2025.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. A summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled; ii. Copies (both in English and Maltese) of Legal Notice 369 of 2022 and links to the websites where they can be accessed (https://legislation.mt/eli/ln/2022/369/eng and https://legislation.mt/eli/ln/2022/369/mlt); iii. Copy of the notification of Legal Notice 369 of 2022 published in Government Gazette No. 20,984 of 3 January 2023 and a link to the website where it can be accessed (Government Gazette - 3rd January.pdf) notifying that Legal Notice 369 of 2022 was published in the Supplement to the Government Gazette No 20,982 of 27 December 2022. 		
Analysis:		

The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the milestone.

Entry into force of revised legislation on packaging material which allows for the regional collection of packaging waste.

Subsidiary Legislation 549.43, 'Waste Management (Packaging and Packaging Waste) Regulations' was amended via Legal Notice 369 of 2022, published in the Supplement to the Malta Government Gazette No 20,982 of 27 December 2022, as demonstrated by the Malta Government Gazette No 20,984 dated 3 January 2023. Legal Notice 369 of 2022 provides in sub-regulation (2) of regulation 1 that the Subsidiary Legislation 549.43, as amended, enters into force on 1st January 2023.

Following the amendment, Subsidiary Legislation 549.43 allows for the regional collection of packaging waste. In particular, Article 6 of Legal Notice 369 of 2022 replaced Article 13 of Subsidiary Legislation 549.43. Article 13, as amended, stipulates that Regional Councils must use existing systems or establish new systems in order to: i) provide for door-to-door regional collection of municipal packaging waste, ii) provide for its transport to authorized waste management enterprises, and iii) make the necessary arrangements that the collected packaging waste is available for preparation for reuse or recycling.

This shall build on the legislation for the regional collection of waste which was established through the Local Government Act.

The regionalisation of the packaging waste management is consistent with the regionalisation of municipal waste collection stipulated in the Regulation 37B of the Local Government Act (Chapter 363 of the Laws of Malta) adopted in line with the requirements of milestone 1.12, whereby the collection of waste management was shifted from 68 local council to six regional councils.

Regional councils shall be responsible for the logistics to enable economies of scale, whilst the producers shall be responsible for the financing.

Article 13 of Subsidiary Legislation 549.43, as amended, provides that Regional Councils are responsible for the logistics, notably provision of a (i) door-to-door collection system of the municipal packaging waste generated at the regional level, (ii) ensuring its transport to authorised waste management establishments and (iii) performing its treatment in an environmentally sound manner according to the waste hierarchy. The shift of the collection of packaging waste from Local Councils to the Regional Councils will facilitate (i) scale economies, (ii) increase efficiency of procurement, (iii) improve fleet management and lead to (iv) better service standards.

The newly introduced Article 3A to Subsidiary Legislation 549.43 stipulates that *'producers and authorised representatives shall bear the whole costs of the management of the packaging waste arising from the packaging and packaging material they place on the market of Malta'*.

Article 13, paragraphs 8-10 of Subsidiary Legislation 549.43, as amended, also provides that the authorised Producer Responsibility Organisations (PROs) are obliged to finance the overall system for regional collection of packaging waste according to their market share and to ensure maintenance of the recycling points at the expected quality standards. In addition, Article 13, paragraphs 8-10, regulates the types of costs incurred by the Regional Councils to be financed by the producers collectively (i.e. through the authorised Producer Responsibility Organisations (PRO)) including the methodology used to establish and charge these costs by the Regional Councils. Notably, the amended Article states that the charges shall be proportional to the costs incurred for the provision of waste management services in a cost-efficient manner. In addition, the amended

Article states these costs shall be established following a transparent consultation process between Environment and Resources Authority (ERA), the Regional Councils, the PROs and any other actors concerned.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 1.17	Related Measure: C1-I1: Investment in the renovation and greening of public and private sector buildings, including retrofitting through energy and resource efficiency measures	
Name of the Milestone: Launch of call for applications for grants targeting the renovation of private sector buildings		
Qualitative Indicator: Grants targeting the renovation of private sector buildings, including commercial and other non-residential buildings launched	Time: Q1 2022	
<p>Context:</p> <p>The objective of the investment is to improve energy efficiency, reduce energy demand, lower carbon emissions and limit energy waste through the retrofitting of public and private sector buildings.</p> <p>Milestone 1.17 requires launching a call for applications for the selection of applicants for grants targeting the renovation of private sector buildings for retrofitting and energy efficiency (including commercial/non-residential buildings).</p> <p>Milestone 1.17 is the first step of the implementation of the investment, and it will be followed by target 1.18, related to the completion of renovation of at least 40 605 m² in private sector buildings supported by the grants targeting the renovation of private sector buildings. The investment has a final expected date for implementation on 30 June 2026.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled ii. Copies of the publication of the call (in the Government Gazette (pages 9947-9948) on 24 June 2022, <i>Times of Malta</i> (page 6) on 22 June 2022, <i>The Malta Independent</i> (page 9) on 22 June 2022, <i>Malta Today</i> (page 4) on 22 June 2022, <i>In-Nazzjon</i> (page 6) on 22 June 2022 and <i>L-Orizzont</i> (page 5) on 22 June 2022) iii. Copies of the extension of the call (in <i>Times of Malta</i> (page 14) on 28 September 2022, <i>The Malta Independent</i> (page 5) on 28 September 2022, <i>Malta Today</i> (page 3) on 28 September 2022, <i>In-Nazzjon</i> (page 4) on 28 September 2022 and <i>L-Orizzont</i> (page 3) on 28 September 2022) iv. Link to the publication of the call: https://fondi.eu/business-enhance/schemes-and-open-calls/renovation-of-private-sector-buildings/ <p>The authorities also provided:</p> <ol style="list-style-type: none"> v. Guidelines for implementation for renovation of private sector buildings grant scheme dated 1 July 2022, issued by the Ministry of the Economy, European Funds and Lands vi. Notes to applicants for renovation of private sector buildings grant scheme dated 1 July 2022, issued by the Ministry of the Economy, European Funds and Lands vii. Sample application forms for renovation of private sector buildings grant scheme dated 1 July 2022 		

viii. **Guidance notes** for renovation of private sector buildings grant scheme dated 1 July 2022, issued by the Ministry of the Economy, European Funds and Lands

Analysis:

The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the milestone.

Launch of call for applications for the selection of applicants for grants targeting the renovation of private sector buildings for retrofitting and energy efficiency (including commercial/non-residential buildings). The area financed under this investment shall be of at least 40,605m2.

On 13 June 2022, the **first call** for applications targeting the renovation of private sector buildings for retrofitting and energy efficiency named “*Renovation of Private Sector Buildings Grant Scheme*” was launched. This grant scheme seeks to support enterprises through non-repayable grants to part-finance investments to retrofit their operations, and hence improve their energy and resource efficiency by reducing the energy used for heating, cooling, ventilation, hot water and lighting (page 3 of Notes to applicants). This scheme was administered through a competitive call which was open from 1 July 2022 till 30 September 2022. On 22 September 2022, the call was **extended** until 4 November 2022. According to the binding Guidance Notes (page 5), issued by the Ministry for the Economy, European Funds and Lands, the allocated budget for this scheme is set at €20,000,000 to cover 40,605m2 of private sector buildings (including commercial buildings) with indicative annual thresholds of €10,000,000. The scheme is open to all private sector buildings (Guidance Notes, page 8, section 1.2 Scope)

The **first call** for applications was published in the Government Gazette (pages 9947-9948) on 24 June 2022, *Times of Malta* (page 6) on 22 June 2022, *The Malta Independent* (page 9) on 22 June 2022, *Malta Today* (page 4) on 22 June 2022, *In-Nazzjon* (page 6) on 22 June 2022 and *L-Orizzont* (page 5) on 22 June 2022.

The **extension** of the call was published in *Times of Malta* (page 14) on 28 September 2022, *The Malta Independent* (page 5) on 28 September 2022, *Malta Today* (page 3) on 28 September 2022, *In-Nazzjon* (page 4) on 28 September 2022 and *L-Orizzont* (page 3) on 28 September 2022.

The **link to the publication** of the call can be found here: <https://fondi.eu/business-enhance/schemes-and-open-calls/renovation-of-private-sector-buildings/>.

Furthermore, in line with the description of the measure, it is expected that this measure does not do significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852. In particular, the measure requires the economic operators carrying out the construction works to ensure that at least 70% (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material) generated on the construction site shall be prepared for re-use, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy.

In this regard, project applications under this scheme are to confirm their compliance with the DNSH principle, including ensuring that at least 70% of waste shall be prepared for material recovery. This requirement is included in the **Notes to applicants**, issued by the Ministry for the Economy, European Funds and Lands, for renovation of private sector buildings grant scheme dated 1 July 2022 (Section 3.6 Do No Significant Harm Principle, pages 23-27), attached as substantiating evidence. The Notes are binding for prospective applicants (page 3 of the Notes to applicants), and projects that do not respect the above objectives are not considered eligible (page 23 of the Notes to applicants).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 1.19	Related Measure: C1-I2: Investment in the renovation and retrofitting of public hospitals	
Name of the Milestone: Energy Performance Audit of Mount Carmel Public Hospital		
Qualitative Indicator: Completion of Energy Performance and Energy Audit of Mount Carmel Public Hospital		Time: Q2 2022
<p>Context:</p> <p>The objective of this investment is to improve energy efficiency, reduce energy demand, lower carbon emissions, limit energy waste and provide a model for other similar buildings, through the retrofitting of one public hospital. In addition, the investment is aimed at improving the well-being of the patients and increasing the medical service quality level.</p> <p>Milestone 1.19 requires the completion of Energy Performance Audit at Mount Carmel Hospital in compliance with Directive 2010/31/EU to establish the Energy Performance Certificate class of the respective hospital blocks and identify the applicable energy efficiency renovation measures.</p> <p>Milestone 1.19 is the first step of the implementation of the investment, and it will be followed by milestone 1.20, related to the contracting of services for the renovation and retrofitting of Mount Carmel Public Hospital and target 1.21, related to the completion of the renovation of respective Mount Carmel hospital blocks.</p> <p>The investment has a final expected date for implementation on 30 June 2026.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled ii. Energy performance certification before renovation of Mount Carmel Hospital Block 1: Certificate Reference No. N 0054 00001 0304/2023 dated 3 April 2023 iii. Energy performance assessment report of Mount Carmel Hospital Block 1 identifying applicable energy efficiency renovation measures and performance certification expected upon completion of renovation iv. Secondary Recommendations Report of Mount Carmel Hospital Block 1 dated 30 March 2023 v. Energy performance certification before renovation of Mount Carmel Hospital Block 5: Certificate Reference No. N 0054 00006 0604/2023 dated 6 April 2023 vi. Energy performance assessment report of Mount Carmel Hospital Block 5 identifying applicable energy efficiency renovation measures and performance certification expected upon completion of renovation dated 1 December 2023 vii. Secondary Recommendations Report of Mount Carmel Hospital Block 5 dated 16 March 2023 viii. Energy performance certification before renovation of Mount Carmel Hospital Block 6: Certificate Reference No. N 0054 00004 0304/2023 dated 3 April 2023 ix. Energy performance assessment report of Mount Carmel Hospital Block 6 identifying applicable energy efficiency renovation measures and performance certification expected upon completion of renovation 		

- x. **Secondary Recommendations Report** of Mount Carmel Hospital Block 6 dated 30 March 2023
- xi. **Energy performance certification before renovation** of Mount Carmel Hospital CTC Block 13B: Certificate Reference No. N 0054 00009 2707/2023 dated 27 July 2023
- xii. **Energy performance assessment report** of Mount Carmel Hospital CTC Block 13B identifying applicable energy efficiency renovation measures and performance certification expected upon completion of renovation
- xiii. **Secondary Recommendations Report** of Mount Carmel Hospital CTC Block 13B dated 27 July 2023

The authorities also provided:

- xiv. **Simplified Building Energy Model** data reflection reports for Mount Carmel Hospital Blocks 1, 5, 6 and 13B
- xv. **Simplified Building Energy Model** main calculation output documents for Mount Carmel Hospital Blocks 1, 5, 6 and 13B

Analysis:

The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the milestone.

Completion of Energy Performance Audit at Mount Carmel Hospital in compliance with Directive 2010/31/EU to establish the Energy Performance Certificate class of the respective blocks and identify the applicable Energy Efficiency renovation measures.

The energy performance audits of Mount Carmel Hospital blocks, including energy performance certifications, were completed as evidenced by the audit reports with certificate reference numbers N 0054 00001 0304/2023 (Block 1, dated 3 April 2023), N 0054 00006 0604/2023 (Block 5, dated 6 April 2023), N 0054 00004 0304/2023 (Block 6, dated 3 April 2023), and N 0054 00009 2707/2023 (CTC Block 13B, dated 27 July 2023).

In line with the requirements of the Council Implementing Decision, the audit is in compliance with Directive 2010/31/EU of the European Parliament and of the Council on the energy performance of buildings, as the Energy Performance Certifications establish the energy performance class of all hospital blocks, provide the relevant data and identify the applicable energy efficiency renovation measures.

In line with the description of the measure, **the investment shall consist of the renovation and retrofitting of at least 5,600m² of the Mount Carmel public hospital and the renovation shall achieve a reduction of primary energy demand (PED) of at least 30%.**

According to the evidence submitted, the investment will result in the renovation and retrofitting of over **6,000m²** of Mount Carmel public hospital. The renovation shall achieve a reduction of primary energy demand (PED) of more than **30%** for each block, as detailed below:

Building	Current EPC rating	EPC rating after works	Energy demand before works (kWh/m ² /yr)	Energy demand after Works (kWh/m ² /yr)	Energy savings (kWh/m ² /yr)	Energy savings (%)	Area (m ²) before works	Area (m ²) after works
Block 1	F (293)	A (47)	1287	149.56	1137.44	88%	1,901	2,434
Block 5	G (364)	B (67)	1839	219.87	1619.13	88%	957	1,000

Block 6	E (213)	A (49)	1155	141.88	1013.12	88%	1,318	1,819
CTC Block 13B	G (438)	B (82)	2271	99.60	2171.40	96%	672	933
Total:							4,848	6,186

i) Mount Carmel Hospital Block 1

- Energy Performance Certificate class – existing – **293 EPC** rating placing it in the F class range (251-300);
- Energy Performance Certificate class – when renovated – **47 EPC** rating placing it in the A class range (0-50);
- Percentage reduction in building primary energy use: **88%**;
- Indication of the applicable energy efficiency renovation measures: time, temperature, and weather compensation controls and an optimum start/stop mechanism to be added to the heating and cooling systems; inspections and sealing of ductwork; installation of a more efficient water heater; replacement of the current hot water supply system with a point of use system; replacing lamps with LED luminaries; installing building mounted wind turbines, solar water heaters and PV panels; introduction and/or improvement of insulation in exposed floor areas; installation or improvement of roof insulation; introduction of cavity wall insulation; installation of secondary glazing in windows; pressure test to identify and treat identified air leakage; and replacement or improvement of glazing and/or frames.

The content of the energy performance certificate for Mount Carmel Hospital Block 1 is in line with Directive 2010/31/EU on the energy performance of buildings, as it contains (1) the energy performance of the building and reference values such as minimum energy performance requirements; (2) recommendations for the cost-optimal or cost-effective improvement of the energy performance of the building.

ii) Mount Carmel Hospital Block 5

- Energy Performance Certificate class – existing – **364 EPC** rating for the existing building placing it in the G class range (over 300);
- Energy Performance Certificate class – when renovated – **67 EPC** rating for the existing building placing it in the B class range (51-100);
- Percentage reduction in building primary energy use: **88%**;
- Indication of the applicable energy efficiency renovation measures: time, temperature, and weather compensation controls, and an optimum start/stop mechanism to be added to the heating and cooling systems; inspections and sealing of ductwork; replacement of lamps with LED luminaries; installing building mounted wind turbines, solar water heaters and PV panels; introduction and/or improvement of insulation in exposed floor areas; installation or improve roof insulation; introduction of cavity wall insulation; installation of secondary glazing in windows; pressure test to identify and treat identified air leakage; and replacement or improvement of glazing and/or frames.

The content of the energy performance certificate for Mount Carmel Hospital Block 5 is in line with Directive 2010/31/EU on the energy performance of buildings, as it contains (1) the energy performance of the building and reference values such as minimum energy performance requirements; (2) recommendations for the cost-optimal or cost-effective improvement of the energy performance of the building.

iii) Mount Carmel Hospital Block 6

- Energy Performance Certificate class – existing – **213 EPC** rating for the existing building placing it in the E class range (201-250);
- Energy Performance Certificate class – when renovated – **49 EPC** rating for the existing building placing it in the B class range (0-50);
- Percentage reduction in building primary energy use: **88%**;
- Indication of the applicable energy efficiency renovation measures: time, temperature, and weather compensation controls as well as an optimum start/stop mechanism to be added to the heating and cooling systems; inspections and sealing of ductwork; installation of a more efficient water heater; replacement of the current hot water supply system with a point of use system; replacing lamps with LED luminaries; installing building mounted wind turbines, solar water heaters and PV panels; introduction and/or improvement of insulation in exposed floor areas; installation or improvement of roof insulation; introduction of cavity wall insulation; installation of secondary glazing in windows; pressure test to identify and treat identified air leakage; and replacement or improvement of glazing and/or frames.

The content of the energy performance certificate for Mount Carmel Hospital Block 6 is in line with Directive 2010/31/EU on the energy performance of buildings, as it contains (1) the energy performance of the building and reference values such as minimum energy performance requirements; (2) recommendations for the cost-optimal or cost-effective improvement of the energy performance of the building.

iv) Mount Carmel Hospital CTC Block 13B

- Energy Performance Certificate class – existing – **438 EPC** rating for the existing building placing it in the G class range (over 300);
- Energy Performance Certificate class – when renovated – **82 EPC** rating for the existing building placing it in the B class range (51-100);
- Percentage reduction in building primary energy use: **96%**;
- Indication of the applicable energy efficiency renovation measures: time, temperature, and weather compensation controls to be added to the heating systems; installation of a more efficient water heater; replacement of the current hot water supply system with a point of use system; installing solar water heaters, PV panels and an air source heat pump; installation or improvement of roof insulation; introduction of cavity wall insulation; installing secondary glazing in windows; replacement/improvement of glazing and/or frames.

The content of the energy performance certificate for Mount Carmel Hospital Block 6 is in line with Directive 2010/31/EU on the energy performance of buildings, as it contains (1) the energy performance of the building and reference values such as minimum energy performance requirements; (2) recommendations for the cost-optimal or cost-effective improvement of the energy performance of the building.

The assessment of compliance with Directive 2010/31/EU of the European Parliament and of the Council on the energy performance of buildings for the purposes of payments from the Recovery and Resilience Facility does not prejudice the assessment by the Commission in any other proceedings regarding the conformity of the audits with the aforementioned legislation.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 1.23	Related Measure: Investment in the renovation, retrofitting and renewable energy in public schools	
Name of the Milestone: Contracted services for the renovation of two Public Schools		
Qualitative Indicator: Contracts signed for the renovation of two Public Schools		Time: Q1 2022
<p>Context:</p> <p>The objective of this investment is to improve energy efficiency, reduce energy demand, lower carbon emissions and limit energy waste in two public schools in Malta and Gozo. The investment aims to make the selected schools near carbon neutral, increase the use of renewable energy and improve the learning environment within these schools through the optimisation of indoor health, air quality and comfort.</p> <p>Milestone 1.23 requires all contracts to be signed for the procurement of renovation of two public school buildings (St. Benedict College Għaxaq Primary School in Malta and Gozo College Nadur Primary School), covering a total area of more than 9 710 m². The renovation shall achieve a reduction of primary energy demand (PED) of at least 30%.</p> <p>Milestone 1.23 is the second milestone of the investment, and it follows the completion of milestone 1.22, which includes the completion of energy performance audit of two public school buildings in compliance with Directive 2010/31/EU to establish their Energy Performance Certificate class and identify applicable energy efficiency renovation measures. It will be followed by milestone 1.24 related to the completion of renovation works in the two schools. The investment has a final expected date for implementation of 31 December 2023.</p>		
<p>Evidence provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all its constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. ii. A copy of the publication of the call for Tender for Construction and Structural Alterations, Finishing, Mechanical and Electrical Works using Environmentally Friendly Products at Ghaxaq Primary School (reference No. CT3022/2022) of 20 April 2022 (Annex A.1) iii. A copy of the tender document, including the technical specifications, for St. Benedict College Għaxaq Primary School (reference No. CT3022/2022) by Foundation for Tomorrows Schools of 20 April 2022 (Annex A.2) iv. Technical Bills of Quantities for finishes and mechanical and engineering works for St. Benedict College Għaxaq Primary School (Annex A.3) v. A copy of the contract award notice for St. Benedict College Għaxaq Primary School by Malta Department of Contracts (national registration No. MT25645419) of 28 September 2022 (Annex A.4) vi. The copy of the signed contract agreement for the Construction and Structural Alterations, Finishings, Mechanical and Electrical Works using environmentally friendly products at St. Benedict College Ghaxaq Primary School between Foundation for Tomorrows Schools and Proman Limited (reference No. CT30221/2022), signed on 21 November 2022 (Annex A.5) 		

- vii. **A copy of the publication of the call for Tender** for Construction and Structural Alterations, Finishing, Mechanical and Electrical Works using Environmentally Friendly Products at Nadur Primary School, Gozo (reference No. CT3047/2021) of 15 December 2021 (Annex B.1)
- viii. **A copy of the tender document, including the technical specifications,** for Gozo College Nadur Primary School (reference No. CT3047/2021) by Foundation for Tomorrows Schools of 15 December 2021 (Annex B.2)
- ix. **A copy of the contract award notice** for Gozo College Nadur Primary School by Malta Department of Contracts (national registration No. MT25645419) of 19 April 2022 (Annex B.3)
- x. **A copy of the signed contract agreement** for the Construction and Structural Alterations, Finishings, Mechanical and Electrical Works using environmentally friendly products at Gozo College Nadur Primary School between Foundation for Tomorrows Schools and FESJV Malta (reference No. CT3047/2021) of 16 May 2022 (Annex B.4)
- xi. **Technical Bills of Quantities** for finishes and mechanical and engineering works for Gozo College Nadur Primary School (Annex B.5)

The authorities also provided:

- xii. **Updated report on primary energy demand savings** on the renovation of St Benedict College Ghaxaq Primary School of 24 April 2023 (Annex A.6)
- xiii. **Updated report on primary energy demand savings** of Gozo College Nadur Primary School of 23 April 2023 (Annex B.6)
- xiv. **An explanation and calculation of energy savings** in St Benedict College Ghaxaq Primary School of 27 September 2023

Analysis:

The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the milestone.

All contracts signed for the procurement of renovation of two public school buildings (St. Benedict College Ghaxaq Primary School and Gozo College Nadur Primary School) covering a total area of more than 9 710 m². The renovation shall achieve a reduction of primary energy demand (PED) of at least 30%.

To satisfy the requirements of milestone 1.22, preceding and linked to milestone 1.23, an Energy Performance Certificate was generated for each of the two schools before the renovation works and another one performed, factoring in the planned renovations for each of the schools.

The Energy Performance Certificate rating for **St. Benedict's College Ghaxaq Primary School** prior to renovation is 148 (C rating) and is expected to be reduced to 43 (A rating) as a result of renovation works. Therefore, the investment is expected to achieve a reduction of primary energy demand of **70.88%**.

The Energy Performance Certificate rating for **Nadur Primary School** as existing prior to renovation is 196 (D rating) and is expected to be reduced to 53 (B rating) as a result of renovation works. The investment is expected to achieve a reduction of primary energy demand of **73.16%**.

The renovation works at **St. Benedict's College Ghaxaq Primary School** and **Nadur Primary School**, in accordance with the signed contract agreements, covers a total area of **circa 12,300m²** and is expected to achieve a reduction of primary energy demand above the 30% required in the milestone description, for each school, through the implementation of various energy efficiency measures.

The following energy efficiency and renewable energy measures were planned for the renovation of St. Benedict College Ghaxaq Primary School:

- *Roof insulation:* Insulation of the roof to a U-value of 0.4 W/m²K
- *Glazing:* Double glazing to an overall U-value of 2.8 W/m²K
- *Water heaters:* Heat pump water heaters with a minimum SCOP of 3
- *Lighting:* High efficiency LED lighting luminaires
- *Rooftop solar photovoltaic panels:* the roof can accommodate 27 kWp of solar photovoltaics
- *Comfort:* Air-conditioners with SCOP of 3.5 and SEER of 3.2 or higher
- *Shading on central facades*

Following are the references to the technical specifications for each of these measures, which aim to increase the school's energy efficiency and result in a decrease in its Primary Energy Demand:

- *Roof Insulation:* (expected to reduce primary energy demand by **5.29%**)
Refer to technical specifications in the tender document attached as Annex A.2 – 59 Specifications for External Thermal Insulation and Annex A.3 technical Bill of Quantities for Finishes and Mechanical and Engineering Works - Bill 7
- *Apertures:* (expected to reduce primary energy demand by **1.31%**)
Refer to technical specifications in the tender document attached as Annex A.2 – 49 Specifications for PVC-U Apertures and Annex A.3 technical Bill of Quantities for Finishes and Mechanical and Engineering Works - Bill 10
- *Heat pump water heaters:* (expected to reduce primary energy demand by **44.95%**)
Refer to technical specifications in the tender document attached as Annex A.2 - 3.20 Heat Pump Water Heaters and Annex A.3 technical Bill of Quantities for Finishes and Mechanical and Engineering Works - Bill 21
- *High efficiency LED lighting luminaires:* (expected to reduce primary energy demand by **2.74%**)
Refer to technical specifications in the tender document attached as Annex A.2 - 3.1 Electrical Power and Lighting System and Annex A.3 technical Bill of Quantities for Finishes and Mechanical and Engineering Works - Bill 15
- *Rooftop solar photovoltaic panels:* (expected to reduce primary energy demand by **4.45%**)
Refer to technical specifications in the tender document attached as Annex A.2- 3.21 Photovoltaic Systems and Annex A.3 technical Bill of Quantities for Finishes and Mechanical and Engineering Works - Bill 31
- *Heat pump air-conditioners:* (expected to reduce primary energy demand by **13.58%**)
Refer to technical specifications in the tender document attached as Annex A.2- 3.8 Split System; 2-Pipe Reversible Heat Pump System & 3.9 VRF System; 2-Pipe Heat Pump System Heating or Cooling and Annex A.3 technical Bill of Quantities for Finishes and Mechanical and Engineering Works - Bill 25
- *Shading:* (expected to reduce primary energy demand by **1.13%**)
Refer to technical specifications in the tender document attached as Annex A.2 – 8 Structural Steel Works and Annex A.3 technical Bill of Quantities for Finishes and Mechanical and Engineering Works - Bill 8

Including the above-mentioned energy efficiency measures, the renovation at **St. Benedict College Għaxaq Primary School will cover a total area of circa 5,500m² and achieve a reduction of primary energy demand (PED) of 70.88%**. According to the report by consultant engineer (Annex A.6), the Asset Energy Performance Certificate rating (before renovation) includes a primary energy demand of **1,014kWh/m²/yr**, compared to Design Energy Performance Certificate rating (after renovation) with primary energy demand of **295 kWh/m²/yr**.

Nadur Primary School

The following energy efficiency and renewable energy measures are being implemented for the renovation of Nadur Primary School:

- *Roof Insulation*: Insulation of the roof to a U-value of 0.4 W/m²K
- *Glazing*: Double glazing to an overall U-value of 2.8 W/m²K
- *Water heaters*: Heat pump water heaters with a minimum SCOP of 3
- *Lighting*: High efficiency LED lighting luminaires
- *Rooftop solar photovoltaic panels*: the roof can accommodate 41 kWp of Solar photovoltaics
- *Comfort*: Air-conditioners with SCOP of 3.5 and SEER of 3.2 or higher
- *Shading*

Following are the references to the technical specifications for each of these measures, which aim to increase the school's energy efficiency and result in a decrease in its primary energy demand:

- *Roof Insulation*: (expected to reduce primary energy demand by **10.09%**)
Refer to technical specifications in the tender document attached as Annex B.2 – 59 Specifications for External Thermal Insulation and Annex B.5 technical Bill of Quantities for Finishes and Mechanical and Engineering Works - Bill 8
- *Apertures*: (expected to reduce primary energy demand by **4.64%**)
Refer to technical specifications in the tender document attached as Annex B.2 – 49 Specifications for PVC-U Apertures and Annex B.5 technical Bill of Quantities for Finishes and Mechanical and Engineering Works - Bill 10
- *Heat pump water heaters*: (expected to reduce primary energy demand by **16.62%**)
Refer to technical specifications in the tender document attached as Annex B.2 - 3.20 Heat Pump Water Heaters and Annex B.5 technical Bill of Quantities for Finishes and Mechanical and Engineering Works - Bill 21
- *High efficiency LED lighting luminaires*: (expected to reduce primary energy demand by **4.25%**)
Refer to technical specifications in the tender document attached as Annex B.2 - 3.1 Electrical Power and Lighting System and Annex B.5 technical Bill of Quantities for Finishes and Mechanical and Engineering Works - Bill 15
- *Rooftop solar photovoltaic panels*: (expected to reduce primary energy demand by **12.99%**)
Refer to technical specifications in the tender document attached as Annex B.2 - 3.21 Photovoltaic Systems and Annex B.5 technical Bill of Quantities for finishes and Mechanical

and	Engineering	Works	-	Bill	29
<ul style="list-style-type: none"> • <i>High efficiency air-conditioners:</i> (expected to reduce primary energy demand by 27.12%) Refer to technical specifications in the tender document attached as Annex B.2 - 3.8 Split System; 2-Pipe Reversible Heat Pump System & 3.9 VRF System; 2-Pipe Heat Pump System Heating or Cooling and Annex B.5 technical Bill of Quantities for Finishes and Mechanical and Engineering Works - Bill 25 • <i>Shading by central yard canopy:</i> (expected to reduce primary energy demand by 3.26%) Refer to technical specifications in the tender document attached as Annex B.2 – 8 Structural Steel Works and Annex B.5 technical Bill of Quantities for Finishes and Mechanical and Engineering Works - Bill 6 					

Including the above-mentioned energy efficiency measures, **the renovation at Gozo College Nadur Primary School will cover a total area of circa 6,800m² and achieve a reduction of primary energy demand (PED) of 73.16%**. According to the report by consultant engineer (Annex B.6), the Asset Energy Performance Certificate rating (before renovation) corresponds to primary energy demand of **580kWh/m²/yr** compared to Design Energy Performance Certificate rating (after renovation) with primary energy demand of **155.8kWh/m²/yr**.

Furthermore, in line with the description of the measure, it is expected that this measure does not do significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852. In particular, the measure requires the economic operators carrying out the construction works to ensure that at least 70% (by weight) of the non-hazardous construction and demolition waste generated on the construction site shall be prepared for re-use, recycling and other material recovery, including backfilling operations using waste to substitute other materials in accordance with the waste hierarchy, Article 11.2 (b) of Directive 2008/98/EC on waste and the EU Construction and Demolition Waste Management Protocol.

This requirement is included in the **signed contract agreement** for Gozo College Nadur Primary School on pages 93 (clause 1.25.2 Waste management) stating that “The contractor must put appropriate measures in place to reduce and recover (reuse or recycle) waste that is produced during the demolition and construction process [...] required to have a recovery rate of at least 70% related to weight percentage segregation”.

The requirement is also included in the **signed contract agreement** for St. Benedict College Ghaxaq Primary School on pages 715-716, stating that “there have been indicative thresholds set in an effort to significantly reduce the amount of residual waste that may be disposed, in that at least 70% of all the waste generated on site during the work phases is recovered” and that “the focus in this case should be the waste hierarchy, hence identifying targets for the preference for waste management routes, with reduction being aimed to recover via recycling and re-use.”

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 1.25	Related Measure: (C1.I4) Investment in the construction of a pilot near carbon neutral school to serve as a model for the future and provide a future-proof learning experience to students	
Name of the Milestone: Contracted services for construction works of a near carbon neutral school		
Qualitative Indicator: Contracts signed for the construction of a near carbon neutral School		Time: Q1 2022
<p>Context:</p> <p>The objective of the investment is to build one new near carbon neutral school, St. Theresa College Msida Primary School, complying with standard requirements of high-energy efficiency, taking into account resource efficiency, climate adaptation measures, adoption of digital technologies and affordability. This is meant to serve as a pilot project for future investments and to showcase the optimisation of indoor health, air quality, high energy efficiency, low carbon emissions and extensive use of renewable energy systems.</p> <p>Milestone 1.25 requires signing the contracts for the procurement of construction works for the near carbon neutral school. The construction shall ensure that a Primary Energy Demand (PED) that is at least 20% lower than the Near-Zero Energy Building requirement is met.</p> <p>Milestone 1.25 is the first step of the implementation of the investment, and it will be followed by target 1.26, related to the completion of construction works of the near-carbon neutral school to cater for around 500 students and to have a land surface area of at least 14 499 m². The investment has a final expected date for implementation on 31 December 2023.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the target (including all its constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled ii. Copy of the publication of the call for tenders for demolition and excavation works at Achille Ferris Primary School Msida (reference No. CT2322/2019), dated 26 September 2019 (Annex A.1) iii. Copy of the tender document for demolition and excavation works at Achille Ferris Primary School Msida (reference No. CT2322/2019), dated 26 September 2019 (Annex A.2) iv. Copy of the technical specifications for demolition and excavation works at Achille Ferris Primary School Msida (reference No. CT2322/2019) (Annex A.3) v. Copy of the contract award notice for demolition and excavation works at Achille Ferris Primary School Msida (reference No. CT2322/2019), dated 23 January 2020 (Annex A.4) vi. Copy of the signed contract agreement for demolition and excavation works at Achille Ferris Primary School Msida (reference No. CT2322/2019), dated 14 February 2020 (Annex A.5) vii. Copy of the publication of the call for tenders for the construction of the New Msida Primary School (reference No. CT2110/2020), dated 18 March 2020 (Annex B.1) 		

- viii. **Copy of the tender document** for the Construction of the New Msida Primary School (reference No. CT2110/2020) (Annex B.2)
- ix. **Copy of the technical specifications** for the Construction of the New Msida Primary School (reference No. CT2110/2020) (Annex B.3)
- x. **Copy of the contract award notice** for the construction of the New Msida Primary School (reference No. CT2110/2020), dated 22 July 2020 (Annex B.4)
- xi. **Copy of the signed contract agreement** for the construction of the New Msida Primary School (reference No. CT2110/2020), dated 2 September 2020 (Annex B.5)
- xii. **Copy of the publication of the call for tender** for mechanical, electrical and finishing works at Msida Primary School (reference No. CT3041/2021), dated 11 December 2021 (Annex C.1)
- xiii. **Copy of the tender document including technical specifications** for mechanical, electrical and finishing works at Msida Primary School (reference No. CT3041/2021) (Annex C.2)
- xiv. **Copy of the contract award notice** for mechanical, electrical and finishing works at Msida Primary School (reference No. CT3041/2021), dated 16 July 2022 (Annex C.3)
- xv. **Technical bill of quantities** for finishes and mechanical and engineering works at Msida Primary School (reference No. CT3041/2021) (Annex C.4)
- xvi. **Copy of reservoir plans** of Msida Primary School (reference No. CT3041/2021) (Annex C.5)
- xvii. **Copy of signed contract agreement** for mechanical, electrical and finishing works at Msida Primary School (reference No. CT3041/2021), dated 2 August 2022 (Annex C.6)
- xviii. **Design Energy Performance Certificate** of Msida Primary School (reference No. N 0028 00005 2404), dated 24 April 2023 (Annex C.7)

Analysis:

The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the milestone.

Signed contracts for the procurement of construction works for the near carbon neutral school. The construction shall ensure that a Primary Energy Demand (PED) that is at least 20% lower than the NZEB requirement is met.

The tender for the demolition and excavation works at the new Msida Primary School (Annex A.1, reference No. CT2322/2019), was issued on 26 September 2019. The contract was awarded on 23 January 2020 to Bonnici Bros Services Ltd (Annex A.4) and signed on 14 February 2020 (Annex A.5).

The tender for the construction works at the new Msida Primary School (Annex B.1, reference No. CT2110/2020), was issued on 18 March 2020. The contract was awarded on 22 July 2020 to C&F Contractors (Annex B.4) and signed on 2 September 2020 (Annex B.5).

The tender for finishes and mechanical and engineering works at the new Msida Primary School (Annex C.1, reference No. CT3041/2021), was issued on 11 December 2021.

The contract was awarded on 16 July 2022 to PRA Construction Ltd (Annex C.3) and signed on 2 August 2022 (Annex C.6).

The new St. Theresa College Msida Primary School is expected to obtain an **EPC rating of 54, with Primary Energy Demand of 57.93 kWh/m²/year** (Annex C.7). This figure is **75.3%** lower than the derived near-zero energy building (NZEB) level for schools, which is set at PED of 235 kWh/m²/year, in accordance with the Energy Performance of Buildings Directive (EU) 2018/844.

To achieve this primary energy demand level, the following energy efficiency and energy systems performance measures are being implemented:

1. Energy efficiency measures related to the building envelope:

- *Glazing*: use of improved low emissivity glazing with (U-value 1.3W/m²K, G-value 0.34 and Transmissivity 0.55). Refer to the technical specifications in Annex C.2 and the technical Bill of Quantities in Annex C.4 – Bill 27 (improving primary energy demand by **38.4%** over near-zero energy building levels);
- *Shading*: refer to the technical specifications in Annex C.2 and the technical Bill of Quantities in Annex C.4 – Bill 24 (improving primary energy demand by **37.2%** over near-zero energy building levels);
- *Roof insulation*: external roofs will be insulated to a U-value of 0.34 W/m²K (improving primary energy demand by **39.15%** over near-zero energy building levels);
- *Floor insulation*: internal floors will be installed with insulation to improve its U-value to 0.808 W/m²K (improving primary energy demand by **39.17%** over near-zero energy building levels);
- *Wall insulation*: double wall hollow concrete blocks have a standard total U-value of 1.39 W/m²K, which is lower than the minimum requirement of Technical Document F of 1.57 W/m²K (improving primary energy demand by **38.47%** over near-zero energy building levels).

2. Measures related to the energy systems performance:

- *Heat pump water heaters* instead of electric resistance boilers: Refer to the technical specifications in Annex C.2 and the technical Bill of Quantities in Annex C.4 - Bill 17 (improving primary energy demand by **43.71%** over near-zero energy building levels);
- *High efficiency air-conditioners*: Refer to the technical specifications in Annex C.2 and the technical Bill of Quantities in Annex C.4 - Bill 15 (improving primary energy demand by **42.12%** over near-zero energy building levels).
- *High efficiency LED luminaires*: Refer to the technical specifications in Annex C.2 and the technical Bill of Quantities in Annex C.4 – Bill 4 (improving primary energy demand by **43.41%** over near-zero energy building levels);
- *Rooftop solar photovoltaics*: Refer to the technical specifications in Annex C.2 and the technical Bill of Quantities in Annex C.4 - Bill 21 (improving primary energy demand by **65.41%** over near-zero energy building levels, by installing 185kWp);
- *Green roofs and green walls*: Refer to the technical specifications in Annex C.2 and the technical Bill of Quantities in Annex C.4 - Bill 24 (improving primary energy demand by **38.46%** over near-zero energy building levels);
- *Insulation of walls, floors and roofs*: Refer to the technical specifications in Annex C.2 and the technical Bill of Quantities in Annex C.4 – Bill 26;
- *Water saving fixtures*: Refer to the technical specifications in Annex C.2 and the technical BOQ in Annex C.4 - Bill 17;
- *Recycling of rainwater*: Refer to Annex C.5 for reservoir plans and the technical Bill of Quantities in Annex C.4 – Bill 23;
- *Recycling of Excavated Material*: where possible excavated material shall be re-used and re-cycled. Refer to technical specifications in Annex A.3.

Furthermore, in line with the description of the measure, it is expected that this measure does not do significant harm to environmental objectives within the meaning of Article 17 of Regulation

(EU) 2020/852. In particular, the economic operators carrying out the construction works will ensure that at least 70% (by weight) of the non-hazardous construction and demolition waste generated on the construction site shall be prepared for re-use, recycling and other material recovery, including backfilling operations using waste to substitute other materials in accordance with the waste hierarchy, Article 11.2 (b) of Directive 2008/98/EC on waste and the EU Construction and Demolition Waste Management Protocol. This requirement has been included in the **signed contract agreement** for the Msida Primary School on page 257 stating that “waste management his shall be implemented to minimise the generation of waste and to manage waste in accordance to waste hierarchy of avoidance, reduction, reuse, recycling and disposal which results from the works”.

Furthermore, in line with the description of the measure, it expected that this measure does not do significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852. In particular, the economic operators carrying out the construction works will ensure that at least 70% (by weight) of the non-hazardous construction and demolition waste generated on the construction site shall be prepared for re-use, recycling and other material recovery, including backfilling operations using waste to substitute other materials in accordance with the waste hierarchy, Article 11.2 (b) of Directive 2008/98/EC on waste and the EU Construction and Demolition Waste Management Protocol.

This requirement has been included in the **signed contract agreement** for the Msida Primary School on page 257 stating that “waste management his shall be implemented to minimise the generation of waste and to manage waste in accordance to waste hierarchy of avoidance, reduction, reuse, recycling and disposal which results from the works”.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 2.4	Related Measure: Expediting the finalisation and implementation of a Sustainable Urban Mobility Plan (SUMP) for the Valletta Region	
Name of the Milestone: Publication of the Sustainable Urban Mobility Plan for the Valletta Region		
Qualitative Indicator: Online publication of the Sustainable Urban Mobility Plan for the Valletta Region		Time: Q4 2022
<p>Context:</p> <p>Milestone 2.4 is part of reform C2.R.3, which aims at fostering sustainable mobility in Malta through better transport planning and the implementation of sustainable mobility solutions.</p> <p>Milestone 2.4 concerns the online publication of the Sustainable Urban Mobility Plan for the Valletta Region, setting out eligible interventions to be implemented through the Sustainable Urban Mobility Plan. Eligible types of interventions are: peripheral parking schemes that encourage more sustainable modes of transport including cycling and walking in the city core; the localisation and implementation of local transport hubs, cycling infrastructure, car sharing among several people and on demand transport services; the deployment and use of electric vehicles and charging infrastructures in densely populated urban areas and urban logistics, such as through the implementation of last-mile solutions, including for commercial purposes and supporting alternative mobility solutions.</p> <p>Milestone 2.4 is the first step of the implementation of the reform and it will be followed by Milestone 2.5, related to the full implementation in at least nine local administrative units within the Valletta Region, at least one eligible type of interventions from the Sustainable Urban Mobility Plan for the Valletta Region. The reform has a final expected date for implementation of 30 June 2025.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. A copy of the Sustainable Urban Mobility Plan for the Northern and Southern Harbour (Valletta Region), 31 December 2022, and the link where it is published on the Transport Malta website: https://www.transport.gov.mt/sump-for-the-northern-and-southern-harbour-region-6026 		
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the milestone.</p> <p>Online publication of the Sustainable Urban Mobility Plan for the Valletta Region,</p> <p>The Sustainable Urban Mobility Plan for the Northern and Southern Harbour (Valletta Region), December 2022, was published on the website of the Ministry of Transport on 31 December 2022 (https://www.transport.gov.mt/sump-for-the-northern-and-southern-harbour-region-6026).</p> <p>Setting out eligible interventions to be implemented through the Sustainable Urban Mobility Plan. Eligible types of interventions are: peripheral parking schemes that encourage more sustainable modes of transport including cycling and walking in the city core; the localisation and implementation of local transport hubs, cycling infrastructure, car sharing among several people and on demand transport services; the deployment and use of electric vehicles and charging infrastructures in densely populated urban areas and urban logistics, such as through the</p>		

implementation of last-mile solutions, including for commercial purposes and supporting alternative mobility solutions.

The Sustainable Urban Mobility Plan for the Northern and Southern Harbour (Valletta Region), 31 December 2022, sets out eligible interventions to be implemented through the Sustainable Urban Mobility Plan. The following eligible types of interventions are set out in the Sustainable Urban Mobility Plan:

- (i) **Peripheral parking schemes that encourage more sustainable modes of transport including cycling and walking in the city core.** In this regard, measure 3.3 titled *“Optimise Park and Ride facilities”*, of the Sustainable Urban Mobility Plan, provides for a review of existing park and ride facilities, including the identification of extending existing facilities and/or implementing new ones based on current and expected usage (see Sustainable Urban Mobility Plan for the Northern and Southern Harbour (Valletta Region), 31 December 2022, page 68). Moreover, measure 3.1 titled *“Explore multi-purpose communal parking areas”* provides for a study to investigate the introduction and potential locations of communal parking facilities (see Sustainable Urban Mobility Plan for the Northern and Southern Harbour (Valletta Region), 31 December 2022, page 68), which may also be located outside town centres in the periphery.

- (ii) **The localisation and implementation of local transport hubs, cycling infrastructure, car sharing among several people and on demand transport services.** In this regard, measure 1.1 of the Sustainable Urban Mobility Plan, titled *“Invest in infrastructure that encourages active modes of transport based on identified routes”* provides for the identification and implementation of active mobility routes, including improvement of existing footpaths and cycling infrastructure, the introduction of new infrastructure including footpaths, cycling infrastructure and shared pathways to create safer active mobility, and improving directness and efficient routes by ameliorating connections to public transit nodes (see Sustainable Urban Mobility Plan for the Northern and Southern Harbour (Valletta Region), 31 December 2022, page 62). Moreover, measure 1.2, titled *“Encourage walking and improve pedestrian infrastructure”* provides for improvement of pedestrian infrastructure (see Sustainable Urban Mobility Plan for the Northern and Southern Harbour (Valletta Region), 31 December 2022, page 62). Measure 1.7 titled *“Explore and map combined transport routes”* provides for the exploration of routes in the region where efficient mobility can be achieved by combining different services, such as taking bicycles on the ferry or to using bicycles sharing for the first and last mile of a journey (see Sustainable Urban Mobility Plan for the Northern and Southern Harbour (Valletta Region), 31 December 2022, page 64). Measure 1.8 titled *“Explore residential car sharing schemes”* provides for incentivising Local Councils to set up and/or enlarge car sharing schemes within their localities (see Sustainable Urban Mobility Plan for the Northern and Southern Harbour (Valletta Region), 31 December 2022, page 64). Measure 1.9 titled *“Facilitate ferry usage for more localities”* provides for exploring the facilitation of ferry usage by increasing the accessibility of existing ferry routes to citizens in neighbouring localities and enhanced exploitation of inter-modal linkages, such as dedicated circular route/s which transport commuters to the respective ferry landing sites from a radius of immediate locations which can be serviced by a ferry (see Sustainable Urban Mobility Plan for the Northern and Southern Harbour (Valletta Region), 31 December 2022, page 64). Measure 1.11 titled *“Evaluate and improve on demand services”* provides for the evaluation and improvement of on-demand transport services (see Sustainable Urban Mobility Plan for

the Northern and Southern Harbour (Valletta Region), 31 December 2022, page 64). Measure 4.1 titled “Extend last mile delivery with shared vehicle” provides for a pilot project to gather information on how to optimise and maximise trips and cost efficiency of last mile delivery using shared vehicles (see Sustainable Urban Mobility Plan for the Northern and Southern Harbour (Valletta Region), 31 December 2022, page 71). Finally, Measure 4.4 titled “Explore centralised logistics hubs” provides for a study to identify potential centralised logistics hubs in the Northern and Southern Harbour Region to obtain a freight consolidation effect in the logistics and supply chain sector (see Sustainable Urban Mobility Plan for the Northern and Southern Harbour (Valletta Region), 31 December 2022, page 71).

- (iii) **The deployment and use of electric vehicles and charging infrastructures in densely populated urban areas and urban logistics, such as through the implementation of last-mile solutions, including for commercial purposes and supporting alternative mobility solutions.** Measure 2.1 of the Sustainable Urban Mobility Plan, titled “Incentivise increased rollout of EV charging infrastructure in the Region” aims to improve the availability of EV charging options in public and private spaces in the Region (see Sustainable Urban Mobility Plan for the Northern and Southern Harbour (Valletta Region), 31 December 2022, page 66). Measure 4.2 titled “Expand last mile delivery network” provides for the investigation of the roll out/expansion of a last mile delivery network with the objective is to increase the market share of electric vehicles in goods transportation in Malta (see Sustainable Urban Mobility Plan for the Northern and Southern Harbour (Valletta Region), 31 December 2022, page 71).

Furthermore, in line with the description of the measure, **the plan shall focus on the northern and southern harbour regions which capture over 40% of the total population of the Maltese Islands. The SUMP shall seek to improve the quality of life and mobility in Malta by facilitating cost-effective, energy-efficient, and seamless mobility.** As evidenced by the measures of the Sustainable Urban Mobility Plan described above, the Sustainable Urban Mobility Plan describes how to improve the quality of life and mobility in Malta by facilitating cost-effective, energy efficient, and seamless mobility (including optimised parking, active mobility routes, cycling infrastructure, car sharing, ferry usage and on-demand transport).

Furthermore, the plan focuses on the northern and southern harbour regions which capture over 40% of the total population of the Maltese Islands (see Sustainable Urban Mobility Plan for the Northern and Southern Harbour (Valletta Region), 31 December 2022, pages XIV, XV, 1 and 5).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 2.8	Related Measure: Promoting remote working in the public service
Name of the Milestone: Publication of the Remote Working Policy for Government Employees	
Qualitative Indicator: Publication of the Remote Working Policy Document for Government Employees	Time: Q1 2022
<p>Context:</p> <p>This measure aims at enhancing remote working in the public sector. The possibility to work from home or through regional hubs is expected to reduce journeys to and from work and therefore traffic congestion.</p> <p>Milestone 2.8 concerns the publication of the Remote Working Policy for Government Employees. The policy is required to outline the eligibility criteria, conditions, requirements for approval and application guidelines governing this initiative that promotes work-life balance and contributes towards sustainability.</p> <p>Milestone 2.8 is the second and last milestone or target of the reform, and it follows the completion of target 2.9, related to the establishment of 15 operational office facilities that enable remote work for public service officials across the Maltese Islands. The reform has a final expected date for implementation of 31 March 2022.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled and including a link to the government website where the Remote Working Policy for Government employees has been published (see point (iii) below). ii. Copy of the Remote Working Policy for Government Employees dated 14 September 2021. <p>The authorities also provided:</p> <ol style="list-style-type: none"> iii. Copy of the Manual on Work Life Balance, that is, the Remote Working Policy for Government Employees as amended on 30 March 2022, and a link to that document: https://publicservice.gov.mt/en/Documents/Public%20Service%20Management%20Code/PSMC%20Manuals/Manual_on_Work-Life_Balance_Measures.pdf iv. Copy of the Guidelines for Applications on Remote Working. v. Copy of the Application for Remote Working on an Individual Basis. 	
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the milestone.</p> <p>Publication of the Remote Working Policy for Government Employees.</p> <p>The Remote Working Policy for Government Employees was published on 14 September 2021. An amended version, titled 'Manual on Work Life Balance', was published on 30 March 2023 at the following link: https://publicservice.gov.mt/en/Documents/Public%20Service%20Management%20Code/PSMC%20Manuals/Manual_on_Work-Life_Balance_Measures.pdf</p>	

The policy shall outline the eligibility criteria, conditions, requirements for approval and application guidelines governing this initiative that promotes work-life balance and contributes towards sustainability.

the policy outlines the eligibility criteria (section 3.4.2 'Definition of Terms and Eligibility Criteria', page 50-51 of the Manual on Work Life Balance), conditions (section 3.4.4 'Conditions', page 51-52 of the Manual on Work Life Balance), requirements for approval (section 3.4.10 'Employee Suitability', page 55) and application guidelines governing this initiative (section 3.4.3 'Application procedure', page 51) that promotes work-life balance and contributes towards sustainability.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 2.15	Related Measure: Enhancing the uptake of electric vehicles in the private sector	
Name of the Milestone: Open call for applications for electric vehicles and bicycles in the private sector, including scrappage scheme		
Qualitative Indicator: Launched open call for applications for electric vehicles and bicycles in the private sector, including scrappage scheme		Time: Q1 2022
<p>Context:</p> <p>This investment aims at instigating a wider shift towards electric mobility and reduce emissions emanating from the road transport sector in Malta by promoting the uptake of electric vehicles in the private sector, including the commercial sector.</p> <p>Milestone 2.15 concerns the launch of the open call for applications for electric vehicles and bicycles in the private sector, including scrappage scheme.</p> <p>Milestone 2.15 is the first step of the implementation of the investment, and it will be followed by targets 2.16, 2.16a and 2.17, related to the award of grants under the scheme, to reach a total of 5600 grants awarded. The investment has a final expected date for implementation of 31 December 2025.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Copy of the official call for applications, published in the Government Gazette of Malta No. 20 817 of 29 March 2022 (pages 6366 – 6382). <p>The authorities also provided:</p> <ol style="list-style-type: none"> ii. Copy of the application form VEH 057 for the grant scheme for the purchase of new category L, M and N electric vehicles and pedelecs – 2022. iii. Copy of the state aid declaration VEH 71 that is to be submitted as a supporting document with applications for grants, where applicable. 		
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the milestone.</p> <p>Launch of open call for applications for support to the purchase of new electric vehicles and bicycles in the private sector, including scrappage schemes for households and commercial undertakings. The calls shall include support for the purchase of new passenger, passenger care, goods carrying vehicles, minibuses/coaches, quadricycles/motorcycles and pedelecs.</p> <p>The official call for applications was published by way of a notice in the Government Gazette of the Government of Malta No. 20 817 on 29 March 2022 (see Copy of the official call for applications, published in the Government Gazette of Malta No. 20 817 of 29 March 2022 (pages 6366 – 6382).</p> <p>As indicated therein, the call for applications relates to a grant scheme that supports the purchase of new electric passenger cars, goods carrying vehicles, minibuses, coaches, quadricycle, motorcycles, and pedelecs by persons residing in Malta, Local Councils, voluntary organisations, and undertakings established in Malta (Copy of the official call for applications, published in the Government Gazette</p>		

of Malta No. 20 817 of 29 March 2022, page 6366 and sections 2.1, 2.5, 2.6 and 4). The scope and beneficiaries of the scheme are also confirmed in the sections on eligibility criteria, grant details and grant amounts in the application form (see Copy of the application form VEH 057 for the grant scheme for the purchase of new category L, M and N electric vehicles and pedelecs – 2022, pages 1 - 3).

The call for applications also covers a scrappage scheme intended to provide further financial support to applicants who, while purchasing and registering a new electric vehicle or pedelecs, deregister a vehicle of any category which is older than 10 years from its year of manufacture (see Copy of the official call for applications, published in the Government Gazette of Malta No. 20 817 of 29 March 2022, page 6366 and sections 2.7 and 4). Persons residing in Malta, Local Council, voluntary organisation, or undertakings established in Malta can apply for the grant under the scheme, as defined in the Government Gazette 20,817, No. 344, dated 29 March 2022, Section 1. Interpretation, page 6366. The application form VEH 057 for the grant scheme for the purchase of new category L, M and N electric vehicles and pedelecs – 2022 similarly provides for the possibility to apply for the scrappage grant (see Copy of the application form VEH 057 for the grant scheme for the purchase of new category L, M and N electric vehicles and pedelecs – 2022, pages 1, 3 and 6).

Furthermore, in line with the description of the measure, the structure of the grant scheme was designed taking into consideration all the factors required to ensure an increase of the share of electric vehicles among the total vehicle fleet:

- (i) Current market prices of electric light vehicles, new and used. In this regard, the grant scheme seeks to alleviate the extra investment required by individuals and business undertakings to purchase new electric vehicles through a financial incentive that approximates the difference in price of the two types of vehicles. When looking at the models that were available in 2021 and those planned to be launched in 2022, the average price of an electric light vehicle was between €30,000 and €42,000 while the average price of a new combustion ICE vehicle was between €21,000 and €30,000 with an average price difference of between €11,000 and €14,000. The amount of €11,000 for the purchase of a car or a van was considered as adequate to incentive potential citizens to decide to purchase an electric vehicle instead of an ICE vehicle and therefore included in the call for application.
- (ii) Price differential between used electric light vehicles and new electric light vehicles were not included in the analysis due to unavailability of the data. While used electric vehicles were in circulation in the period ahead of the launch of the call, the amounts were insignificant and therefore, these were left out of the equation to promote the purchase of new electric vehicles to be supported under this specific scheme.
- (iii) Price differential between comparable vehicle models electric light vehicles and internal combustion engine vehicles. The experience from the application of previous schemes implemented in line with the General Block Exemption Regulation (GBER) showed that the most used grant amount is the €11,000 offered on registration of electric cars (M1) and vans (N1). The price difference with equivalent models seen for applications under those schemes varies between €12,000 and €20,000 depending on the models.
- (iv) Market supply / model availability of new electric light vehicles available as Right-Hand Drive (RHD). With regards to the Maltese market, and specifically supply for RHD, supply is always more limited than those being left-hand drive as used by the continent. In addition, based on feedback from new car dealers, there are some new brands which focus specifically on electric vehicles (e.g. DS, Polestar, Tesla, BYD) which have shown no interest to sell their vehicles in the Maltese market, possibly due to its small size. Moreover, some small electric Vehicles, e.g. the Citroen Ami, will not be offered as RHD.
- (v) Market demand as indicated by the yearly uptake of grants made available since 2016.

In this regard, the total budgeted funds for the grant scheme (see Copy of the official call for applications, published in the Government Gazette of Malta No. 20 817 of 29 March 2022, page 6366) reflects increasing market demand trends over the period 2016-2021, as detailed by the Maltese authorities.

Furthermore, in line with the description of the measure aiming to **launch open call for applications for support to the purchase of new electric vehicles and bicycles in the private sector**, in designing the scheme, particular attention was given to increasing the uptake of electric vehicles in Gozo, in line with the objective to accelerate Gozo's transition towards climate neutrality. Indeed, the uptake of electric vehicles in replacement of older vehicles in Gozo is incentivised through a higher financial incentive for the scrapping of vehicles which are being replaced by a new electric vehicle (see Copy of the official call for applications, published in the Government Gazette of Malta No. 20 817 of 29 March 2022, page 6382).

Furthermore, in line with the description of the measure which specifies that only zero-emission vehicles shall receive financial support, this measure does not do significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, in particular as only zero-emission vehicles will receive financial support (see Copy of the official call for applications, published in the Government Gazette of Malta No. 20 817 of 29 March 2022, page 6370 and section 2.1).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 2.20	Related Measure: C2.I.4 Part replacement of the public transport fleet
Name of the Milestone: Memorandum of Understanding for the part replacement of the Malta public transport fleet	
Qualitative Indicator: Signed Memorandum of Understanding	Time: Q2 2022
<p>Context:</p> <p>This measure aims at decarbonising part of the public road transport sector in Malta. The investment consists of purchasing 102 electric buses (12m) for the public road transport fleet. The financing shall cover the difference in the purchase price between internal combustion engine buses (12m) and electric buses (12m). These zero emission buses shall replace diesel buses in the current public transport stock (Euro 5 buses).</p> <p>Milestone 2.20 concerns the signing of a Memorandum of Understanding between the Ministry responsible for Transport and Malta Public Transport, agreeing to the purchase of 102 fully electric buses for the part replacement of the public transport fleet.</p> <p>Milestone 2.20 is the first step of the implementation of the investment and it will be followed by target 2.21, related to the roll out of operational zero emission electric buses for the part replacement of the public transport fleet. The investment has a final expected date for implementation of 30 June 2025.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. ii. Copy of the Memorandum of Understanding dated 28 December 2022 and signed by Malta Public Transport Services (Operations) Limited and the Authority for Transport in Malta (Transport Malta). 	
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the milestone.</p> <p>Signed Memorandum of Understanding between the Ministry responsible for Transport and Malta Public Transport, agreeing the purchase of 102 fully electric buses for the part replacement of the public transport fleet.</p> <p>A Memorandum of Understanding was signed by Malta Public Transport Services (Operations) Limited and the Authority for Transport in Malta (that is, Transport Malta) on 28 December 2022 (see the Memorandum of Understanding of 28 December 2022). The Memorandum of Understanding indicates the agreement of the two signatories regarding the purchase of 102 fully electric buses for the part replacement of the public transport fleet (page 1 of the Memorandum of Understanding and clauses 1-4 of the term sheet attached to the Memorandum of Understanding).</p> <p>Furthermore, in line with the description of the measure, the Memorandum of Understanding provides that the financing shall cover the difference in the purchase price between internal combustion engine buses (12m) and electric buses (12) and that these zero emission buses shall replace diesel buses in the current public transport stock (Euro 5 buses) (clause 2 of the term sheet attached to the Memorandum of Understanding).</p>	

Furthermore, in line with the description of the measure, the Memorandum of Understanding provides that only zero-emission buses shall receive financial support (clause 3 of the term sheet attached to the Memorandum of Understanding)) and thus it is expected that this measure does not do significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, taking into account the description of the measure and the mitigating steps set out in the RRP in accordance with the DNSH Technical Guidance (2021/C58/01).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 3.1	Related Measure: C3-R1: Deepening the digital transformation through policy reform, with a focus on reducing the digital divide and promoting digital skills
Name of the Milestone: Launch of a scholarship scheme for students to become ICT professionals	
Qualitative Indicator: Online publication of the scheme	Time: Q1 2022
<p>Context:</p> <p>The objective of the reform is to develop and implement strategies and initiatives focussing on reducing the digital divide, promoting digital skills and improving digital public services.</p> <p>Milestone 3.1 concerns the launch of a scholarship scheme to encourage students to pursue a career in niche Information and Communication Technology (ICT) areas.</p> <p>Milestone 3.1 is the first milestone or target of the reform, and it is followed by target 3.2, related to the support of at least 1,000 low-income individuals to mitigate the digital divide. The reform has a final expected date for implementation in Q4 2023.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. A summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled; ii. Documents on the MDIA Pathfinder Digital Scholarship: <ol style="list-style-type: none"> a. MDIA Pathfinder Digital Scholarship Guidelines for 2021-2022 and 2022-2023; b. MDIA Pathfinder Digital Scholarship Master’s Application Form; c. MDIA Pathfinder Digital Scholarship PhD Application Form. <p>These documents are also available online: https://www.mdia.gov.mt/schemes/pathfinder/;</p> iii. First call for the University of Malta scholarship for 2022-2023 (webpage printout and a link: https://www.um.edu.mt/newspoint/notices/opportunities/2022/04/scholarships-for-students-specialising-in-artificial-intelligence); iv. Second call for the University of Malta scholarship for 2022-2023 (webpage printout and a link: https://www.um.edu.mt/newspoint/notices/opportunities/2022/09/scholarships-for-students-specialising-in-artificial-intelligence). <p>The authorities also provided:</p> <ol style="list-style-type: none"> v. A copy of the <i>Malta Digitali</i> Strategy 2022-2027, also available online: https://www.maltadigitali.mt/. 	
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Maltese authorities cover all constitutive elements of the milestone.</p> <p>In line with Malta Digital Strategy 2022-2027, open a scholarship scheme to encourage students to pursue a career in niche ICT areas such as artificial intelligence.</p> <p><i>Malta Digitali</i> Strategy 2022-2027, published in November 2022, states that “further focus must be placed on digital skills” and that “preparing all individuals and organisations for the skilling</p>	

opportunities that come with a digital economy is one of *Malta Digitali's* strategic priorities" (page 19 of *Malta Digitali Strategy*).

In line with the above objectives, two types of scholarships have been introduced for students to undertake post-graduate studies in Information Security, artificial intelligence and other niche Information and Communication Technology (ICT) sectors (Masters/PhD level):

- The MDIA Pathfinder Digital Scholarship;
- University of Malta scholarships.

MDIA Pathfinder Digital Scholarship

The first call of the MDIA Pathfinder Digital Scholarship was launched in June 2021 and the deadline for applications was 16 July 2021 (MDIA Pathfinder Digital Scholarship Guidelines for 2021-2022, paragraph 4.6). The second call was launched in June 2022 and the deadline for the applications was 22 July 2022 (MDIA Pathfinder Digital Scholarship Guidelines for 2022-2023, paragraph 8.5). The third call was launched in June 2023 and the deadline for applications was 28 July 2023. The documents for the MDIA Pathfinder Digital Scholarship have been made available online (<https://www.mdia.gov.mt/schemes/pathfinder/>).

The MDIA Pathfinder Digital Scholarship aims to support postgraduate education in the field of artificial intelligence (paragraph 1.1 of the MDIA Pathfinder Digital Scholarship Guidelines). The scholarship provides a maximum support of EUR 10,000 per applicant (MDIA Pathfinder Digital Scholarship Guidelines for 2021-2022, paragraph 12.1).

The key objectives of the MDIA Pathfinder Digital Scholarship are to:

- assist people to pursue further levels of academic research in artificial intelligence;
- reduce skills mismatches particularly within the technological economic sectors that includes artificial intelligence;
- support further research in science and technology; and
- increase the capacity and level of research, innovation, and development activity in Malta (para 2.1 of the MDIA Pathfinder Scholarship Guidelines).

University of Malta scholarship

The first call of the University of Malta scholarship was launched in March 2022 and the second one in June 2022 (first and second calls for the University of Malta scholarship for 2022-2023). The information regarding the University of Malta scholarship has been made available online, as evidenced by the webpage printouts and the links provided by the Maltese authorities.

The University of Malta scholarship enables students to read for Master's programmes or Doctorate programmes which focus on artificial intelligence within any applicable discipline and programme offered at the University of Malta. The value of the scholarship grant is up to EUR 10,000 over the duration of the course. This amount covers 80% of the tuition fees and 100% bench fees and a study allowance for students reading for a programme/ course on a full-time basis is to be provided amounting to EUR 3,600 per annum (second call for the University of Malta scholarship for 2022-2023).

Furthermore, in line with the description of the measure, **the reform shall strengthen and promote human resource capacity through the launch of a scholarship scheme to encourage students to become professionals in the digital area, including in innovative technologies such as artificial intelligence.**

The establishment of the MDIA Pathfinder Digital Scholarship and the University of Malta scholarship incentivised more students to pursue a career in niche ICT areas by allowing them to upskill through further post-tertiary studies. The incentive was provided by significant financial support to students (scholarships of up to EUR 10,000) to pursue studies in the relevant fields, which contributed to strengthening and promoting human resource capacity in the digital area.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 3.10	Related Measure: C3-I3 Further digitalisation and modernisation of the public administration		
Name of the Target: Expenditure incurred in relation to the modern digital workplace and solutions to improve the front-end customer experience			
Quantitative Indicator:	Baseline: 0	Target: 2,500,000	Time: Q4 2022
<p>Context:</p> <p>The objective of the investment is for the public administration to provide better customer experience to citizens and businesses, to increase the uptake of online services, and to develop modern and remote means of working for public officers.</p> <p>Target 3.10 requires a value of at least EUR 2,500,000 to be paid out for contractual obligations relating to measures in relation to the modern digital workplace for public officers and solutions to improve the front-end customer experience.</p> <p>Target 3.10 is the first step of the implementation of the investment and it will be followed by target 3.11, related to the acquisition of 3,500 additional Microsoft 365 (or equivalent) licences, target 3.12, related to the acquisition of IT hardware and software for at least 2,000 additional users, and target 3.13, related to the increase in the uptake of online public services. The investment has a final expected date for implementation in Q4 2025.</p>			
<p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. A summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled; ii. Copies of the following contracts signed with the chosen contractual counterparts: <ul style="list-style-type: none"> <i>Modern digital workplace</i> <ol style="list-style-type: none"> a. Contract Ref C024/21 - Provision of Microsoft Licences (Perpetual and Subscription) and Related Services (dated 1 May 2021); b. Contract Ref C009/22 - Procurement and rollout of new Laptops for use with Modern Digital Workplace within Government (dated 16 August 2022); <i>Solutions to improve the front-end customer experience</i> <ol style="list-style-type: none"> c. Contract Ref servizz 22/04 - Call for Quotations for the Provision of Networking Services to servizz.gov (dated 25 May 2022); d. Contract Ref servizz 22/06 - Call for Quotations for the Provision of ICT Infrastructural Services to servizz.gov Agency (dated 4 October 2022). iii. Copies of invoices <ul style="list-style-type: none"> <i>Modern digital workplace</i> <ol style="list-style-type: none"> a. <i>3,500 Microsoft 365 E3 licences:</i> Invoice No. SIN045645 (for 2021) and Invoice No. SIN100622 (for 2022) b. <i>New Laptops for use with Modern Digital Workplace within Government:</i> Invoice No. SIN048566 			

Solutions to improve the front-end customer experience

- c. INV-15276 dated 30/06/2022 for works completed at Naxxar Hub
- d. INV-15277 dated 30/06/2022 for works completed at Zurrieq Hub
- e. INV-15278 dated 30/06/2022 for works completed at Zejtun Hub
- f. INV-15279 dated 30/06/2022 for works completed at Zabbar Hub
- g. INV-15280 dated 30/06/2022 for works completed at Mosta Hub
- h. INV-15281 dated 30/06/2022 for works completed at Rabat Hub
- i. INV-15282 dated 30/06/2022 for works completed at B’Kara Hub
- j. INV-15283 dated 30/06/2022 for works completed at Siggiewi Hub
- k. INV-15299 dated 30/06/2022 for works completed at Lija Hub
- l. INV-15426 dated 29/07/2022 for works completed at Fgura Hub
- m. INV-15427 dated 29/07/2022 for works completed at Qawra Hub
- n. INV-15428 dated 29/07/2022 for works completed at Qormi Hub
- o. INV-15430 dated 29/07/2022 for works completed at Birgu Hub
- p. INV-15431 dated 29/07/2022 for works completed at Paola LC Hub
- q. INV-15432 dated 29/07/2022 for works completed at Luqa Hub
- r. INV-15434 dated 29/07/2022 for works completed at Valletta Hub
- s. INV-15435 dated 29/07/2022 for works completed at San Gwann Hub
- t. INV-15605 dated 31/08/2022 for works completed at Temporary Msida Hub
- u. INV-15859 dated 01/09/2022 for works completed at Luqa Hub
- v. INV-16335 dated 20/12/2022 for works completed at Zejtun Hub

The authorities also provided:

- iv. Għas-Servizz Tiegħek – Annual Publication 2022 (which refers to the total number of walk-ins at regional and technical hubs);
- v. Site reports and Bills of quantities in relation to Solutions to improve the front-end customer experience for servizz.goc sites:
 - a. Birgu (report dated 14 July 2022)
 - b. Fgura (report dated 7 February 2022)
 - c. Hamrun (report dated 7 February 2022)
 - d. Luqa (report dated 5 April 2022)
 - e. Mosta (report dated 14 July 2022)
 - f. Naxxar (report dated 14 July 2022)
 - g. Paola (report dated 12 August 2022)
 - h. Qormi (report dated 4 April 2022)
 - i. Rabat (report dated 14 July 2022)
 - j. San Gwann (report dated 14 July 2022)
 - k. Siggiewi (report dated 20 June 2022)
 - l. Valletta (15 February 2022)
 - m. Zabbar (report dated 14 July 2022)
 - n. Zebbug (report dated 20 June 2022)
 - o. Zejtun (report dated 20 June 2022)
 - p. Zurrieq (report dated 4 April 2022)

Analysis:

The justification and substantiating evidence provided by the Maltese authorities cover all constitutive elements of the target.

At least a value of EUR 2 500 000 has been paid for contractual obligations relating to measures in relation to the modern digital workplace and solutions to improve the front-end customer experience.

First, regarding measures in relation to the modern digital workplace, Malta Information Technology Agency (MITA) deployed 3,500 Microsoft 365 E3 licences (which also forms part of target 3.11) as part of the government Modern Workplace Initiative project. This project allows to implement mobility and collaboration across government, by applying a standard platform in terms of technology and licensing. With the acquisition of licences, health users were provided with a modern digital work environment to work from anywhere and anytime on any device in a secure manner with one single user identity.

Microsoft 365 E3 licences were acquired through the procurement framework of the Government Microsoft Enterprise Agreement through a reseller, as evidenced by Contract Ref C024/21. The Microsoft 365 E3 subscription licence is per user and each licence incurs a fee per month of EUR 19.50 (EUR 234 per licensing year), as confirmed by invoice No. SIN045645, page 3, line AAD-33204. For 3,500 Microsoft 365 E3 licences allocated to the Ministry of Health, MITA is paying a lump sum of EUR 819,000 each year. In each 2021 and 2022, MITA paid EUR 819,000 (EUR 1,638,000 in total) for these licences, as evidenced by invoice No. SIN045645 and invoice No. SIN100622.

In addition to Microsoft 365 E3 licences, to develop the modern digital workplace within the government, MITA procured new laptops (which also forms part of target 3.12). The first part of the project resulted in the acquisition of 1,499 energy efficient high-end laptops through an open tender process, pursuant to Contract Ref C009/22. For these laptops, MITA paid EUR 999,833, as evidenced by invoice No. SIN048566.

Second, in relation to the solutions to improve the front-end customer experience, servizz.gov (the agency bringing together government services) has been implementing a project to refurbish and upgrade the ICT infrastructure across all servizz.gov physical hubs. Servizz.gov operates several physical hubs which serve as a point of contact for the general public and businesses for inquiries and the delivery of government services, with access to various government systems and applications. Several servizz.gov sites were experiencing networking or technical issues, which could be due to outdated networking infrastructure (site reports, page 1).

In February 2022, servizz.gov assigned MITA to conduct a technical assessment of the ICT Infrastructure and Networks in all the hubs to identify areas needing improvement or optimisation. The technical assessment is contained in the site reports provided by the Maltese authorities. The assessment included the evaluation of the existing network infrastructure, including passive and active hardware, any connectivity bottlenecks, security vulnerabilities, overall health, and other performance issues. For each hub, after considering key factors, including the current number of agents working there and possible growth projections, a Bill of Quantities (BoQ) was compiled together with network and CCTV layout plans. A copy of the Bill of Quantities for each site is included in the evidence.

Based on MITA's recommendation, servizz.gov sought the procurement of works through two calls for quotations, including the upgrades of passive and active network equipment and improved network layout and design at the relevant sites. Procurement included the provision of Networking Services, pursuant to Contract Ref servizz 22/04, and the provision of ICT Infrastructure Services, pursuant to Contract Ref servizz 22/06.

The scope of the works related to ensuring a stable network (Section C(2) "Specific Project Overview" of Contract Ref servizz 22/04 and Contract Ref servizz 22/06) which means that agents are able to work uninterrupted, without downtime and connectivity issues, responding to citizen inquiries promptly and efficiently. The works also aimed to improve guest Wi-Fi connectivity

meaning that citizens can make use of free Wi-Fi while waiting to be served. All this should also lead to higher citizen satisfaction levels, reduced waiting times and improved retention. For the networking services and infrastructure services, Malta paid EUR 7,016 until December 2022, as evidenced by the provided invoices.

Therefore, the total expenditure paid for measures in relation to the modern digital workplace and solutions to improve the front-end customer experience until end of December 2022 amounts to EUR 2,644,849.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 3.14	Related Measure: Rolling out measures to intensify the digitalisation of the private sector
Name of the Milestone: Launch of the calls for applications	
Qualitative Indicator: Publication of the call	Time: Q1 2022
<p>Context:</p> <p>The objective of the investment is to support companies in their digitalisation efforts, notably in acquiring new digital capabilities and digitalising operational processes.</p> <p>Milestone 3.14 concerns the launch of calls for applications for companies to receive grant support for digitalisation, including wholesale and retail, tourism (including culture) and manufacturing sectors.</p> <p>Milestone 3.14 is the first step of the implementation of the investment and it will be followed by target 3.15 which requires at least 360 companies to receive support for digitalisation, with grant agreements for EUR 15,000,000 being concluded and at least 90% of the budget being paid out.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. A summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled; ii. Documents in relation to the Digital Intensification Grant Scheme (including a link: https://fondi.eu/business-enhance/schemes-and-open-calls/digital-intensification-grant/): <ol style="list-style-type: none"> a. Digital Intensification Grant Scheme – Guidance Notes (1 January 2023); b. Digital Intensification Grant Scheme – Practical Implementation Guide ; c. Digital Intensification Grant Scheme – Notes to Applicants (1 January 2023); d. Digital Intensification Grant Scheme – Sample Application Form (1 January 2023); iii. Documents in relation to the SME Digitalisation Grant Scheme (including a link: https://fondi.eu/business-enhance/schemes-and-open-calls/sme-digitalisation-grant/): <ol style="list-style-type: none"> a. SME Digitalisation Grant Scheme – Guidance Notes (1 January 2023); b. SME Digitalisation Grant Scheme – Guidelines for Implementation (1 January 2023); c. SME Digitalisation Grant Scheme – Practical Implementation Guide; d. SME Digitalisation Grant Scheme – Notes to Applicants (1 January 2023); e. SME Digitalisation Grant Scheme – Sample Application Form (1 January 2023); iv. Documents in relation to the Digitalise your Micro Business Grant Scheme (including a link: https://fondi.eu/what-funding-is-available/digitilise-your-micro-business/): <ol style="list-style-type: none"> a. Digitalise your Micro Business – Guidance Notes (10 April 2023); b. Digitalise your Micro Business – Practical Implementation Guide; c. Digitalise Your Micro Business – User Guide to the Application Form (10 April 2023). <p>The authorities also provided:</p> <ol style="list-style-type: none"> v. Advert titled “Call 1 under the SME Digitalisation Grant Scheme Call 1 under the Digital Intensification Grant Scheme” published in the Government Gazette of 1 July 2022; vi. Advert titled “Call 2 under the SME Digitalisation Grant Scheme and Call 2 under the Digital Intensification Grant Scheme Call 3 under the SME Digitalisation Grant Scheme and Call 3 	

under the Digital Intensification Grant Scheme” published in the Government Gazette of 21 October 2022;

- vii. **Advert** titled “Call 4 under the SME Digitalisation Grant Scheme and Call 4 under the Digital Intensification Grant Scheme” published in the Government Gazette of 23 December 2022.

Analysis:

The justification and substantiating evidence provided by the Maltese authorities cover all constitutive elements of the milestone.

Launch of calls for applications for business to receive grant support for digitalisation, including wholesale and retail, tourism (including culture) and manufacturing sectors.

To support the digitalisation of companies, Malta launched three schemes: Digital Intensification Grant Scheme, SME Digitalisation Grant Scheme and Digitalise your Micro Business Grant Scheme.

Under the Digital Intensification Grant Scheme and SME Digitalisation Grant Scheme, four calls for applications were issued:

- Call 1 was open from 1 July 2022 until noon of 30 September 2022 (advert titled “Call 1 under the SME Digitalisation Grant Scheme Call 1 under the Digital Intensification Grant Scheme” published in the Government Gazette of 1 July 2022);
- Call 2 was open from 19 November 2022 until 16 December 2022 (advert titled “Call 2 under the SME Digitalisation Grant Scheme and Call 2 under the Digital Intensification Grant Scheme Call 3 under the SME Digitalisation Grant Scheme and Call 3 under the Digital Intensification Grant Scheme” published in the Government Gazette of 21 October 2022);
- Call 3 was open from 19 November 2022 until 16 December 2022 (advert titled “Call 2 under the SME Digitalisation Grant Scheme and Call 2 under the Digital Intensification Grant Scheme Call 3 under the SME Digitalisation Grant Scheme and Call 3 under the Digital Intensification Grant Scheme” published in the Government Gazette of 21 October 2022).
- Call 4 was issued on 1 January 2023 with changes to eligibility criteria in line with the *De Minimis* Regulation and the General Block Exemption Regulation. The call is managed on a demand driven basis, with periodic cut-off dates (advert titled “Call 4 under the SME Digitalisation Grant Scheme and Call 4 under the Digital Intensification Grant Scheme” published in the Government Gazette of 23 December 2022).

Under Digitalise your Micro Business Grant Scheme, a call was launched on 10 April 2023, on a demand driven basis, with periodic cut-off dates (Digitalise your Micro Business – Guidance Notes of 10 April 2023, Section 1.6).

The three digitalisation schemes support companies in digitalising their operations. The SME Digitalisation Grant Scheme and the Digitalise your Micro Business Grant Scheme aim to assist SMEs and micro-enterprises, respectively, through non-repayable grants to part-finance investment to digitalise their operations, and hence improve their resilience, efficiency, productivity and customer experience by addressing new digital capabilities and digitalised processes such as product and process design and engineering, end-to-end procurement, supply chain/distribution and after sales (Section 1.2 of the SME Digitalisation Grant Scheme – Guidance Notes and Section 1.2 “Scope” of the Digitalise your Micro Business – Guidance Notes). The Digital Intensification Grant Scheme supports investments by companies in their digitalisation endeavours and to intensify the digitalisation of operations (Section 2.1 “Eligible Actions” of the Digital Intensification Grant Scheme – Guidance Notes). Proposals related to the digitalisation in the manufacturing and tourism industry are given priorities (Section 1.2 “Scope” of the Digital Intensification Grant Scheme).

The maximum grant under the Digitalise your Micro Business Grant Scheme is EUR 10,000 per digitalisation investment, for the SME Digitalisation Grant Scheme – EUR 50,000 per investment, whilst that under the Digital Intensification Grant Scheme is EUR 200,000 (Section 1.7 “Maximum Grant Value and Aid Intensity” of the Digitalise your Micro Business – Guidance Notes, SME Digitalisation Grant Scheme – Guidance Notes and Digital Intensification Grant Scheme – Guidance Notes).

The terms of reference shall include eligibility criteria that ensure that the selected projects comply with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation.

For each scheme, the Guidance Notes, which explain the operation of the scheme, specify the requirement for the measure to comply with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) and the exclusion of the following list of activities: (i) activities related to fossil fuels, including downstream use; (ii) activities under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks; (iii) activities related to waste landfills, incinerators and mechanical biological treatment plants; and (iv) activities where the long-term disposal of waste may cause harm to the environment (Section 1.2 of the Guidance Notes). Section 3.2 of the Guidance Notes gives further details on the exclusion of activities which do not respect the Do No Significant Harm principle:

- Activities that lead to significant greenhouse gas emissions including measures related to power and/or heat generation using fossil fuels, as well as related transmission and distribution infrastructure are excluded.
- Activities that lead to significant inefficiencies in the use of materials or in the direct or indirect use of natural resources, or if it significantly increases the generation, incineration or disposal of waste, or if the long-term disposal of waste may cause significant and long-term environmental harm to the circular economy.
- Investments involving material changes to buildings located in or near biodiversity sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas as well as other protected areas).

Section 3.3 of the Guidance Notes states that *“Only activities that comply with relevant EU and national environmental legislation may be selected for funding.”*

Furthermore, in line with the description of the measure, **the investment shall consist of grant schemes for businesses to invest in the digitalisation (including hardware, software and digital solutions) to enhance their operations and explore new business opportunities.**

The three schemes provide grants to companies to invest in digitalisation. Investments in hardware, software and other digital solutions are eligible, provided they are directly related to the digitalisation investment and the funding objectives, and are specifically mentioned in the Guidance Notes (Section 1.2 “Scope” of the SME Digitalisation Grant Scheme – Guidance Notes; Section 2.2 “Eligible Expenditure” of the Digital Intensification Grant Scheme – Guidance Notes; Section 1.2 “Scope” of the Digitalise your Micro Business – Guidance Notes).

Furthermore, in line with the description of the measure, **the grant schemes shall support primarily SMEs (including micro-enterprises and the self-employed), thus ensuring complementarities with the support provided under other EU funding programmes.**

The SME Digitalisation Grant Scheme is a support scheme specifically targeted at SMEs (including both micro-enterprises and self-employed) to invest in digitalisation. Section 3.1 of the SME Digitalisation Grant Scheme – Guidance Notes defines “eligible undertakings” as micro, small and

medium-sized enterprises. The main factors determining whether an enterprise is an SME are also specified (Section “Definitions” of the SME Digitalisation Grant Scheme – Guidance Notes).

The Digitalise your Micro Business Grant Scheme is specifically designed to assist micro-enterprises. The Section “Definitions” of the Digitalise your Micro Business – Guidance Notes gives details on the factors determining whether an enterprise is a micro-enterprise. Section 1.2 “Scope”, Section 2.1 “Eligible Actions” and Section 3.1 “Eligible Undertakings” provide further details clarifying that the scheme is designed for micro-enterprises.

The Digital Intensification Grant Scheme covers both SMEs and large enterprises. SMEs are specifically included under the definition of “undertaking” and within the scope of eligible undertakings (Section “Definitions” and Section 3.1 of the Digital Intensification Grant Scheme – Guidance Notes).

Furthermore, in line with the description of the measure, **support shall be made available to companies operating in different economic sectors, including wholesale and retail, tourism (including culture) and manufacturing.**

The three digitalisation schemes are not sector-specific. Thus apart from the sectors specifically excluded (notably due to the Do No Significant Harm requirements), all sectors are eligible including wholesale, retail, tourism, culture and manufacturing, with the Digital Intensification Grant Scheme having particular emphasis on tourism and manufacturing (Section 1.2 “Scope” of the Digital Intensification Grant Scheme).

Furthermore, in line with the description of the measure, **the scope of the investments supported in different sectors shall also cover product lifecycle management, life cycle analysis, Internet of Things, cybersecurity and data protection, cyber-physical systems, augmented reality, artificial intelligence, circular manufacturing, autonomous solutions, big data and data management, and decision support systems.**

Section 2.1 of the Digital Intensification Grant – Guidance Notes specifically mentions the above-mentioned activities under a non-exhaustive list of “Eligible Actions”. Furthermore, the above-mentioned activities are not excluded under the SME Digitalisation Grant Scheme and the Digitalise your Micro Business Grant Scheme and are thus eligible for support (Section 2.2 “Eligible Expenditure” of the SME Digitalisation Grant Scheme – Guidance Notes and Digitalise your Micro Business – Guidance Notes).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 4.1	Related Measure: C4.R.1 Develop and implement a health policy framework aimed at making the health system more sustainable and resilient, with a particular focus on health prevention and a strong workforce	
Name of the Milestone: Study on barriers and facilitators for better integration and wellbeing of the foreign workforce		
Qualitative Indicator: Publication of the study on barriers and facilitators for better integration and wellbeing of the foreign workforce		Time: Q2 2022
<p>Context:</p> <p>This reform aims to foster resilience in the health sector by ensuring a strong and sustainable workforce, and to enhance disease prevention related to children’s health. The reform is also required to implement measures to improve the wellbeing and integration of foreign health workers. The measures are to be identified on the basis of a study to be carried out by an independent contractor.</p> <p>Milestone 4.1 concerns the publication of the study, which identifies issues and factors that positively and/or negatively impact the attraction, integration, and retention of foreign healthcare workers employed within the Ministry for Health, and provides relevant policy recommendations.</p> <p>Milestone 4.1 is the first step of the implementation of the reform and it will be followed by milestones 4.2, related to the development of a bespoke tool for workforce planning, milestone 4.3 on the online publication of the report on the implementation of measures and comparing wellbeing post-intervention compared to the initial assessment, milestone 4.4 concerning the improvement of the reported wellbeing of foreign workers, milestone, 4.5 on a report on obesity prevalence among 4-5 years old in the Maltese population and 4.6 related to the implementation of a neonatal hearing screening programme.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. A summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled; in particular, the summary document includes <ol style="list-style-type: none"> a. a brief description of the barriers and facilitators for a better integration and wellbeing of foreign workforce (including expectations, concerns, relationship with peers). b. an overview of the consultation of all relevant stakeholders (including JobsPlus and Identity Malta). c. a brief description of the proposals for policy recommendations about measures to improve integration and wellbeing of foreign workforce. a brief description of the assessment tools and methodology employed for the measurement of wellbeing and an explanation of why they are adequate for the measurement of wellbeing. d. the established baseline of existing wellbeing of foreign workers and its basis. ii. a copy of the publication of the call for tenders, technical specifications, and notification of award related to the selection of the contractor to carry out the study; Tender CFT017-0162/22, issued on 8 February 2022 and closed on 1 March 2022. iii. a copy of the study report. Dated September 2022, entitled, Comprehensive Study on the Positive Integration, Assimilation, and Retention of Foreign Workers within the Ministry for 		

Health (Reference number: CF017-0162/22), <https://healthservices.gov.mt/en/people-management-division/Pages/research.aspx>.

Analysis:

The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the milestone.

Publication of a study on the integration and wellbeing of the foreign workforce within the Public sector.

The study report entitled Comprehensive Study on the Positive Integration, Assimilation, and Retention of Foreign Workers within the Ministry for Health, dated September 2022 (Reference number: CF017-0162/22) was published on the website of the Ministry of Health (<https://healthservices.gov.mt/en/people-management-division/Pages/research.aspx>).

The study shall:

- (i) **study barriers and facilitators for a better integration and wellbeing of foreign workforce (including expectations, concerns, relationship with peers)**

Barriers are addressed in section 4.3 'Intervention Level Two – Foreign Healthcare Work Niche' (see page 29 of the Report). The main barriers relating to the integration and wellbeing of foreign workers identified through this study were as follows:

- a) **Lack of Reunification with Family Members.** The issue that was most consistently cited by Third-Country Nationals (TCNs) as a concern and a primary deterrent from 'settling down' in Malta pertained to the difficulties associated with obtaining residency permits for close family members still in the respective countries of origin. Covered in section 4.3.1 'Residency Permits & Reunification Process, page 29 of the Report.
- b) **Perceived Lack of Long-Term Stability.** TCNs stated that the rules and processes that one must follow to obtain citizenship in Malta are vague and unclear, which affect their expectations about the future. Covered in section 4.3.2 'Long-Term Stability as Residents & Workers', page 32 of the Report.
- c) **Slow Rate of Vetting and Registration.** A further concern that was frequently raised by local medical specialists was the speed or rate at which the recruitment and registration process of nurses and other specialists occurs. Covered in section 4.3.3 'Rate of Recruitment & Registration Process', page 34 of the Report.
- d) **Long Working Hours.** Foreign nurses, particularly TCNs, recognise that nurses in Malta work longer hours (46 hours) compared to other places like the UK (37.5 hours). Covered in section 4.4.4 'Rate of Recruitment & Registration Process', page 36 of the Report.
- e) **Language Barriers.** Whilst it may be reasonably expected that TCNs who come from countries where English is spoken as a second language should have a good grasp of the language, this may not always be the case. Also, some participants stated that they found it hard to communicate with patients who are only able to speak Maltese (ex. elderly patients). Covered in section 4.4.5 'Language Barrier', page 37 of the Report.
- f) **Discrimination** – Most EU nationals who were interviewed stated that they did not feel they were discriminated against their peers because of their country of origin. However, discriminatory behaviour is more often experienced by TCNs with visible physical identifiers (for example different skin colour, religious markers). Covered in section 4.4.6 'Language Barrier', page 38 of the Report.
- g) **Cultural Differences.** In some cases, cultural differences result in behaviours and social configurations that clearly impact integration of TCNs (for example, concerns about

reluctance to actively work and integrate with local colleagues). Covered in section 4.4.5 “Cultural difference’, page 39 of the Report.

Facilitators, relating to the better integration and wellbeing of foreign workers identified through this study were grouped by the following main areas (pages 10-11 of the Report):

- a) **Migrating to Malta:** Easier job application processes serve as a facilitator, while simplification in obtaining documents, accommodation, and banking would enhance integration (first paragraph in page 10 and first paragraph on page 75).
- b) **Psychological Well-Being:** The strong identification with expected personal growth indicates a psychological facilitator that could be harnessed to improve resilience and well-being (second paragraph on page 10 of the report).
- c) **Current Employment & Work Environment:** Support from employers is a clear facilitator, as is the expectation and aspiration for better salaries, which could motivate improvements in the work environment (third paragraph on page 10 of the report).
- d) **Settling in Malta:** Understanding and adapting to cultural differences are challenges where more accessible support networks could serve as facilitators for better integration (fourth paragraph on page 10 of the report).
- e) **Relationships:** Existing friendships among the peers of the same nationality indicate a starting point for broader social integration, suggesting that extending social networks is a potential facilitator (fifth paragraph on page 10 of the report).
- f) **Maltese Institutions:** The relative ease of following rules and dealing with authority is a facilitator, but streamlined bureaucracy could improve experiences with institutional processes (sixth paragraph on page 10 of the report).
- g) **Maltese Society:** Encounters with fair treatment can be facilitators for societal integration, whereas addressing negative behaviours towards foreigners can improve societal acceptance (seventh paragraph on page 10 of the report).
- h) **Long-Term Residency in Malta:** The appeal of the Maltese climate, the possibility of permanent residency, secure employment, and family reunification are significant facilitators encouraging long-term settlement (eighth paragraph on page 10 of the report).

(ii) consult all relevant stakeholders (including JobsPlus and Identity Malta)

All relevant stakeholders were consulted through an online survey addressed to the Ministry for Health's foreign workforce combined with interviews., including with representatives from JobsPlus and Identity Malta. The study consists of interviews of migrants working as healthcare professionals within the Maltese healthcare system and local professionals who frequently interact with foreign healthcare workers, such as nursing managers, medical specialists, and officials from the medical councils. A survey was distributed to the Ministry for Health's foreign workforce.

(iii) propose policy recommendations about measures to improve integration and wellbeing of foreign workforce.

The following recommendations (page 118 of the report) to improve integration and wellbeing of the foreign workforce (to ultimately, assimilate and retain foreign workers) were made through this study:

1. Establish a consistent, stable, and rapid process of engagement for foreign workers within the Ministry for Health following their selection and recruitment;
2. Increase human and other resources where necessary to make the process of registration of TCN nurses and other workers more rapid and efficient;

3. Establish a specific 'fast track' process through which the necessary residence and related permits for TCN healthcare workers, and their family members, are processed by ID Malta;
4. Establish a more consistent process through which foreign workers train and familiarise themselves with both professional and sociocultural dimensions of life in Malta;
5. Set up a system or scheme centred around 'ambassadors' who may act as facilitators for the training and orientation programmes;
6. Continue to employ TCNs on indefinite contracts to mitigate feelings of precariousness and instability, and;
7. Improve the overall working conditions, benefits and reputation of healthcare workers, particularly nurses.

The study shall employ appropriate assessment tools and methodology for the measurement of wellbeing.

The study employs an appropriate combination of qualitative and quantitative methodologies. In particular, it carried out a number of interviews for a comprehensive qualitative assessment of the issues and an online survey to collect the quantitative data for assessing the wellbeing of health workers. The survey is a modified 36-Item Short Form Health Survey (SF-36), which is a set of generic, coherent, and easily administered quality-of-life measures. These measures rely upon person's self-reporting and have been widely used in international practice (https://www.rand.org/health-care/surveys_tools/mos/36-item-short-form.html).

The **qualitative** research methodology is set out in section 2.2 (on page 14 of the report). The qualitative component of the study consists of interviews with 40 individuals carried out in August and September 2022. Of these, 25 are migrants working as healthcare professionals within the Maltese healthcare system (Ministry for Health), and 15 are local professionals who frequently interact with foreign healthcare workers. This latter group includes nursing managers, medical specialists, and officials from the medical councils and the Identity Malta Agency, which handles visa and permit processing, as well as a representative from JobsPlus as Malta's Public Employment Service.

The interviews were structured around a pre-determined but adaptable agenda, lasting 45 minutes each, and conducted either in-person at Mater Dei Hospital (MDH) or remotely. Consent was obtained from all participants before the interviews.

The interviewer responsible for conducting these interviews is well-versed in qualitative research methods, possessing a PhD in anthropology, and is fluent in both English and Maltese. The results and discussions in Section 4 refer to interviewees using specific acronyms that are defined in Section 2.2.2. Appendix 2 of the Report contains the detailed interview agenda.

The **quantitative** research methodology is set out in section 2.3 (on page 16 of the report).

The data was collected through an online survey in July and August 2022, crafted by Marketing Advisory Services (MAS) and sanctioned by the Ministry for Health. The survey was distributed to the Ministry for Health's foreign workforce, totaling 516 employees, out of which 217 provided consent to participate. The consent form also explained the purpose of the study. Of those, 140 valid responses were obtained and analysed.

To ensure confidentiality and privacy, MAS stored the collected data in a secure, password-protected location accessible only to the research team. Details about the survey questions can be found in Appendix 3 of the Report.

The study shall examine the current situation and establish a baseline of existing wellbeing of foreign workers, based on MH1 or MH2 scores of the SF36 questionnaire, which is a 36-item, patient-reported survey of patient health. MH1 and MH2 indicators are calculated based on the replies to the corresponding questions in the Mental Health section of the survey. This was further specified in the Operational Arrangements as follows: The requirement to be “based on MH1 and MH2 scores of the SF36 questionnaire” shall be understood to include any proportionate changes necessary to adapt the SF36 questionnaire to the target audience of the survey.

The SF36 questionnaire in the basis of this study is a 36-item, patient-reported survey of patient health. MH1 and MH2 indicators are calculated based on the replies to the corresponding questions in the Mental Health section of the survey. Upon thorough evaluation and consideration of the specific context and requirements of the project, Ministry for Health opted to develop a customised psychological assessment tool. This decision was driven by the need to create a more targeted and effective assessment process for the Third Country Nationals the tool was intended for. Here are the primary reasons for Ministry for Health’s departure from the proposed psychological assessment tool:

Tailored Approach: The proposed SF36 questionnaire is a generic questionnaire designed for a wide range of populations. To gather the most accurate and insightful psychological data from the Third Country Nationals, it was considered essential to tailor the assessment tool to their unique cultural, linguistic, and experiential backgrounds. By developing the tool from the ground up, it was ensured that the questions and prompts were contextually relevant and resonated with the specific target group. The SF36 questionnaire was still used as a reference and incorporated into the new psychological assessment tool.

The new psychological assessment tool also caters for, and measures, important parameters such as motivation (in life and in the workplace), outlook towards life, external factors (life outside of work), self-esteem, and attitude towards/relationships with others. These parameters were not addressed well in the SF36 questionnaire, which is not ideal as they are important factors in understanding the situation of the Third Country Nationals.

Language and Vocabulary: One significant concern that was identified with SF36 questionnaire was the complexity of some of the English vocabulary used in the questionnaire. It became apparent that the language used might pose comprehension challenges for the Third Country Nationals, potentially leading to inaccuracies in their responses. To mitigate this, the researchers used language that was both accessible and comprehensible to the target audience, thereby enhancing the reliability and authenticity of the collected data.

Enhanced Data Quality: By crafting a tool that directly addressed the unique psychological aspects and challenges faced by the Third Country Nationals, while the generic nature of the SF36 questionnaire might not have captured the subtleties and intricacies of their experiences as effectively. The new psychological assessment tool delves into not only how they are feeling, but also which factors are influencing it, as opposed to SF36 questionnaire which only focuses on the how.

The resulting psychological well-being scale used consisted of 17 short statements by Ryff et al. (2010), adapted to the context of the study. The scale contained 9 “positive” and 8 “negative” statements. Positive statements concentrated on factors such as self-awareness and perceptions about one’s capabilities. Negative statements concentrated on factors such as disappointment and

difficulties in one's relationships. This allows to gauge both positive and negative aspects of one's experience. This provides a baseline for the well-being of the workers, against which future improvements can be quantitatively measured.

The study shall be carried out by an independent contractor engaged through public procurement procedures.

The contractor was selected through public procurement procedures. A call for tender (CFT017-0162/22) was issued on 8 February 2022 and closed on 1 March 2022. Six tenderers had applied under this tendering procedure. The cheapest compliant bid was awarded the tender. The contract agreement was signed by both parties and signed by the Managing Director CPSU on 20 May 2022.

The study shall be made available to the Commission through the Management Information System.

The report is made available to the Commission as well as to the general public online: <https://healthservices.gov.mt/en/people-management-division/Pages/research.aspx>. It was also duly uploaded in the Management Information System of the Commission for the Recovery and Resilience Facility (FENIX).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 4.5	Related Measure: C4.R.1 Develop and implement a health policy framework aimed at making the health system more sustainable and resilient, with a particular focus on health prevention and a strong workforce	
Name of the Milestone: Report on obesity prevalence amongst 4-5 year olds in the Maltese population		
Qualitative Indicator: Online publication of the report on obesity prevalence amongst 4-5 year olds in the Maltese population	Time: Q4 2022	
<p>Context:</p> <p>The measure aims to develop and implement a health policy framework aimed at making the health system more sustainable and resilient and to enhance disease prevention related to children’s health.</p> <p>Milestone 4.5 concerns the publication of a report on childhood obesity, which shall feed into the obesity surveillance programme among children. The study is required to examine the prevalence of obesity among the 4-5 year olds in the Maltese population and set a baseline for this young age group only and compare with older cohorts, and to lead to policy recommendations.</p> <p>Milestone 4.5 is the second milestone of this reform. It follows the completion of milestone 4.1 on a study on barriers and facilitators for better integration and wellbeing of the foreign workforce. It will be followed by milestone 4.2 (bespoke tool for workforce planning), milestone 4.3 (report on the implementation of measures and comparing wellbeing of foreign workforce post-intervention compared to the initial assessment), target 4.4 (improvement on the reported wellbeing of foreign workforce) and target 4.6 (implementation of neonatal hearing screening programme).</p> <p>Following the completion of this milestone, in line with the description of the measure in the Council Implementing Decision, Malta will consider actions to address the policy recommendations provided by the childhood obesity study. This is a further step of this reform that is not linked to the milestones and targets in the Council Implementing Decision.</p> <p>The reform has a final expected date for implementation in 31 December 2025.</p>		
<p>Evidence provided:</p> <ul style="list-style-type: none"> i. A summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled ii. a copy of the report on childhood obesity and a link to the report where it can be accessed: https://healthservices.gov.mt/en/strategy-development-and-implementation-unit/Documents/Publications/A_study_on_Childhood_Obesity_in_Malta_With_a_special_focus_on_4%E2%80%935-year-old_children_(2022).pdf and https://researchandinnovation.gov.mt/en/Documents/Childhood%20Obesity%20in%20Malta.pdf. iii. The report includes the methodology used for sampling (page 12) iv. a copy of the policy recommendations, provided separately. 		
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the milestone.</p> <p>Publication of a report on childhood obesity, which shall feed into the obesity surveillance programme (see page 11 of the Report) among children.</p>		

The report on childhood obesity was published in December 2022 and is accessible online at the following link: [https://healthservices.gov.mt/en/strategy-development-and-implementation-unit/Documents/Publications/A_study_on_Childhood_Obesity_in_Malta_With_a_special_focus_on_4%E2%80%935-year-old_children_\(2022\).pdf](https://healthservices.gov.mt/en/strategy-development-and-implementation-unit/Documents/Publications/A_study_on_Childhood_Obesity_in_Malta_With_a_special_focus_on_4%E2%80%935-year-old_children_(2022).pdf) and <https://researchandinnovation.gov.mt/en/Documents/Childhood%20Obesity%20in%20Malta.pdf>.

The study shall examine the prevalence of obesity among the 4-5 year olds in the Maltese population.

Furthermore, in line in line with the description of the measure ‘the reform shall also: (i) assess the situation with obesity prevalence among 4-5 years old children, being a part of obesity surveillance programme amongst school children’.

The study was carried out in 2022 by the Ministry responsible for Health and the Ministry responsible for Education.

The study population consisted of two cohorts:

1. 4–5-year-old children (ie, children attending Kindergarten 2);
2. 5–16-year-old children (attending school year 1-11, namely primary, middle and secondary school).

The study assesses for both cohorts the situation with obesity prevalence by measuring the children’s body mass index (BMI) whilst looking into their lifestyle behaviours (parents or guardians were surveyed). The study presents prevalence rates for overweight/obesity in children under 5 years of age.

10% of children in School Years 1-11 shall be sampled together with all the children attending 50% of the Kindergarten 2centres.

The total number of children attending Kindergarten 2 centres in Malta in 2021-2022 was 4,349. All the children in more than half of the Kindergarten 2 centres in Malta (60 out of 110) were invited to participate in this study. This translates into a sample size of 3,115 children amounting to 71.63% of the total number of students in all Kindergarten 2 centres. As explained on page 13 of the Report, out of the sample 2,006 responded (64% of all [3,115 students] in 50% of Kindergarten 2 or 46% of all [4,349 students] in all Kindergarten 2)

The total number of children and adolescents attending School years 1-11 in Malta in 2021-2022 was 49,033. At Primary, Middle, and Secondary level, the percentage of invitees and participants exceeded 10% of the total number of students.

	Participants	Sample (i.e. Invitees)	Total*	10% of Total applicable to Y1-Y11)	50% of Total	Sample (invitees) as % of Total students	Participants as % of Total students
Kindergarten 2	2,006	3,115	4,349	N/A	2,174.5	71.63	46.13
Primary	2,949	3,536	27,039	2,703.9	N/A	13.08	10.91
Middle	1,071	1,312	8,898	889.8	N/A	14.74	12.04
Secondary	1,542	2,036	13,096	1,309.6	N/A	15.55	11.77

*Source: NSO Number of students enrolled by academic year, type of school and class level <https://nso.gov.mt/mt/pre-primary-primary-and-secondary-formal-education-2021-2022/>

Data collection was carried out between 31 January and 28 June 2022. Middle and Secondary school children were measured between 31 January and 13 May 2022. Primary and Kindergarten 2 children

were measured between 14 March and 28 June 2022. Data collection for both cohorts involved three data types:

- anthropometrics (height and weight);
- demographics (sex, birth month and year, school, and locality);
- lifestyle data (breakfast intake on measurement day and extracurricular participation in physical activity).

Anthropometric measures were taken in schools using standardised scale-stadiometers. Data collected was validated using the World Health Organisation (WHO) AnthroPlus software, with cases falling beyond the lower or upper standard deviations (SD), as indicated by the WHO Standards and WHO Reference, excluded from the BMI analysis.

This assessment shall set a baseline for this young age group only and compare with older cohorts.

The two cohorts (ie, 4–5-year-old vs 5-16 year old children) were compared to each other and to the results of previous studies carried out in Malta (e.g. page 24 of the Report).

The findings of the study provided observations and conclusions concerning the baseline on the following topics:

- Overweight and obesity among 4-5 years old and 5-16-year-old children.
- Breastfeeding and infant nutrition.
- Breakfast consumption by children and adolescents and its association with average BMI indicators.
- Fresh fruit and vegetable consumption.
- Snack consumption.
- Sugar-sweetened beverage consumption.
- Physical activity and screen time.

This shall lead to policy recommendations, which may include awareness campaigns.

The policy recommendations include a correlation table between the findings, the policy recommendations and the respective stakeholders (evidence no. iii).

The study provides the following set of recommendations:

- To explore how to introduce a routine surveillance programme for Sustainable Development Indicator 2.2.2 (ii): Prevalence of overweight (weight for height $>+2$ standard deviation from the median of the World Health Organization (WHO) Child Growth Standards) among children under 5 years of age;
- To explore interventions that improve breastfeeding rates such as education, support, workplace policies, community support, cultural awareness, marketing and media, and improved healthcare practices through a lifecourse, settings approach policy development;
- To explore interventions that increase daily breakfast consumption such as education and support, to children, parents and schools;
- To explore interventions that improve fresh fruit and vegetable consumption and limit savoury and sweet snacks, and sugar-sweetened beverage consumption through a lifecourse, settings approach policy development;
- To explore how to increase physical activity and decrease sedentary behaviour including screentime in childhood with interventions with schools and supporting an enabling environment through the development of a Health Enhancing Physical Activity Strategy and Action Plan using a life course approach.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 4.7	Related Measure: Reform C4-R2: Review the national legislative framework related to the Establishment of a Blood, Tissue and Cell Centre for Malta.	
Name of the Milestone: Review of the regulatory framework related to the Blood Bank, Tissue and Cell Centre		
Qualitative Indicator: Online publication of review of the regulatory framework related to the Blood Bank, Tissue and Cell Centre		Time: Q1 2022
<p>Context:</p> <p>This measure aims to improve the national legislative framework related to the Establishment of a Blood, Tissue and Cell Centre for Malta.</p> <p>Milestone 4.7 concerns a review carried out by an independent contractor that: (i) scrutinises the regulatory framework related to blood, tissues and cells; and (ii) identifies the legal changes required to remove any regulatory barriers and bottlenecks that may affect the functioning of the Centre.</p> <p>Milestone 4.7 is the first step of the implementation of the reform and it will be followed by milestone 4.8, related to entry into force of the revised regulatory framework related to the Blood Bank, Tissue and Cell Centre.</p> <p>The reform has a final expected date for implementation in 30 June 2024.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. A summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. ii. Copy of the Tender Document for the Provision of Services for Carrying Out a Legal Review of Legislation that May Impact the New Establishment of Blood Tissues and Cells (EBTC) (CFT023-0104/22), published on 28 January 2022 and closed on 18 February 2022 iii. Award Notice for Tender for the Provision of Services for Carrying Out a Legal Review of Legislation that May Impact the New Establishment of Blood Tissues and Cells (EBTC), published on 28 April 2022. iv. Copies of the legal review reports Phase I and Phase II and a link to the published report where it can be accessed https://healthservices.gov.mt/en/nbts/Pages/About-Us/Establishment%20of%20A%20Blood,%20Tissue%20and%20Cell%20Centre.aspx. 		
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Maltese authorities cover all constitutive elements of the milestone.</p> <p>The review shall: (i) scrutinise the regulatory framework related to blood, tissues and cells;</p> <p>The review examined both local Maltese laws, and the EU counterpart from which the former are derived. Maltese laws on blood, tissues and cells primarily fall under the Human Blood and Transplants Act (Chapter 483 of the Laws of Malta) and its subsidiary legislation ((Subsidiary Legislation 483.02, 483.03, 483.04, 483.08, 483.09 of the Laws of Malta). The Human Organs, Tissues and Cell Donation Act (Chapter 558 of the Laws of Malta) was also reviewed. The EU counterparts that were examined in the Report are comprise of 32 pieces of legislation, such as: (i) Commission Directive 2006/86/EC of 24 October 2006 implementing Directive 2004/23/EC of the</p>		

European Parliament and of the Council as regards traceability requirements, notification of serious adverse reactions and events and certain technical requirements for the coding, processing, preservation, storage and distribution of human tissues and cells; (ii) Commission Directive (EU) 2015/565 of 8 April 2015 amending Directive 2006/86/EC as regards certain technical requirements for the coding of human tissues and cells; (iii) Commission Directive (EU) 2015/566 of 8 April 2015 implementing Directive 2004/23/EC as regards the procedures for verifying the equivalent standards of quality and safety of imported tissues and cells; etc. The exhaustive list of the laws reviewed is set out in Annex I to the Report II.

and (ii) identify the legal changes required to remove any regulatory barriers and bottlenecks that may affect the functioning of the Centre.

The review has not identified any regulatory barriers and bottlenecks that may affect the functioning of the Centre and require adoption of new or modifying the existing legislation. However, recommendations have been put forth in the Report to enhance the alignment of current practices and procedures with relevant legislation in place.

These recommendations include the need for ensuring that the practices are in compliance with laws concerning the quality and safety of blood, tissues, and cells, as well as the technical requirements, and obtaining necessary approvals from the national competent authority before starting new operations or offering new services. Additionally, the review identified the importance of aligning practices with EU initiatives, updating data protection policies, ensuring waste management plans comply with regulations, and considering the proposed EU regulation on standards of quality and safety for substances of human origin.

The study shall include a review of the following regulatory areas: 1. Blood, Tissue and Cell legislation; 2. Relevant environmental legislation; 3. Relevant organisational legislation (equal opportunities, data protection, ethics and patient rights, accessibility); and 4. State aid legislation.

The review scrutinised the following areas and policies:

- a) **Blood, tissues and cells** (Section 1, Category A and Section 2, Category A in the Report II);
- b) **Equality and accessibility** (Section 1, Category B and Section 2, Category B in the Report II);
- c) **Data protection and freedom of information** (Section 1, Category C and Section 2, Category C in the Report II);
- d) **Ethics and patient rights** (Section 1, Category D in the Report II);
- e) **Environment** (Section 1, Category E and Section 2, Category E in the Report II); and
- f) **State Aid and competition** (Section 1, Category F in the Report II);
- g) **Other laws, e.g. lands** (Section 1, Category G in the Report II).

The review has been published online (<https://healthservices.gov.mt/en/nbts/Pages/About-Us/Establishment%20of%20A%20Blood,%20Tissue%20and%20Cell%20Centre.aspx>).

The review shall take into account the EU initiative on Revision of the Union legislation on blood, tissues and cells

https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12734-Blood-tissues-and-cells-for-medical-treatments-&-therapies-revised-EU-rules_en)

Furthermore, in line with the description of the measure: **a prior independent study shall identify such gaps, barriers and bottlenecks taking into account the relevant European legislation and guideline.**

In terms of the EU regulatory framework, the review primarily focused on: (a) Directive 2002/98/EC of the European Parliament and of the Council of 27 January 2003 setting standards of quality and safety for the collection, testing, processing, storage and distribution of human blood and blood components and amending Directive 2001/83/EC (b) Commission Directive 2004/33/EC of 22 March 2004 implementing Directive 2002/98/EC of the European Parliament and of the Council as regards certain technical requirements for blood and blood components and (c) Directive 2004/23/EC of the European Parliament and of the Council of 31 March 2004 on setting standards of quality and safety for the donation, procurement, testing, processing, preservation, storage and distribution of human tissues and cells, as well as other related EU legislative acts.

As evidenced in the legal review report (Phase I), the reviewer took into account the initiative through the review of the Impact Assessment that was available when the review was performed in the wake of the Commission's evaluation of the Union legislation on blood, tissues and cells, and the fact that the EU Commission was in the process of drafting a legislative proposal to: (a) render the directives more malleable to scientific and technological progress (e.g. better donor tests and new processing methods) and (b) address the lessons learnt from the COVID-19 pandemic. The Impact Assessment has put forward recommendations which include (a) mandatory routine reporting of sufficiency data (b) mandatory emergency and contingency plan requirements and (c) distinction between blood-derived and plasma-derived products. The reviewer also considered the results of Stakeholder Workshop with Blood Competent Authorities on 'Regulating for Sufficiency – Blood and Plasma' held on 4 May 2021, which discussed the above Impact Assessment.

A Proposal for a Regulation COM(2022)338 of the European Parliament and of the Council on standards of quality and safety for substances of human origin intended for human application and repealing Directives 2002/98/EC and 2004/23/EC was made public only in July 2022 (https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12734-Blood-tissues-and-cells-for-medical-treatments-therapies-revised-EU-rules_en), which is after the implementation date of this milestone.

The review shall be carried out by an independent contractor selected through public procurement procedures.

The review was carried out by an independent contractor who was selected through a public Call for Tenders issued through Malta's e-Procurement System (ePPS), as per below timelines:

- The Tender CFT023-0104/22 was published on 28 January 2022 and closed on 18 February 2022
- A total of three (3) offers were received for this Call for Tenders
- The Evaluation of the Tender (including DCC Approval) was carried out from 19 February 2022 until 23 March 2022
- The Contract Award Notice was published on 28 April 2022
- The Contract was signed on 28 April 2022

The legal review has been carried out by the independent contractor who have been awarded the contract following the public call for tenders.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 4.11	Related Measure: C4.I2 Enhancing the resilience of the health system through digitalisation and new technologies
Name of the Milestone: Contract signed for the procurement of Magnetic Resonance Linear Accelerator equipment solution at Sir Anthony Mamo Oncology Centre	
Qualitative Indicator: Contract signed for the procurement of Magnetic Resonance Linear Accelerator (MR Linac) equipment solution at Sir Anthony Mamo Oncology Centre	Time: Q2 2022
<p>Context:</p> <p>This measure aims to speed up the digital transition of Malta’s health care system. The measure is divided in two parts. This part of the investment aims to improving radiotherapy by acquiring a modern Magnetic Resonance Linear Accelerator machine (MRLinac), able to provide superior imaging quality combined with improved therapy delivery. The other part of the investment aims to transforming the tissue analysis histopathology workflow and reporting into an easily accessible advanced digital platform.</p> <p>Milestone 4.11 concerns the signature of contracts for the procurement of Magnetic Resonance Linear Accelerator equipment solution at Sir Anthony Mamo Oncology Centre.</p> <p>Milestone 4.11 is the first step of the implementation of this investment. It will be followed by milestone 4.12 (Magnetic Resonance Linear Accelerator equipment operational and open to users). The other part of the investment relates to milestone 4.13 (all contracts signed for the digital pathology services at the histopathology department at Mater Dei Hospital) and 4.14 (digital pathology services provided at the histopathology department at Mater Dei Hospital).</p> <p>The investment has a final expected date for implementation in 30 June 2025.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. <u>A summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled</u> ii. Tender Document: Tender CT3015/2022 – Tender for the Supply, Installation, Commissioning, Certification, Training and Handing Over and Maintenance of Qty 1 MR LINAC and Related IT Software and Energy Efficient Equipment to be Installed at the Radiotherapy Department at Sir Anthony Mamo Oncology Centre, Including the Design and Build of a Dedicated Bunker Area to House the MR LINAC, to High Energy & Environmental Performance Standards, published on https://www.etenders.gov.mt on 17th April 2022; iii. Contract Award Notice of 21st November, 2022; iv. Signed Contract for the amount €21,499,99.99 exclusive of VAT, signed on 6th December 2022 with Technoline Ltd. 	
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the milestone.</p> <p>Following public procurement, contract signed for the procurement of Magnetic Resonance Linear Accelerator equipment at Sir Anthony Mamo Oncology Centre within Mater Dei Hospital.</p>	

The following contract was signed on 6 December 2022: CT3015/2022 – Tender for the supply, Installation, Commissioning, Certification, Training and Handing Over and Maintenance of Qty 1 MR LINAC and related IT software and energy efficient equipment to be installed at the Radiotherapy Department at Sir Anthony Mamo Oncology Centre (SAMOC), including the design and build of a dedicated Bunker Area to house the MR LINAC.

The signature of the contract followed a public procurement procedure during the period October 2021 – December 2022. The main steps of the procedure are the following:

1. **Preliminary Market Consultation:** Published on <https://www.etenders.gov.mt> on 22 November 2021 till 22 December 2021.
2. **Tender preparation:** Based on the evaluation of submissions received in the Preliminary Market Consultation, 4 major components to be addressed in the Call for Tenders of MRLinac equipment were identified. These components included (Section 2.2 page 83 of Tender CT3015/2022):
 - As included in Section 1 Article 1.1 (page 3) and Section 3 Article 3 (page 86), the design and build (including associated mechanical and electrical aspects) of a bunker suitable to house an MRLinac for radiotherapy purposes;
 - As evidenced in Section 3 Article 4 (page 106), the procurement (including supply, installation, commissioning, certification and handing over) of an MRLinac and related IT software; ancillary MR compatible equipment necessary for the quality control testing of the MRLinac, patient specific quality control and devices (such as immobilisation devices) necessary for patient treatment on this therapy unit;
 - As explained in Section 1 Article 13 page 9; Section 3 Article 4.4 page 126, a comprehensive and holistic training for multi-disciplinary professionals for the safe use and clinical implementation of this novel treatment modality;
 - As indicated in Section 1 Article 11 page 8 and Article 12 page 9, a 10-year service and maintenance agreement that encompasses all items procured in the tender.
3. **Tender publication:** Tender CT3015/2022 – Tender for the Supply, Installation, Commissioning, Certification, Training and Handing Over and Maintenance of Qty 1 MR LINAC and Related IT Software and Energy Efficient Equipment to be Installed at the Radiotherapy Department at Sir Anthony Mamo Oncology Centre, Including the Design and Build of a Dedicated Bunker Area to House the MR LINAC, to High Energy & Environmental Performance Standards – was published on etenders.gov.mt on 17 April 2022. .
4. **Tender Evaluation, Award and Signing of Contract:** Further to the necessary evaluations, the tender was awarded to Technoline Limited for the amount €21,499,99.99 exclusive of VAT, this being the cheapest offer meeting all the tender requirements. The date of award was 21 November 2022. This was followed by contract signature at Sir Anthony Mamo Oncology Centre within Mater Dei Hospital on 6 December 2022.

Furthermore, in line with the measure description, **it is expected that this measure does not do significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, taking into account the description of the measure and the mitigating steps set out in the RRP in accordance with the Do No Significant Harm Technical Guidance (2021/C58/01). In particular, the measure requires the economic operators carrying out the construction works to ensure that at least 70% (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC of 3 May 2000 replacing Decision 94/3/EC**

establishing a list of wastes pursuant to Article 1(a) of Council Directive 75/442/EEC on waste and Council Decision 94/904/EC establishing a list of hazardous waste pursuant to Article 1(4) of Council Directive 91/689/EEC on hazardous waste (notified under document number C(2000) 1147)) generated on the construction site shall be prepared for re-use, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy, Article 11.2 (b) of Directive 2008/98/EC on waste and the EU Construction and Demolition Waste Management Protocol.

These DNSH Criteria Requirements, preserving the above formulation, are addressed in both the Tender Document and in the corresponding section of the signed Contract Agreement, as per below:

- Tender Document – *Section 4 – Technical Specifications, Clause 11, page 171*
- Contract Agreement – *Part 1 of 14, page 211*

In line with the measure description, **acquiring a modern Magnetic Resonance Linear Accelerator machine which shall provide superior imaging quality combined with improved therapy delivery, thereby reducing treatment volumes and times and side effects for patients.**

The Technical Specifications for the MRLinac equipment as outlined in Articles 4.2 and 4.3 of the Tender Document CT3015/2022 (pages 106 – 107), also included in Part 1 of 14, pages 146 – 147 of the signed Contract, specify the following technical requirements for the MRLinac equipment:

- The MRLinac System is required to have **superior imaging technology** for real-time MR image acquisition of the anatomical area of interest during treatment and be able to have on-table adaptive planning when necessary, in order to ensure maximal dose escalation to ablative doses while protecting critical structures and organs at risk. Furthermore, the MRLinac System provided is to perform real-time tracking and display of live MR images of the area being treated allowing for targets of interest to be defined and highlighted, and their movement therefore tracked. Moreover, the MRLinac System is required to be able to reflexively interrupt **radiotherapy delivery** if the target of interest moves outside the treatment area, and restart treatment once the target moves back within the required area while allowing the patient to be actively participant in this process. This will **improve therapy delivery, reducing treatment volumes, treatment times and side effects for patients**. The MR-LINAC is required to be supplied with and be operated under the control of a record and verify system.

The associated software for planning of patient treatments is required to be incorporated in the MRLinac equipment such that patient treatment simulation and independent dose verification is possible, which will further contribute to reduce treatment volumes, treatment times and side effects for patients.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 4.13	Related Measure: C4.I2 Enhancing the resilience of the health system through digitalisation and new technologies	
Name of the Milestone: All contracts signed for the digital pathology services at the histopathology department at Mater Dei hospital		
Qualitative Indicator: All contracts signed for the digital pathology services at the histopathology department at Mater Dei hospital		Time: Q2 2022
<p>Context:</p> <p>This measure aims to speed up the digital transition of Malta’s health care system. More specifically, this part of the investment aims to transform the tissue analysis histopathology workflow and reporting into an easily accessible advanced digital platform.</p> <p>Milestone 4.13 concerns the signature of contracts for the digital pathology services at the histopathology department at Mater Dei hospital.</p> <p>Milestone 4.13 is the first step of the implementation of this part of the investment. It will be followed by milestones 4.14, by when the digital pathology services at Mater Dei hospital are operational and used by patients. The other part of the investment relates to milestone 4.11 (contracts signed for the procurement of Magnetic Resonance Linear Accelerator equipment solution at Sir Anthony Mamo Oncology Centre) and 4.12 (Magnetic Resonance Linear Accelerator equipment operational and open to users).</p> <p>The investment has a final expected date for implementation in 30 June 2025.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. A summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. The summary document includes for each contract a justification by the Ministry responsible for Health that the technical specifications of the contract are fully aligned with the description, criteria and conditions set out in the milestone and the description of the investment in the CID annex. ii. copy of the publication of the calls for tenders CT3003/22 (published on https://www.etenders.gov.mt on 10th March 2022) and CT3018/22 (published on https://www.etenders.gov.mt on 6th May 2022), technical specification and notifications of awards to procure the material. iii. copies of the signed contracts; <ol style="list-style-type: none"> a. CT3003/22: Supplies Tender for the amount of EUR 213 137.00 (ex. VAT) for the Supply of Energy Efficient Digital Pathology Workstations and Conference room Equipment, signed with SG Solutions Limited on 16th November 2022. b. CT3018/22: Supplies Tender for the Infrastructure for a Digital Pathology Platform. This Tender for the amount of 2 780 161.84 (ex. VAT) consisted of 4 Lots as follows: <ul style="list-style-type: none"> Lot 1: Core components in the Digital Pathology Workflow, signed with Evolve Ltd on 18th January 2023. Lot 2: Fluorescent in situ hybridization, signed with E.J. Busuttill Limited on 6th January 2023. Lot 3: Direct slide and cassette printers, signed with Technoline Ltd on 8th February 2023. Lot 4: Autostainer and integrated coverslipper, signed with E.J. Busuttill Limited on 6th January 2023. 		

Analysis:

The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the milestone.

Following public procurement, contracts signed for a turnkey digital pathology service at the histopathology department of Mater Dei Hospital.

The following contracts were signed:

- CT3003/22: Supply of Energy Efficient Digital Pathology Workstations and Conference room Equipment. To be delivered fully complete and ready to use (turnkey) at Department of Histopathology at Mater Dei Hospital (page 3 and page 10 of the contract document CT3003/22);
- CT3018/22/1: Supplies Tender for the Infrastructure for a Digital Pathology Platform - Lot 1. The equipment for the Digital Pathology services Platform is to be delivered fully complete and ready to use (turnkey) at Department of Histopathology at Mater Dei Hospital (page 3 and page 31 of the contract document CT3018/22/1);
- CT3018/22/2: Supplies Tender for the Infrastructure for a Digital Pathology Platform – Lot 2 and 4. The equipment for the Digital Pathology services Platform is to be delivered fully complete and ready to use (turnkey) at Department of Histopathology at Mater Dei Hospital (page 31 of the contract document CT3018/22/2);
- CT3018/22: Supplies Tender for the Infrastructure for a Digital Pathology Platform – Lot 3. The equipment for the Digital Pathology services Platform is to be delivered fully complete and ready to use (turnkey) at Department of Histopathology at Mater Dei Hospital (page 31 of the contract document CT3018/22).

The steps leading to the signature of both contracts are outlined as following:

- CT3003/22: Supplies Tender for the Supply of Energy Efficient Digital Pathology Workstations and Conference room Equipment
 - 9 December 2021, Technical specifications drafted.
 - 10 March 2022, Tender CT3003/22 Published on ePPS by the Department of Contracts.
 - 29 August 2022, Adjudication completed.
 - 16 November 2022, Contracts signed. Awarded to SG Solutions Limited.
- CT3018/22: Supplies Tender for the Infrastructure for a Digital Pathology Platform
 - 6 May 2022, Tender CT3018/23 uploaded onto ePPS by the Department of Contracts.
 - 14 October 2022, Evaluation Report sent to DOC
 - 6 January 2023, Contract signed for Lot 2: Fluorescent in situ hybridization. Awarded to EJ Busuttill Ltd. Contract s; Contract signed for Lot 4: Autostainer and integrated coverslipper. Awarded to EJ Busuttill Ltd. Contract
 - 18 January 2023, Contract signed for Lot 1: Core components in the Digital Pathology Workflow. Awarded to Evolve Ltd.
 - 8 February 2023, Contract signed for Lot 3: Direct slide and cassette printers. Awarded to Technoline.

The procurement process shall include:

(a) Software to handle the pre-analytical phase and provide seamless automation of specimen processes (incl. real time tracking of cases) that integrates with the current laboratory information management system (LIMS)”.

With reference to CT3018/22 – Supplies Tender for the Infrastructure for a Digital Pathology Platform, LOT 1, Section 3 – Terms of Reference, Item 1.0 (BPQR and mandatory requirements) “LIMS/Middleware platform”:

The winning tenderer will supply software “Pathox” by Tesi (subsidiary of GPI), which will cater for this requirement. The software is a vendor agnostic platform which is designed to allow complete traceability of all histology specimens received by the Department of Pathology, based on a unique laboratory barcoding system. Furthermore, this will allow for the automation of all manual verification processes at each stage of the specimen pathway (pre-analytical phase). The system will also integrate with any in house software solutions according to the department requirements.

CT3018/22 Lot 2, Lot 3 and Lot 4 do not offer software that addresses this requirement. All the requirements to address real time tracking of specimens are met by the software solution provided in CT3018/22 Lot 1. However, equipment provided in CT3018/22 Lot 3, Section 3 – Terms of Reference Item 1.0, 2.0 and equipment provided in CT3018/22 Lot 4, Section 3 – Terms of Reference Item 1.0 complement the new software solution to enable optimal specimen processing to ensure proper digitalization of the workflow.

Specifically, the items “Direct slide printers and Cassette printers” provided by CT3018/22 Lot 3 will enable accurate printing and labelling of specimens with unique barcodes. The barcoding system is crucial to enable real time tracking, these items will be fully interfaced with the software solution provided in CT3018/22 Lot 1.

Specifically, the item “Automated slide stainer and integrated coverslipper” provided by CT3018/22 Lot 4 will ensure optimal specimen preparation prior to the digital scanning process and will be fully integrated with the software of CT3018/22 Lot 1 to ensure full specimen traceability.

Formal References to Tender & Contract:

- CT3018/22 – *Supplies Tender for the Infrastructure for a Digital Pathology Platform*
 - LOT 1, Section 3 – *Terms of Reference*, Item 1.0 (BPQR and mandatory requirements) “LIMS/Middleware platform”
 - Tender Document on pages 39-42 and 54-59
 - Contract Document CT3018/2022/1 on pages 76-79 and 91-96
 - LOT 3, Section 3 – *Terms of Reference*, Items 1.0 and 1.2 (BPQR and mandatory requirements) “Direct slide printers and Cassette Printers”
 - Tender Document pages 80-85
 - Contract Document CT3018/2022/3 page 108-113
 - LOT 4, Section 3 – *Terms of Reference*, Item 1.0 (BPQR and mandatory requirements) “Automated slide stainer and integrated coverslipper”:
 - Tender Document page 86-89
 - Contract Document CT3018/2022/4 page 114-117

(b) Gross specimen imaging facilities and enabling software.

With reference to CT3018/22 – Supplies Tender for the Infrastructure for a Digital Pathology Platform, LOT 1, Section 3 – Terms of reference, Item 6.0 (BPQR and mandatory requirements):

The winning tenderer will supply “Macropath” Grossing Imaging system with enough units to cover the entire workflow. The system will enable pathologists and laboratory scientists to photograph surgical histology specimens. The software will be seamlessly integrated with the LIMS software to automatically allocate any images to the respective case.

Furthermore, the software will enable staff to annotate and record key data such as measurements, digitally at the grossing stage. This is essential data to accurately stage cancers.

Formal References to Tender & Contract:

- CT3018/22 – Supplies Tender for the Infrastructure for a Digital Pathology Platform
 - LOT 1, Section 3 – Terms of Reference, Item 6.0 (BPQR and mandatory requirements) “Gross Macro Camera for specimen dissection”
 - Tender Document on pages 50, 65-66
 - Contract Document CT3018/2022/1 on pages 87 and 102-103

(c) High throughput digital slide scanners and digital case management system

With reference to CT3018/22 – Supplies Tender for the Infrastructure for a Digital Pathology Platform, LOT 1, Section 3 – Terms of Reference, Item 5.0 (BPQR and mandatory requirements):

The winning tenderer will supply x3 “Leica Aperio GT450X” high throughput scanners. These digital scanners are the latest generation of scanners which can each handle 450 slides and produce excellent quality digital images in the timeframe which meets the exacting turnaround time standards of the department.

With reference to CT3018/22 – Supplies Tender for the Infrastructure for a Digital Pathology Platform, LOT 1, Section 3 – Terms of Reference, Items 3.0 and 4.0 (BPQR and mandatory requirements):

The winning tender will provide an image management and slide viewer system “Halo AP” by Indica labs. This software will enable pathologist to create digital workflows of all cases and allow viewing and manipulation of digital images.

With reference to CT3018/22 – Supplies Tender for the Infrastructure for a Digital Pathology Platform, LOT 2, Section 3 – Terms of Reference, Item 1.0 (BPQR and mandatory requirements):

The winning tenderer will supply x1 P300 Digital Slide Scanner by 3D Histech and an associated image management system. This equipment will enable digital scanning of slides and also facilitate digital scanning of an entirely new service for the department of cellular pathology “Fluorescent In Situ Hybridization”.

With reference to CT3018/22 – Supplies Tender for the Infrastructure for a Digital Pathology Platform, LOT 3, Section 3 – Terms of Reference, Items 1.0 and 1.2 (BPQR and mandatory requirements) and LOT 4, Section 3 – Terms of Reference, Item 1.0s and (BPQR and mandatory requirements):

Whilst no digital slide scanners are to be supplied by these lots, the equipment being provided (direct slide printers, cassette printers and automated tissue stainer and integrated coverslipper) are crucial for ensuring optimal preparation of specimens and slides for digital scanning. These items reduce the rate of failure of digital slide scanning.

Formal References to Tender & Contract:

- CT3018/22 – Supplies Tender for the *Infrastructure* for a Digital Pathology Platform
 - LOT 1, Section 3 – Terms of Reference, Item 5.0 (BPQR and mandatory requirements) “Scanner”
 - Tender Document on pages 48-49 and 63-65
 - Contract Document CT3018/2022/1 on pages 85-86 and 100-102
 - LOT 1, Section 3 – Terms of Reference, Items 3.0 and 4.0 (BPQR and mandatory requirements) “Image Management & Archiving System (IMS)” and “Image Viewer”

- Tender Document on pages 45-48 and 61-63
- Contract Document CT3018/2022/1 on pages 82-85 and 98-100
- LOT 2, Section 3 – Terms of Reference, Item 1.0 (BPQR and mandatory requirements) “Fluorescent In Situ Hybridisation Solution (FISH)”
 - Tender Document on pages 72-79
 - Contract Document CT3018/2022/2 on pages 100-107
- LOT 3, Section 3 – Terms of Reference, Items 1.0 and 1.2 (BPQR and mandatory requirements) “Direct slide printers and Cassette Printers”
 - Tender Document pages 80-85
 - Contract Document CT3018/2022 page 108-113
- LOT 4, Section 3 – Terms of Reference, Item 1.0 (BPQR and mandatory requirements) “Automated slide stainer and integrated coverslipper”:
 - Tender Document page 86-89
 - Contract Document CT3018/2022/2 page 114-117

(d) Networking server solutions, to facilitate real-time online storage facilities and archiving of slides as well as network points at various stations within the sectioning and processing rooms

With reference to CT3018/22 – Supplies Tender for the Infrastructure for a Digital Pathology Platform, LOT 1, Section 3 – Terms of Reference, Items 13.0 and 14.0:

The solution being offered by the contractor will integrate with all platforms offered by MITA and Mater Dei Hospital.

Formal References to Tender & Contract:

- CT3018/22 – Supplies Tender for the Infrastructure for a Digital Pathology Platform
 - LOT 1, Section 3 – Terms of Reference, Items 13.0 and 14.0 (BPQR and mandatory requirements) “Online Image Management and Long-Term Archiving storage solution” and “Architecture”:
 - Tender Document on pages 52-53, 70-71
 - Contract Document CT3018/2022/1 on pages 89-90 and 107-108

Requirement in the description of the milestone: “Hardware, including PCs at locations other than the laboratory to enable conference calls and multidisciplinary team meetings”

With reference to CT3018/22 Supplies Tender for the Infrastructure for a Digital Pathology Platform, Lot 1 Section 3 Terms of reference, Items 7.0 and CT3003/22 Supplies Tender for the Supply of Energy Efficient Digital Pathology Workstations and Conference Room Equipment (all items):

The laboratory and the departmental conference room will be fully geared to accommodate remote conference calls and multidisciplinary team meetings.

Furthermore, with specific reference to CT3003/22, Section 3 of CT3033/22 – Terms of Reference, Item 6.0:

“Interactive Board Display” is specifically designed to achieve this requirement and offers an excellent tool to improve postgraduate departmental teaching.

Formal References to Tender & Contract:

- CT3018/22 – Supplies Tender for the Infrastructure for a Digital Pathology Platform
 - LOT 1, Section 3 – Terms of Reference, Item 7.0 (BPQR and mandatory requirements) “Hardware: Laboratory workbench all-in-one PC (AIO OC) units”:

- Tender Document on pages 51-52 and 66-67
 - Contract Document CT3018/2022/1 on pages 88-89 and 103-104
- CT3003/22 – Supplies Tender for the Supply of Energy Efficient Digital Pathology Workstations and Conference Room Equipment
 - Section 3 – Terms of Reference, All Items:
 - Tender Document on pages 13-29
 - Contract Document on pages 59-75
 - Section 3 – Terms of Reference, Item 6.0 “Interactive Board Display”:
 - Tender Document on pages 26-27
 - Contract Document on pages 72-73

Furthermore, in line with the description of the measure regarding compliance with the DNSH principle: **“It is expected that this measure does not do significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, taking into account the description of the measure and the mitigating steps set out in the RRP in accordance with the Do No Significant Harm Technical Guidance (2021/C58/01). In particular, the measure requires the economic operators carrying out the construction works to ensure that at least 70% (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC of 3 May 2000 replacing Decision 94/3/EC establishing a list of wastes pursuant to Article 1(a) of Council Directive 75/442/EEC on waste and Council Decision 94/904/EC establishing a list of hazardous waste pursuant to Article 1(4) of Council Directive 91/689/EEC on hazardous waste (notified under document number C(2000) 1147)) generated on the construction site shall be prepared for re-use, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy, Article 11.2 (b) of Directive 2008/98/EC on waste and the EU Construction and Demolition Waste Management Protocol.”**

These DNSH Criteria Requirements, following the above formulation, are addressed in the tender documents and respective contracts as per below:

- CT 3003/2022:
 - Tender Document – Section 4 – Technical Specifications, page 29;
 - Contract – Page 75.
- CT 3018/2022:
 - Tender Document – Section 4 – Technical Specifications, Clause 9, page 92
 - Contracts:
 - LOT 1 – Page 129;
 - LOTS 2 and 4 – Page 120;
 - LOT 3 – Page 120.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 5.6	Related Measure: C5.R.3 Strengthening skills development and recognition, with a particular focus on low-skilled adults	
Name of the Milestone: Launch of the e-college		
Qualitative Indicator: E-College is operational, including guidance unit, online hub and desk		Time: Q2 2022
<p>Context:</p> <p>The objective of this reform is to expand upskilling and reskilling opportunities for all adults regardless of their employment status, including the low-skilled whose participation in lifelong learning is particularly low. The reform shall consist of setting up an e-College offering comprehensive online courses as well as online coaches and help desk to assist learners. The e-college shall be complemented by a hub facility providing physical space with technical equipment and in-person coaching for adults who are lacking digital skills or equipment to access courses online. A mentoring and guidance unit shall also be set up to provide guidance services to adults seeking the best educational trajectory to match their upskilling and reskilling needs as well as counselling in general wellbeing.</p> <p>Milestone 5.6 consists of the launch of the e-college. Milestone 5.6 is the first step of the reform that will be followed by another target (target 5.7). Target 5.7 is related to the number of learners attracted towards the use of the new e-college platform.</p> <p>The reform has a final expected date for implementation by 31 December 2024.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the requirements of the milestone (including all its constitutive elements, as set out in the description of the milestone and of the corresponding measure in the CID annex) have been satisfactorily fulfilled, including link to the e-College portal and a link to the published 2023/2024 prospectus showing the courses offered (minimum 10 courses) in different subject areas, as well as a detailed description of the learning management system functionalities; ii. Copy of the circular signed by the Ministry responsible for Education demonstrating that the e-College is legally operational; iii. A student-facing standard operating procedure outlining the various levels of support available to online learners (synchronous and asynchronous), including the mentoring and guidance unit, an online hub and online coaches which assist learners; and iv. Document showing pictures of the hub facility providing physical space with technical equipment and in-person coaching to e-College learners. 		
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Maltese authorities cover all constitutive elements of the milestone.</p> <p>The e-College is legally and practically operational, as demonstrated by the signed circular.</p> <p>The circular signed by the Ministry responsible for Education shows that the e-College is established and legally operational in terms of the Education Act (Cap. 605) of the Laws of Malta, particularly Art. 49 under PART VI pertaining to the Establishment of Educational Entities and regulated under Part IV of this Act. The e-College portal (https://ecollege.edu.mt/) was launched in January 2023 to</p>		

facilitate its operations and bring together information, accessibility and visibility for those who are interested in pursuing online education.

The e-College offers a minimum of ten online courses in different subject areas, as demonstrated by the provided links to the e-College portal as well as the published 2023/2024 prospectus of the e-College.

According to the published 2023/2024 prospectus of the e-College (accessible via <https://ecollege.edu.mt/>, or directly via [Lifelong-Learning-Pros-2023-24 ONLINE-Version.pdf \(gov.mt\)](#)), synchronous online courses are offered in the following subject areas: (i) Essential Skills (see p. 10 onwards of the 2023/2024 prospectus; comprised of twelve different courses), (ii) Language Learning (see p. 20 onwards of the 2023/2024 prospectus; comprised of 23 different courses), (iii) Improving Education and Career Prospects (see p. 34 onwards of the 2023/2024 prospectus; comprised of 26 different courses), (iv) Healthy Living (see p. 44 onwards of the 2023/2024 prospectus; comprised of three different courses), and (v) Creative Expression (see p. 48 onwards of the 2023/2024 prospectus; comprised of 17 different courses). In addition, learners can attend synchronous online courses in a wide range of subject areas such as (see p. 60 onwards of the 2023/2024 prospectus; comprised of 14 different courses).

The e-College possesses a mentoring and guidance unit as well as an online hub, consisting of the support from the help desk and online coaches, which assist learners, as demonstrated by the signed circular and the student-facing standard operating procedure.

As indicated in the circular and the student-facing standard operating procedure, learners of the e-College may access the mentoring and guidance unit, which provides guidance services to adults seeking the best educational trajectory to match their upskilling and reskilling needs as well as counselling in general wellbeing (see <https://lifelonglearning.gov.mt/guidance>). Further, enrolled learners may also benefit from the support from the online hub, consisting of the support from the virtual help desk and online coaches, which assist learners. Additional information can be accessed via <https://ecollege.edu.mt/>. A student-facing standard operating procedure is available various levels of support available to online learners (synchronous and asynchronous), including the mentoring and guidance unit, and the online hub which assist learners.

The e-College possesses a learning management system, as demonstrated by the student-facing standard operating procedure.

The student-facing standard operating procedure refers to the learning management system *Myschool* (see under 1. *Scope and purpose*). Further, the summary document includes a detailed description of the learning management system functionalities, namely it, amongst others, (i) functions as a backend platform supporting the majority of the educational administration and teaching human resources, (ii) facilitates the registration and application process for learners, (iii) documents a learner's history of course applications and grade reports, and (iv) facilitates reporting.

Furthermore, in line with the description of the measure, **the e-college is complemented by a hub facility providing physical space with technical equipment and in-person coaching for adults who are lacking digital skills or equipment to access courses online.**

As indicated in the circular, the e-college is complemented by a hub facility at the Lifelong Learning Centre, Qrejten Street, Msida, providing physical space with technical equipment and in-person coaching for adults who are lacking digital skills or equipment to access courses online (also see document showing pictures of the hub facility). Further details on the hub are available via <https://ecollege.edu.mt/> and <https://lifelonglearning.gov.mt/centres/>.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 5.9	Related Measure: C5.R.3 Enhancing quality education and fostering socio-economic sustainability		
Name of the Target: Setting-up of two new multi-sensory learning rooms (MSLR) (physical spaces equipped with equipment and trained education personnel) in colleges			
Quantitative Indicator: Number	Baseline: 0	Target: 2	Time: Q1 2022
<p>Context:</p> <p>The objective of this reform is to enhance quality inclusive education. The reform consists of the roll out of multi-sensory learning rooms for students with severe needs in colleges and the setting up of two autism units in middle schools to allow for further integration of pupils with special needs into the mainstream school environment. There is a parallel, continuous training in inclusive pedagogy for teachers and learning support educators. The reform also entails the implementation of at least twenty measures (accounting for at least 50% of all measures) of the updated National Inclusion Policy Strategy leading to the achievement of smart targets identified in the Strategy.</p> <p>Target 5.9 consists of the setting-up of two new multi-sensory learning rooms (MSLR) (physical spaces equipped with equipment and trained education personnel) in colleges.</p> <p>Target 5.9 is the second target of the reform, and it follows the completion of target 5.8, related to the setting up of two autism units in middle schools. It will be followed by milestone 5.10, related to the implementation of measures of the updated National Inclusion Policy Strategy.</p> <p>The reform has a final expected date for implementation by 31 December 2025.</p>			
<p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> Summary document duly justifying how the target (including all its constitutive elements) was satisfactorily fulfilled; i. certificate of completion of the two multi-sensory learning rooms signed by the Logistics Department within the Ministry of Education, Sport, Youth, Research and Innovation and the National School Support Services within the Ministry for Education, Sport, Youth, Research and Innovation, demonstrating that the two multi-sensory learning rooms (MSLR) have been completed and are operational; ii. detailed list of the new operational equipment with pictures, such as e.g. ball pool, trampoline, peanut ball, kitchenette, computers, and location where it was installed; iii. anonymised individual certificates proving that the training programme for the teachers have been completed, indicating the number of training actions/hours completed and their content; iv. list of courses being taught and activities being organised in the newly set up multi-sensory learning rooms (MSLR) with at least one teacher in each class; and v. training schedule for 2023/2024 for teachers and learning support educators (LSEs) of multi-sensory learning rooms (MSLR) signed by the National School Support Services within the Ministry for Education, Sport, Youth, Research and Innovation. 			
Analysis:			

The justification and substantiating evidence provided by the Maltese authorities cover all constitutive elements of the target.

Two new multi-sensory learning rooms (MSLR) have been completed and are operational in colleges, as demonstrated by the certificate of completion.

The certificate of completion signed by the Logistics Department within the Ministry of Education, Sport, Youth, Research and Innovation and the National School Support Services within the Ministry for Education, Sport, Youth, Research and Innovation shows that one multi-sensory learning room (MSLR) (consisting of sensory room and general activity room) has been completed and is operational at the *Maria Regina College, Qawra primary school*, and the second one (also including sensory room and general activity room) has been completed and is operational at *St Thomas More College, Marsaskala St Joachim primary school*, and that each multi-sensory learning room can host a maximum of six students, accompanying learning support educators (LSEs) and a teacher.

Both multi-sensory learning rooms (MSLR) have been equipped, have at least one teacher and are available for students' usage as required.

The detailed list of the new operational equipment proves with pictures that the multi-sensory learning rooms (MSLR) have been equipped as required. The equipment at both sites includes in the sensory room, a trampoline, a peanut ball, cushions, chairs, a ball pool and balls; and in the general activity room, a kitchenette, a computer area equipped with an all-in-one computer and a calming area. A teacher is allocated to each multi-sensory learning room (MSLR), as shown by the list of courses being taught and activities being organised.

The training of teachers has been delivered in-house by practitioners at the National School Support Services (NSSS) as proven by the individual certificates issued by the National School Support Services.

As demonstrated by the individual certificate, the teacher for the *Maria Regina College, Qawra primary school* followed an in-house two-day training course of 8 hours provided by the National School Support Services between 26 – 27 September 2022. The training covered topics such as Strategies to Support Young People on the Autism Spectrum, Resources to Support Young People on the Autism Spectrum, Planning and Organisation in the multi-sensory learning room (MSLR) and Carrying out multi-sensory learning room (MSLR) Sessions.

As demonstrated by the individual certificate, the teacher for the *St Thomas More College, Marsaskala St Joachim primary school* followed an in-house training course of 2 hours provided by the National School Support Services on 26 September 2023. The training session focused on Strategies to Support Young People on the Autism Spectrum and Sexuality and Disability.

Furthermore, in line with the description of the measure, there shall be continuous training in inclusive pedagogy for teachers and learning support educators.

As demonstrated by the training schedule for 2023/2024 signed by the National School Support Services within the Ministry for Education, Sport, Youth, Research and Innovation, future training for teachers and learning support educators (LSEs) of multi-sensory learning rooms (MSLR) is planned for the 2023-2024 scholastic year including in handwriting skills, strategies to maintain attention, workshop on functional skills, literacy skills and autism, as well as social communication.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 5.12	Related Measure: C5.R.5 Reinforcing the resilience of the labour market
Name of the Milestone: Assessment of unemployment benefits	
Qualitative Indicator: Online publication of study on the assessment of unemployment benefits	Time: Q2 2022
<p>Context:</p> <p>The objective of this reform is to assess and periodically monitor the adequacy and coverage of unemployment benefits in Malta, to reinforce the resilience of the labour market as well as to enhance gender equality at large.</p> <p>Milestone 5.12 consists of the online publication of a study assessing the adequacy and coverage of unemployment benefits and recommending policy options to achieve better adequacy and coverage of benefits, both in terms of duration and effective access, whilst enhancing the incentive to work.</p> <p>Milestone 5.12 is the first step of the reform that will be followed by three more milestones. Milestone 5.13 is related to the roll out of a monitoring process to periodically take stock of the effectiveness of policy measures related to the adequacy and coverage of unemployment benefits that are in place. Milestone 5.14 consists of the implementation of key measures of the newly adopted Employment Strategy, and milestone 5.15 refers to the implementation of key measures set out in the newly adopted Gender Equality and Mainstreaming Strategy Action Plan.</p> <p>The reform has a final expected date for implementation by 31 December 2025.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the requirements of the milestone (including all its constitutive elements) have been satisfactorily fulfilled, including a brief description of the methodology and main findings of the study; and ii. Copy of the National study on the adequacy of Unemployment Benefits in Malta and the link to access the online publication: https://socialsecurity.gov.mt/wp-content/uploads/2022/12/Adequacy-of-Unemployment-Benefits-Final-Report.pdf. 	
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Maltese authorities cover all constitutive elements of the milestone.</p> <p>A study assessing unemployment benefits in Malta has been completed and published online, as demonstrated by the copy of the National study on the adequacy of Unemployment Benefits in Malta and the link to access the online publication.</p> <p>The National study on the adequacy of Unemployment Benefits in Malta was published online on 17 November 2022 and can be accessed via the following link: https://socialsecurity.gov.mt/wp-content/uploads/2022/12/Adequacy-of-Unemployment-Benefits-Final-Report.pdf.</p> <p>The study assesses the situation and makes concrete and detailed recommendations to the Government on how to improve effective coverage and achieve better adequacy of benefits, both in terms of duration and effective access, whilst enhancing the incentive to work.</p> <p>The scope of the study is described in <i>Section 2 Scope</i> (see p. 10 onwards) and consists of detailing the evidence-driven research carried out in relation to the adequacy and effectiveness of Malta's</p>	

unemployment benefits, presenting the outcomes of this assessment, and proposing possible policy solutions to address any adequacy gaps identified.

A mixed method approach based on the 'input-process-output-outcome-impact' logic model was adopted throughout the study, using both qualitative and quantitative research tools. The study complements the analysis of quantitative data on the adequacy and effectiveness of unemployment benefits with qualitative data and information gathered through desk research and consultation with key stakeholders. It further conducts a mapping exercise of the different contributory and non-contributory unemployment protection measures (see p. 15 onwards *4.0 Methodology*).

Regarding the main findings, the study lists the following (see pp. 121 - 134 *9.2 Key findings*):

- Malta has a restructured and buoyant labour market characterised by strong job mobility;
- Malta has a diverse workforce, with a growing segment of temporary workers;
- The unemployed population continues to evolve;
- Malta has an effective, transparent and accountable Social Protection System;
- Unemployment benefits are well linked with activation measures;
- A declining trend in the take-up of unemployment benefits and in effective coverage;
- Varying levels of adequacy in income support provided;
- Strict availability to work conditions may have negative impacts; and
- Flagship activation measures in place strike an optimal balance between adequate income support measures and effective work incentives.

Regarding the policy recommendations to the Government on how to improve effective coverage and achieve better adequacy of benefits, both in terms of duration and effective access, whilst enhancing the incentive to work, the study indicates the following (pp. 135 - 153 *10 Recommendations*):

- In terms of improving effective coverage:
 - Disadvantaged unemployed persons may require targeted policy action with further assessments being recommended on the older or unskilled segment of the registered unemployed population;
 - The data gaps related to new forms of work need to be addressed.
- In terms of achieving better adequacy of benefits:
 - The monetary level of unemployment benefits under the contributory scheme in Malta needs to be addressed in view of inadequate assessment. Changes in unemployment benefits rates are recommended whereby an unemployment benefit rate which is earnings-related should be adopted, thus differentiating between those earning the National Minimum Wage and those earning above the Minimum Wage.
- In terms of duration and effective access, whilst enhancing the incentive to work:
 - A tapering-off mechanism for the new unemployment benefit structure is proposed in order to reinforce the Mutual Obligation Principle, and incentivising activation while providing improved income support. The design of the new unemployment benefit suggests to taper-off the benefit after the 10th week of the unemployment duration, which is equivalent to the average unemployment duration in Malta over the past ten years. The maximum duration of unemployment benefits should remain 26 weeks.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 5.16	Related Measure: Reform C5-R6: Reviewing the sustainability and offering of Malta's pension system	
Name of the Milestone: Follow-up of the Pensions Review Report with policy proposals		
Qualitative Indicator: Online publication of an Action Plan outlining policy proposals, including legislative changes where relevant, as a follow-up to the <i>Pensions Review Report</i> and the post-consultation feedback		Time: Q4 2022
<p>Context:</p> <p>The objective of this reform is to improve the long-term sustainability and adequacy of the pensions system.</p> <p>Milestone 5.16 requires the online publication of an Action Plan outlining policy proposals, including legislative changes where relevant, as a follow-up to the <i>Pensions Review Report</i> and the post-consultation feedback.</p> <p>Milestone 5.16 is the only milestone of this reform.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. The summary document includes two annexes: Annex A assessing the budgetary impact of the measures in the Action plan and Annex B containing details on private pensions; ii. A copy of the Malta Pension Action Plan, published in November 2022 on the website of Department of Social Security and a link where it can be accessed: https://socialsecurity.gov.mt/wp-content/uploads/2023/06/Malta-Action-Plan-Pensions-2021-2027.pdf; <p>The authorities also provided:</p> <ol style="list-style-type: none"> iii. A brief titled "The impact of pension age changes in Malta: A re-assessment", published on the website of the Department of Social Security and a link where it can be accessed https://socialsecurity.gov.mt/wp-content/uploads/2022/11/Pension-Age-Impact-Review-2022.pdf; 		
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Malta authorities covers all constitutive elements of the milestone.</p> <p>Publication of an Action Plan outlining policy proposals, including legislative changes where relevant, as a follow-up to the Pensions Review Report and the post-consultation feedback, with the objective to improve the long-term sustainability and adequacy of the pensions system.</p> <p>The Action Plan was published on the website of the Department of Social security in November 2022 (https://socialsecurity.gov.mt/wp-content/uploads/2023/06/Malta-Action-Plan-Pensions-2021-2027.pdf). The Action Plan follows the Pension Review Report and the post-consultation feedback, as described at pages 3 to 8 of the Action Plan.</p>		

The Action Plan outlines 30 policy proposals addressing both adequacy and long-term sustainability. While some measures were already legislated before the Pension Review, the 22 measures described below have been or are planned to be adopted after the Pension Review. The quantitative, and qualitative evidence provided by the government shows that both adequacy and long-term sustainability of the pensions system would improve as a result of the implementation of such policy proposals.

Measures addressing adequacy

There are 14 measures included in the Pension Action Plan which are addressing the adequacy including pension increases, higher social security pension for service pensioners, increase in tax exemption cap for pensioners, higher rates of Supplementary Assistance and an increase of the Senior Citizen Grant. In addition, there is a recognition of social security contributions paid by persons who dropped out of employment early in their life, an increase in the Deficient Contributory Bonus (payable to persons with insufficient amounts of contributions to qualify for a pension) and an equivalence in Survivors' Pension. Finally, there is the application of a Uniform rate of Cost of Living Bonus, the establishment of a Single Indexation Mechanism for Increases to the Maximum Pensionable Income and the equivalence in flat rates of retirement and invalidity pensions irrespective of civil status.

Measures addressing sustainability

Important measures included in the Action Plan are addressing primarily sustainability-although they address to some extent adequacy, through various channels aiming to discourage early retirement, to sustain revenue diversification and reduce income risks and to diminish further pressures on public expenditures and thus improve fiscal sustainability.

More specifically, Measure 25 “Managing Early Exits from the Labour Market” is aiming to encourage persons to desist from opting for the early retirement by increasing the current top-up incentive mechanism by 1.5pp and thus amend from a negative actuarially neutral rate to a positively incentivised actuarially neutral rate. On the same time the measure will foster employment, helping to enlarge the tax base and to increase budget revenues.

Measure No 22 “Increase in tax credit ceiling for private pensions”, Measure No 26 “Increase in tax credit ceiling for private pensions” and Measure No 27 “Doubling of tax credit for private pensions” are all aiming to increase the number of private pension investors. These measures are intended to promote the diversification of retirement incomes and a reduction on the dependence on state pension and related income risks. In addition, the measures diminish further pressures on the public finances thus improving the sustainability.

Measure No 28 “Switching of child policy plans into private pension plans” is promoting the diversification of retirement incomes and a reduction on the dependence on state pension. It also reduces income risks and reduces further pressures on the public finances thus improving sustainability.

Measure No 29 “Policies to Support the Employment of Older Workers” will promote the retention and employment of older workers into the labour market, increasing their participation rates, discouraging early retirement and will foster sustainability of the public finances.

Measure No 30 “Regulating Unofficial Home Equality Release in the Elderly Care Sector” will offer the possibility to translate part of the value of own property into a liquid asset, benefiting of more cash while enjoying the retirement in their own home. Apart from ensuring adequate replacement rates,

the increased liquidity would reduce the dependence of older persons on state-managed social finances and would improve public finance sustainability.

Finally, Measure No 24 “Strengthening the Management Capacity for Pension Reform” is expected to have an indirect effect by increasing the institutional capacity to design pension strategy.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 6.7	Related Measure: (6.7) C6.R.2 Create a separate prosecution service		
Name of the Target: Capacity building within the AG's Office			
Quantitative Indicator: Number	Baseline: 56	Target: 87	Time: Q4 2022
<p>Context:</p> <p>The objective of this measure is to strengthen the functioning of the prosecution services in Malta. Target 6.7 requires 31 new officers to be employed at the Attorney General's office, from a total of 56 to 87 employees. It ensures that the additional staff needed to take on the increased responsibility at the Attorney General's office are recruited following the commencement, in October 2020, of a gradual transfer of prosecutions of serious cases from the police. The additional staff required include lawyers, legal procurators, managers including senior managers, ICT officers, and other administrative and support staff.</p> <p>Target 6.7 is the second target of the reform, and it follows the completion of milestone 6.9 related to the entry into force of Act No. XXVIII of 2021 entitled Criminal Code (Amendment No.5) Act. It will be followed by milestone 6.8, milestone 6.5 and milestone 6.6, related to the transfer of all non-summary (serious) cases from the Police to the Attorney General's office, an independent review to assess how all other less serious crimes are to be shifted from the Police to the Attorney General's office, and the implementation of legislative amendments stemming from this review.</p> <p>The reform has a final expected date for implementation on 31 March 2026.</p>			
<p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the target (including all the constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. ii. Copy of an anonymised extract from the database of Malta's Public Employment Service agency (Jobsplus) showing: <ol style="list-style-type: none"> (a) the people in employment at the Attorney General's office at 19 December 2023; (b) the starting date of their employment; (c) their designation, which shall proof that new recruits include new lawyers, Legal Procurators, managers - including senior managers - ICT officers, as well as other administrative and support staff, in line with the description of the milestone. <p>The authorities also provided:</p> <ol style="list-style-type: none"> iii. Copy of the Attorney General's Office Human Resources Plan (2021); iv. Copy of the Employment and Training Services Act (Chapter 594 of the Laws of Malta) and link where this may be accessed online: https://legislation.mt/eli/cap/594/eng/pdf; v. Copy of Government Gazette No.21,131 of 13 October 2023; vi. Copy of an anonymised extract from the database of Malta's Public Employment Service agency (Jobsplus) dated 3 May 2020. vii. Copy of an anonymised extract from the database of Malta's Public Employment Service agency (Jobsplus) dated 31 August 2021. 			

Analysis:

In their request for payment, the Maltese Authorities made reference to the existence of a clerical error in the Council Implementing Decision, with respect to the baseline of target 6.7.

While the target requires that the total number of people in employment at the Attorney General's office increases from 56 in May 2020 to 87, the database extracted from Malta's Public Employment Service agency (Jobsplus) dated May 2020 (evidence no. (vi)) shows that there were only 37 people in employment at that date.

The Commission considers that this is a clerical error and has undertaken the assessment on this basis.

Against this background, the justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the target.

According to the Attorney General's Office Human Resources Plan (2021), a total of 31 new officers shall be employed within the Office by the end of 2022.

A total of 91 people were in employment at the Attorney General's office on 19 December 2023 as evidenced by the extract from the database of Jobsplus (evidence no. (ii)), exceeding the target of 87. This implies that there are 54 additional employees at the office of the Attorney General when compared to the baseline of 37 as at 3 May 2020 (evidence no. (vi)). This substantially exceeds the 31 requested in the target description.

Extracts of the database of Jobsplus proves with certainty the number of people in employment at any given time. All calls for employment and the recruitments for the Office of the Attorney General were made in line with the provisions of the **Employment and Training Services Act** (Chapter 594 of the Laws of Malta), which stipulates that all employment contracts notifications were sent to the national employment agency "Jobsplus" in accordance with **Article 36** of the same Act: "*Any employer, who employs another person whole-time, part-time or otherwise under a definite or indefinite contract or on probation shall notify Jobsplus of such employment by any means which may be established by Jobsplus from time to time.*" Moreover, Jobsplus Agency is also notified of any contract termination in accordance with the provisions of **Article 40**:

- (1) When a contract of employment is terminated the employer shall, within four days from the date of termination, notify Jobsplus by any means as may be established from time to time, of the date of termination. Jobsplus shall then issue an acknowledgement therefore as soon as possible.*
- (2) The provisions of sub-article (1) shall apply mutatis mutandis to a self-employed person, when such person ceases to be engaged in a gainful occupation.*

These shall include the addition of new lawyers, Legal Procurators, managers - including senior managers - ICT officers, as well as other administrative and support staff. Furthermore, in line with the description of the measure, **the reform shall also ensure that the additional staff required to take on the increased responsibility at the AG's office shall be recruited.**

As per Malta's Public Employment Service agency (Jobsplus) database extracted on 19 December 2023, additional officers compared with the extract of May 2020 include the following:

- 44 lawyers;
- 1 manager;
- 8 administrative and support staff.

Tight labour market conditions, however, caused severe challenges to recruit all the required personnel to take on the increased responsibility at the Office of the Attorney General. The Council Implementing Decision also required that additional officers include also legal procurators, senior managers, and ICT officers:

- On **legal procurators**, while their non-addition constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, the addition of a surplus of lawyers (notably 44 versus 30 required by the AG's HR Plan (2021)), offers a superior alternative to the addition of legal procurators since they are able to, and already do, plead in superior courts in addition to the inferior courts, whereas legal procurators are only able to plead in the inferior courts [see [European e-Justice Portal - Types of legal professions \(europa.eu\)](https://european-council.europa.eu/media/en/press-communications/infographic/infographic_types_of_legal_professions_en.pdf)]. As of this, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the reform that the target represents. On this basis, it is considered that this constitutive element of the target is satisfactorily fulfilled.
- On **senior managers**, the Maltese authorities have contracted the services of consultancy firm PwC on 27 April 2023 to provide additional support to the AG's office for the key tasks required by a Senior Manager. This is evidenced on p. 126 of Government Gazette No. 21,131 of 13 October 2023. Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, the efforts made by the Maltese authorities to provide analysis and assistance to the prosecutors, ensure that the AG has additional support to perform its duties. As of this, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the reform that the target represents. On this basis, it is considered that this constitutive element of the target is satisfactorily fulfilled.
- On **ICT officers**, while these are not indicated by the AG's Office HR Plans (2021) as additional staff required to take on the increased responsibility at the AG's office, an ICT systems manager was recruited on 23 September 2020 to fulfil this element of the milestone, as evidenced by an earlier extract from the Jobsplus database dated 31 August 2021 (evidence no. (vii)). Nonetheless, that person resigned from this post in 2023. Pending further recruitment attempts, any tasks that require attention will continue to be fully addressed by the IT officers at the Information Management Unit within the Ministry responsible for Justice, who also stand ready to address any additional needs.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 6.11	Related Measure: (6.11) C6-R3 Reinforcing the institutional framework capacity to fight against corruption; Implementation of the National Anti-Fraud and Corruption Strategy (NAFCS)	
Name of the Milestone: National Risk Assessment and follow up strategy on fraud and corruption		
Qualitative Indicator: Online publication of the National Fraud Risk Assessment	Time: Q3 2022	
<p>Context:</p> <p>The objective of this reform is to update the 2008 National Anti-Fraud and Corruption Strategy (NAFCS) and to implement some of the actions identified by the strategy.</p> <p>Milestone 6.11 concerns the implementation of Action Point 3 of the NAFCS, which requires the undertaking and publishing of a National Risk Assessment (NRA) by the Co-ordinating Committee set up according to the Internal Audit and Financial Investigations Act (Cap 461 of the Laws of Malta). The aim of the NRA is to: (i) maintain an effective risk-based regime to combat fraud and corruption; (ii) prioritise and allocate public sector resources efficiently; (iii) help National Authorities to assess the adequacy of their controls and strengthen them where necessary; (iv) increase awareness among the general public; and (v) update the present Action Plan which is an integral part of the NAFCS.</p> <p>Milestone 6.11 is the second milestone of the reform, and it follows the completion of milestone 6.10, related to the publication of the updated National Anti-Fraud and Corruption Strategy. It will be followed by target 6.12 and milestone 6.13 concerning the implementation of action points 6, 13 and 14 of the Strategy, namely the organisation of two training programmes for officials from national authorities and the creation of a central repository system accessible by anti-fraud and corruption institutions, and milestone 6.14, related to the creation of a database on whistleblowing data. The reform has a final expected date for implementation in December 2024.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. ii. A copy of the 2022 National Risk Assessment on Fraud and Corruption and a link to the website where the National Risk Assessment may be accessed: https://iaid.gov.mt/en/Documents/Co-ordinating Committee/National Risk Assessment - Republic of Malta.pdf. <p>The authorities also provided:</p> <ol style="list-style-type: none"> iii. A copy of the May 2023 Update to the 2021 National Anti-Fraud and Corruption Strategy Action Plan and a link to the website where it may be accessed: https://iaid.gov.mt/en/Documents/Co-ordinating%20Committee/Updated%20NAFCS%20Action%20Plan May%202023.pdf; iv. A copy of the Internal Audit and Financial Investigations Act (Cap 461 of the Laws of Malta). 		

Analysis:

The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the milestone.

In line with Action Point 3 of the NAFCS, a National Risk Assessment (NRA) shall be undertaken by the Co-ordinating Committee set up according to the Internal Audit and Financial Investigations Act (Cap 461 of the Laws of Malta) and published.

The National Anti-Fraud and Corruption Strategy (NAFCS) published in 2021, lists 23 action points for implementation. Action point 3 of the NAFCS calls for a National Risk Assessment and follow up strategy on fraud and corruption.

In line with the Action Point 3 of the NAFCS, the NRA was undertaken and published in December 2022 on the webpage of the Coordinating Committee: <https://iaid.gov.mt/en/Pages/Co-ordinating-committee-.aspx>.

On p.4 of the National Risk Assessment, it is stated that *“the results of the NRA are based on the risk assessments undertaken in 2022 by the members of the Co-ordinating Committee, which was established in terms of Article 23 of the Internal Audit and Financial Investigations Act to ‘co-ordinate the activities of, and to facilitate the exchange of information between, different entities charged with the protection and safeguarding of public funds’.”*

As identified on p.9 of the NRA, the present structure of the Co-ordinating Committee is as follows:

- Director General the Internal Audit and Investigative Department (IAID) as Chairperson;
- Representative of the Financial Investigations Directorate within IAID;
- Representative of the Office of the Attorney General;
- Representative of the Office of the State Advocate;
- Representative of the National Audit Office;
- Representative of the Malta Police Force;
- Representative of the Customs Department;
- Representative of the Funds and Programmes Division (EU Funds Managing Authority);
- Representative of the Planning and Priorities Coordination Division (EU Funds Managing Authority);
- Representative of the Financial Intelligence Analysis Unit;
- Representative of the Malta Security Service;
- Representative of the Office of the Commissioner for Revenue;
- Representative of the Ministry for Social Policy and Children’s Rights;
- Representative of the Department of Contracts;
- Representative of the Asset Recovery Bureau; and
- Representative of the Permanent Commission Against Corruption.

The aim of the NRA is to:

(i) maintain an effective risk-based regime to combat fraud and corruption

On p.4 of the NRA, it is stated that *“the results [of the National Risk Assessment] provide a holistic evaluation of the main potential fraud and corruption risks identified by the members of the Co-ordinating Committee, as well as other identified threats and vulnerabilities in relation to fraud and corruption risk management”.*

P.14-16 of the NRA provides an overview of the methodology adopted by MT to carry out this risk assessment, as follows:

- The IAID prepared and forwarded a standard risk register template to the members of the Co-ordinating Committee (found in Annex 1 of the NRA), who subsequently carried out an exercise to compile/update their own risk register in relation to fraud and corruption. The Risk Register Template utilised for this purpose was based on the integrated framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) that was circulated to the Co-ordinating Committee members on 14 January 2016 through OPM Circular No 1/2016 (available online: [OPM-Circular-1-2016-Risk Management-Procedures-Manual.pdf \(gov.mt\)](#)).
- The Committee members provided a description of the identified risks assessing the severity of the risks based on impact and probability as presented in Annex 2, thereby classifying risks as low, low/medium, medium, medium/high or high. They also provided a list of the current controls in place to mitigate each identified risk.
- The Committee members then presented the overall ratings for each identified risk category at inherent risk stage and residual risk stage, the latter following an assessment of current controls in place.
- The IAID collected the completed risk registers and, while taking into consideration the feedback received from the members, drafted the final document.

All the risks were grouped under the identified risk categories and aggregated accordingly by means of a simple average. P. 18 of the NRA outlines the main potential risk categories identified by the members of the Co-ordinating Committee as the following: (1) Unlawful use of resources, (2) Unlawful use of information, (3) Corruption, (4) Public procurement, (5) Conflict of interest, (6) Misappropriation of funds, and (7) Other fraud.

Following this exercise, individual organisations within the Co-ordinating Committee, were able to identify additional mitigating actions for risks that were identified at national level in the National Risk Assessment but for which their own organisation lacked strict controls. This demonstrates the effectiveness of the risk-based regime that helps to identify additional mitigating actions for individual entities, even when there is no need for an update to the action plan.

(ii) prioritise and allocate public sector resources efficiently;

On p.5 of the NRA, it is stated that *“the NRA will enable us to [...] better allocate resources where the threats and vulnerabilities are higher”*. Through the NRA, the Co-ordinating Committee members have identified the risks linked to fraud and corruption in their area of responsibility, as outlined on pages 17 and 18 of the NRA and detailed in (i) above. This is expected to assist the authorities in prioritising and allocating public sector resources efficiently given that it will enable a stronger focus on the identified deficiencies and on mitigating actions, facilitating the allocation of resources where the threats and vulnerabilities are higher.

P.20 of the NRA commits to recruiting specialised employees, through continual calls for application, that will contribute further to the missions and objectives of the various authorities despite tight labour market conditions that are adding to the difficulties in recruiting new staff. In the meantime, p.21 of the NRA states that the authorities are working “to retain experienced personnel even beyond their retirement age to maintain the same level of service offered as well as to facilitate as much as possible the succession plan”. In addition, p.20-21 of the NRA notes that the Authorities are also committed to provide their current employees, as well as new recruits, with the required training with the aim to enhance their knowledge as well as their expertise.

(iii) help National Authorities to assess the adequacy of their controls and strengthen them where necessary;

In addition to evaluating the main potential fraud and corruption risks in Malta, the NRA allowed National Authorities to assess the adequacy of the current controls in place and, where necessary, introduce measures to strengthen them. As explained on p.15 of the NRA, the risk register compiled by the individual entities “is a key management tool presenting the process that identifies, assesses and manages risks down to acceptable levels”. Therefore, while presenting the internal and external risks of fraud and corruption for their entity, national authorities were also able to identify the residual risks after accounting for the controls in place. This allowed certain entities, which were exposed to the risks identified on p.18 of the NRA, to note additional controls in place in some authorities and adopt them in their own operations in order to reduce their risk ratings.

Examples of these also include the best practice controls, identified on p.19 in Section 5.2 ‘Control Environment’ of the NRA, including:

- Adherence to standing legislations, including the respective applicable disciplinary actions, sanctions and penalties;
- Adherence to other subsidiary legislations, regulations, directives, policies, procedures and guidelines;
- Adherence to applicable Codes of Ethics;
- Conflict of interest declarations;
- Communication and co-operation between national authorities;
- Information and Communication Technology (ICT) security controls;
- Segregation of duties;
- Training;
- Reconciliation of accounts;
- Audit trails; and
- Internal and external audits.

P.20-21 of the NRA also notes that the following are required to enhance the authorities’ fight against fraud and corruption:

- legal - the authorities will remain vigilant and open to effect changes in legislations to be better aligned with new corporate responsibilities in relation to any current and emerging risks and threats;
- human resources – in line with (ii) above, the NRA commits the MT authorities to ensure that adequate staff with the right skills are available;
- I.T. infrastructure - the NRA notes that dependency on ICT systems in place may pose a threat to the effective achievement of objectives. For this reason, it is important for the current ICT systems in place to be kept up to date and modernised to reflect new legal, regulatory, compliance and security requirements. As also stated in the second paragraph of p.21 of the NRA authorities will endeavour to “take advantage of the improvements in IT systems/infrastructure with the aim to enhance their current systems or to compliment further their systems in order to be in a better position to fight fraud and corruption”.

Section 6 of the NRA (p.25) stresses that the Co-ordinating Committee bears responsibility for the relevance of current controls in place and the implementation of additional actions to mitigate fraud and corruption risks. To monitor and identify additional mitigating actions, ad hoc/bilateral meetings will be held between the IAID (that chairs the coordinating committee) and the respective national authorities. These meetings will start being held in the first half of 2024. Apart from keeping track of progress and challenges in implementing further mitigation actions, these bilateral

meetings will also inform any future reviews and/or updates of the NRA on a biennial basis, if necessary.

(iv) increase awareness among the general public;

The NRA has been uploaded on the website of the Internal Audit and Investigative Department, specifically in the section dedicated to the Coordinating Committee, allowing the general public access to the document: [https://iaid.gov.mt/en/Documents/Co-ordinating_Committee/National_Risk_Assessment - Republic of Malta.pdf](https://iaid.gov.mt/en/Documents/Co-ordinating_Committee/National_Risk_Assessment_-_Republic_of_Malta.pdf).

This paves the way for further coordinated efforts, specifically by the 'Sub-Committee to the Co-ordinating Committee responsible for Communications,' established in March 2023 as part of Action 2 of the National Anti-Fraud and Corruption Strategy (NAFCS) Action Plan. This sub-committee was constituted with the targeted purpose of implementing the NAFCS Action Points related to communication, notably Action Points 7 "Implementation of Communication Strategies" and 11 "Devise Communications Campaign for the general public", among others. Therefore, public engagement is foreseen.

(v) update the present Action Plan which is an integral part of the NAFCS; furthermore, in line with the description of the measure, the preparation and publication of a national risk assessment update will also include a follow-up strategy on fraud and corruption.

The National Anti-Fraud and Corruption Strategy (NAFCS), which includes the Action Plan as an integral part of the document, was adopted in 2008 and subsequently revised to address Milestone 6.10 in May 2021. The NRA, assessed in this milestone, was adopted less than 18 months after the adoption of the revised NAFCS.

Following the conclusions of the NRA, the Action Plan of the NAFCS was updated to include the following sentence: "The National Risk Assessment will be reviewed and updated, if need be, on a biennial basis.", which is in line with the recommendations in Section 6.0 of the NRA. The aim is to strike a balance between conducting frequent assessments while avoiding excessive burden on resources.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 6.26	Related Measure: [Reform C6-R8]: Strengthening Malta’s anti-money laundering/combating terrorists financing/targeted financial sanctions (AML/CFT/TFS)		
Name of the Target: Number of annual AML/CFT trainings			
Quantitative Indicator: Number	Baseline: 5	Target: 10	Time: Q2 2022
<p>Context:</p> <p>Target 6.26 is part of Reform C6-R8 whose objective is to ensure a sustainable, proactive, responsive and effective anti-money laundering framework in Malta that may respond to ever changing money-laundering and terrorist financing risks.</p> <p>Target 6.26 concerns the provision of adequate AML/CFT training and outreach for the relevant members of the National Coordinating Committee on Combating Money Laundering and Funding of Terrorism (NCC).</p> <p>Target 6.26 is the second target of the reform, and it will be followed by Milestone 6.25 on the implementation of the national anti-money laundering/combating terrorist financing/targeted financial sanctions (AML/CFT/TFS) strategy and action plan for 2021-2023 and Milestone 6.27 on the implementation of the actions required following the Financial Action Task Force (FATF).</p> <p>The reform has a final date for implementation on 31 December 2023.</p>			
<p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary Document duly justifying how the target (including all the constitutive elements, as listed in the description of the target and the corresponding measure in the CID annex) was satisfactorily fulfilled. ii. Copies of the 45 Letters by the National Coordinating Committee on Combating Money Laundering and Funding of Terrorism (NCC) Copies of the programme of each of the training courses, with detail of its content (agenda) and outlook invitations iii. Copies of and links to the National Coordinating Committee on Combating Money Laundering and Funding of Terrorism (NCC) Annual Reports (2020-2021 and 2021-2022), with information on the training sessions and detailing the role of the specific NCC subcommittee that coordinates AML/CFT/CPF training and outreach initiatives in establishing training needs. NCC-Annual-Report-2020-2021-FINAL.pdf (gov.mt), Annual-Report-2021-2022-Final-3.pdf (gov.mt). iv. Copy and link to the National AML, CFT and TFS Strategy and Action Plan for 2021-2023 https://www.ncc.gov.mt/wp-content/uploads/2023/03/National-AML_CFT-Strategy-Action-Plan-2021-2023.pdf 			
Analysis:			

The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the target.

10 AML/CFT trainings shall be provided in 2021.

In 2021, a total of 10 different trainings were provided over the course of February to September to members of the National Coordinating Committee on Combating Money Laundering and Funding of Terrorism (NCC). Each training was targeted to a specific sub-committee of the NCC, and in total there were 45 training sessions undertaken, as attested by the (signed and dated) **letters from the NCC to the various participating sub-committees of the NCC**, thanking them for their participation in the respective training sessions. The letters also include an anonymised list of the participants attending each training, together with the name of the sub-committee they are member of.

The **programme of each of these 10 trainings** contains information on the agendas, outlook invitation and invited participants of each of the trainings. The content of these trainings is further developed in the Section 'Training and Outreach Organised by the NCC' within the **2021-2022 NCC Annual Report** (pages 19-27).

The list of trainings is provided below. Trainings were provided online, as most of the events, trainings and outreach events of the NCC during COVID-19 (**NCC Annual Report 2020-2021**, page 31).

Training no.	Date of training	Title of training	No of participants	Delivery method
1	18 Feb 2021	Webinar I: Elements of proving ML; stand-alone ML & client privilege	95	Online
2	7 Apr 2021	Seminar 1: Introductory session on AML principles in relation to taxation, and ML typologies including methods used to identify ML cases	141	Online
3	9 Apr 2021	Seminar 2: Tax evasion as a predicate offence and cases that may be pursued at a criminal level and others at a civil level	135	Online
4	12 May 2021	Seminar 3: Training session to Office of the Commissioner for Revenue: How to organise the OCfR in order to best deal with AML issues	130	Online

5	17 May 2021	Seminar 4: Criminal and Administrative Investigation and Analysis of Complex Tax Structures and ML	120	Online
6	26 May 2021	Seminar 5: AML Tax Cases: Applying a Coordinated Approach	120	Online
7	13 Jul 2021	Webinar 1: Virtual assets for dummies	183	Online
8	15 Jul 2021	Webinar on AML/CFT Taxation issues for the Private Sector	746	Online
9	23 & 24 Sep 2021	Basic blockchain analysis practices & Criminal crypto analysis workshop	146	Online
10	29 Sep 2021	Webinar 2: Threats, vulnerabilities and mitigating measures for Virtual Assets	191	Online

The specific content of the courses shall be specified on the basis of the training needs identified by the specific NCC subcommittee that coordinates AML/CFT/CPF training and outreach initiatives.

In January 2021, the NCC launched the 2021-2023 National Strategy for Anti-Money Laundering, Combating the Financing of Terrorism and Targeted Financial Sanctions. The 2021-2023 National Strategy is built on seven policy goals, all detailed in the 2021-2022 NCC Annual Report (pages 14-15). Emanating from this Strategy, and specifically from Policy Goal III (*'Policy Goal III: All AML / CFT/ CPF activities, domestic and international, will be proactive and fully coordinated by the NCC, fostering the maximum possible information exchange. Outcomes will be measured on a regular basis to ensure the utmost effectiveness of both preventative and oppressive measures.'*), is the **set-up of the sub-committee that coordinates training and outreach initiatives related to money laundering, terrorism financing and proliferation financing** (page 18).

The **2021-2022 NCC Annual Report** details that the NCC sub-committee that coordinates training and outreach initiatives related to money laundering, terrorism financing and proliferation financing, coordinates closely with all entities and authorities on training needs and requirements (page 18).

'Apart from the sub-committee meetings, there is a continuous follow-up via email with all entities and authorities on training requirements. Through this sub-committee, several training events have been organised by the NCC in collaboration with other entities and authorities to enhance their staff's knowledge and expertise in several areas including training on the Proceeds of Crime Act, non-conviction-based confiscation, virtual assets, and tax evasion investigations and prosecutions.' (2021-2022 NCC Annual Report, page 18)

Based on the above, and in view of the content of the trainings provided (evidenced by the **training programmes**), it can be concluded that the content of the courses was specified to on the basis of the trainings needs identified by the in the areas of AML/CFT/CPF.

Training shall be open in particular to the members of the same sub-committee. Members of this sub-committee are the :

- Financial Intelligence Analysis Unit (FIAU)
- Malta Financial Services Authority (MFSA)
- Malta Gaming Authority (MGA)
- Malta Police Force (MPF)
- Office of the Attorney General (AGO)
- Office of the Commissioner for Revenue (OCfR)
- Malta Security Services (MSS) - Malta Business Registry (MBR)
- Department of Customs - Asset Recovery Bureau (ARB)
- Office of the Commissioner for Voluntary Organisations (OCVO)
- Sanctions Monitoring Board (SMB)

The **letters from the NCC to the participating sub-committees** detail the participants attending the various trainings, as well as the sub-committee they are member of, confirming that this list has been respected. As explained in the **2021-2022 NCC Annual Report (page 16)**, the participants of these sub-committees are high-level representatives from several supervisory authorities and public entities involved in the fight against money laundering, terrorism financing and proliferation financing. Amongst these participants one can find the Financial Intelligence Analysis Unit (FIAU), Malta Financial Services Authority (MFSA), Malta Police Force (MPF), Office of the Attorney General (AGO), Office of the Commissioner for Revenue (OCfR), Malta Security Services (MSS) - Malta Business Registry (MBR), Asset Recovery Bureau (ARB), and the Sanctions Monitoring Board (SMB) - All entities that participated in these trainings.

This is also in line with the **description of the measure (C6-R8)** which holds that *'the reform shall also provide adequate training and outreach for the relevant members of NCC.'* Apart from training events, the NCC also organised outreach events to reach out to the private sector and non-profit organisations. The outreach activities that took place are listed in the **2021-2022 NCC Annual Report** Section 'Outreach and training organized by the NCC' (pages 25-28), and further detailed in **Annex D**.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 6.28	Related Measure: C6.R.9 - Aggressive Tax Planning (ATP) - Code of Conduct Group	
Name of the Milestone: Entry into force of a revised corporate tax return to collect information on dividends derived from bodies of persons resident in jurisdictions listed in the Code of Conduct Group list non-cooperative jurisdictions.		
Qualitative Indicator: Entry into force of the revised corporate tax return for the fiscal year 2021		Time: Q2 2022
<p>Context:</p> <p>This reform aims to remove the possibility of exempting the dividends derived from bodies of persons resident in jurisdictions listed in the Code of Conduct Group list of non-cooperative jurisdictions from being taxed in Malta.</p> <p>Milestone 6.28 concerns the entry into force of revised corporate tax return for the fiscal year 2021. This is an administrative measure through which the tax return shall request data relative to dividends derived from bodies of persons resident in jurisdictions listed in the Code of Conduct Group list of non-cooperative jurisdictions. This information will enable investigators to identify those taxpayers deriving such dividends and to examine further the declarations made by such taxpayers to determine whether the application of the participation exemption is being duly denied in their corporate tax return and self-assessment.</p> <p>Milestone 6.28 is the first step of the implementation of the reform, and it will be followed by Target 6.29 related to the assignment of two dedicated staff for the scrutiny of taxpayers in this area of taxation. The reform has a final expected date for implementation by 30 September 2022.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. ii. A copy of the revised tax return that will collect data on dividends derived from bodies of persons resident in jurisdictions listed in the Code of Conduct Group list of non-cooperative jurisdictions. <p>The authorities also provided:</p> <ol style="list-style-type: none"> iii. A copy of and link to Rule 2(2) of Subsidiary Legislation 372.09 - Income Tax (Form of Return for a Company, Body Corporate or Undertaking) Rules, which provides the legal basis for the introduction of the new attachment: (https://legislation.mt/eli/sl/372.9/mlt; https://legislation.mt/eli/sl/372.9/eng/pdf) 		

- iv. A copy of and link to **Legal Notice 297 of 2011**, which brought into force Rule 2(2) of Subsidiary Legislation 372.09 (<https://legislation.mt/eli/ln/2011/297/eng>; <https://legislation.mt/eli/ln/2011/297/mlt>). Legal Notice 297 of 2011 was published in the **supplement to Government Gazette No 18,782** dated 22 July 2011 and notified as published in the Government Gazette No 18,783 dated 26 July 2011 (<https://www.gov.mt/en/Government/DOI/Government%20Gazette/Documents/2011/07/GG%2026.7.pdf>).
- v. A link to **ACT No. XVIII of 2021 – Budget Measures Implementation Act** - published in the **supplement to Government Gazette of Malta No. 20,609 – 16.04.2021** - (<https://legislation.mt/eli/act/2021/18/eng>),

Analysis:

The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the milestone.

In line with the description of the measure, **the reform shall abolish the so-called participation exemption which allows dividend income or capital gains derived from a participating holding (usually an equity shareholding of at least 5%) to be exempted from tax in Malta. Specifically, dividends derived from the body of persons resident in jurisdictions that have been listed in the ‘Code of Conduct Group’ list of non-cooperative jurisdictions for at least three months shall not qualify for such an exemption.**

Prior to the 2021 reform abolishing the so called ‘participation exemption’, Malta’s Income Tax Act allowed for the possibility of exempting the dividends derived from bodies of persons resident in jurisdictions listed in the Code of Conduct Group list of non-cooperative jurisdictions from being taxes in Malta.

The reform, introduced by virtue of the amendment of the Budget Measures Implementation Act, 2021 (Available online: <https://legislation.mt/eli/act/2021/18/eng>), came into force on 16 April 2021 upon publication by virtue of the provisions of Article 72 of the Constitution of Malta, Chapter 0 of the Laws of Malta, and Articles 5 and 16 of the Interpretation Act, Chapter 249 of the Laws of Malta, which provide that the entry into force of a legal act takes place at the moment of the publication in the Government Gazette if not stipulated otherwise.

In line with the description of the measure, the amended Budget Measures Implementation Act set out that dividends derived from the body of persons resident in jurisdictions that have been listed in the ‘Code of Conduct Group’ list of non-cooperative jurisdictions for at least three months shall not qualify for such an exemption.

Entry into force of revised corporate tax return for the fiscal year 2021. This is an administrative measure through which the tax return shall request data relative to dividends derived from bodies of persons resident in jurisdictions listed in the Code of Conduct Group list of non-cooperative jurisdictions.

The amendment necessitated a revised corporate tax return in order to oblige taxpayers to furnish detailed information about dividends derived from bodies of persons resident in such jurisdictions.

Based on Rule 2(2) of Subsidiary Legislation 372.09 - Income Tax (Form of Return for a Company, Body Corporate or Undertaking) Rules, stating that any attachment required to be completed in the corporate tax return shall be made on such form as the Commissioner may require (*'(2) Any item on the form contained in Schedule A requiring an attachment to be filled in shall be made on such form as the Commissioner may require'*), the Commissioner for Revenues introduced the Tax Return Attachment (TRA) 110 of the corporate tax return. Completion of the attachment is mandatory for companies having any nexus with any of the jurisdictions listed in the EU List of Non-Cooperative Tax Jurisdictions. This requirement was introduced for the fiscal year 2021 (year of assessment 2022).

The personalised corporate tax return which includes the attachment in question was made available for download on the Commissioner for Revenue (CfR) online services portal on 31 May 2022. CfR online services for corporate taxpayers may be accessed by authorised tax practitioners through the below link: <https://cfr.gov.mt/en/eServices/Pages/IRD-Services-Online-Tax-Practitioners-and-Corporate-Taxpayers.aspx>.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 6.29	C6-R9: Aggressive Tax Planning (ATP) - Code of Conduct Group		
Name of the Target: Assignment of dedicated staff for the scrutiny of taxpayers in this area of taxation			
Quantitative Indicator: Number	Baseline: 0	Target: 2	Time: Q3 2022
<p>Context:</p> <p>This reform aims to remove the possibility of exempting the dividends derived from bodies of persons resident in jurisdictions listed in the Code of Conduct Group list of non-cooperative jurisdictions from being taxed in Malta.</p> <p>Target 6.29 requires the assignment of two full-time revenue inspectors to run risk-checks and conduct aspect-audits on taxpayers who are associated with the said jurisdictions.</p> <p>Target 6.29 is the second and last target of this reform, and it follows the completion of Milestone 6.28 related to the entry into force of a revised corporate tax return to collect information on dividends derived from bodies of persons resident in jurisdictions listed in the Code of Conduct Group list non-cooperative jurisdictions. The reform has a final expected date for implementation by 30 September 2022.</p>			
<p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. ii. A copy of the Internal memo signed by the Commissioner for Taxation and Customs confirming the appointment of the two assigned investigators and the specific tasks assigned to them. iii. A copy of the Anonymised HR records of the two investigators demonstrating the concerned Ministry/Department and the appointment date. <p>The authorities also provided:</p> <ol style="list-style-type: none"> iv. A copy of the Call for Expression of Interest for the Position of Revenue Inspector outlining the duties, disseminated through Circular No. HR/MFE 12/2021. v. A copy of the Standard operating procedure connected to the selection and verification of taxpayers who are associated with the said jurisdictions. 			
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the target.</p> <p>Two investigators are assigned to work full time for the scrutiny of taxpayers in respect of holdings in bodies of persons resident in jurisdictions listed in the Code of Conduct Group list of non-cooperative jurisdictions.</p>			

A **call for expression of interest** for the position of revenue inspectors was disseminated through Circular No. HR/MFE 12/2021 on 27 August 2021. It is pertinent to note that in Malta, Calls for Expressions of Interest are issued by Public Sector Entities, and are open to public officers and public sector employees. Annex A of the Call detailed the duties and responsibilities of the roles, and Annex B detailed the eligibility requirements.

In line with the description of the measure, the two new full-time investigators will be analysing risks and auditing data derived from Malta's new corporate tax return (subject of Milestone 6.28). This is a new data requirement in Malta, that is needed following the 2021 reform abolishing the so called 'participation exemption' from Malta's Income Tax law that came into force in April 2021. (For additional information on this reform, please refer to the assessment of Milestone 6.28). The enclosed **standard operating procedure** on the 'Audits of companies that have nexus with EU Non-cooperative jurisdictions' details how the audit procedure will operate.

As a result of this Call, two full-time investigators were appointed, as demonstrated by the internal memo signed by the Commissioner for Taxation and Customs of September 2022, and further substantiated by the anonymised HR records of the two investigators.] The **anonymised HR records** show that one of the appointed investigators is a qualified accountant who has been engaged in taxation enforcement since 2009, and the other is a revenue inspector with 20 years of extensive investigative experience in the field of taxation.

Furthermore, as confirmed by the **internal memo** signed by the Commissioner for Revenue, the duties of two new investigators are *'to carry out the necessary verifications on taxpayers in respect of holdings in bodies of persons resident in non-cooperative jurisdictions, so as to ensure that these do not jeopardize Malta's commitments in response to the EU's concerns.'*

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 6.31	Related Measure: (6.31) C6.R.10 Specific Transfer Pricing Legislation	
Name of the Milestone: Consultation of stakeholders and drafting of specific transfer-pricing rules		
Qualitative Indicator: Consultation of stakeholders and drafting of specific transfer-pricing rules completed and the draft legal notice transmitted to the Cabinet for approval		Time: Q2 2022
<p>Context:</p> <p>This reform aims to prevent the loss of public revenues through international tax arbitrage. It specifically aims to prevent multinational companies from shifting profits to zero or low-tax jurisdictions and thereby reducing taxable income in high-tax jurisdictions.</p> <p>Milestone 6.31 concerns the consultation of stakeholders, drafting of specific transfer-pricing rules, and transmission of the legal notice to the Cabinet for approval.</p> <p>Milestone 6.31 is the second milestone of the reform, and it follows the completion of Milestone 6.30 on the entry into force of the relevant legal provision enabling the introduction of transfer pricing in Malta’s legislative framework. It will then be followed by milestone 6.32 related to the entry into force of transfer pricing rules, and milestones 6.33 and milestone 6.34 relating to training of involved parties (such as tax administration staff and private tax practitioners and company representatives).</p> <p>The reform has a final expected date for implementation on 31 December 2023.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. ii. Report by the competent authority demonstrating that the consultation of stakeholders was completed and carried out in line with the description of the milestone; iii. A copy of and link to the legal notice on specific transfer pricing rules as approved by the Cabinet [Available at: https://legislation.mt/eli/ln/2022/284/eng] <p>The authorities also provided:</p> <ol style="list-style-type: none"> iv. Link to the public consultation document https://cfr.gov.mt/en/individuals/Documents/MT_Public%20Consultation_TP%20Rules_Dec%202021.pdf 		
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the milestone.</p>		

The consultation with stakeholders is completed.

The Office of the Commissioner for Revenue (OCfR) initiated a **public consultation** in late 2021 regarding proposed Transfer Pricing Rules. The consultation document (available at: https://cfr.gov.mt/en/individuals/Documents/MT_Public%20Consultation_TP%20Rules_Dec%202021.pdf), detailed that the aim of the consultation was to seek feedback on these draft rules (found in Annex B, pages 5-14), that will eventually become legislation. The consultation period concluded on 28 February 2022, as notified in the consultation document (page 2).

The consultation shall aim to obtain information that has relevance to the scope and the procedure relating to advance pricing agreements.

Rule 12 of the document published for public consultation includes a specific section on **“Advance Pricing Agreements”** (pages 12-14), on which stakeholders were consulted. The consultation introduced this topic by earlier noting that *‘through advance pricing agreements, the draft rules aim to provide a framework intended to grant certainty of outcomes to taxpayers in relation to cross-border transactions.’* (Page 2). In this context, the consultation also aimed to ensure that the relevance to the scope and the procedure relating to the Advance Pricing Agreements is achieved.

Following the deadline of the consultation period, stakeholders provided feedback on the transfer pricing rules as presented in the consultation document. The Report by OCfR notes that feedback was also received on “Advance Pricing Agreements”. This then led to a series of meetings between the OCfR and professional bodies, whose agendas are summarised in the Report by OCfR. “Advance Pricing Agreements” were specifically discussed in the meeting of 16 May 2022. The meetings were concluded on 14 June 2022.

Furthermore, in line with the description of the measure, **a consultation process shall follow before specific rules on transfer pricing relating to the arm’s length principle and advanced pricing agreements are proposed.** Besides advanced pricing agreement, as substantiated above, the methodology of the draft Transfer Pricing rules within the consultation document were also based on the internationally recognised **arm’s length principle**. This principle seeks to establish what the price would have been had the transactions been carried out under comparable conditions by independent parties (Section 1, page 2). The applicability of the arm’s length principle was also discussed in the meeting of 4 May 2022, as noted in the Report by OCfR.

The main stakeholders shall be made up of representative bodies of professionals that deal with taxation matters and shall include accountants, lawyers and other tax practitioners

The consultation was published widely and was open to all stakeholders, including accountants, lawyers and other tax practitioners. The Report by OCfR notes that the professional bodies who responded to the consultation document *‘included lawyers and accountants.’*

The draft legal notice on specific transfer pricing rules is transmitted to Cabinet for approval.

The Report by OCfR notes the draft Legal Notice was completed, translated, and sent to the Legalisation Unit on 27 June 2022. The Legalisation Unit provided feedback, following which the draft legal notice was sent to Technical and Legal for submission to the Cabinet. Malta provided the final adopted legal notice - Legal Notice L.N. 284 of 2022 - published on 18 November 2022, with the entry into force date set for 1 January 2024, for which the transmission to the Cabinet for approval was a necessary step under the Maltese legislative process. The published legal notice can be accessed through the following link: <https://legislation.mt/eli/ln/2022/284/eng>

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 6.32	Related Measure: (6.32) C6.R.10 Specific Transfer Pricing Legislation
Name of the Milestone: Entry into force of specific transfer pricing rules	
Qualitative Indicator: Entry into force of specific transfer-pricing rules	Time: Q4 2022
<p>Context:</p> <p>This reform aims to prevent the loss of public revenues through international tax arbitrage. It specifically aims to prevent multinational companies from shifting profits to zero or low-tax jurisdictions and thereby reducing taxable income in high-tax jurisdictions.</p> <p>Milestone 6.32 concerns the entry into force of specific transfer pricing rules in Malta.</p> <p>Milestone 6.32 is the third milestone of the reform, and it follows the completion of milestone 6.30 on the entry into force of the relevant legal provision enabling the introduction of transfer pricing in Malta’s legislative framework, and milestone 6.31 on the consultation of stakeholders and drafting of the rules. It will then be followed by two milestones, namely milestones 6.33 and 6.34 relating to training of involved parties (such as tax administration staff and private tax practitioners and company representatives).</p> <p>The reform has a final expected date for implementation on 31 December 2023.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. ii. A copy of and link to Legal Notice 284 of 2022, published in the supplement to Government Gazette of Malta No. 20,961 – 18.11.2022 (Linked to MT and EN versions: https://legislation.mt/eli/ln/2022/284/eng https://legislation.mt/eli/ln/2022/284/mlt) and notified as published in the Government Gazette No 20,963 dated 22 November 2022 (Link: https://www.gov.mt/en/Government/DOI/Government%20Gazette/Documents/2022/11/Gaz%20Government%20Gazette%20-%202022nd%20November.pdf). iii. A copy of and link to Legal Notice 9 of 2024, amending Legal Notice 284 of 2022, and published in the supplement to Government Gazette of Malta No. 21,182 – 19.01.2024 (Linked to MT and EN versions: https://legislation.mt/eli/ln/2024/9/eng) iv. A copy of and link to the Guidelines accompanying the above Legal Notices, published on the MTCA’s website (Link: https://cfr.gov.mt/en/inlandrevenue/legal-technical/Documents/Guidelines%20-%20Transfer%20Pricing%20Rules.pdf) 	
Analysis:	

The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the target.

Entry into force of specific rules relating to the arms-length principle and advanced pricing agreements. These rules shall become applicable as from Q1 of 2024.

Legal Notice 284 of 2022 providing for the introduction of specific transfer pricing legislation in Malta was published in the supplement to Government Gazette of Malta No. 20,961 on 18 November 2022 and entered into force with publication by virtue of the provisions of Article 72 of the Constitution of Malta, Chapter 0 of the Laws of Malta, and Articles 5 and 16 of the Interpretation Act, Chapter 249 of the Laws of Malta, which provide that the entry into force of a legal act takes place at the moment of the publication in the Government Gazette if not stipulated otherwise.. In line with the requirements of the Council Implementing Decision, these rules became applicable as of 1 January 2024 according to Rule 1(2) of **Legal Notice 284 of 2022**. A **Legal Notice 9 of 2024** amending Legal Notice 284 of 2022 was published in the supplement to Government Gazette of Malta No. 21,182 on 19 January 2024, and entered into force with publication by virtue of the provisions in the Maltese legislation quoted above. This amendment limits to 3 years the period under which the rules are not applicable to agreements entered into by associated enterprises before 1 January 2024 and which have not been ‘materially altered’ after 1 January 2024. The notion of “material altered” and what constitutes a material alteration is explained in detail in the attached Guidelines (see below).

The rules defining the “**arm’s length amount**” (Rule 4 of Legal Notice 284 of 2022), provide for the determination of such amount on the basis of methodologies designated by the Commissioner for Tax and Customs (Rule 5 of Legal Notice 284 of 2022), and determine its use (Rule 7 of Legal Notice 284 of 2022). In line with the arm’s length principle , the legislation holds that when determining the total income of a company covered by these Rules, if any amount incurred or due (or accrued or derived) in the year before the assessment year under any cross-border arrangement differs from the arm's length amount, the arm's length amount will be considered as incurred or due (or accrued or derived) instead of the actual amount. In other words, adjustments will be made to align the amounts with what would be considered fair and reasonable under arm's length pricing principles.

Furthermore, the Rules define “**advance pricing agreement**” (Rule 2 of Legal Notice 284 of 2022) and provide for a formal framework for the request and issue of Advance Pricing Arrangements (bilateral and multilateral) and Unilateral Transfer Pricing Rulings. These provisions provide certainty and prevent disputes by establishing in advance the acceptable pricing methods for specific transactions. They allow Maltese taxpayers to proactively engage and agree with the Maltese tax authorities on the transfer pricing principles, including the determination of arm's length prices before the actual transactions occur.

Finally, on 19 January 2024, the Commissioner for Tax and Customs published **Guidelines** in relation to the Transfer Pricing Rules. The Guidelines have been issued to supplement the interpretation and application of the regulations found in Legal Notice 284 of 2022, in line with Art 2(1), Art 5., Art 11(2) (e) and Art 11 (6) of the same Legal Notice. The Guidelines elaborate on a number of key notions used in the Legal Notice. Among others, the Guidelines refers to the use of the 2022 OECD Transfer

Pricing Guidelines as the primary source of reference for the establishment of arm's length pricing, define the notion of "material altered" and do not allow for "unilateral downward adjustments", also in line with the OECD Transfer Pricing Guidelines. The 2022 OECD Transfer Pricing Guidelines provide guidance on the application of the arm's length principle and Transfer Pricing Rules in general, and are available online at: <https://www.oecd.org/tax/transfer-pricing/oecd-transfer-pricing-guidelines-for-multinational-enterprises-and-tax-administrations-20769717.htm>

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 6.35	Related Measure: Reform C6-R11: Study on the relevance of measures relating to inbound and outbound dividend, interest and royalty payments	
Name of the Milestone: Study concerning measures relating to inbound and outbound dividend, interest and royalty payments		
Qualitative Indicator: The full study concerning measures relating to inbound and outbound dividend, interest and royalty payments is shared with the European Commission.		Time: Q4 2022
<p>Context:</p> <p>The objective of this measure is to identify and mitigate risks in the area of inbound and outbound dividend, interest and royalty payments.</p> <p>Milestone 6.35 concerns the completion of an independent study to analyse the state of play and provide recommendations for legal measures necessary to address outbound and inbound dividend, interest and royalty payments, between companies established in Malta and related companies established in jurisdictions that either form part of the EU list of non-cooperative jurisdictions or that are considered to be zero-tax or low-tax jurisdictions. The study shall contain concrete proposals to strengthen anti-Base Erosion and Profit Shifting measures to prevent tax fraud and tax evasion and to promote fair taxation.</p> <p>Milestone 6.35 is the first step of the implementation of the reform, and it will be followed by Milestone 6.36 related to new legislation to mitigate the risks identified by the study. The reform has a final expected date for implementation by 30 September 2024.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. ii. A copy of the tender document, including the terms of reference; iii. A copy of the tender publication notice and award notification related to the selection of the independent contractor to carry out the study, under the unique ID: SPD7/2022/002 iv. Copy of the full and final study; v. Copy of the Executive Summary of the study, as published on the government’s website and available through: https://finance.gov.mt/wp-content/uploads/2023/12/Study-concerning-measures-relating-to-inbound-and-outbound-dividend-interest-and-royalty-payments_Executive-Summary.pdf 		
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the milestone.</p>		

The study shall be provided by an independent contractor engaged through public procurement procedures.

The study was commissioned to Deloitte Services Limited following public procurement rules. The call for tender (unique ID: SPD7/2022/002) was issued on 5 May 2022 and closed on 6 June 2022. There were three bidders in total, as confirmed on the dedicated page on the ETender website <https://www.etenders.gov.mt/epps/home.do>. Deloitte Services Limited was awarded the tender in view of the 'best price-quality ratio' evaluation criteria. The criterion for reward is explained in detail under Section 1(6) of the Tender Document (pages 8-16). The contract was awarded on 22 September 2022. The study was completed and provided to Malta's Finance Ministry.

The study shall analyse the state of play and provide recommendations for legal measures necessary to address outbound and inbound dividend, interest and royalty payments, between companies established in Malta and related companies established in jurisdictions that either form part of the EU list of non-cooperative jurisdictions or that are considered to be zero-tax or low-tax jurisdictions.

The **Terms of Reference of the tender document** (Section 3(2), page 24) specifically demanded that the study's objectives and expected results were *'to analyse the state of play with respect to such payments and provide recommendations for different legal measures that could be introduced with respect to outbound and inbound dividend, interest and royalty payments, between companies established in Malta and related companies established in jurisdictions that either form part of the EU list of non-cooperative jurisdictions or that are considered to be zero-tax or low-tax jurisdictions'*.

The study was drawn up responding to these objectives. The study **analysed the state of play** with respect to the Payment Flows between Malta and jurisdictions that either form part of the EU list of non-cooperative jurisdictions (labelled as 'Category 1' countries in the study) or that are considered to be zero-tax or low-tax jurisdictions (labelled as 'Category 2' countries in the study, and that consist of territories which are not Category 1 territories, and are not Union Member States, or Member States of the European Economic Area). The jurisdictions in the scope of the study have been together labelled as the 'Covered Jurisdictions'.

Specifically, Chapter 1 (pages 10-33) provided an overview of the existing tax treatment of Payment Flows in terms of the Income Tax Act (Chapter 123 of the Laws of Malta) and identified certain vulnerabilities inherent to Malta's international tax framework that may enable the Payment Flows to be used for base erosion and profit shifting and may occasion double non-taxation outcomes, particularly in the context of transactions with counterparties located in the Covered Jurisdictions. The analysis in Chapter 2 (pages 34-45) evaluated base erosion and profit shifting risks associated with such payment flows. Assumptions and limitations applicable have been duly noted and explained.

To mitigate the aggressive tax planning risks identified in Chapters 1 and 2, the study then **provides recommendations for legal measures** necessary to address outbound and inbound dividend, interest and royalty payments between companies established in Malta and related companies in

the Covered Jurisdictions established in jurisdictions that either form part of the EU list of non-cooperative jurisdictions or that are considered to be zero-tax or low-tax jurisdictions. (Chapter 3 pages 46-97). The next point elaborates.

The recommendations shall provide analysis and concrete proposals to strengthen anti-Base Erosion and Profit Shifting measures to prevent tax fraud and tax evasion.

Chapter 3 details the **policy recommendations** that could be introduced to mitigate the risks identified in Chapter 2 and to strengthen anti-Base Erosion and Profit Shifting measures to prevent tax fraud and tax evasion. The recommendations were all backed by a **thorough analysis**, including on scope, applicability and ease of applicability. The recommendations also consider the interaction of policy options with existing domestic law, Treaty obligations, and other significant upcoming or ongoing reforms at the EU/OECD level, particularly international tax reforms like the Pillar 2 work stream within the Inclusive Framework on BEPS.

The study ultimately **identified a total of seven concrete recommendations** concerning outbound and inbound payments, targeting the different categories of countries studied ('Category 1' and 'Category 2'), noting these each presented different risks and challenges. The seven recommendations are summarized in Table 3.1.2.2 (page 50).

To conclude, the study suggested implementation timeframes (Chapter 4, pages 98-103), and recommended that the policy measures selected are integrated into Malta's existing international tax framework through amendments to primary law, as opposed to legislative action via secondary legislation.

The Executive Summary shall be published on the government's website and the full study shall be shared with the European Commission.

The Executive Summary was made available to the Commission as well as to the general public online: <https://healthservices.gov.mt/en/people-management-division/Pages/research.aspx>.

The full study was made available to the European Commission and was also duly uploaded in the Management Information System of the Commission for the Recovery and Resilience Facility (FENIX).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 6.37	Related Measure: Reform C6-R12: Mitigating against ATP risks by individuals
Name of the Milestone: Entry into force of spontaneous exchange of information (SEOI)	
Qualitative Indicator: Publication of the guidelines and application forms requiring spontaneous exchange of information	Time: Q1-2022
<p>Context:</p> <p>The reform aims to mitigate aggressive tax planning risks stemming from Malta’s citizenship-by-investment scheme. The reform shall implement a due diligence procedure to determine the original jurisdictions of tax residence of applicants of the Citizenship by Naturalisation for Exceptional Services by Direct Investment and inform the tax authorities of the original jurisdictions of tax residence about the applicants being granted Maltese citizenship.</p> <p>Milestone 6.37 concerns the entry into force of the spontaneous exchange of information mechanism.</p> <p>Milestone 6.37 is the only milestone of this reform. The reform has a final expected date for implementation on 31 March 2022.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements, as listed in the description of the milestone and the corresponding measure in the CID annex) was satisfactorily fulfilled. ii. Copy of the Memorandum of Understanding between the Office of the Commissioner for Revenue and Community Malta Agency that entered into force on 1 January 2022. iii. Copy of Circular 05/2021 issued to the Licenced Agents on 05/10/2021 iv. Copy of the new ‘Tax Residency Jurisdiction Declaration’ v. A copy and link of the updated Agency Handbook, with the update inserted at Page 45 Section 5.18 – Tax Residency Jurisdiction Declaration. Available at: https://komunita.gov.mt/wp-content/uploads/2021/10/The-Maltese-Citizenship-by-Naturalisation-for-ESDI-Handbook.pdf <p>The authorities also provided:</p> <ol style="list-style-type: none"> vi. Copy of the ‘Statement of Source of Funds and Wealth Form’ 	
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Maltese authorities covers all constitutive elements of the target.</p> <p>Entry into force of a spontaneous exchange of information mechanism, whereby Malta’s tax authorities exchange information with original jurisdictions of tax residence of successful applicants of the Citizenship by Naturalisation for Exceptional Services by Direct Investment (Citizenship Regulations) that are party to the OECD Convention on Mutual Assistance in Tax</p>	

Matters and to other jurisdictions that are not party to this Convention but with which Malta has a bilateral exchange of information mechanism in place, about persons that shall be granted citizenship under this scheme in future. The entry into force is determined by the publication of the respective revised guidelines and application forms.

Since 1 January 2022, Malta is implementing a spontaneous exchange of information mechanism for its Citizenship by Naturalisation for Exceptional Services by Direct Investment programme. The entry into force of the new mechanism is determined by the entry into force of a Memorandum of Understanding (MoU) between Community Malta Agency (English for 'Aġenzija Komunita' Malta)² and Malta's Commissioner for Revenue, and the corresponding Tax Residency Jurisdiction Declaration form that applicants must fill.

The **MoU** between Community Malta Agency and the Office of the Commissioner for Revenue (OCfR) defining the modalities to exchange the necessary information to put into effect the spontaneous exchange of information mechanism was **signed** on 4 October 2021 and **entered into force** on 1 January 2022 for an indefinite period. The MoU does not modify or supersede any laws or regulations in force and applying to the Parties, but instead sets a statement of intent and '*the arrangements whereby Community Malta Agency agrees to assist OCfR in the sharing of information*', as explained in page 2.

Section 3 of the MoU entitled 'Informational Gathering and Sharing' (pages 2-4) details the modalities of how the information-exchange mechanism between Community Malta Agency and the OCfR works.

Section 3.3.1 of the MoU details **what the exchanged information should include**, notably:

- (a) *All details of successful applicants of the RBI/CBI programmes including but not limited to:*
- *First and Last Name;*
 - *Date of Birth;*
 - *Residence Address;*
 - *Tax Identification Number;*
 - *Type of acquired residence rights (Citizenship or Permanent or Temporary Residence)*
- (b) *Copies of all relevant residence documentation provided by successful applicants of the RBI/CBI programmes.*

This information is provided through the enclosed '**Tax Residency Jurisdiction Declaration**' form, which every applicant that is liable to pay tax in any jurisdiction is required to fill and sign. In the Declaration Form, the applicants must list all the jurisdictions where the individual/s is/are a tax resident. For every jurisdiction that the applicant has declared that he/she is a tax resident, the corresponding Tax Identification Number (TIN) is to be included in the Declaration. Applicants are also to provide recent documentary evidence that clearly identifies their Tax Identification Numbers

² Community Malta Agency is a Government Agency established through Community Malta Agency (Establishment) Order (S.L. 595.38) which is responsible for administering all Maltese citizenship-related matters. Website: <https://komunita.gov.mt/en/>

(TIN) for every tax residency jurisdiction listed in this Declaration. Such documentation may include a tax residence certificate issued in respect of the most recent personal tax filing period of the relevant jurisdiction. Section 3.4 of the MoU details that data relating to accepted applications shall be transferred to the OCfR on a monthly basis.

Section 4 of the MoU details that the information obtained by the OCfR shall be treated as highly confidential, and only for the intended use *'in particular, but not limited to, the **spontaneous exchange of information with relevant jurisdictions** in line with the function of the OCfR and the Revenue Acts (Chapters 123, 364, 372 and 406 of the Laws of Malta and Subsidiary Legislation)' (page 4-5).*

Following the signature of the MoU on 4 October 2021, **Circular 05/2021** was issued to the Licenced Agents on 5 October 2021. The Circular notifies that *"applications submitted as from the 1st January 2022 shall include information of the original jurisdiction(s) of tax residence and the agency will be informing the local tax authorities of those applicants who become Maltese citizens through the Granting of Maltese Citizenship by Exceptional Services (SL 188.06). **In turn the local tax authorities will be informing the original jurisdiction(s) of tax residence of the applicants and dependants"**.* It is implied that, for the Maltese tax authorities to inform the relevant foreign jurisdictions, there needs to be an exchange of information mechanism in place (ie. the [OECD Convention on Mutual Assistance in Tax Matters](#) or else a bilateral exchange of information mechanism).

The **Agency Handbook ('The Maltese Citizenship by Naturalisation for ESDI Handbook')** was revised on 5 October 2021 to account for the new information-exchange mechanism. The update is inserted in Section 5.18 entitled Tax Residency Jurisdiction Declaration (Page 45).

This reform concerns exclusively the exchange of information for tax purposes regarding successful applicants to the citizenship scheme. Therefore, this reform does not concern the establishment, the operation or the conditions to benefit from that scheme. The Commission's assessment on satisfactory fulfilment of this milestone is without prejudice to the Commission's claim that the scheme is not in line with Union law, as presented in the action brought before the Court of Justice on 21 March 2023.

Commission Preliminary Assessment: Satisfactorily fulfilled