

OPERATIONAL PROGRAMME UNDER THE 'INVESTMENT FOR GROWTH AND JOBS' GOAL

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Title	Stimulating private sector investment for economic growth
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Last year	2020
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NUTS regions covered by the operational programme	MT - MALTA

1. STRATEGY FOR THE OPERATIONAL PROGRAMME'S CONTRIBUTION TO THE UNION STRATEGY FOR SMART, SUSTAINABLE AND INCLUSIVE GROWTH AND THE ACHIEVEMENT OF ECONOMIC, SOCIAL AND TERRITORIAL COHESION

1.1 Strategy for the operational programme's contribution to the Union strategy for smart, sustainable and inclusive growth and to the achievement of economic, social and territorial cohesion

1.1.2 A justification for the choice of thematic objectives and corresponding investment priorities having regard to the partnership agreement, based on an identification of regional and, where appropriate, national needs including the need to address the challenges identified in relevant country-specific recommendations adopted in accordance with Article 121(2) TFEU and the relevant Council recommendations adopted in accordance with Article 148(4) TFEU, taking into account the ex-ante evaluation.

Table 1: Justification for the selection of thematic objectives and investment priorities

Selected thematic objective	Selected investment priority	Justification for selection
03 - Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)	3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	Stimulate private sector investment for the development, growth and diversification of SMEs.

2. PRIORITY AXES

2.A DESCRIPTION OF THE PRIORITY AXES OTHER THAN TECHNICAL ASSISTANCE

2.A.1 Priority axis

ID of the priority axis	1
Title of the priority axis	Enhancing the competitiveness of SMEs in Malta

- The entire priority axis will be implemented solely through financial instruments
- The entire priority axis will be implemented solely through financial instruments set up at Union level
- The entire priority axis will be implemented through community-led local development
- For the ESF: The entire priority axis is dedicated to social innovation or to transnational cooperation, or both

2.A.2 Justification for the establishment of a priority axis covering more than one category of region, thematic objective or fund (where applicable)

This OP aims to further develop SMEs by facilitating, and maximising, the synergies between existing SMEs support programmes at both national and EU level and will facilitate SME access to finance, by providing guarantees through a joint instrument blending Horizon 2020 and ERDF resources, in cooperation with EIB/EIF and with the aim of generating additional lending to SMEs.

Malta is opting for Article 39(2)(a) to provide capital relief to financial intermediaries for new portfolios of debt finance to eligible SMEs. This financial contribution shall contribute to junior and/or mezzanine tranches of portfolios, provided that the relevant financial intermediary retains a sufficient part of

the risk of the portfolios which is at least equal to the risk retention requirement set out in Directive 2013/36/EU of the European Parliament and of the Council in Regulation (EU) No 575/2013.

The basis of this OP is the *ex-ante* assessment undertaken by the EC, which concluded that the value added of the SME Initiative is its potential to enhance EU policy objectives and consistency. In fact, this Initiative can significantly contribute towards enhancing access to finance of SMEs, and achievement of the EU 2020 objectives, as well as towards addressing market fragmentation. The SME Initiative, being a crisis instrument, is deemed to be the ideal instrument to assist, by way of newly introduced flexibility, through the CRII and CRII+, SMEs in Malta who have been the most adversely affected by the COVID-19 pandemic, also by means of working capital support.

The findings of the *ex-ante* assessment were re-confirmed during the consultation process undertaken with respect to the SME Initiative where partners confirmed the need of such instruments.

In 2011, Malta invested €10m from the ERDF to create a First Loss Portfolio Guarantee instrument that caters for loans ranging from €25,000 to €500,000 under JEREMIE. Due to the success of this initiative and the substantial leverage effect on the economy, in 2013 Government allocated an additional €2m to this instrument. To date more than 600 SMEs were assisted with over 700 loans granted and €62million sanctioned.

One of the main challenges faced by SMEs in Malta is the inability to raise enough capital to support their business venture because of limited access to financial instruments; collateral requirements and price of debt; and capital markets which are not economically viable for small ventures. The COVID-19 pandemic, and the resulting economic standstill for key sectors within the Maltese economy, has also exacerbated the existing restrictions to access to finance, in that banking services have become even more restrictive, while the burden of working capital has increased substantially as a result of plummeting earnings and wiped out savings. In this respect, Government will provide renewed impetus towards appropriate financial instruments in support of entrepreneurship, internationalisation of SMEs and start-ups covering various sectors of the Maltese economic landscape, including the tourism sector, which was amongst the most badly hit sectors by the pandemic, and others.

This Programme will also contribute towards the Union strategy for smart, sustainable and inclusive growth, particularly to Smart Growth through TO3. Given the flexibility in terms of the sectors supported, it is envisaged that the Programme will also contribute towards TO1, 2 and 4 as well as the CSRs and EU2020 targets.

2.A.3 Fund, category of region and calculation basis for Union support

Fund	Category of region	Calculation basis (total eligible expenditure or eligible public expenditure)
ERDF	Transition	Error! Reference source not found.

2.A.4 Investment priority

ID of the investment priority	3d
Title of the investment priority	Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes

2.A.5 Specific objectives corresponding to the investment priority and expected results

ID of the specific objective	1
Title of the specific objective	Facilitating access to finance for SMEs through the implementation of an uncapped guarantee instrument.

<p>Results that the Member States seek to achieve with Union support</p>	<p>Over the past decade, the economy has witnessed a considerable shift in the contribution of SMEs to the overall national exports. In this regard, in 2011, SMEs were accountable for 52.3% of exports generated by the economy[1] and the contribution of SMEs towards the generation of gross value added (GVA) in 2012 was more significant than the average recorded in the EU-27 for the same year[2].</p> <p>Due to the nature of the industrial fabric and the size of operations in Malta, micro enterprises play a crucial role in the growth of the economy as an important source of employment. In fact, the share of micro enterprises in total employment accounts for 34.7%, well above the 29.1% registered at EU-28 level[3].</p> <p>As indicated in the preliminary findings of the <i>ex ante</i> assessment on the use of financial instruments, micro-enterprises face the main difficulties in accessing finance due to their lack of collateral, credit history and technical expertise[4]. Within this context, and taking into account the major impact that micro enterprises have on the economy, further focus to enable the development of SMEs and micro-enterprises, is deemed necessary during the 2014-2020 period. As a result of the significant economic downturn faced by Maltese SMEs due to the COVID-19 pandemic, it is expected that commercial banks would require more security, in the form of guarantees, to be in a position to assist start-ups and micro-enterprises that will continue to require capital for any potential investment. Moreover, it is also expected that some assistance in the form of repayable loans, to cover the escalating costs of working capital, will be made available through this Financial Instrument. It should be noted that the financial indicator target related to this COVID-measure has been set on the basis of reasonable assumptions based on the best assessment of the information available and are subject to changes.</p> <p>In line with Cohesion Policy objectives to reduce disparities between the levels of development of the EU's various regions by promoting economic growth, job creation and competitiveness[5], this OP will contribute towards the achievement of these goals by allocating part of its ERDF contribution to the SME Initiative.</p> <p>Loan guarantee instruments will enable easier access to finance to the players of the economy and pave the way for economic recovery, prosperity, environmental sustainability and social development. The aims of the activities financed under the OP and the</p>
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expected results are increased access to finance; increase in SME survival rates, increase in entrepreneurship and investment; increased/maintained employment; and increase/improvement in the business infrastructure.

[1] Eurostat, 2011, (<http://epp.eurostat.ec.europa.eu/newxtweb/mainxtnet.do>)

[2] EC, Enterprise & Industry, SBA Factsheet 2012, Malta.

[3] EC, Enterprise and Industry, Small Business Act (SBA) Fact Sheet 2014, Malta (http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2014/malta_en.pdf), accessed on 17 October 2014.

[4] EIB, SME Access to Finance, Market Assessment for Malta (Draft Report).

[5] Council of the European Union, Press Release 17826/13. Available online: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/genaff/140106.pdf.

Table 3: Programme-specific result indicators, by specific objective (for the ERDF and the Cohesion Fund)

Specific objective		1 - Facilitating access to finance for SMEs through the implementation of an uncapped guarantee instrument.						
ID	Indicator	Measurement unit	Category of region (where relevant)	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
1	% of unsuccessful enterprises in obtaining loan finance	%	Transition	8.70	2010	7.50	Access to Finance 2007-2010, NSO Release No 155/211, dated 12th August 2011	NSO updates.
2	Value Added	Millions	Transition	2,415.00	2013	4,664.00	National Statistics Office	NSO updates

2.A.6 Action to be supported under the investment priority (by investment priority)

2.A.6.5 Output indicators by investment priority and, where appropriate by category of region

Table 5: Common and programme-specific output indicators (by investment priority, broken down by category of region for the ESF, and where relevant, for the ERDF)

Investment priority		3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes							
ID	Indicator	Measurement unit	Fund	Category of region (where relevant)	Target value (2023)			Source of data	Frequency of reporting
					M	W	T		
1	ERDF amount committed to cover the New Debt Finance portfolio to be built up by the selected Financial Intermediary	EUr	ERDF	Transition			29,000,000.00	Monitoring Reports provided by the EIF in accordance with the Funding Agreement	Bi-annual or annual Reports as agreed in the Funding Agreement
2	Total amount of underlying New Debt Finance originated by the Financial Intermediary	EUR	ERDF	Transition			116,000,000.00	Monitoring Reports provided by the EIF in accordance with the Funding Agreement	Bi-annual or annual Reports as agreed in the Funding Agreement
4	Expected Leverage	x times the ERDF contribution	ERDF	Transition			4.00	Monitoring Reports provided by the EIF in accordance with the Funding Agreement	Bi-annual or annual Reports as agreed in the Funding Agreement
CV21	Financial Instrument support to SMEs for working capital	EUR	ERDF	Transition			3,200,000.00	Monitoring Reports provided by the EIF in accordance with the Funding Agreement	Bi-annual or annual Reports as agreed in the Funding Agreement
CV23	Number of SMEs with repayable working capital	Enterprises	ERDF	Transition			110.00	Monitoring Reports provided by the EIF in accordance with the Funding Agreement	Bi-annual or annual Reports as agreed in the Funding Agreement

Investment priority		3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes							
ID	Indicator	Measurement unit	Fund	Category of region (where relevant)	Target value (2023)			Source of data	Frequency of reporting
					M	W	T		
CO01	Productive investment: Number of enterprises receiving support	Enterprises	ERDF	Transition			885.00	Monitoring Reports provided by the EIF in accordance with the Funding Agreement	Bi-annual or annual Reports as agreed in the Funding Agreement
CO03	Productive investment: Number of enterprises receiving financial support other than grants	Enterprises	ERDF	Transition			885.00	Monitoring Reports provided by the EIF in accordance with the Funding Agreement	Bi-annual or annual Reports as agreed in the Funding Agreement

3. FINANCING PLAN

3.1 Financial appropriation from each fund and amounts for performance reserve

Table 17

Fund	Category of region	2014 Main allocation	2015 Main allocation	2016 Main allocation	2017 Main allocation	2018 Main allocation	2019 Main allocation	2020 Main allocation	Total Main allocation
ERDF	Transition	1,000,000.00	14,000,000.00	0.00	0.00	0.00	7,000,000.00	7,000,000.00	29,000,000.00
Total		1,000,000.00	14,000,000.00	0.00	0.00	0.00	7,000,000.00	7,000,000.00	29,000,000.00

3.2 Total financial appropriation by fund and national co-financing (€)

Table 18a: Financing plan

Priority axis	Fund	Category of region	Basis for calculation of Union support (Total eligible cost or public eligible cost)	Union support (a)	National counterpart (b) = (c) + (d)	Indicative breakdown of national counterpart		Total funding (e) = (a) + (b)	Co-financing rate (f) = (a) / (e) (2)	100% CO-FINANCING RATE FOR ACCOUNTING YEAR 2020-2021 (3)	EIB contributions (g)
						National public funding (c)	National private funding (d) (1)				
1	ERDF	Transition	Error! Reference source not found.	29,000,000.00	0.00	0.00	0.00	29,000,000.00	100.000000000000%		
Total	ERDF	Transition		29,000,000.00	0.00	0.00	0.00	29,000,000.00	100.000000000000%		
Grand total				29,000,000.00	0.00	0.00	0.00	29,000,000.00	100.000000000000%		0.00

(1) To be completed only when priority axes are expressed in total costs.

(2) This rate may be rounded to the nearest whole number in the table. The precise rate used to reimburse payments is the ratio (f).

(3) By ticking the box the Member State requests to apply, pursuant to Article 25a(1) of Regulation (EU) No 1303/2013, a co-financing rate of 100% to expenditure declared in payment applications during the accounting year starting on 1 July 2020 and ending on 30 June 2021 for all /some of the priority axes of the operational programme.

7. AUTHORITIES AND BODIES RESPONSIBLE FOR MANAGEMENT, CONTROL AND AUDIT AND THE ROLE OF RELEVANT PARTNERS

7.1 Relevant authorities and bodies

Table 23: Relevant authorities and bodies

Authority/body	Name of authority/body and department or unit	Name of the person responsible for the authority/body (position or post)
Managing authority	Planning and Priorities Coordination Division (PPCD) - Ministry for Foreign and European Affairs	Director General
Certifying authority	Strategy & Implementation Division within the Ministry for European Affairs and Equality (MEAE)	Chief Coordinator (Certifying Authority)
Audit authority	Internal Audit and Investigations Department - Office of the Prime Minister	Director General
Body to which Commission will make payments	The Treasury - Ministry for Finance	Director General (Treasury)

7.2 Involvement of relevant partners

7.2.1 Actions taken to involve the relevant partners in the preparation of the operational programme, and the role of those partners in the implementation, monitoring and evaluation of the programme

Coordinating Structures and Key Stages in the Preparation of the Operational Programmes

The Authority responsible for coordinating the preparation of the Operational Programmes is the Office of the Permanent Secretary within the Ministry for Foreign and European Affairs.

The institutional framework required to implement the partnership and multi-level governance principle in respect of the 2014-2020 period was set up in April 2012. The framework, steered by the Office of the Permanent Secretary, consisted of an Inter-Ministerial Committee for Programming 2014-2020 (IMC) with representatives from line Ministries and supported by a number of Sectoral Sub-Committees (SSCs). The role of the IMC was to provide strategic input and guidance into the programming process.

Seven (7) SSCs were set up in November 2012 each tackling the main strategic areas set out in the thematic objectives listed under Article 9 of the CPR, chaired by the Permanent Secretary responsible for the respective policy area, and including a representative from relevant public sector organisations, socio-economic partners, civil society groups and NGOs with an interest in the particular policy area.

Meetings of the SSCs were held on a regular basis with a view to providing stakeholders with sufficient time for internal consultation and to provide consolidated feedback. This first phase of the consultation process was concluded in February 2013, following which each SSC put forward its recommendations that were also presented to the IMC.

The results of this assessment were finalised in June 2013 and presented to line Ministries. Following this inter-governmental consultation, the second phase of the consultation process was launched through a public consultation document on the Programming of EU Funds 2014-2020 in July 2013. This document set out the socio-economic analysis as well as the strategic direction covering also the funding priorities.

A Draft of the Partnership Agreement was finalised in October 2013 and submitted to the European Commission for informal feedback (received by December 2013). The Final Partnership Agreement was submitted to the European Commission formally in April 2014.

The work carried out for the drafting of the Partnership Agreement provided the basis for the work required for the drafting of the Operational Programmes (OP). For the OPs, an extensive intergovernmental consultation exercise (held in parallel with the drafting of the Partnership Agreement) was carried out whereby the input of line Ministries was sought in order to identify the priorities.

The envisaged actions for the 2014-2020 were finalised in May 2014 and launched for public consultation in May/June 2014.

Partners involved in the Consultation Process of the SME-Initiative

A number of economic players were involved in a study carried out by the European Investment Fund on behalf of the Maltese Government to assess the environment and demand for SME Access to Finance in Malta. Interviews were held with relevant stakeholders from the supply and demand sides of SME financing. An online survey was organised in order to collect quantitative and qualitative information from Maltese SMEs in all sectors and to provide insight on the current situation of SMEs in the country. The online survey addressed to SMEs was launched on 19th May 2014 and lasted about a month. EIF also approached the top three Banks in Malta as part of a dedicated market testing exercise which continues as part of the preparations for the launch of the instruments.

The partners involved in this exercise were, on the Supply side:

- Bank of Valletta plc (JEREMIE intermediary)
- Valletta Fund Management
- HSBC Malta plc
- Lombard Bank Malta plc
- APS Bank plc
- Fimbank
- Banif
- Middlesea Valletta
- SmartCity Malta.

On the Demand side, the partners who participated in this exercise were:

- Malta Chamber of Commerce, Enterprise and Industry
- Malta Chamber of Small and Medium Enterprises (GRTU)
- Gozo Business Chamber
- Malta Business Bureau.

Outcome of the Discussions with the Partners (local context)

The result of these discussions was a more detailed appreciation of the economic context in which the SME Initiative will be implemented, namely that of an economy that continues to recover from the decline observed in 2009, albeit at a more modest pace than that experienced in 2010.

The consultations also showed that Malta has not - as yet - been successful in closing the gap with more advanced EU Member States, mainly in view of structural bottlenecks that still need to be addressed and which continue to hinder its growth potential. Skills mismatches, a general wage indexation, a low participation rate of women and older people, together with the near-full dependency on imported oil, are all factors that have an impact on competitiveness and the general business environment in which SMEs are expected to function.

Nevertheless, Malta also provides an economic environment that encourages favourable industrial climates and pro-business policies that attract Foreign Direct Investment, whilst also maintaining a resilient banking sector with a capital base and bank liquidity that are equally strong. In fact, the World Economic Forum rated Malta's banking sector as the 12th soundest in the world, and placed Malta at number 15 for financial market development[1].

Nevertheless, even though the size of the local banking sector is noteworthy, only about one third of it deals with the domestic economy, resulting in a market gap that exists with respect to all forms of private sector financing. As a result, this market gap is consistent with the limitations resulting from the size of the market. Lending to SMEs, even though representing more than three-fourths of loans granted to all private Non-Financial Corporations resident in Malta, fails to adequately tackle this market gap, and has in fact declined in 2013 by 3.1%, following an increase of 5.6% in 2012. Furthermore, it is to be

noted that Malta's bank lending interest rates, at just about 5%, are amongst the highest rates within the European Union.

These interest rates are believed to be too high for SMEs which, in 2012, represented 99.9% of the total active companies in the country. Even more importantly, a staggering 97.2% of these are micro-enterprises (95.1% of total active companies). Geographically, the SME distribution by region shows that that 93% of the SMEs in the Maltese islands are concentrated in Malta, while the remaining 7% operate from Gozo.

The vast majority of enterprises in Malta employ very few people, and even more often operate as sole traders. Furthermore, one must also take into account Maltese family businesses, which make up 75% to 80% of the Maltese economy and are one of the major employment generators. Such businesses permeate all sectors of the economy and vary significantly in size and age, with the vast majority in their first generation being mainly micro or small enterprises[2]. Within this context, the SME initiative will also seek to address the needs of this specific target group.

The largest share of persons within the working population in Malta is employed by micro-enterprises as opposed to the EU-28 share, as shown in the table below. In this scenario, it is clear that the development of SMEs goes hand in hand with the development and growth of the Maltese economy. SMEs were accountable for 52.3% of exports generated by the Maltese economy, a considerable increase over 2009 figures where SMEs generated 32.6% of exports[3]. Moreover, the contribution of Maltese SMEs towards the generation of gross value added (GVA) at 64.5% in 2012 is more significant than the average recorded in the EU-27 which stood at 58.1% for the same year[4]. This clearly portrays the significant impact that micro and small enterprises have on the local economic scenario, thus spurring the need for further assistance to SMEs in Malta.

In spite of the above, credit facilities offered to SMEs still do not fully address their need. In fact, credit growth in Malta in general has slowed down since the financial crisis in 2008, almost approaching zero levels in 2013, in view of the extreme caution exercised by banks in the face of non-performing loans and other defaulters. Notwithstanding the fact that Maltese banks have fared well despite the economic downturn, they have still become more prudent in terms of their risk management, making some products less accessible to SMEs, especially to micro-enterprises. Furthermore, financial products targeting early stage financing or smaller size companies have always been scarce in Malta and in this respect, financial instruments such as the SME Initiative have a crucial role to play.

To date, a number of support schemes, aimed at providing aid and facilitating financing to SMEs, have already been implemented, with varying degrees of success. Some of these schemes were implemented under the EU Structural Funds, others were nationally funded, or were co-financed by various international institutions, such as the EIF or the EIB. Moreover, a loan guarantee facility was designed in 2011 and implemented during the 2007 – 2013 Programming Period and funded by the Operational Programme I *Investing in Competitiveness for a Better Quality of Life*, under Priority Axis 1. This facility was implemented under the JEREMIE initiative which was managed by the EIF and aimed at reducing the risks for banks and, as a result, at decreasing the cost of lending for SMEs. JEREMIE was extremely successful in Malta in that it targeted the existing, realistic needs of SMEs (especially micro-enterprises).

This initiative's unprecedented success demonstrates that the business community has understood that financial instruments are not only necessary to make investment possible but also contribute towards improving business productivity while creating a spill over effect within the economy. In this regard, Malta seeks to emulate and improve upon JEREMIE's success through the implementation of an uncapped guarantee instrument under the SME Initiative. Assistance will be granted through bank loans at a lower cost to SMEs in order to enhance the operations of SMEs together with their investment capabilities. SMEs will be encouraged to provide higher standards in their operations, foster entrepreneurship as well as enhance employment opportunities within the labour market.

Implementation and Management of the SME Initiative

It is to be noted that given that the SME initiative is managed centrally at Union level, the partners do not participate in its implementation and evaluation. Nevertheless, as part of the EIF's mandate to manage the Dedicated Window within the SME Initiative, an Investors' Board will be set up, ensuring the representation of the Managing Authority, the Holding Fund Manager(s), the European Investment Bank and the European Commission. The Investors' Board will meet on a regular basis at least twice a year. Decisions will be taken on a consensus basis and the board will have the responsibility *inter alia* for

- the approval of the Terms of Reference for the selection of the FIs and, where necessary any amendments or revisions thereto;
- the review of the calls for proposals submitted by the EIF prior to their publication;
- the review of the status of implementation of the SME initiative, including achievement of Milestones and pipeline for new Operations;

- the review and issuing opinions on strategic and policy issues;
- the guidance on eligibility criteria regarding new debt finance to SMEs related to the ERDF contribution to the Dedicated Window;
- the review of the annual reports of the programmes;
- the review of the terms of reference for evaluations and the actual reports;
- review of the proposals for adjustment of the programmes on the basis of the evidence emerged from the ex-post evaluation;

propose amendments to the Funding Agreement, if appropriate.

Complementarity with ESIF

The MA responsible of the implementation of this OP is also the MA for the ERDF/CF programme and the ESF programme. In this regard the MA will ensure that initiatives financed through the different OPs are complementary rather than overlapping initiatives. The ESF will finance training/mentoring activities whilst the ERDF may implement other financial instruments which complement the Guarantee instrument to be implemented through this OP.

Expected level of support

Under JEREMIE, the average value of each loan amounted to ca €80k and was granted for a period of around 8 years (consistently with the investment financing focus of the eligibility criteria, which do not include working capital that is usually financed on a shorter-term basis). In terms of the SME Initiative, it is being noticed that the average loan value has varied through the lifetime of the instrument as this is a reflection of the economic situation in Malta. Considering the current crisis it is expected that the average value of the loan will again change since the market need is very different that what was the case a few months ago. No minimum value for loans will be identified, while the maximum value will be determined by State Aid rules. It is also understood that should ESI funds be spent by means of contract/concessions, EU public procurement rules will be respected.

[1] Malta Financial Services Authority, Annual Report 2012.

[2] Malta Association for Family Enterprises: Family Businesses are important motors to the economy, June 2014 <http://www.mafe.org.mt/publications/family-businesses-are-important-motors-to-the-econ>

[3] Eurostat, 2011, with respect to the exports generated by the Maltese economy, for the period 2009 and 2011 (<http://epp.eurostat.ec.europa.eu/newxtweb/mainxtnet.do>).

[4] European Commission, Enterprise & Industry, SBA Factsheet 2012, Malta.

9. EX-ANTE CONDITIONALITIES

9.1 Ex-ante conditionalities

Information on the assessment of the applicability and the fulfilment of ex-ante conditionalities (optional).

N/A

Table 24: Applicable ex-ante conditionalities and assessment of their fulfilment

Ex-ante conditionality	Priority axes to which conditionality applies	Ex-ante conditionality fulfilled (Yes/No/Partially)
T.03.1 - Specific actions have been carried out to underpin the promotion of entrepreneurship taking into account the Small Business Act (SBA).	1 - Enhancing the competitiveness of SMEs in Malta	Partially
G.5 - The existence of arrangements for the effective application of Union State aid rules in the field of the ESI Funds.	1 - Enhancing the competitiveness of SMEs in Malta	Yes

Ex-ante conditionality	Criteria	Criteria fulfilled (Yes/No)	Reference	Explanations
T.03.1 - Specific actions have been carried out to underpin the promotion of entrepreneurship taking into account the Small Business Act (SBA).	1 - The specific actions are: measures have been put in place with the objective of reducing the time and cost involved in setting-up a business taking account of the targets of the SBA;	No	Refer to Annex A	Refer to Annex A
T.03.1 - Specific actions have been carried out to underpin the promotion of entrepreneurship taking into account the Small Business Act (SBA).	2 - The specific actions are: measures have been put in place with the objective of reducing the time needed to get licenses and permits to take up and perform the specific activity of an enterprise taking account of the targets of the SBA;	Yes	Refer to Annex A	Refer to Annex A
T.03.1 - Specific actions have been carried out to underpin the promotion of entrepreneurship taking into account the Small Business Act (SBA).	3 - The specific actions are: mechanism is in place to monitor the implementation of the measures of the SBA which have been put in place and assess the impact on SMEs.	No	Refer to Annex A	Refer to Annex A
G.5 - The existence of arrangements for the effective application of Union State aid rules in the field of the ESI Funds.	1 - Arrangements for the effective application of Union State aid rules.	Yes	Refer to Annex A.	Refer to Annex A
G.5 - The existence of arrangements for the effective application of Union State aid rules in the field of the ESI Funds.	2 - Arrangements for training and dissemination of information for staff involved in the implementation of the ESI funds.	Yes	Refer to Annex A	Refer to Annex A
G.5 - The existence of arrangements for the effective application of Union State aid rules in the field of the ESI Funds.	3 - Arrangements to ensure administrative capacity for implementation and application of Union State aid rules.	Yes	Refer to Annex A	Refer to Annex A

9.2 Description of actions to fulfil ex-ante conditionalities, responsible bodies and timetable

Table 25: Actions to fulfil applicable general ex-ante conditionalities

General ex-ante conditionality	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible
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Table 26: Actions to fulfil applicable thematic ex-ante conditionalities

Thematic ex-ante conditionality	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible
T.03.1 - Specific actions have been carried out to underpin the promotion of entrepreneurship taking into account the Small Business Act (SBA).	1 - The specific actions are: measures have been put in place with the objective of reducing the time and cost involved in setting-up a business taking account of the targets of the SBA;	In order to fulfil this ex-ante conditionality, the following action plan is being followed: Revision of fee structure for registration of companies, in line with the SBA targets	31-Dec-2015	Ministry for the Economy, Investment and Small Business
T.03.1 - Specific actions have been carried out to underpin the promotion of entrepreneurship taking into account the Small Business Act (SBA).	3 - The specific actions are: mechanism is in place to monitor the implementation of the measures of the SBA which have been put in place and assess the impact on SMEs.	Drafting of the Legal Notice that will bring in force the SME Test	31-Dec-2014	Ministry for the Economy, Investment and Small Business The Small Business Act Implementation Unit was set up in 2012 within the Enterprise Policy Directorate, Ministry for Enterprise, Investment and Business by virtue of the SBA (Cap. 512). Current work of the Unit with respect to the SBA Malta involves vetting of user guidelines and explanatory notes accompanied by new legislation that affects the business environment. The unit is also working to put in place the SME test and the two month stand still period.

Thematic ex-ante conditionality	Criteria not fulfilled	Actions to be taken	Deadline (date)	Bodies responsible
T.03.1 - Specific actions have been carried out to underpin the promotion of entrepreneurship taking into account the Small Business Act (SBA).	3 - The specific actions are: mechanism is in place to monitor the implementation of the measures of the SBA which have been put in place and assess the impact on SMEs.	Publication of a legal notice to update current legislation and bring into force the SME Test..	31-Mar-2015	<p>Ministry for the Economy, Investment and Small Business</p> <p>The Small Business Act Implementation Unit was set up in 2012 within the Enterprise Policy Directorate, Ministry for Enterprise, Investment and Business by virtue of the SBA (Cap. 512). Current work of the Unit with respect to the SBA Malta involves vetting of user guidelines and explanatory notes accompanied by new legislation that affects the business environment. The unit is also working to put in place the SME test and the two month stand still period.</p>
T.03.1 - Specific actions have been carried out to underpin the promotion of entrepreneurship taking into account the Small Business Act (SBA).	3 - The specific actions are: mechanism is in place to monitor the implementation of the measures of the SBA which have been put in place and assess the impact on SMEs.	Train and meet with entities and departments that legislate so as to go over the requirements and obligations of the SME Test;	31-Dec-2014	<p>Ministry for the Economy, Investment and Small Business</p> <p>The Small Business Act Implementation Unit was set up in 2012 within the Enterprise Policy Directorate, Ministry for Enterprise, Investment and Business by virtue of the SBA (Cap. 512). Current work of the Unit with respect to the SBA Malta involves vetting of user guidelines and explanatory notes accompanied by new legislation that affects the business environment. The unit is also working to put in place the SME test and the two month stand still period.</p>

DOCUMENTS

Document title	Document type	Document date	Local reference	Commission reference	Files	Sent date	Sent By
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Submitted annexes by the Commission implementing regulation laying down the model of the programme

Document title	Document type	Programme version	Document date	Local reference	Commission reference	Files	Sent date	Sent By
Ex Ante Evaluation	Report of the ex-ante evaluation	1.0	06-Sep-2014		Ares(2014)2919710	Document	06-Sep-2014	nvassajn
Programme Snapshot of data before send 2014MT16RFSM001 3.0	Snapshot of data before send	3.0	23-Nov-2020		Ares(2020)7026714	Programme Snapshot of data before send 2014MT16RFSM001 3.0 mt	23-Nov-2020	nvassajn

LATEST VALIDATION RESULTS

Severity	Code	Message
Info		Programme version has been validated.
Warning	2.19.3	The sum of the annual EU Support per category of region "Transition" and per year "2020", must be smaller or equal than the corresponding annual EU Support specified in the Financial Perspectives: "87,016,528.00", "74,266,528.00".