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Delegations will find attached document COM(2023) 372 final.

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2023/0215 (NLE)

Proposal for a

COUNCIL IMPLEMENTING DECISION

amending Council Implementing Decision (EU) (ST 11941/2021; ST 11941/2021 ADD 1) of 5 October 2021 on the approval of the assessment of the recovery and resilience plan for Malta

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2023/0215 (NLE)

Proposal for a

COUNCIL IMPLEMENTING DECISION

amending Council Implementing Decision (EU) (ST 11941/2021; ST 11941/2021 ADD 1) of 5 October 2021 on the approval of the assessment of the recovery and resilience plan for Malta

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility[1], and in particular Article 20(1) thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) Following the submission of the national recovery and resilience plan ('RRP') by Malta on 13 July 2021, the Commission has proposed its positive assessment to the Council. The Council approved the positive assessment by means of the Council Implementing Decision of 5 October 2021[2].

(2) Pursuant to Article 11(2) of Regulation (EU) 2021/241, the maximum financial contribution for non-repayable financial support of each Member State should be updated by 30 June 2022 in accordance with the methodology provided therein. On 30 June 2022, the Commission presented the results of that update to the European Parliament and the Council.

(3) On 26 April 2023, Malta submitted a modified national RRP, including a REPowerEU chapter in accordance with Article 21c of Regulation (EU) 2021/241, to the Commission.

(4) The modified RRP also takes into account the updated maximum financial contribution in accordance with Article 18(2) of Regulation (EU) 2021/241 and includes a reasoned request to the Commission to propose to the Council to amend the Council Implementing Decision in accordance with Article 21(1) of Regulation (EU) 2021/241 considering the RRP to be partially no longer achievable due to objective circumstances. The modifications to the RRP submitted by Malta concern six measures.

(5) On 12 July 2022, the Council addressed recommendations to Malta in the context of the European Semester. In particular, the Council recommended Malta to ensure that

[1] OJ L 57, 18.2.2021, p. 17.

[2] ST 11941/2021; ST 11941/2021 ADD 1, not yet published.

the growth of nationally-financed current expenditure is in line with an overall neutral policy stance, taking into account continued temporary and targeted support to households and firms most vulnerable to energy price hikes and to people fleeing Ukraine. In this regard, the country needed to stand ready to adjust current spending to the evolving situation and expand public investment for the green and digital transition and for energy security (CSR 1, 2022). The Council also recommended that Malta proceeds with the implementation of its RRP, in line with the milestones and targets included in the Council Implementing Decision of 5 October 2021 (CSR 2, 2022). Furthermore, the Council recommended Malta to take action to effectively address features of the tax system that may facilitate aggressive tax planning by individuals and multinationals and amending the rules for non-domiciled companies (CSR 3, 2022). The Council also recommended Malta to reduce overall reliance on fossil fuels by accelerating the deployment of renewables, promoting and enabling investments in wind and solar energy, including in floating offshore energy, further upgrading Malta's electricity transmission and distribution grids, and creating incentives for electricity storage to supply firm, flexible and fast-responding energy. The Council called on Malta to reduce energy demand through improved energy efficiency, particularly in residential buildings, and reduce emissions from road transport by addressing traffic congestion through improved service quality in public transport, intelligent transport systems and investing in soft mobility infrastructure (CSR 4, 2022). Having assessed progress in the implementation of the relevant country-specific recommendations at the time of submission of the modified national RRP, the Commission finds that limited progress has been achieved with respect to the recommendation on aggressive tax planning and the recommendation to reduce overall reliance on fossil fuels, accelerate the deployment of renewables, improve energy efficiency and reducing emissions from road transport.

(6) The submission of the modified RRP followed a consultation process, conducted in accordance with the national legal framework, involving local and regional authorities, social partners, civil society organisations, youth organisations and other relevant stakeholders. The summary of the consultations was submitted together with the modified national RRP. Pursuant to Article 19 of Regulation (EU) 2021/241, the Commission assessed the relevance, effectiveness, efficiency and coherence of the modified RRP, in accordance with the assessment guidelines set out in Annex V to that Regulation.

Updates based on Article 18(2) of Regulation 2021/241

(7) The modified RRP submitted by Malta updates four measures to take into account the updated maximum financial contribution. Malta has explained that because the maximum financial contribution for Malta decreased from EUR 316 403 497 [3] to EUR 258 275 901[4], it is no longer possible to finance all the measures of the original Maltese RRP. Malta has explained that certain measures should be removed due to the decrease in the allocation.

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[3] This amount corresponds to the financial allocation after deduction of the Malta's proportional share of the expenses of Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology of Article 11 of that Regulation.

[4] This amount corresponds to the financial allocation after deduction of the Malta's proportional share of the expenses of Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology of Article 11 of that Regulation.

(8) The modified RRP no longer contains certain measures under component 2 (Decarbonising transport) and component 5 (Enhancing quality education and fostering socio-economic sustainability). This concerns measure C2-I1 (investment: New ferry landing place to promote alternative modes of transport at Buġibba, St Paul's Bay) to construct a new ferry landing place at Buġibba, St Paul's Bay, and measure C5-I1 (Setting up of a Centre for Vocational Education Excellence (ITS Campus)) to establish a Centre for Vocational Education Excellence by constructing a new Institute of Tourism Studies (ITS) campus including faculty, practice facilities and all supporting infrastructure. The description of these measures and their associated milestones and targets should therefore be removed from the Council Implementing Decision of 5 October 2021.

(9) Furthermore, the modified RRP submitted by Malta changes measures under component 1 (Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy) and component 4 (Health) to reflect the updated maximum financial contribution. Notably, it changes milestone 1.20 and target 1.21 of measure C1-I2 (investment: Investment in the renovation and retrofitting of public hospitals) under component 1 (Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy) to decrease the level of required implementation and to extend the timeline compared to the original plan, and removes milestones 4.15 and 4.16 of measure C4-I2 (investment: Enhancing the resilience of the health system through digitalisation and new technologies) under component 4 (Health) to reflect the decreased allocation.

Amendments based on Article 21 of Regulation 2021/241

(10) The amendments to the RRP submitted by Malta because of objective circumstances concern two measures.

(11) Malta has explained that two measures are no longer achievable in full within the timeline indicated in the original RRP. As regards the milestone with sequential number 1.18 of measure C1 I1 (investment: Investment into the renovation and greening of public and private sector buildings, including through retrofitting through energy and resource efficiency measures) under component 1 (Addressing climate neutrality through enhanced energy efficiency, clean energy and circular economy) this is because of the failure of the first procurement procedure, which has resulted in the need to modify the conditions of the call and launch a new procedure. Target with sequential number 2.17 of measure C2-I2 (investment: Enhancing the uptake of electric vehicles in the private sector) under component 2 (Decarbonising transport), is no longer achievable in full within the timeline indicated in the original RRP because the uptake of electric vehicles in the private sector has experienced delays mainly due to supply chains issues, including the availability of electric vehicles and delayed delivery timelines. On this basis, Malta has requested to extend the implementation timeline of the aforementioned milestone and target, to introduce an intermediate target with sequential number 2.16a regarding measure C2-I2 under component 2 (Decarbonising transport) and to modify the baseline of the target with sequential number 2.17 accordingly. The Council Implementing Decision should be amended accordingly.

(12) The Commission considers that the reasons put forward by Malta justify the update pursuant to Article 18(2) of Regulation (EU) 2021/241 and the amendment pursuant to Article 21(2) of that Regulation.

Corrections of clerical errors

(13) 31 clerical errors have been identified in the text of the Council Implementing Decision, affecting 9 milestones/targets and 22 measures. The Council Implementing Decision should be amended to correct those clerical errors that do not reflect the content of the RRP submitted to the Commission on 13 July 2021, as agreed between the Commission and Malta. Those clerical errors relate to measure C1.R1 (Develop a long-term renovation strategy), measure C1.R2 (Fostering effective waste management through a robust waste governance framework including reforming the waste collection system) including milestone 1.12, measure C1-I1 (Investment in the renovation and greening of public and private sector buildings, including milestone 1.14, measure C1-I2 (Investment in the renovation and retrofitting of public hospitals) including milestone 1.20, measure C1-I3 (Investment in the renovation, retrofitting and renewable energy in public schools), and measure C1-I5 (Renewable energy investments in roads and public spaces) under Component 1 (Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy); measure C2-R2 (Promoting further use of collective road public transport), measure C2-R5 (Promoting remote working in the public service), measure C2-R6 (Enhanced mobility management in the public service), and measure C2-I3 (Decarbonising the public service fleet) including target 2.19, under Component 2 (Decarbonising transport); measure C3-R1 (Deepening the digital transformation through policy reform, with a focus on reducing the digital divide and promoting digital skills), measure C3-I1 (Strengthening the resilience, security and efficiency of the government digital backbone and investing in appropriate digital solutions, devices and tools), measure C3-I2 (Digitalisation of the Merchant Shipping Directorate within Transport Malta), measure C3-I3 (Further digitalisation and modernisation of the public administration) and measure C3-I4 (Rolling out measures to intensify the digitalisation of the private sector) under Component 3 (Digitalisation); measure C4-R1 (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) under Component 4 (Health); measure C5-R1 (Strengthen early school leaving prevention measures, with a focus on skills acquisition), measure C5-R2 (Strengthening skills development and recognition, with a particular focus on low-skilled adults), and measure C5-R4 (Implementing an effective education policy monitoring system) under Component 5 (Enhancing quality education and fostering socio-economic sustainability); target 6.7 and milestone 6.9 of measure C6-R2 (Entry into force of legislative changes deemed necessary by the independent review on the transfer of summary cases from the Police to the AG's Office), target 6.12 of measure C6-R3 (Reinforcing the institutional framework capacity to fight against corruption; Implementation of the National Anti-Fraud and Corruption Strategy (NAFCS), measure C6-R8 (Strengthening Malta's anti-money laundering/combating terrorists financing/targeted financial sanctions), measure C6-R10 (Specific Transfer Pricing Legislation), and measure C6-I1 (Digitalisation in the justice system) including milestone 6.38 under Component 6 (Strengthening the institutional framework). Those corrections do not affect the implementation of the measures concerned.

The REPowerEU chapter based on Article 21c of Regulation 2021/241

(14) The REPowerEU chapter includes one new reform and one new investment. The reform aims to accelerate the permit-granting procedures for renewable energy projects and introduce the obligation to install rooftop solar panels on certain new buildings, thereby creating conditions for increasing the share of renewables in Malta's energy mix. The investment aims to strengthen and widen the electricity distribution network through investments in the grid, distribution services and battery

storage. The investment is expected to address internal electricity transmission distribution bottlenecks and facilitate the integration of renewable energy. In conjunction with other energy policy measures in Malta, such as energy subsidies, the REPowerEU chapter contributes to addressing energy poverty by lessening the dependence on imported fossil fuels by supporting indigenous energy sources and strengthening energy infrastructure.

(15) The Commission has assessed the modified RRP including the REPowerEU chapter against the assessment criteria laid down in Article 19(3) of Regulation 2021/241.

Balanced response contributing to the six pillars

(16) In accordance with Article 19(3), point (a), of and Annex V, criterion 2.1, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter represents to a large extent (Rating A) a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all of the six pillars referred to in Article 3 of that Regulation, taking into account the specific challenges faced by and the financial allocation for the Member State concerned.

(17) The initial RRP presented a comprehensive and adequately balanced response to the economic and social situation, thereby contributing to all six pillars referred to in Article 3 of the RRF Regulation, taking the specific challenges and the financial allocation of Malta into account.

(18) The Commission considers that the modification of the plan along with the REPowerEU chapter only impacts the assessment of the contribution of the RRP to the first pillar on the green transition. For the other pillars, the nature and extent of the proposed modifications to the RRP do not have an impact on the previous assessment of the plan representing to a large extent a comprehensive and adequately balanced response to the economic and social situation, and on its appropriate contribution to all six pillars referred to in Article 3 of Regulation (EU) 2021/241. Regarding the green transition pillar, Malta's modified RRP along with the REPowerEU chapter addresses green challenges, in particular under Component 1 (Addressing climate neutrality through enhanced energy efficiency, clean energy and a circular economy), Component 2 (Decarbonising transport) and the newly added Component 7 (REPowerEU chapter).

(19) The measures in the REPowerEU chapter contribute to the attainment of the 2030 climate target and the objective of EU climate neutrality by 2050 as they aim to incentivise the uptake of renewable energy. More precisely, under Component 7 Malta has planned measures that will facilitate the streamlining of renewable project permitting, introduce rooftop solar obligations for certain new buildings, upgrade and expand the electricity transmission and distribution network and install centralised energy storage capacity.

Addressing all or a significant subset of challenges identified in country-specific recommendations

(20) In accordance with Article 19(3), point (b), of and Annex V, criterion 2.2, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter is expected to contribute to effectively addressing all or a significant subset of challenges (Rating A) identified in the relevant country-specific recommendations addressed to Malta, including fiscal aspects thereof, or challenges identified in other relevant documents officially adopted by the Commission in the context of the European

Semester in 2022-2023. In particular, the modified RRP takes into account the energy-related country-specific recommendations of 2022 and 2023.

(21) The initial RRP included an extensive set of mutually reinforcing reforms and investments that contributed to effectively addressing all or a significant subset of the economic and social challenges outlined in the country-specific recommendations addressed to Malta by the Council in the European Semester in 2019 and in 2020.

(22) The modified RRP includes an extensive set of mutually reinforcing reforms and investments that contribute to effectively addressing all or a significant subset of the economic and social challenges outlined in the country-specific recommendations addressed to Malta by the Council in the context of the European Semester in 2022, notably, the need to reduce overall reliance on fossil fuels by accelerating the deployment of renewables, promoting and enabling investments in wind and solar energy, including in floating offshore energy, further upgrading Malta's electricity transmission and distribution grids, and creating incentives for electricity storage to supply firm, flexible and fast-responding energy; the need to reduce energy demand through improved energy efficiency, particularly in residential buildings, and reduce emissions from road transport by addressing traffic congestion through improved service quality in public transport, intelligent transport systems and investing in soft mobility infrastructure (CSR 4, 2022). The revised RRP does not include new measures to address the 2022 country-specific recommendation on aggressive tax planning.

(23) Despite Malta's request to reduce the investment in the energy efficient renovation of Mount Carmel hospital (C1-I1) to account for the decreased financial allocation, the modified plan includes a number of investments addressing the renovation and retrofitting of public and private sector buildings that contribute to the reduction of energy demand through improved energy efficiency (CSR 4, 2022). The plan also includes important reform measures that improve the management of the construction sector and promote the upskilling of various segments of construction ecosystem.

(24) Whilst Malta has requested that the ferry landing site investment (C2-I1) be removed in light of the reduced maximum financial contribution for Malta, the modified plan still includes a number of investments and reforms in sustainable transport that contribute to reducing road traffic emissions by reducing traffic congestion (CSR 4, 2022). The remaining reforms are expected to improve transport planning and encourage the use of public transport, encourage remote working in the public sector and increase the efficiency of public sector fleet management. Furthermore, the remaining investments will incentivise the purchase of zero-emission electric vehicles in the private sector and finance the acquisition of electric vehicles to replace internal combustion engine vehicles in the public service fleet and the acquisition of zero emissions buses for public transport.

(25) The new measures under the REPowerEU chapter aim at reducing the overall reliance on fossil fuels by accelerating the deployment of renewables, promoting and enabling investments in wind and solar energy, further upgrading Malta's electricity transmission and distribution grids, and creating incentives for electricity storage to supply firm, flexible and fast-responding energy (CSR 4, 2022). The reform of the existing permitting system aims to accelerate the permit-granting procedures for renewable energy projects. In particular, the reform involves the review of the permitting framework and the entry into force of legislative changes obliging to install rooftop solar panels on new residential and non-residential buildings that reach their

maximum height, modifying the existing permitting processes, including application and permit-granting procedures, through the adoption and publication of expedited timelines of renewable project permitting procedures, including on greenhouses. This reform is expected to increase the share of renewables in Malta's energy mix. The investment into the electricity network aims to strengthen and widen the electricity grid, distribution services and battery storage. The investment is expected to address internal electricity transmission distribution bottlenecks, accelerate the integration of renewable energy as well as help to decarbonise buildings and transport by providing energy infrastructure suited for the uptake of renewable energy.

Do no significant harm

(26) In accordance with Article 19(3), point (d), of and Annex V, criterion 2.4, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter is expected to ensure that no measure (Rating A) for the implementation of reforms and investments projects included in this RRP does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council[5] (the principle of 'do no significant harm').

(27) As regards the new REPowerEU measures in the modified RRP, the reform of existing renewable project permitting ensures that, despite streamlined and accelerated procedures, the relevant authorisations that require environmental impact assessments, appropriate assessments and strategic environmental assessments would be carried out, in line with relevant national legislation. Additionally, Malta pledged that stakeholder consultation would be considered where the relevant environmental and planning processes require it. The investment into strengthening and widening the electricity distribution and transmission network, distribution services and battery storage is not expected to lead to significant greenhouse gas emissions.

Contribution to the REPowerEU objectives

(28) In accordance with Article 19(3), point (da), of and Annex V, criterion 2.12, to Regulation (EU) 2021/241, the REPowerEU chapter is expected to effectively contribute to a large extent (Rating A) to energy security, the diversification of the Union's energy supply, an increase in the uptake of renewables and in energy efficiency, an increase of energy storage capacities or the necessary reduction of dependence on fossil fuels before 2030.

(29) The reform of existing permitting systems aims to accelerate permit-granting procedures for renewable energy projects and introduce the obligation to install rooftop solar panels on certain new buildings. This reform is expected to increase the share of renewables in Malta's energy mix, thus contributing to the REPowerEU objective of accelerating the deployment of renewable energy, in accordance with Article 21c(3), point (b) of Regulation (EU) 2021/241. In particular, the reform involves the review of the permitting framework and: (i) legislative changes obliging to install rooftop solar panels on new residential and non-residential buildings that reach their maximum height, (ii) entry into force and online publication of shortened timelines for the application and permit-granting procedures of renewable energy installations on greenhouses, (iii) entry into force and online publication of shortened

[5] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

timelines for the application and permit-granting procedures for renewable energy projects.

(30) The investment into the electricity grid aims to strengthen and widen the electricity distribution network, upgrade distribution services and install centralised battery storage. This investment contributes to the REPowerEU objective of addressing internal electricity transmission distribution bottlenecks and accelerating the integration of renewable energy, in accordance with Article 21c (3), point (e). The investment into energy infrastructure will benefit renewable energy producers, including individual producers-consumers that need to connect their facilities to the grid, as well as future large-scale renewable project promoters, as well as users of electrical vehicles.

(31) Investments under REPowerEU chapter are coherent with other efforts of Malta, especially with its national investments into the electricity grid and the investments funded under Union Cohesion Policy instruments into the second high-voltage interconnector with Sicily and energy storage. Grid investments are in synergy with measures in Components 1 and 2 of Malta's RRP, as the decarbonisation of buildings and transport require an electricity grid that is better suited for the uptake of renewable energy.

(32) Fossil fuels continue to play a major role in Malta's economy, making it highly dependent on energy imports and exposed to global price developments. In 2021, fossil fuels comprised the bulk of Malta's electricity generation, while renewables accounted for only 11.9%. Malta has sizeable renewable energy potential, which is underused. Therefore, Malta's reforms of the renewable energy project permitting system, included in the REPowerEU chapter, are, to a large extent, expected to unlock this potential by removing administrative barriers and providing positive incentives.

(33) Electricity grid capacity and flexibility is a bottleneck for the integration of renewables and increasing the efficiency, reliability and security of the power supply. Therefore, the investment in grid modernisation and electricity storage from Malta's REPowerEU chapter is expected, to a large extent, to make the grid better suited for integrating renewables and supplying firm, flexible and fast-responding energy.

Measures having a cross-border or multi-country dimension or effect

(34) In accordance with Article 19(3), point (db), of and Annex V, criterion 2.13, to Regulation (EU) 2021/241, the measures included in the REPowerEU chapter are expected to a large extent (Rating A) to have a cross-border or multi-country dimension or effect.

(35) Malta's geographical position as an island Member State, the limited budget under the REPowerEU chapter and the implementation and governance challenges arising from the short timeframes under the RRP are not conducive to cross-border investments, which would usually be large-scale and normally facilitated by land border connections. Nevertheless, the investment under the REPowerEU chapter makes the electricity grid stronger and more suitable for the uptake of renewables, including a feeder line to the second electricity interconnector with Italy. This has a cross-border effect by improving the efficiency of energy transmission and strengthening the use of locally generated renewable energy sources. Therefore, the investment helps to reduce aggregate EU energy demand, thereby contributing to the security of energy supply of the Union.

(36) The total costs of the investment of the grid account to EUR 69.9 million or 100% of the estimated costs of the REPowerEU chapter.

(37) Furthermore, large scale cross-border initiatives relating to REPowerEU objectives are already included in Malta's ERDF/CF/JTF 2021-2027 Programme, including the establishment of a second electricity interconnector and battery storage facilities. The development of a second interconnector will lead to transnational cooperation with Italy.

Contribution to the green transition including biodiversity

(38) In accordance with Article 19(3), point (e), of and Annex V, criterion 2.5, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter, contains measures that contribute to a large extent (Rating A) to the green transition, including biodiversity, or to addressing the challenges resulting therefrom. The measures supporting climate objectives account for an amount which represents 68.8% of the RRP's total allocation and 100% of the total estimated costs of measures in the REPowerEU chapter calculated in accordance with the methodology set out in Annex VI to that Regulation. In accordance with Article 17 of Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter is consistent with the information included in the National Energy and Climate Plan 2021-2030.

(39) In addition to the measures in the green transition, in the climate neutrality and decarbonising transport components included in the original Maltese RRP, the modified RRP includes measures addressing the need to speed up renewable energy generation in Malta and reduce Malta's dependence on imported fossil fuels.

(40) These measures will have a lasting impact by: (1) strengthening Malta's infrastructural preparedness to cater for an increased production and distribution of energy, including renewables, while also enabling better storage of energy, and (ii) introducing structural changes to energy policy that will reduce existing bottlenecks in permit-granting procedures for renewable energy projects, while enforcing the installation of rooftop solar panels on certain new buildings that reach their maximum height, in a bid to increase Malta's share of energy production from renewable sources. The measures do not contain sunset clauses and are not time limited.

(41) While some measures have been removed to reflect the updated maximum financial contribution published on 30 June 2022, in accordance with Article 18(2) of Regulation (EU) 2021/241, the removal does not significantly impact the green transition. Modifications in line with Article 21 of Regulation (EU) 2021/241 are limited in number and mainly reflect delays in the completion of some milestones and targets. As a result, such modifications are not expected to have any effects on the lasting positive impacts of the Maltese RRP.

(42) Given the decreased maximum financial contribution of Malta's RRP and the inclusion of new measures incentivising green transition, the climate contribution of the plan has increased from 53.8% to 68.8%.

Contribution to the digital transition

(43) In accordance with Article 19(3), point (f), of and Annex V, criterion 2.6, to Regulation (EU) 2021/241, the modified RRP contains measures that contribute to a large extent (Rating A) to the digital transition or to addressing the challenges resulting from it. The measures supporting digital objectives account for an amount which represents 26.2% of the modified RRP's total allocation calculated in accordance with the methodology set out in Annex VII to that Regulation.

(44) The positive assessment of the contribution to the digital transition provided in the Council Implementing Decision of 5 October 2021 remains valid. The modified RRP entails the removal of one sub-measure on the digitalisation of the outpatient facility and consumer engagement processes at Mater Dei hospital, in view of the reduced maximum financial allocation for Malta under Article 18(2) of Regulation (EU) 2021/241. The removal of this sub-measure is justified by the reduced financial allocation and does not impact the substantial contribution of the RRP to the digital transition or to the challenges resulting from it. All other measures regarding the digital transition remain unaltered in the modified RRP.

Monitoring and implementation

(45) In accordance with Article 19(3), point (h), of and Annex V, criterion 2.8, to Regulation (EU) 2021/241, the arrangements proposed in the modified RRP including the REPowerEU chapter are adequate (Rating A) to ensure effective monitoring and implementation of the RRP, including the envisaged timetable, milestones and targets, and the related indicators.

(46) The initial RRP proposed adequate arrangements to ensure effective monitoring and implementation of the RRP, including the envisaged timetable, milestones and targets, and the related indicators.

(47) The nature and extent of the proposed modifications to Malta's RRP do not have an impact on the previous assessment of the effective monitoring and implementation of the RRP. In particular, the same structure (i.e., The Planning and Priorities Coordination Division (PPCD) within the Ministry for the Economy, European funds and Lands) is tasked with (i) the implementation of the RRP; (ii) the monitoring of progress on milestones and targets; and (iii) the reporting. Furthermore, the overall arrangements proposed by Malta in terms of organisation (including provision to ensure sufficient staff allocation) of the implementation of the reforms and investments, are credible. The milestones and targets that accompany the modified measures, including those in the REPowerEU chapter, are clear and realistic and the proposed indicators for those milestones and targets are relevant, acceptable and robust.

Costing

(48) In accordance with Article 19(3), point (i), of and Annex V, criterion 2.9, to Regulation (EU) 2021/241, the justification provided in the modified RRP including the REPowerEU chapter on the amount of the estimated total costs of the RRP is to a medium extent (Rating B) reasonable and plausible, is in line with the principle of cost efficiency and is commensurate to the expected national economic and social impact.

(49) The original assessment determined that Malta had provided estimated costs for each investment included in the RRP. The justification provided by Malta on the amount of the estimated total costs of the RRP was, to a medium extent, reasonable, plausible, in line with the principle of cost-efficiency and commensurate to the expected national economic and social impact.

(50) Malta has provided individual estimated costs for all the new measures that entail a cost in the REPowerEU chapter. The cost information provided by Malta is generally detailed and well substantiated. For these measures, Malta provided supporting documents to substantiate the cost estimates although in a limited number of instances the comparability of past projects to the ones proposed in the plan could not fully be established, partially due to the novelty of the measure. The amount of the estimated

costs of measures included in the REPowerEU chapter is in line with the nature and type of the envisaged reforms and investments. The assessment of the cost estimates and inherent supporting documents shows that the majority of the costs of the new measures are well justified, reasonable, plausible and do not include costs covered by existing or planned EU financing. With regard to the modified measures, the reduction of costs for C1-I2 (Investment in the renovation and retrofitting of public hospitals) is proportionate to the reduction of the renovated floor area, and for C4-I2 (Enhancing the resilience of the health system through digitalisation and new technologies), the reduction of costs corresponds to the budgeted costs of the deleted investment for the digitalisation of outpatient and operations management processes. Finally, the estimated total cost of the RRP is in line with the principle of cost-efficiency and commensurate to the expected national economic and social impact.

Coherence of the RRP

(51) In accordance with Article 19(3), point (k), of and Annex V, criterion 2.11, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter includes to a high extent (Rating A) measures for the implementation of reforms and public investment projects that represent coherent actions.

(52) The initial RRP was considered to provide a balanced combination of investments and reforms, spread over six components, with each component made up of reforms and investments that are consistent and mutually reinforcing. Important synergies were also found to be present between the different components, with no measure found to contradict or undermine the effectiveness of another. The nature and extent of the proposed modifications to Malta's RRP do not have an impact on the previous assessment of the coherence of the RRP.

(53) While the revised plan provides changes to six measures in the original plan the original assessment on the coherence of the RRP is still relevant. In addition, through the introduction of a REPowerEU chapter, Malta introduces an investment and a reform that complement energy measures included in Malta's original plan. The REPowerEU chapter places greater emphasis on renewable energy, which is particularly important given the relatively low share of renewables in Malta's energy mix. The measures within the REPowerEU chapter reinforce the effects of one another, aiming to achieve the objectives of cleaner and more stable provision of electricity in Malta. The modifications do not have contradictory aims or possible negative effects on one another.

Any other assessment criteria

(54) The Commission considers that the modifications put forward by Malta do not affect the positive assessment of the RRP set out in the Council Implementing Decision of 5 October 2021 on the approval of the assessment of the RRP for Malta regarding the relevance, effectiveness, efficiency and coherence of the RRP against the assessment criteria laid down in Article 19(3), points (c), (g), and (j).

Consultation process

(55) In preparation of the modified RRP, including the REPowerEU chapter, the Maltese authorities held meetings with stakeholders between 2022 and 2023, organised a formal online public consultation in April 2023 and shared the draft elements of REPowerEU chapter with Malta Council for Social and Economic Development (MCSED). Afterwards, the authorities integrated the feedback from the consultation process into the draft REPowerEU chapter, most notably with regard to the need to

invest in enabling energy infrastructure to secure long-term development and greening, to promote the sustainability and growth of locally generated renewable energy and to safeguard environmental and social aspects in fast-tracked renewable permitting process. To ensure ownership by the relevant actors, it is crucial to involve all local authorities and stakeholders concerned, including social partners, throughout the implementation of the investments and reforms included in the modified RRP including the REPowerEU chapter.

Positive assessment

(56) Following the positive assessment of the Commission concerning the modified RRP including the REPowerEU chapter, with the finding that the plan satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241, in accordance with Article 20(2) of and Annex V to that Regulation, the reforms and investment projects necessary for the implementation of the modified RRP including the REPowerEU chapter, the relevant milestones, targets and indicators, and the amount made available from the Union for the implementation of the modified RRP including the REPowerEU chapter in the form of non-repayable financial support should be set out.

Financial contribution

(57) The estimated total costs of the modified RRP including the REPowerEU chapter of Malta is EUR 336 319 658. As the amount of the estimated total costs of the modified RRP is higher than the updated maximum financial contribution available for Malta, the financial contribution calculated in accordance with Article 11 allocated for Malta's modified RRP including the REPowerEU chapter should be equal to the total amount of the financial contribution available for Malta's modified RRP including the REPowerEU chapter. This amount is equal to EUR 258 275 901.

(58) Pursuant to Article 21a(5) of Regulation (EU) 2021/241, on 26 April 2023 Malta submitted a request for the allocation of the revenue referred to in Article 21a (1) of that Regulation, shared between Member States on the basis of the indicators set out in the methodology in Annex IVa to Regulation (EU) 2021/241.The estimated total costs of the measures referred to in Article 21c(3), points (b) to (f) included in the REPowerEU chapter is EUR 69 955 027. As this amount is higher than the allocation share available for Malta, the additional non-repayable financial support available for Malta should be equal to the allocation share. This amount is equal to EUR 29 955 027.

(59) Additionally, in accordance with Article 4a of Regulation (EU) 2021/1755 [6], on 1 March 2023 Malta submitted a reasoned request to transfer part of its remaining provisional allocation from the resources of the Brexit Adjustment Reserve to the Facility, amounting to EUR 40 000 000. That amount should be made available to support the reforms and investments in the REPowerEU chapter as additional non-repayable financial support.

(60) The total financial contribution available to Malta should be EUR 328 230 928.

REPowerEU Pre-financing

[6] Regulation (EU) 2021/1755 of the European Parliament and of the Council of 6 October 2021 establishing the Brexit Adjustment Reserve (OJ L 357 8.10.2021, p. 1).

(61) Malta has requested the following funding for the implementation of its REPowerEU chapter: transfer of EUR 40 000 000 from the provisional allocation from the resources of the Brexit Adjustment Reserve, and EUR 29 955 027 from the revenue from the Emissions Trading System under Directive 2003/87/EC of the European Parliament and of the Council.

(62) For those amounts, pursuant to Article 21d of Regulation (EU) 2021/241, on 26 April 2023 Malta has requested pre-financing of 20% of the funding requested. Subject to available resources, that pre-financing should be made available to Malta subject to the entry into force of, and in accordance with, the agreement to be concluded between the Commission and Malta pursuant to Article 23(1) of Regulation (EU) 2021/241 (the 'financing agreement').

(63) Council Implementing Decision of 5 October 2021 on the approval of the assessment of the RRP for Malta should therefore be amended accordingly. For the sake of clarity, the Annex to that Implementing Decision should be replaced entirely,

HAS ADOPTED THIS DECISION:

Article 1

Implementing Decision (EU) of 5 October 2021 is amended as follows:

(1) Article 1 is replaced by the following:

"Article 1

The assessment of the modified RRP of Malta on the basis of the criteria provided for in Article 19(3) of Regulation (EU) 2021/241 is approved. The reforms and investment projects under the RRP, the arrangements and timetable for the monitoring and implementation of the RRP, including the relevant milestones and targets, the relevant indicators relating to the fulfilment of the envisaged milestones and targets, and the arrangements for providing full access by the Commission to the underlying relevant data are set out in the Annex to this Decision.";

(2) In Article 2, paragraphs 1 and 2 are replaced by the following:

"

1. The Union shall make available to Malta a financial contribution in the form of non-repayable support amounting to EUR 328 230 928.[7] That contribution includes:

(1) an amount of EUR 171 064 988 – i.e. the 70% that shall be available to be legally committed by 31 December 2022;

(2) an amount of EUR 87 210 913 – i.e. the 30% that shall be available to be legally committed from 1 January 2023 until 31 December 2023;

(3) an amount of EUR 29 955 027[8], in accordance with Article 21a(6) of Regulation (EU) 2021/241, exclusively for measures referred to in Article 21c of that Regulation, with the exception of measures referred to in Article 21c (3), point (a);

[7] This amount corresponds to the financial allocation after deduction of Malta's proportional share of the expenses of Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology of Article 11 of that Regulation.

(4) an amount of EUR 40 000 000, transferred from the Brexit Adjustment Reserve to the Facility.

2. The Union financial contribution shall be made available by the Commission to Malta in instalments in accordance with the Annex to this Decision. An amount of EUR 41 132 454 shall be made available as pre-financing in accordance with Article 13 of Regulation (EU) 2021/241.

An amount of EUR 13 991 005 shall be made available as pre-financing in accordance with Article 21d of Regulation (EU) 2021/241. That pre-financing may be disbursed by the Commission in up to two payments.

The pre-financing and instalments may be disbursed by the Commission in one or several tranches. The size of the tranches shall be subject to the availability of funding."

(3) The Annex is replaced by the text in the Annex to this Decision.

Article 2
Addressee

This Decision is addressed to the Republic of Malta.

Done at Brussels,

For the Council
The President

[8] This amount corresponds to the financial allocation after deduction of Malta's proportional share of the expenses of Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology of Article 11 of that Regulation.