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# Shared priorities of EU and Malta: Recovery and Resilience Plan, European Semester & *RePowerEU*

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# European Semester 2022-2023

# Annual Sustainable Growth Survey 2023: competitive sustainability

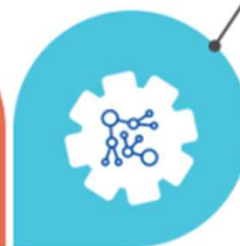
## Fairness

- In the **short term**, steep increases in energy prices and inflation imply significant negative impacts on the purchasing power of households and on the activity of European companies, with possible negative effects on the labour market.
- **Medium term**: training, skills, and effective labour market policies remain key to supporting workers and promoting job transitions, also in light of the green/digital transition.



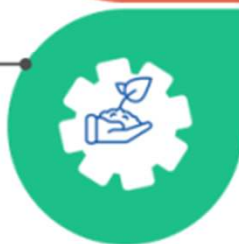
## Productivity

- In the **short run**, supply chain disruptions increase the vulnerability of viable EU firms. Further challenges include cushioning the impact of high energy prices on the most affected firms, while preserving the level-playing field and integrity of the single market.
- A properly functioning single market is key in the **medium term** to boosting productivity and growth to avoid volatility in prices, including investments in skills, digitisation and R&I.



## Environmental sustainability

- Challenges in the **short term** related to rising energy costs for vulnerable households and businesses, while preserving the market incentives for reducing energy demand, accelerating the rollout of renewable energy and not undermining the level playing field.
- **Medium-term** challenges related to the objectives of the European Green Deal, Fit for 55 and transition to a circular economy. This includes accelerating transition to clean energy sources and better functioning of energy markets.



## Macroeconomic stability

- In the **short term** challenges include safeguarding long-term fiscal sustainability while maintaining investment to support the twin transition and strengthen resilience and standing ready to react swiftly to evolving conditions, taking into account country-specific fiscal space. Maintaining the credit channels to the economy and ensuring macro-financial stability. Inflationary pressures pose an additional challenge.
- **Medium-term** challenges relate to ensuring fiscal sustainability, while prioritising investment to support the twin transition and to boost economic and social resilience.



# Annual Sustainable Growth Survey 2023: competitive sustainability

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The Commission calls on all Member States to **engage actively with social partners**, local and regional authorities and other stakeholders, in particular representatives of civil society organisations, through **regular exchanges**. They should draw on the successful application of the **partnership principle** in cohesion policy programming and implementation. This helps to **jointly identify challenges, improve policy solutions, and ensures broader ownership** of the economic and social policy agenda. The Commission will make use of the existing forums under the European Semester to inform and involve social partners also on RRF implementation.

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# Country-specific recommendations for Malta: 2022-2023

**1. Prudent fiscal policy, investment in green and digital priorities**

**2. Implementation of RRF and Cohesion Policy funds**

**3. Tax reforms** (corporate tax rules, non-domiciled companies)

**4. Green transition**  
(renewables, incl. off-shore, grid, energy efficiency, traffic congestion)

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# Recovery and Resilience Plan

# Recovery and Resilience Facility

up to EUR 672.5 bn

Grants

up to EUR 312.5 bn

Loans

up to EUR 360 bn

27  
Plans

## Reforms and Investments

- Lasting impact
- Addressing country-specific recommendations
- Reforms and investments

min. 37% Green

min. 20% Digital

for all:  
do-no-significant  
-harm principle

# Malta's Recovery and Resilience Plan



**6** components



**47** measures  
**30** reforms and  
**17** investments



**138** Milestones  
& Targets



**€259** million in  
grants



# Content of Malta's RRP



Addressing **climate neutrality** through enhanced energy efficiency, clean energy and a circular economy



Addressing carbon neutrality by **decarbonising transport**



Fostering a **digital**, smart and resilient economy



Strengthening the resilience of the **health** system



Enhancing **quality education** and fostering socio-economic sustainability



Strengthening the **institutional framework**

# Progress of implementation



**Adopted** by the Council of the EU on **5 October 2021**



Pre-payment of **€41 million** transferred to Malta on **17 December 2021**



**Operational Arrangements** signed on **30 September 2022**



First payment request of **€60 million expected** by end-2022  
(implementation of first 19 milestones)



New **RePowerEU** chapter to be included to fast-track the energy transition (investments + reforms)

# Green transition

54% of plan allocated to **climate** objectives

54%



## Key investments

- Energy renovations of private and public buildings (€58.5m)
- Purchase of fully electric buses for public transport (€34m)

## Key reforms

- Better construction and demolition waste management
- Car free spaces in urban areas and free public transport to selected cohorts of the population

## DNSH

*No measure in the plan harms environmental objectives*

# Digital transition

26% of plan allocated to **digital** objectives

26%

## Key investments in public and private sectors

- Digitalisation of public administration and public services (€34m)
- Digitalisation of the Merchant Shipping Directorate for more efficient regulatory services (€6m)
- Support of digital transformation of Maltese enterprises (€15m)

## Key reforms

- Implementation of the digital strategy, with a focus on reducing the digital divide and promoting digital skills
- Implementation of the smart specialisation strategy, with a focus on Research and Innovation

## Sector-specific investments

- Digitalisation of workflows in healthcare (€15m)
- Digital solutions and tools so support users of the justice system (€10m)

# Resilience

## Education & skills

- Early school leaving prevention measures
- Upskilling and reskilling opportunities and guidance for all adults
- Quality inclusive education



## Labour market & Social

- Implementation of the Employment Strategy regarding (i) older workers; (ii) low skilled adults; and (iii) the gender employment gap



## Health

- Integration of foreign health workers
- Establishing a Blood, Tissue and Cell Centre
- Introducing digital technologies

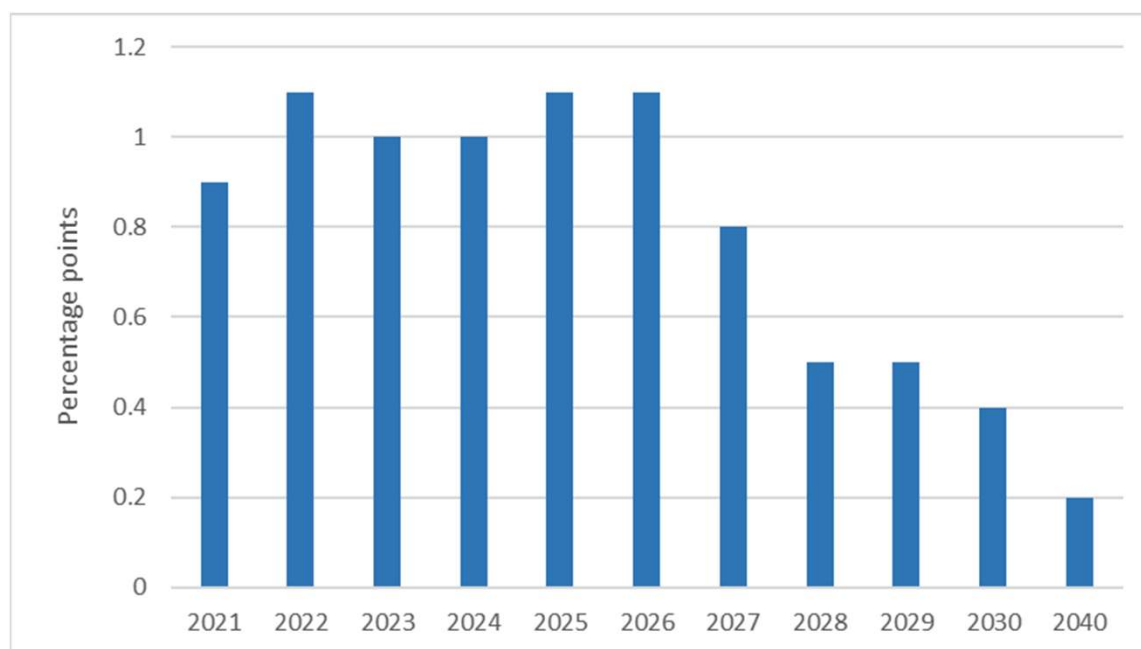


## Economic

- Strengthening of the justice system
- Reinforcement of the anti-money laundering framework
- Increased efforts to fight aggressive tax planning



# RRP's impact on Malta's GDP level



- An expected increase of GDP of 1.1% by 2026;
- Cross border (GDP) spill-overs account for a majority of the GDP impact, showing the value added of synchronised expenditure across Member States;
- The plan offers an additional lever for a more qualitative growth process and a more resilient, long-term oriented economy.

*Note: this stylised scenario does not include the possible positive impact of structural reforms*  
 Source: Commission calculations

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# RePowerEU: towards green energy

# REPowerEU and Recovery and Resilience Plans

## Diversify energy imports

- Setting up of EU's Energy Purchase Platform;
- Joint and coordinated purchases on behalf of participating Member States

## Accelerate permitting

- Measures to accelerate and simplify permitting procedures

**Addendum to  
top-up existing  
RRPs with  
the REPowerEU  
chapter**

## Speed up green transition

- Measures to boost renewables;
- Up- and re-skilling of workforce needed for green transition

## Save energy

- Measures on energy saving for transport, industry and private households

**REPowerEU package:**  
Joint European action for more  
affordable, secure and sustainable energy





# The REPowerEU plan - objectives



**1<sup>st</sup> Pillar:**  
Diversify gas supplies  
away from Russia



**2<sup>nd</sup> pillar:**  
Reduce further the  
Union's dependence on  
fossil fuels

- **Phase-out the EU's dependence on fossil fuels** from Russia well **before 2030** and increase resilience of the EU-wide energy system based on 2 pillars:

## 1) Gas supply measures:

- Higher LNG imports and pipeline imports from non-Russian suppliers;
- Increase levels of sustainable biomethane and renewable or fossil-free hydrogen;

## 2) Measures to **reduce fossil fuel dependence** at the level of households, industry, and power systems:

- Boosting energy efficiency gains;
- Increasing the share of renewable energy sources;
- Addressing infrastructure bottlenecks;

# Content of the REPowerEU Chapter

All measures addressing the **REPowerEU objectives**, such as:



- **improving energy infrastructure** and facilities to meet **immediate security of supply needs** for oil and gas, notably to enable diversification of supply in the interest of the Union as a whole;



- boosting **energy efficiency** in buildings, **decarbonising industry**, increasing production and uptake of **sustainable bio-methane** and **renewable or fossil-free hydrogen** and increasing the share of **renewable energy**,



- addressing internal and cross-border energy **transmission bottlenecks** and supporting **zero emission transport** and its **infrastructure**, including railways,



- an accelerated **requalification of the workforce** towards green skills, as well as support of the **value chains** in key materials and technologies linked to the green transition.

# RePowerEU and Malta: work in progress



- Allocation to reach around **€30 million** (according to current estimates)



- Malta is interested to invest into improving **electricity grid infrastructure and ease permitting for renewable energy projects**
- Other possible reforms to be negotiated – **your ideas welcome!**

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**Thank you**