



## Financial Execution

Rural Development Programme 2014-2020

Fifth Meeting of the  
Monitoring Committee

17<sup>th</sup> May 2019



**Rural Development Programme for Malta 2014-2020**

Project part financed by the European Union  
Co-financing Rate:  
75% European Union; 25% Government of Malta



*The European Agricultural Fund for Rural Development:  
Europe investing in rural areas*



Malta's Rural Development Programme for the period 2014 to 2020 was approved by the European Commission on 26 November 2015.

The total approved allocation of EU funds for the programme amounts to € 97,326,898. This amounts to 75% of the value of the whole programme. Malta must contribute the other 25% that will amount to €32,442,299.

In total, the value of Malta's Rural Development Programme is €129,769,197.



The Rural Development Programme includes 13 measures, that are then subdivided into 39 sub-measures, under which Malta may benefit from EU financing.

The measure with the highest budget of €56.6 million is Measure 4 – Investment in physical assets.

The measure with the least budget is Measure 11 – Organic farming – with only €150,000.

The allocation for Measure 4 was increased through a modification that was approved by the European Commission in December 2018.



As specified in Article 35 (1) of Regulation (EU) No. 1306/2013, the Commission issued pre-financing payments to Malta in three instalments to be paid for 2014, 2015 and for 2016.

The pre-financing was paid, for each of the three years, at the rate of 1% of the total allocation approved for Malta under its Rural Development Programme for 2014-2020 programming period.

By January 2016, Malta had received a total of €2,919,806.94.

Malta will eventually have to declare expenditure equivalent to the amount of pre-financing it has received before the rural development programme is closed in 2023.



Malta issued its first payments under its rural development programme during May 2016. By the end of March 2019 the below amounts have been declared to the European Commission:

Measure	Amount Declared €
M04 - Investments in physical assets	14,820,545
M06 - Farm and business development	1,050,000
M10 - Agri-environment-climate	1,623,397
M11 - Organic farming	1,768
M13 - Payments to areas facing natural or other specific constraints	4,926,524
M19 - Support for LEADER local development	600,406
M20 - Technical assistance	837,780
<b>Total</b>	<b>23,860,420</b>

Malta has used 24.5% of the funds allocated under its programme. When adding the pre-financing that Malta received by 2016, the consumption rate rises to 27.5%.



Malta submitted a forecast of expenditure amounting to almost €18.7 million for 2019.

The expenditure declared for Quarter 1 of 2019 is equivalent to 10.63% of the forecast. In view of the lack of expenditure during the first quarter, forecasts for quarter 3 and 4 of 2019 will be revised later on this year to compensate for the shortfall. Though the expenditure during the current quarter is rather low, it is envisaged that Malta will issue payments as has been estimated.

Quarter	Amount Forecasted €
01 - 2019	5,840,625
02 - 2019	3,344,625
03 - 2019	3,462,375
04 - 2019	6,012,931
<b>Total</b>	<b>18,660,556</b>



Article 38 of Regulation (EU) No. 1306/2013 empowers the Commission to automatically decommit funds that have not been used by 31<sup>st</sup> December of the third year following the year of the budget commitment (the N+3 rule).

Malta succeeded in declaring expenditure in excess of the allocation for its first commitment year (2015). Hence, no decommitment of funds was effected by the EC.

Malta must again strive to disburse the funds allocated for its second commitment year (2016) which amounts to €20,878,690. This amount will have to be issued in payments by 31 December 2019 and eventually declared to the EC.



Below is the current situation in respect of the allocation for commitment year 2016:

		€	EAFRD Contribution €
Commitment year (N)	2016		
EAFRD Allocation			20,878,690
<u>Less:</u>			
Performance Reserve	(Commitment year 2016)		1,252,721
Expenditure (Declared)	during 2018	6,508,560	
	Q1 – 2019	620,865	
Current Expenditure	Q2 - 2019	222,931	
Total expenditure			7,352,356
Balance due to be paid by end of N+3 (31 December 2019)			<b>12,273,613</b>



The next commitment year 2017 has an allocation of €13,914,927.

This amount must be paid by the end of 2020.



**Thank you for your attention**



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