



EUROPEAN COMMISSION  
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

The Director-General

Brussels,

**Subject: Observations on the proposal by Malta for a CAP Strategic Plan 2023-2027 - CCI: 2023MT06AFSP001**

Your Excellency,

I hereby acknowledge receipt of the proposal for the 2023-2027 CAP Strategic Plan of Malta, submitted via SFC2021 on 28 December 2021.

An assessment by the Commission services of the proposed CAP strategic plan has identified a number of issues that require further clarification and adaptation. The enclosed annex sets out the relevant observations, which are communicated pursuant to Article 118(3) of Regulation (EU) 2021/2115.

I invite Malta to submit a revised proposal of the CAP strategic plan for approval, taking into account these observations.

In accordance with Article 121 of Regulation (EU) 2021/2115, the time limit of 6 months for the Commission decision to approve your CAP Strategic Plan does not include the period starting on the day following the sending of these observations and ending on the date on which Malta responds to the Commission and provides a revised proposal.

The Commission is committed to a continued structured dialogue with national authorities in the further approval process of your CAP Strategic Plan. The Commission is open to receiving your written reaction on the key elements of the observations within 3 weeks and intends to publish them subsequently alongside our observations on all the CAP Strategic Plans received in time, unless you would object to publication of your reaction. I invite your services in charge to engage in bilateral exchanges as soon as possible in order to discuss the observations set out in the Annex.

Yours faithfully,

Wolfgang BURTSCHER

Enclosure: List of observations pursuant to Article 118(3) of Regulation (EU)2021/2115

Her Excellency Ambassador Marlene Bonnici  
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ANNEX

**Observations on the CAP Strategic Plan submitted by Malta**

The Russian invasion of Ukraine and the ongoing generalised commodity price surge bring to the forefront in the strongest possible way the integral link between climate action and food security. This link is recognised in the Paris Agreement and has been incorporated in the new legislation for a Common Agricultural Policy (Regulation (EU) 2021/2115) and the Farm to Fork Strategy (COM/2020/381 final) with a view to ensuring sufficient supply of affordable food for citizens under all circumstances while transitioning towards sustainable food systems.

In this context, and in the context of the climate and biodiversity crises, Member States should review their CAP Strategic Plans to exploit all opportunities:

- to strengthen the EU’s agricultural sector resilience;
- to reduce their dependence on synthetic fertilisers and scale up the production of renewable energy without undermining food production; and
- to transform their production capacity in line with more sustainable production methods.

This entails, among other actions, support for carbon farming, support for agro-ecological practices, boosting sustainable biogas production<sup>1</sup> and its use, improving energy efficiency, extending the use of precision agriculture, fostering protein crop production, and spreading through the transfer of knowledge the widest possible application of best practices. The Commission assessed the Strategic Plans of Member States with these considerations of the sector’s economic, environmental and social viability in mind.

The following observations are made pursuant to Article 118(3) of Regulation (EU) 2021/2115. Malta is asked to provide the Commission with any necessary additional information and to revise the content of the CAP Strategic Plan taking into account the observations provided below.

**The key issues**

**Observations with regard to the strategic focus of the CAP strategic plan**

1. The Commission welcomes the submission by Malta of its Plan and the consideration given to its recommendations of 18 December 2020 (COM/2020/846 final). The Commission invites Malta to strengthen the partnership principle during the implementation phase.
2. The Commission welcomes Malta’s efforts to produce a harmonised approach for the proposed interventions, as required by the Regulation (EU) 2021/2115 (Strategic Plan Regulation, hereafter, the SPR). It also acknowledges the specificities of the Maltese agricultural sector characterised by small and micro farm holdings with fragmented parcels. However, the missing elements of the proposed CAP strategic plan (hereafter, the Plan), do not allow for a thorough assessment of the consistency between identified needs and the

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<sup>1</sup> Sustainable biogas production means the production of biogas that respects the sustainability and greenhouse gas emissions saving criteria laid down in Article 29 of Directive (EU) 2018/2001 (Renewable Energy Directive)

strategy, nor of its ambition and acceptability. As a general comment, Malta is invited to revise the Plan taking into account the requirements established in the SPR and related implementing provisions.

3. The Plan lacks important information. The ranking of the needs is not justified, neither is the choice not to address some of them. The intervention logic for each Specific Objective (hereafter SO) should be clarified and improved by explaining how, and to what extent, the selection of interventions and other possible key elements of the Plan (such as conditionality or definitions) are expected to address the identified needs, consistently with the target values and the related financial allocations.
4. The Commission recalls the importance of the targets set for result indicators as a key tool to assess the ambition of the Plan and monitor its progress. The Commission requests Malta to revise the proposed target values, by improving their accuracy and taking into account all the relevant interventions, and by defining an adequate ambition level in line with the identified needs.
5. The Plan structure is to a large extent built on the experience of the previous programming period, which should allow for a smooth transition. However, this needs also to go along with an increased ambition sufficient to bring about the scale of change that is needed.

**Observations with regard to the fostering of a smart, competitive, resilient and diversified agricultural sector that ensures long-term food security**

6. The Plan contributes only partially to this general objective and the Commission has doubts as to the expected effectiveness of the proposed intervention strategy with regard to resilience, competitiveness and the position of farmers in the value chain.
7. Malta underlines the need to sustain viable farm income for Maltese farmers to mitigate against the higher costs faced. To that aim, it proposes a number of interventions in the Plan, mainly through direct payments. However, there is no sufficient evidence that the proposed strategy improves the fairness and effectiveness of the targeting of direct payments to farmers. Malta has opted to derogate from the minimum financial allocation for the Complementary Redistributive Income Support for Sustainability (hereafter CRISS) and has not sufficiently justified that choice.
8. As to Coupled Income Support (hereafter CIS), certain elements of the description (e.g. justification of the difficulty, strategy to improve the situation of the sectors, unit amounts) need to be reviewed or strengthened to fit into the regulatory framework.
9. The SWOT analysis identifies the main problems faced by the farming sectors such as small and micro farm holdings with fragmented parcels, difficulties in reaching economies of scale and competitiveness on national and international markets, lack of product traceability, high production costs and need to focus on quality products and niche markets to increase the added value of the production. The intervention logic only partially addresses those needs.
10. Malta correctly identified the need to use risk management tools to improve the resilience of the agricultural sector. However, this need is not addressed in the Plan. Malta is therefore invited to include risk management tools in the Plan or to explain its choice.
11. The SWOT analysis identifies lack of cooperation among farmers as another problem for the sector. This impedes reducing production costs and increases producers' bargaining power. The interventions chosen do not seem to correctly address this need. In particular, the intervention supporting producer organisations is not activated. The Commission invites

Malta to reconsider the intervention logic, with the aim to increase the share of farms participating in producer groups, producer organisations, local markets and short supply chain circuits supported by the CAP.

12. In light of the Russian war on Ukraine, the Commission urges Malta to consider interventions that will help reduce dependence on fossil fuels and other externally sourced inputs to preserve the production capacity and viability of farms.

**Observations with regard to the support for and strengthening of environmental protection, including biodiversity, and climate action and to contribute to achieving the environmental and climate-related objectives of the Union, including its commitments under the Paris Agreement**

13. The Commission considers that the Plan does not deliver increased environmental and climate ambitions compared to the current programming period and therefore it is not likely to contribute effectively to this general objective.
14. Malta is requested to better demonstrate the increased ambition of the planned green architecture as regards environmental and climate related objectives using qualitative and quantitative elements such as financial allocation and indicators.
15. The Plan needs to be reviewed to include an explanation of how its environmental and climate architecture is meant to contribute to already established long-term national targets set out in or deriving from the legislative instruments referred to in Annex XIII as required by Article 109 of the SPR.
16. Malta is strongly encouraged to revise its Plan in order to take into account the national targets that will be laid down in the revised Regulation (EU) 2018/842 (the Effort Sharing Regulation) and Regulation (EU) 2018/841 (the Regulation for the Land Use, Land Use Change and Forestry (LULUCF)) (revisions which are currently discussed by the EU co-legislators) in view of the legal requirement in Article 120 of the SPR to review the Plan after their application.
17. It is not clear whether the planned interventions will be sufficient to bring about the required scale of change. Further explanations on how the Plan interplays with other national level funding and/or legislation to address the needs should be provided. Improvements are expected as regards the demarcation among eco-schemes (hereafter ES) and conditionality and the value added to conditionality of some proposed commitments.
18. The Plan's environmental and climate architecture does not contribute to already established long-term national targets set out in or deriving from the related environmental and climate legislative instruments. Malta is requested to modify its proposal and ensure that the green architecture delivers on environment and climate objectives, backed by an appropriate budget allocation to the relevant indicators.
19. Malta has a high livestock pressure and a high surplus for nitrogen as well as phosphorus. The Commission recommended Malta to strengthen its efforts to reduce pollution of groundwater. The different actions included in this Plan do not seem to address with sufficient interventions the current issues related to nutrients from agriculture. Malta needs to clarify its strategy to address water over-abstraction which concerns 40% of groundwater. It is recommended to provide sufficient support to natural water retention, alternative supply, as well as measures that aim at reducing water demand.

20. The high livestock density has negative impacts on pollution of air (ammonia emissions). While this issue is identified in the SWOT as a threat to the environment, there are no interventions clearly designed to address it. The Commission considers it unlikely that the proposed interventions will lead to an effective contribution to the achievement of the specific objectives as regards the reduction of ammonia emissions. Malta is encouraged to revise the Plan in this regard and to redesign the interventions accordingly to boost the level of ambition on reduction of ammonia emissions.
21. The Commission strongly encourages Malta to fully benefit from possibilities under the SPR to increase sustainable domestic generation of renewable energy, including biogas, thereby strengthening what has already been programmed in the National Energy and Climate Plan. Moreover, the Commission calls on Malta to plan interventions that improve nutrient use efficiency, circular approaches to nutrient use, including organic fertilising as well as further steps to reduce energy consumption.
22. Malta is requested to take better account of the Prioritised Action Framework (hereafter PAF) and further align the proposed interventions with it.

**Observations with regard to the strengthening of the socio-economic fabric of rural areas**

23. The Commission has doubts about the potential of the Plan for contributing to the general objective of strengthening the socio-economic fabric of rural areas. In particular, growth and local development in rural areas is only partially addressed in the Plan.
24. Generational renewal is one of the key challenges for the Maltese agricultural sector. Malta has one of the lowest share in the EU of young farmers in the total number of farm managers. The need is addressed in the Plan and the relevant interventions are selected. Despite this, it is not clear how the proposed interventions will make farming more attractive for the young farmers compared to the status quo. Crucial needs of young farmers such as access to land or access to credit are not addressed in the Plan. Malta is invited to better explain how it intends to tackle this issue and how different interventions (i.e. special focus on on-farm productive investments) may be used to address these challenges.
25. The proposed strategy does not sufficiently address the development needs of Maltese rural areas. The analysis provided by Malta identifies as principal weaknesses, lack of employment, growth and local development in rural areas, emigration of young and skilled people from Gozo, lack of innovation and entrepreneurial confidence, limited role of women in rural development activities, and low levels of digital skills among rural population. Malta has chosen to address all those challenges only through LEADER (Community-led local development programme). Malta is invited to justify this strategic choice and reconsider activation of other specific interventions to tackle the needs of rural areas.
26. The Commission is concerned about the low level of commitment in the Plan to promoting gender equality and improving the participation of women in farming, in line with the specific objective at Article 6(1)(h) of the SPR. The Commission encourages Malta to consider addressing this objective by justified and proportionate measures.
27. The Plan recognises that the livestock sector could add value to production through improving animal welfare. However, it does not contain a specific intervention on animal welfare. Therefore, Malta is invited to integrate specific measures in the Plan to improve animal welfare and support more sustainable livestock management practices. In particular,

Malta is invited to address the tail docking practices in pigs which are forbidden by EU rules (apart from in exceptional circumstances) and to encourage the keeping of animals in non-confined housing system for laying hens, calves and sows.

28. Malta is invited to describe the coordination, synergies and complementarities with other EU funds and national funds in addressing identified needs, indicating any synergies with the Long-term Vision for the EU's rural areas.

### **Observations with regard to fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas**

29. To help the farming sector become more resilient and sustainable requires putting substantial effort into advice and knowledge sharing, and fostering synergies in the Agricultural Knowledge and Innovation Systems (AKIS). The Commission recalls that the Maltese AKIS is very fragmented and invites Malta to strengthen both its strategy and financial support for knowledge and innovation. This includes ensuring more coherence and synergies between the Plan's interventions with a view to support all CAP objectives in consistency with the assessment of needs.
30. The Commission invites Malta to further elaborate its digitalisation strategy for agriculture and rural areas in consistency with the overall analysis of strengths, weaknesses, opportunities and threats (SWOT) and the assessment of needs. Moreover, Malta is encouraged to pay particular attention to how support for training offered via the Plan will help deploy smart digital technologies and innovation capacities at farm level.

### **Information with regard to the contribution to and consistency with Green Deal targets**

31. The Commission thanks Malta for the information provided regarding its contribution to the Green Deal targets contained in the Farm to Fork Strategy and the Biodiversity Strategy and for providing national values to quantify its ambition with regard to organic, antibiotics and landscape features. The Commission notes the good broadband coverage of Malta. The Commission regrets that Malta did not establish any national value for the reduction of nutrient losses, and requests Malta to include such quantified ambitions in its Plan.
32. For those Green Deal targets and in light of the national situation, the Commission estimates that, despite the Maltese national value of 5% of agricultural area as organic in 2030 the proposed Plan might not be sufficient to reach this target as support is scheduled to only address 0.8% of agricultural area.
33. As regards antimicrobial resistance, figures indicate sales of antimicrobials in Malta above the EU average. The Commission invites Malta to re-examine its analysis in order to recognise what drives the high-level use of antimicrobials in farm animals and identify relevant needs. Subsequently, the Commission requests Malta to consider more targeted actions to address these root causes.
34. The SWOT identifies the need to reduce use of pesticides. In this direction, Malta chose to activate an ES concerning integrated pest management. The ambition of the intervention seems very low (2.98% of total utilised agricultural land). Malta is invited then to reconsider the target of this intervention and invest more effort in the reduction of the use of pesticides towards a more sustainable agriculture.

35. The proposed important increase of high diversity landscape features to 9.5% of agricultural land is welcome but requires further clarifications. The national ambition to reduce antibiotic use 15% by 2030 and the proposed actions to reduce use and risk of pesticides and use of the most hazardous pesticides by 5% by 2030 are considered insufficient to ensure a meaningful reduction of antibiotic and pesticide use in Malta. In addition, actions to reduce nutrient losses by 2030 are unlikely to address the identified problems.

**Observations in this part are in addition to the relevant comments under the key issues of this Annex.**

## **1. STRATEGIC ASSESSMENT**

36. Chapter 2 “Assessments of needs and intervention strategy” contains important information to understand the intervention logic of the Plan. Malta needs are prioritised without explaining the method. Some needs are identified but not addressed in the Plan, such as risk management or access to land and credit for young farmers. The sections “Justification of the targets and related milestones” and “Justification of the financial allocation” are empty. Without this information, it is not possible to assess the ambition of the Plan or the resources dedicated to each SO. Moreover, interventions are designed in a way that several different operations with different targets are included in just one intervention referring to different SOs. Malta is invited to complete the missing sections and to integrate the ones empty or only partially filled in.

### **1.1. To foster a smart, competitive, resilient and diversified agricultural sector ensuring long term food security**

#### ***1.1.1. Strategic assessment of Specific Objective 1***

37. Malta is invited to ensure more consistency between the identified needs and the intervention logic, explain how the intervention logic would help to address identified needs (e.g. adding value to Maltese agricultural products, ensure efficient and effective marketing of local products). The SWOT summary table is to clearly outline sectors (under “weaknesses” and/or “threats”) that, in light of the identified needs, are to be targeted by additional support (e.g. CIS).

38. As regards CIS, Malta is invited to explain and justify which sectors would be targeted and why, ensuring consistency between the SWOT, needs assessment and intervention logic. In particular, Malta should support by statistical evidence, the justification of the difficulties in the sectors concerned and outline how the interventions could improve the situation of those sectors to overcome the identified difficulties.

39. The Plan fails to provide a clear identification of the farms with higher income support needs in particular by size and sector. The needs assessment must refer to the fairer, more effective and efficient targeting of direct payments, in line with Article 108(c) of the SPR, which is currently missing. The strategy should not only indicate that the redistributive needs have been addressed, but also that they have been addressed sufficiently. To justify the adequacy of the strategy and the consistency of all income support tools, a simulation showing the combined effects of all relevant income support tools on direct payments per hectare, direct payments and income per worker by physical size is requested (e.g. using the Farm Accountancy Data Network).

40. The Commission considers that there is not enough evidence that the Plan addresses sufficiently the need of redistribution of income support by other instruments and interventions financed by the European agriculture guarantee fund (EAGF) in order to justify the 10% CRIS derogation.



41. The strategy of Malta towards small farms (minimum requirements, payments for small farms) should be further developed based on analysis described here above. Malta should also provide an explanation as to why degressivity and capping are not part of the strategy.
42. Section 3.3 on consistency between the CIS and Directive 2000/60/EC, Water Framework Directive (hereafter, WFD), refers to the “2nd Water Catchment Management Plan for the Malta Water Catchment District 2015 – 2021”, Malta is invited to clarify the requirements to be imposed under the next management plan, covering the programming period 2023-2027. In particular, Malta is invited to provide an explanation on how CIS interventions are to meet these new requirements in terms of water quantity and quality.
43. Malta is invited to verify and properly describe in the Plan how all additional requirements set out in Regulation (EU) 2022/126, for instance, the percentage for minimum water savings (Article 11(4)(a)), are to be addressed.
44. Section 3.5 on sector-related interventions: Malta is invited to provide an overview of all sector-related interventions (i.e. sectorial, CIS and the rural development interventions, as applicable), including their complementarity in relation to the needs identified for the sectors concerned.
45. Agricultural risk management tools may address the growing risks that the changing climate represents in agriculture. Malta is invited to consider incentives for farmers to take proactive measures reducing their vulnerability and increasing their adaptive capacity to climate change.

#### ***1.1.2. Strategic assessment of Specific Objective 2***

46. The Plan proposes a number of interventions to increase farm competitiveness in the short and long term, but there is no sufficient ambition in comparison to the identified needs and challenges ahead. In this regard, the result indicator (RI) R9 on farm modernisation as set out in Annex I to the SPR seems relatively low. The Commission therefore invites Malta to reconsider this point with a view to raise further the level of ambition.
47. Under this SO, the main interventions refer to productive investments (on-farm and off-farm), but they are designed in a vague way, including different operations and referring also to other SOs (i.e. environmental and climate ones). It is therefore not possible to assess whether the interventions designed address the identified needs.
48. In relation to the need of improving risk management in the Maltese agriculture and making farmers more financially resilient, the Commission takes note that this need is not addressed under the Plan. In view of a comprehensive assessment of the overall efforts expected by Malta to reinforce the competitiveness of the Maltese agriculture, it is important to receive further details (in section 3.6.) on how this specific need will be addressed outside the Plan if Malta maintains its intention not to support risk management tools.

#### ***1.1.3. Strategic assessment of Specific Objective 3***

49. The Plan addresses the need on enhancing the position of the farmer in the value chain with a number of interventions covering investment, cooperation and knowledge dissemination activities. Overall, however, the level of ambition is not adequate to the challenges faced by the Maltese agriculture.

50. Malta plans sectoral interventions in the apiculture sector only. The Commission notes the identified needs (improve the organisation of producers in the relevant sectors) and weaknesses (lack of cooperation among producers in production and marketing) as regards improving farmer's position in the supply chain. Malta is encouraged to have producer organisations recognised as a first step to enable the use of interventions. Planning interventions in other sectors, beyond apiculture, can also incentivise the formation of producer organisations and their recognition, as sectoral interventions are channelled through recognised producer organisations.
51. Moreover, Malta does not plan rural development interventions to support cooperation of producers. Malta is invited to explain the reasons, given respective needs and weaknesses identified.
52. The Commission notes a relatively low value for R10 on better supply chain organisation despite the identified needs pointing towards a better organisation of farmers in relevant sectors. It invites Malta to reconsider the intervention logic, with the aim to increase the share of farms (e.g. fruit and vegetables) participating in producer groups, producer organisations, local markets and short supply chain circuits supported by the CAP.

**1.2. To support and strengthen environmental protection, including biodiversity, and climate action and to contribute to achieving the environmental and climate-related objectives of the Union including its commitments under the Paris Agreement**

***1.2.1. Strategic assessment of Specific Objective 4***

53. The level of ambition of the green architecture is not satisfactory nor is it clear how the intervention strategy will deliver an increased ambition compared to the achievement made under the current period. It is not clear the role of investments (precision farming, forest management) in relation to this objective. Aspects related to energy efficiency and fostering of renewable energy production are not fully exploited. Malta is invited to provide an estimate of the mitigation potential under the concerned interventions.
54. Overall, the summary SWOT seems not to fully reflect key statistics, such as:
- a) Malta has the third highest figure (5.6 tonnes CO<sub>2</sub> equivalent) among the Member States in terms of greenhouse gas (hereafter, GHG) emissions from the agricultural sector (EU average of 2.38 tonnes CO<sub>2</sub> equivalent)
  - b) Malta has also the second highest total livestock density in the EU (2.9 livestock units per hectare compared to 0.8 EU average)
  - c) Emissions from enteric fermentation account for the largest share of agricultural emissions (primarily cattle, followed by sheep and swine)
  - d) The implementation report of Directive 91/676/EEC (hereafter, the Nitrates Directive)) concludes that Malta has a very high livestock pressure and a high surplus for nitrogen as well as phosphorus from 2000 to 2015.
55. The SO4 strategy reflects only partially the SWOT analysis, or the needs identified in the National Energy and Climate Plan (NECP) and the National Adaptation Strategy, in particular the following is not addressed: manure management and dewatering of slurries, investments in sustainable and low-carbon practices, storing and accumulating carbon in soils, reducing methane and ammonia emissions from cattle, new agroforestry, encourage permanent crops in place of cereals, increase soil organic matter, modify facilities to reduce heat stress on animals, and maintain agro-ecosystems.

56. The forestry sector is not tackled, but a target is set on R17 on afforested land under this SO. This inconsistency needs to be addressed. Malta is invited to refer to the EU Forest Strategy and whether the proposed interventions contribute to its implementation.
57. The proposed interventions are unlikely to contribute to the achievement of the specific objective, in particular:
- a) the targets set for the stubble ES (output indicator 48 ha), the cover crops/nitrogen-fixing crops ES (output indicator 51 ha) and the support for organic farming (output indicator 89 ha) do not match the scale of the problem intended to address. Malta is invited to increase the budget and the relevant output indicators.
  - b) the effectiveness of Good Agricultural and Environmental Conditions (GAEC) 7 and GAEC 8 will be greatly reduced if the exemption for holdings with 10 ha or less of arable land is kept.
  - c) no specific interventions are identified for reducing GHG emissions and clear air quality from enteric fermentation by livestock, despite this being identified as the most significant contribution to GHG emissions from the agricultural sector. Malta is requested to introduce interventions designed to that aim and to set a target for R13.
  - d) no interventions are identified as supporting actions to reduce heat stress in animals.
58. On SO4 (also applicable to SO5) Malta is encouraged to apply Best Available Technique (BAT) Conclusions including BAT- associated emission levels in an ambitious manner, not only in terms to prevent and reduce emissions of pollutants from installations (e.g. ammonia) but also to appropriately address manure landspreading, on farm processing of manure, slurry storage and water and energy efficiency.
59. As regards investments in water infrastructure for treated urban wastewater to agriculture, this needs to be linked to the related investments, and the expected support and results associated be detailed. Malta is invited to mention explicitly that this will be done in compliance with Regulation (EU) 2020/741 and in full respect of all the provisions and objectives of the WFD.
60. The Plan mentions the ‘no debit’ rule in section 3.1. It lists the actions and the interventions intended to contribute to meeting the no debit requirement and sets a target for R17 (Afforested land) but not for R14 (Carbon storage in soils and Biomass). It also does not explicitly clarify how the intervention strategy will contribute to the targets set under the LULUCF Regulation. Malta is asked to clarify how the Plan will ensure compliance with the targets and to consider setting a target for R14.

### ***1.2.2. Strategic assessment of Specific Objective 5***

61. Where targets are included, values suggest that the Plan lacks ambition in a number of areas. For instance, the Commission notes a low ambition as regards the reduction of the use of chemical pesticides, despite clear needs identified in the SWOT analysis. Only 2.98% of the utilised agricultural area (hereafter, UAA) is used for specific commitments leading to a sustainable use of pesticides. The Commission invites Malta to reconsider this aspect with a view to reinforce some existing interventions (e.g. investments on precision farming).
62. Malta is also invited to explain what are the practices intended to be financed under the ES on Integrated Pest Management (hereafter, IPM) which would go beyond the minimum mandatory practices in line with the Directive 2009/128/EC on the sustainable use of pesticides. The Commission considers that Malta has not explored to the full extent the

potential of ES in this domain (ES currently planned on 345 ha out of more than 4,000 ha of agricultural area).

63. Malta remains at high risk of non-compliance with the 2020-2029 and 2030 onwards reduction commitments for ammonia due to the important number of animals reared (Commission projections by 2030). Thus, the SWOT analysis should flag that despite the reduction of emissions over the last years further efforts are needed. It is important that Malta activates measures to reduce ammonia emissions due to the high number of animals reared and the high risk of non-compliance with the commitments of 2020-2029 and 2030. Indicator R20 needs to be selected and assigned a sufficiently high target value.
64. It seems that Malta is proposing to directly inject the slurry into the agricultural soils avoiding ammonia volatilisation. While welcoming this, it is unlikely to sufficiently reduce the emissions. It is suggested to activate the measure on investments to cover the slurry storages. In the Plan it is neither possible to see from where the direct injection into the soil will be funded (ES or the agri-environmental interventions), nor the appropriate investment measure.
65. The needs regarding water and nutrients are identified in the Plan in addition to other relevant needs that can contribute to these objectives like sharing knowledge and advice. However, considering the needs identified the indicators R21, 22 and 23 should be activated to demonstrate the actual contribution of the Plan to these objectives.
66. The weaknesses under the SWOT do not reflect that Malta has one of the highest irrigation intensities. Further explanation on how the Plan responds to the needs related to diffuse pollution and water abstraction, should be provided. It is recommended to support in particular measures to enhance natural water retention, nature based solutions, and measures to reduce demand, such as the use of less water consuming crops.
67. In addition, there is a need to halt and reverse the depletion of natural resources in agriculture by supporting management practices which reduce water-induced soil erosion, and investments in modern productive systems, enhancing sustainable water management and other practices lowering nutrient losses to water and air. This does not seem to be properly reflected in the Plan.
68. In accordance with the last report on the Implementation of the Nitrates Directive, 64% of the groundwater monitoring stations in Malta report more than 50mg N/l. The last data available (2012-2015) show that the nitrogen surplus (145.5 kg N/ha) and phosphorus surplus (29.2 kg P/ha) are well above the EU average. Malta is requested to explain how the Plan is going to contribute to the achievement of the objectives of the Nitrates Directive and to the EU 2030 target reduction of nutrient losses.
69. Support has to focus on measures aiming at effectively reducing the use of nutrients to contribute to the achievement of the objectives of the WFD by 2027 as well as the Nitrates Directive.
70. The Plan states that “investments in water infrastructure for treated urban wastewater to continue distribution to the main agricultural areas of the Maltese islands, is critical.” This needs to be linked to the related investments, and the expected support and results associated be detailed. Concerning water reuse support, Malta is invited to mention explicitly that this

will be done in compliance with Regulation (EU) 2020/741 and in full respect of all the provisions and objectives of the WFD.

71. Regarding soil, Malta suffers from acute degradation drivers (soil erosion, salinisation, desertification and sealing), which are directly threatening soil health, and its ability to deliver on the many ecosystem services. The Commission therefore recommends to reinforce measures related to soil protection, sustainable soil management and soil restoration.
72. The Horizon Europe Mission ‘Soil deal for Europe’ offers opportunities for accelerating the testing and deployment of cutting edge solutions through place-based activities. Malta is invited to describe how synergy between soil interventions programmed under the Plan and the ‘Soil deal for Europe’ will be ensured.

### ***1.2.3. Strategic assessment of Specific Objective 6***

73. As regards the identification of needs, the Commission welcomes that “enhancing biodiversity on agricultural holdings and wider rural areas” is granted priority 1, but it notes that “promoting CAP SP measures that protect biodiversity, enhance ecosystems and preserve habitats” is granted only priority 7. There is therefore a mismatch between the two above that needs to be reconciled.
74. The weaknesses under this SO do not refer to the percentage of landscape features and their related maintenance or that only 0.4 % of total agricultural area is estimated to be organic as compared to EU average of about 8%. In addition, strengths, weaknesses, opportunities and threats related to habitats/species do not mention at all the habitats and species protected under Directive 92/43/EEC and Directive 2009/147/EEC, the Habitats and the Birds Directives (HBD) linked to agriculture. Malta should quantify the status of HBD habitats and species related to agriculture coherently with the current status of agriculture ecosystems reported in the PAF, and with the latest reports under HBD, where, for instance, the priority grassland 6220 is reported as being in bad conservation status.
75. The Plan should also refer to:
  - a) Trends of species not related to specific ecosystems and habitats, especially farmland birds should also be included, as the value of Farmland Bird Index is low (81.9).
  - b) The PAF is not mentioned in the SWOT. It should be clearly referred to, and the content of the SWOT should be consistent with the information provided in the PAF.
  - c) There is no mention of the role of Natura 2000 (hereafter, N2000) for conserving nature, including as regards the habitats and species associated with agriculture.
  - d) Pesticides are not included in the threats, even though in other parts of the Plan they are recognised as playing a big role in impacting biodiversity and they are cited in the intervention logic of SO6.
  - e) Needs are very generally defined. They should at least refer to the need to improve the conservation status of HBD habitats (grasslands, heathlands and forests) and species that are associated with agricultural land, both within and outside N2000 sites.
  - f) Some key N2000 needs should be added, such as the improvement of the conservation status of habitats \*6220, 5420, 5330, 92D0, 9320, 9340 and 9570 through the extension of their coverage, as indicated in the PAF.
76. The result indicator values suggest also that the Plan lacks ambition in a number of areas (on pesticides reduction and organic farming).

77. The Commission welcomes the ambitious target proposed by Malta as regards the high diversity landscape features (9.5% by 2030). This seems to rely mostly on areas with fallow land and on rubble walls. In order to meet this target Malta is invited to examine if the list of protected features under GAEC 8 or the proposed non-productive investments can be further extended.
78. The financial allocations planned for the on-farm non-productive investments seem limited and the Commission is wondering whether they are sufficient to achieve the ambitious target proposed by Malta, on top of the off-farm non-productive investments. R34 on preserving landscape features is low (0.89%) compared to the high target fixed by Malta.
79. The Plan mentions, as preliminary and indicative national value of organic farming by 2030, 5% of the Maltese agricultural area under organic farming. The Commission welcomes this ambitious objective. It constitutes a substantial increase over the 2019 value of 0.47%, effectively a more than ten times increase. However, the Plan includes a target of 0.77% by 2028 for R29. This figure is very low given the objective of 5%. The Commission requests further explanations on this target, and considers that it should be revised upward.
80. Malta is invited to include in the relevant need that the negative trend of pollinator populations should be addressed.

#### ***1.2.4. Specific strategic focus***

##### *Green architecture*

81. The description of the overall contribution of conditionality to the specific environmental- and climate-related objectives includes a series of general statements. The Plan refers mainly to the objectives of the standards. The picture is also similar as regards the information provided on ES or rural development interventions, where the Plan in most cases limits to say that it exceeds conditionality.
82. Description on complementarity needs further development. Malta is invited to include in the Plan a clear overview of the complementarity between the relevant baseline conditions, as referred to in Article 31(5) and Article 70(3) of the SPR, conditionality and the different interventions addressing environment and climate-related objectives. Analysis is needed of the complementarity and synergies between those instruments.
83. Malta is also invited to clarify the complementarity between the ES on stubble management practices with conditionality related standard and against the current practices (as the current GAEC 6 on the maintenance of soil organic matter requests already “appropriate stubble management, including ploughing and incorporation of residues, should be practiced where possible and where agronomic conditions permit, in order to increase soil organic matter”).
84. In addition, the objective to maintain or restore favourable conservation status of protected habitats and species covered by the HBD Directives should be explicitly mentioned and the needs identified in the PAF should be listed. The definition of eligible area should be extended to include habitats listed in Annex I to the Directive 92/43/EEC (Habitats Directive), to avoid any indirect environmental damage of clearing trees, hedges and shrubs which are needed in those habitats.

### *Greater overall contribution*

85. The Plan needs to be reviewed to provide a more complete and clear explanation of how it complies with Article 105 of the SPR. Overall, based on its content, the Plan does not contain sufficient elements to identify the increased environmental and climate ambitions compared to the current programming period. This exercise should be carried out against past achievements and shall be based on relevant information as indicated in Article 105(2) of the SPR. This is currently not complied with. The Plan lacks information on impact indicators and any quantified comparisons with the contribution to the climate ambition of the current programme. For some ES there are concerns as regards the added value to conditionality.
86. Malta is asked to make a clear, well justified, quantitative comparison of the environment and climate ambitions of the Plan with that achieved under the 2014-2020 Rural Development Programme (RDP) and to ensure that funding of the Plan matches the needs identified in terms of environment and climate. Malta is invited to provide revised figures for the overall budget reserved for environmental and climate related objectives under the European agricultural fund for rural development (EAFRD) that take account of the contributions of the off-farm infrastructure and on-farm productive investments and to provide comparable figures for the previous programme. Malta is also asked to justify the 20% transfer from EAFRD and the decision to spend less than 25% of the increased direct payments budget on ES. Meeting the 35% ring-fencing relies heavily on non-productive investments and areas facing natural or other specific constraints (ANC) and to a more limited extent to environmental and climate measures, while interventions such as N2000 and WFD payments are not programmed despite the needs. The targets do not reflect the scale of the needs set out in the national strategies, particularly those for nutrient reductions, pesticides and organic farming.

### *Contribution and consistency with the long-term national targets set out in or deriving from the legislative instruments referred to in Annex XI (Article 109(2) of the SPR)*

87. The Plan does not list any contribution to the Effort Sharing Regulation (ESR) target from the agricultural sector, despite the fact that the NECP identifies agriculture as one of the sectors with potential for carbon emissions reduction, in particular from enteric fermentation, agricultural soils and manure management. Malta is requested to include interventions intended to reduce emissions from enteric fermentation, to set the relevant R13 and to consider identifying a contribution to the 2030 ESR target from the agricultural sector.
88. The Plan also does not explicitly clarify how the intervention strategy will contribute to climate performance set under the LULUCF Regulation. Malta is asked to provide the relevant explanation and to consider setting a target for R14.
89. Based on the information provided, it is not clear if the planned interventions will be sufficient to bring about the scale of change that is needed. The provided targets do not appear to reflect the scale of the needs set out in Annex XIII of the SPR and national strategies, while the Plan, unfortunately does not include targets for result indicators R20, R21, R22 or R23 as set out in Annex I to the SPR which cover air quality, water quality, nutrient management and sustainable water use.

### **1.3. To strengthen the socio-economic fabric of rural areas**

#### ***1.3.1. Strategic assessment of Specific Objective 7***

90. Malta is invited to streamline the coherence between the SWOT and the needs assessment, so that the SWOT results are better taken into consideration and to explain more comprehensively the intervention logic, including the measures planned outside the CAP, as well as the result indicators set out in Annex I to the SPR and the financial allocation.
91. Malta is called on to explain how the proposed interventions will increase the attractiveness of farming for the young. Support for productive investments, for instance, is not particularly focused on young farmers. It has to be clarified if there are any preferential conditions introduced for young farmers as regards access to land, access to finance/investments or access to knowledge. Knowing the difficulties in access to the sector for young farmers, without a description of the justification of the financial allocation, it is not possible to assess if the allocated resources and interventions chosen are addressing the real needs of young farmers and women in agriculture and rural areas.
92. The needs assessment identified the need “Support new rural business ventures that add value to rural income and promote rural quality of life”. This need however, is not addressed. Malta is invited to explain this choice, which seems not in line with the strategy of the Plan.

#### ***1.3.2. Strategic assessment of Specific Objective 8***

93. Malta is requested to provide more detailed information as to how the interventions under SO8 will tackle the development needs of rural areas in Malta, in terms of employment, growth and gender equality (considering the very low employment rate of rural women and low number of female farmers).
94. Malta decided to tackle all identified needs only through LEADER. Due to its specific features (bottom-up approach), Malta is invited to explain how all the needs of rural areas will be addressed. It is also invited to clarify any synergies expected between LEADER and other interventions carried out under the rural development (productive and non-productive investments, knowledge dissemination). In the precedent programming period, the needs of rural areas were tackled through other measures, on top of LEADER, and with a higher financial allocation.
95. The bio-economy ensures that biological resources are used for the benefit of society along all pillars of sustainability. Malta has no Bio-economy Strategy. It is therefore invited to consider developing such a Strategy in association with the Plan to reinforce the synergies between both policies, and to scale up the deployment of the circular and sustainable bio-economy.

#### ***1.3.3. Strategic assessment of Specific Objective 9***

96. As regards the reduction of the antimicrobials use in farmed animals, the Commission welcomes the intervention for the improvement of data collection and diagnostic laboratory to improve risk assessment. Note is taken of the proposed reduction target of antimicrobials sales by 15% by 2030. Nevertheless, given the current use of antimicrobials, the Commission requests Malta to consider increasing the level of ambition and results expected. It requests Malta to re-examine the SWOT to recognise what drives the high-level use of antimicrobials in farm animals and identify associated needs. Malta is also invited to explain the level of



financial commitment, the livestock coverage and how the interventions planned (on farm investments, knowledge transfer) are considered to contribute to achieve the overall target.

97. In relation to animal welfare, the Commission notes that on-farm productive investments, and more specifically those related to precision livestock farming, are mainly related to farm waste management and demonstration activities. The description is rather general and there is no specific information concerning the type of intervention and resources allocated. The Commission invites Malta to clarify how the current welfare problems (e.g. tail docking of pigs) are addressed and how welfare management practices are intended to be supported beyond knowledge transfer activities. Malta is also invited to encourage the keeping of animals in non-confined housing systems for laying hens, calves and sows. The Commission notes that agri-environmental practices in the area of animal welfare have not been planned.
98. As far as public awareness of local products and shift towards healthy and sustainable diet is concerned, the intervention logic does not present any concrete actions in this field, although this is mentioned in the overview of SO9. Malta is invited to explain how the shift towards healthy, plant-based and sustainable diets will be achieved. Further clarification is needed to understand the scope of awareness campaigns.
99. As regards food waste, the Commission invites Malta to clarify which interventions in the Plan are intended to address food waste prevention. In addition, the Commission invites Malta to include information on any national food waste reduction measures (in place or planned) outside the CAP in this regard.

#### **1.4. Modernising the sector by fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas, and encouraging their uptake by farmers, through improved access to research, innovation knowledge exchange and training**

##### ***1.4.1. Strategic assessment of Cross-cutting Objective***

100. Malta is invited to increase the overall efforts related to AKIS and adapt to the current advisory services rules. The objective is that advisors, researchers and the CAP network work better together within the framework of the AKIS and that individual support for developing grassroots innovative ideas into European Innovation Partnership (EIP) Operational Groups is given.
101. The digitalisation strategy is not consistent with the SWOT analysis and the needs assessment for the cross-cutting objective. The strategy does not reflect on the support to digitalisation in rural areas. In the context of support digitalisation in agriculture, merely a non-comprehensive list of interventions contributing to this ambition is provided.
102. While in Malta there is no real risk of a digital divide because of different levels of connectivity as full coverage of households with fast broadband is achieved, the subject of avoiding or mitigating digital divides, e.g. types of farms or different population groups, could still be addressed in the digitalisation strategy.
103. The targeted value for R3 is with 0.13% (12 farms) very low, especially as one identified weakness in the SWOT for the cross-cutting objective was the lack of capacities of small farms in the deployment of digital technologies.

104. Given the importance of Horizon Europe in tackling issues such as soil health, climate change, biodiversity, food systems and competitiveness, Malta is invited to consider actions creating synergies between the Plan and Horizon Europe actions with specific attention to EIP Operational Groups and Horizon Thematic Networks and Multi-actor projects. Malta is invited to provide additional information on links of the Plan with the Horizon Europe Programme, Missions and the Partnerships.

### **1.5. Simplification for final beneficiaries**

105. Malta is reminded about the requirements in Article 66(1)(b) of Regulation (EU) 2021/2116 covering the need to have geo-spatial application system in place as part of Integrated Administration and Control System (IACS). It is recalled that by 1 January 2024, an area monitoring system in all Member States shall be fully operational.

106. Malta is invited to provide information in which time cycles the Land Parcel Identification System (LPIS) is updated and if these updates are also fed into the Single Application as well as further information on data sharing, as referred to in Article 67(3), (5) and (6) of Regulation (EU) 2021/2116.

### **1.6. Target plan**

107. Nineteen result indicators are not used or linked to any intervention. This is not in line with the needs assessment and the intervention logic. Moreover, the proposed result indicators show in general an unambitious level and/or they are close to the current levels and/or do not appear to reflect the scale of the need.

108. Malta is thus invited to activate the missing RIs, notably those where Malta plans interventions with direct and significant link to these RIs, for instance: R6, R13, R14, R18, R20, R21, R22, R23, R37, R39, R43 or R44.

109. Other indicators appear not being ambitious enough. Malta is invited to show more ambition and revise them upwards. This is the case for instance for R3, R4, where the target is significantly lower than the sum of the planned output for the Basic Income Support for Sustainability (hereafter, BISS) and the small farms, R7 (the value is significantly below the current value), R15, R16, R24, R29, R31 and R34.

110. Regarding generational renewal, Malta is invited to reconsider the value of R36 and include beneficiaries receiving Complementary Income Support for Young Farmers (hereafter, CISYF), as well, in order to reflect the full contribution towards that objective. The target value does not seem to take into account the income support to young farmers newly set-up.

111. The target value of R1 (knowledge) equals to the value of R28 (knowledge on environment and climate). Malta is invited to confirm if all training activities will address environmental and climatic performance.

## **2. OPERATIONAL ASSESSMENT**

### **2.1. Minimum ring-fencing**

#### *Eco-schemes*

112. The amounts planned annually for ES in section 5 for calendar years 2023-2026 are below the required minimum 25% of the adjusted allocation for direct payments (Annex IX of the SPR) taking into account the decision to transfer 20% of the EAFRD budget to direct payments. Malta should increase the funds allocated to ES or apply a rebate in the meaning of Article 97(2) of the SPR to help reach the 25% threshold. Malta is requested to clarify this point and to adjust the Plan accordingly.

#### *EAFRD*

113. Total amount of interventions in section 5.3 “Rural development interventions” should equal the total entered in the overview table of the financial plan (section 6.1), which is currently not the case.

114. As a general comment on ring-fencing, Malta is asked to make sure that each intervention ring-fenced under section 5 of the Plan, be it for environment, generational renewal or LEADER, fully contributes to meeting one of those ring-fencing requirements (i.e. cannot only partially contribute). This is valid for all ring-fencing requirements.

115. In this regard, it is not entirely clear how much of the budgets for off-farm infrastructure or for on-farm productive investments are included in the sum given in the Plan for the EAFRD budget programmed on green interventions. The Commission regrets that, while taking into account the overall reduced yearly EAFRD budget in the period 2023-2027 and the fact that the ring-fencing provisions of Article 93(1) of the SPR are complied with, yearly EAFRD spending relevant for environment and climate (excluding ANC funding) will be reduced.

#### *Young farmers*

116. Figures entered in section 5 differ from figures entered in section 6.1 (overview table). Those should be coherent (only totals should match for rural development).

### **2.2. Definitions and minimum requirements**

117. On 4.1.1.1. definition of production should be moved under 4.1.2 (maintenance criteria for arable land); the definition of agricultural areas should be under 4.1.2.2.1 and 4.1.1.2.2 instead of 4.1.1.1.

118. 4.1.2.1.1(2)(3) It is needed to delete the information on agricultural areas and provide information on the elements of agroforestry based e.g. on type of trees, size, number, distribution and management practices (whether or not differentiated per type of agricultural area). On 4.1.3.2 land at disposal, information is required on the implementation, i.e. how it will be verified that the land is actually and lawfully used by the farmer.

119. 4.1.4.1 Active farmer. Malta is invited to explain how the inclusion in the Land Register is related with the engagement in at least a minimum level of agricultural activity, and to confirm that farmers who only maintain the land are not penalised by this criterion.

120. 4.1.4.2 Active farmer - negative list. It is needed to clarify on which basis the categories indicated do not comply with the requirements under 4.1.4.1 and thus have been included in the negative list. Continuation of previous implementation is not a valid justification.
121. 4.1.5.2 (and 6.1) Malta is invited to reconsider the requirement for new farmer to be head of holding “for the first time”. “First time” should not be made conditional to previous receipt of support as it means that the person controls and leads an agricultural holding for the first time ever.
122. 4.1.7.1 Minimum requirements. For the calculation of the threshold, based on qualitative and quantitative information, justification is needed in terms of decreasing administrative burden and contributing to the objective to support ‘viable farm income’. As regards 4.1.8, the definition of large-scale infrastructure seems too large and not in line with the practice in RDPs 2014-2020.

#### *Technical assistance*

123. Malta is invited to clarify which stakeholders will receive support in the form of technical assistance. Technical assistance should only be used for capacity building actions which are linked to the administration and implementation of the Plan. Malta is invited to clarify how technical assistance supports the reduction the administrative burden for beneficiaries. Moreover, Malta is invited to complete all missing sections under this point.

#### *CAP network*

124. The section does not contain necessary details to assess the overall functioning of the network. Malta is asked to update and complete the whole section, including support for EIP and knowledge flows within the AKIS.

#### *Coordination EU funds*

125. Section 4.5 of the Plan contains only partial information on coordination and demarcation between the Plan and other EU funding sources and is therefore insufficient to give the overview required in Article 110(d)(v) of the SPR. As Regulation (EU) 2021/1060 (Common Provision Regulation (CPR)) funds programming is ongoing, Malta is requested to update the information and provide a comprehensive description of how EU funds and initiatives active in rural areas work together with and concretely contribute to the Plan, so as to ensure that the specific needs of rural areas are duly taken into account indicating any synergies with the Long-term Vision for the EU’s rural areas (COM(2021) 345 final).
126. Malta is notably invited to clarify how the complementarity with the European Regional Development Fund (ERDF), the European Social Fund Plus (ESF+), the Recovery and Resilience Facility (RRF), the Digital Europe Programme (DEP), the Connecting Europe Facility (CEF2 Digital) will be ensured and how the synergies will be articulated between the Partnership agreement, Article 11 of Regulation (EU) 2021/1060 and the Plan.

## **2.3. Interventions and baseline**

### **2.3.1. Conditionality**

#### *GAEC 1*

127. The Plan does not propose to implement the GAEC 1, while claiming that there is no grassland in Malta. However, the PAF does include actions for the conservation of grassland habitats. Malta is therefore requested to clarify this situation.

#### *GAEC 2*

128. Malta is invited to provide the needed elements on this standard as requested in Article 109 of the SPR and also to clarify if it is to be applied as of 2023. This GAEC standard should introduce and uphold sustainable practices that would aim to appropriately protect Maltese wetlands.

#### *GAEC 3*

129. Under certain circumstances, this standard allows flame weeding. As such, a practice may be detrimental environmentally and in addition, such exception is not included in the current GAEC 6 on the maintenance of soil organic matter, which implies that the current standard is less ambitious than the current practice. Malta is requested to reconsider the approach and invited to establish a ban on flame weeding under an additional standard targeting the same objective of maintaining the soil organic matter.

130. Similarly, the Commission notes that the current GAEC includes a requirement that appropriate stubble management, including ploughing and incorporation of residues, should be practiced where possible and where agronomic conditions permit, in order to increase soil organic matter. These practices are still in line with the main objective of the standard and therefore, Malta is invited to consider the possibility of establishing an additional standard with the requirement that appropriate stubble management, including ploughing and incorporation of residues, should be practiced where possible and where agronomic conditions permit, in order to increase soil organic matter according to Article 13 (2) of the SPR.

#### *GAEC 4*

131. Malta is invited to indicate on which basis definitions of water streams, valleys, ponds or any natural water courses, etc. is set.

#### *GAEC 6*

132. Malta is also invited to consider that soil cover should not be limited to areas with slopes. All arable land and permanent crop areas where bare occurs are expected to be covered.

#### *GAEC 7*

133. The concept of crop rotation is relevant, but this should be better developed by adding some indications. As regards sequence of crops, more indication needs to be provided on the secondary crop especially as regards its duration (significant break between two main types of crops).

134. The Plan states that the standard is met if the main or secondary crop (not both) is a leguminous crop. Malta is requested to modify this GAEC accordingly in order to bring it in line with the Regulation.

135. In addition, holdings below 10 ha of arable land are exempted from the obligations for this GAEC. While this is in line with the SPR, in the light of the common holding size the authorities are invited to consider lowering the threshold in order to make this standard effective.

#### *GAEC 8*

136. The Plan proposes option 1 as regards standard 1, namely 4% fallow land or other non-productive features. This includes the exemption for farms under 10 ha of arable land, meaning that it will only apply to a very small number of farms, and a very small area of land. Malta is invited to consider lowering the threshold, in order to make this standard effective.

137. The proposed list of landscape features is rather narrow and does not include for instance hedgerows and terraces. There also seems to be a mismatch with Malta's National Biodiversity Strategy and Action Plan that includes an extended list. These are important features for species conservation and Malta is invited to reconsider the proposed list.

138. The Commission notes that the current GAEC 7 under Regulation (EU) No 1306/2013 on the retention of landscape features set as period for prohibition of pruning of hedgerows and trees from February to September. The proposed standard decreases this period to end of May. Malta is required to set a ban period on pruning and cutting hedges and trees that corresponds to the season of bird breeding and rearing, as provided for in Annex III of the SPR.

### **2.3.2. For direct income support**

#### **2.3.2.1. Basic Income Support for Sustainability (BISS)**

139. The unit amount for BISS cannot be justified as being the result from the division of the BISS envelope by the number of estimated eligible hectares. The planned unit amount should primarily be justified on the basis of the analysis of the income needs. Taking into account the number of estimated eligible hectares, the indicative financial allocation for BISS is the result of this exercise, not the starting point.

140. Malta is invited to reconsider the variation of the unit amount provided. The variation percentages are high and are not adequately justified. The justification of the unit amount on the one hand, and of minimum and maximum unit amounts on the other hand should be linked. These justifications should primarily be based on data related to the needs which the relevant interventions want to address. Elements of uncertainty leading to a risk of unspent funds can be added to justify the variation. However, these elements must also be explained and where possible based on data, e.g. related to past experience related to under-execution.

#### *Payment for Small Farmers*

141. The unit amount cannot be justified as resulting from the division of the small farmer payment allocation by the number of eligible hectares. The financial allocation for the small farmer payment should be the result from the establishment of the appropriate unit amounts

and the expected number of eligible hectares. Unit amounts must be justified on the basis of statistical/quantitative data illustrating the needs in terms of income support.

142. Moreover, the unit amount established seems low compared to the BISS (+/-600 EUR/ha). Considering that this intervention should be optional for farmers, it is not clear why farmers would apply for this scheme, if they can obtain a larger amount under BISS. Malta is invited to clarify the intended approach and assess if EUR 150 is relevant here.

#### 2.3.2.2. Complementary Redistributive Income Support for Sustainability (CRISS)

143. Malta has opted not to make use of the possibility for the redistributive income support and has not sufficiently justified that choice. Therefore, it is requested to provide the missing justification and in particular to specify how other instruments and interventions address the need for redistribution of income support financed by the EAGF.

#### 2.3.2.3. Complementary Income Support for Young Farmers (CISYF)

144. Malta is invited to consider the contribution of the intervention to SO7, and R36 and R37 and align it with the intervention strategy. Concerning the condition of being “newly set up”, Malta is reminded that this is linked to the start of the agricultural activity, so that the condition should be adapted accordingly.

145. Regarding the planned unit amount, an explanation how this amount will contribute to achieve the policy objective is expected.

#### 2.3.2.4. Eco-schemes

146. The ES for stubble and for catch crops have very small budgets and very small output indicator targets, hence a limited potential impact to contribute to any of the targets for the climate-related result indicators. Malta is invited to redesign these measures to increase the climate ambition.

##### *Eco-scheme – Soil Cover: Stubble management practices*

147. This ES proposes to retain stubble and crop residues on the land. As mentioned above, under certain circumstances this is already requested under the current GAEC 6. Malta is requested to clarify the link between the scheme and the GAEC and, if necessary, amend the ES.

148. Further efforts are needed on the articulation with rural development in particular as the Plan provides for a rural development intervention supporting soil management planning.

##### *Eco-scheme Land parcels dedicated for biodiversity purposes*

149. The proposed commitment is that farmers dedicate the whole area of at least one parcel to biodiversity for 2 years without any plant protection products. The length of the commitment does not seem sufficient to yield biodiversity benefits. Malta is invited to explain how planned outputs/areas can be reached in the absence of any minimum share of the farm agricultural area for this scheme.

150. This ES should contribute directly to R19 (soil), R22 (nutrient management) and R24 (pesticides). Malta is invited to add these links. Finally, more information needs to be provided to substantiate the proposed financial support.

*Eco-scheme Soil Cover: Encouraging the cultivation of catch crops and/or nitrogen-fixing crops as soil cover*

151. Malta is invited to explain the difference between this scheme and a coupled payment to protein crop. It is also invited to explain the cost-benefit of the scheme in particular as regards the little planned outputs and the huge variation of unit amount foreseen. The proposed commitment is general and includes no quantification of minimum size of the plot.

152. The addition to conditionality of this ES does not result clearly. The reference that this will lead to 5 weeks coverage while no time span is fixed under conditionality is not sufficient to justify this intervention. More information is needed on the level of support and methodology for calculation, including its certification.

*Eco-scheme: IPM*

153. This ES includes only one commitment that requests farmers to have an Integrated Pest Management Plan on the whole parcel for at least three consecutive years. Malta is invited to clarify the current requirements as regards IPM. Further efforts are needed to define the relevant practices as regards the pesticide use.

154. The list of relevant standards for this ES seems to include all of them. It is not clear why this is the case as its scope is narrow than that.

155. The proposed payment is a top up to BISS. Even if the calculation does not have to be included in the Plan, from the information provided it has to result a link with its level of ambition.

#### 2.3.2.5. Coupled Income Support (CIS)

156. The justification of the difficulty experienced by the sectors concerned is to be further reinforced based on declining areas and/or number of animals, and the related decreases in output. All these elements are to be systematically underpinned by the statistical evidence. Finally, competition from other countries is not an adequate argument to justify the difficulty experienced by the eligible sectors (e.g. beef and veal, milk) as it is not in line with the regulatory framework.

157. Malta is invited to further elaborate how the CIS interventions are to improve the situation of the sector. In line with Article 32(2) of the SPR, the CIS interventions should help the sector to address its difficulty by improving competitiveness, quality, and sustainability.

158. In order to address efficiently difficulties and improve the competitiveness and sustainability of the sector and to avoid that the proposed CIS interventions lead to a deterioration of the environmental and climate situation (e.g. resulting from intensification of livestock farming), Malta is requested to clarify the interplay between CIS and other support decisions under the Plan and to improve, if relevant, the CIS interventions' targeting (e.g. eligibility conditions for specific types of farming within a sector and CIS adapted to different local context)



159. The justification should in particular outline the expected longer-term benefits for the targeted sector. This is also in view of the fact that CIS interventions are designed, to a large extent, as a monetary compensation for the difficulty, while recognising the particular set of structural constraints faced by the sectors concerned, due to the size of the country and its geographical location, as well as application of Article 96(5) of the SPR as regards the maximum financial allocation for CIS.
160. CIS interventions are to be linked to at least one SO. However, this information has not been provided in the Plan. Besides the result indicator R8, all the CIS interventions could also be linked to R4 (Income support and standards and good practices), R6 (Redistribution towards smaller farms) and R7 (Areas with specific needs).
161. The Plan should further explain and justify the unit rate and its variation (minimum and maximum amount) in light of the targeted sector's situation and the aim of CIS interventions. In particular, justification of the unit amount based on the allocated budgetary envelope divided by the number of eligible animals or hectares is not in line with the New Delivery Model. In addition, the allocation of funds across the four sectors targeted remains virtually identical to the previous period. Malta is invited to clarify if the observed changes in income needs across different sectors justify this status quo. If not, this would need to be reflected in the respective budgetary allocations.
162. As to the consistency with the WFD, Malta outlines different requirements that farmers are to respect in order to benefit from coupled payments. Malta is invited to further clarify to what extent the conditions put in place are expected to maintain/improve the current ecological status as per the WFD.

### **2.3.3. For sectorial interventions**

#### Apiculture

163. Malta is invited to revise section 3.5.2 to include a more detailed analysis of the sector, leading to the needs of the sector and justification of the interventions chosen and a description of the reliable method for determining the number of beehives as per Article 37 of Regulation (EU) 2022/126. Malta is also invited to ensure that only interventions under Article 55 (1)(b) of the SPR contribute to result indicator R35 and to outline in section 5 how the interventions contribute to the sectoral and specific needs and objectives, and better define the beneficiaries; include planned unit amounts and outputs for the distinct supported actions; as well as review the explanation on World Trade Organisation (WTO) compliance and demarcation with rural development interventions.

### **2.3.4. For rural development**

164. For activities outside Article 42 of the Treaty on the Functioning of the European Union (TFEU), an exclusion of undertakings in difficulty as well as undertakings still subject to an outstanding recovery order following a Commission decision declaring aid illegal and incompatible with the internal market, except in the cases mentioned in the applicable State aid rules. Malta is invited to include this reference under section 4.7.3.
165. Rural development support that is not covered by the exemption under Article 145 of the SPR must comply with the compatibility conditions set out in applicable State aid instruments. The most relevant State aid instruments in this context are the Agricultural

Block Exemption Regulation (ABER), the State aid agricultural, forestry and rural areas Guidelines, the General Block Exemption Regulation (GBER) and *de minimis* Regulation (EU) No 1407/2013. Such support is subject to State aid procedures, in accordance with the State aid instrument chosen by Malta.

#### 2.3.4.1. Management commitments

166. The intervention covers six operations of very different character, of which at least two should be singled out as separate interventions, as they refer to different output indicators (support for organic farming and for autochthonous Maltese species). Only one output indicator can be associated with an intervention.
167. There is insufficient information on the commitments provided, which is essential to understand the intervention and how it fits with the green architecture of the Plan. In particular, inconsistencies between the needs listed, the description of the commitments and the result indicators chosen have to be improved to allow full assessment. Furthermore, coverage of the commitments in terms of share of UAA in Malta seems to be rather low, but cannot be fully assessed due to missing links established in table 12 (e.g. the intervention supporting mechanical rather than chemical control of weeds in orchards and vineyards has a target area of only 101 ha, which amounts to just under 0.9% of the UAA). Malta is invited to redesign the measures to make them more ambitious. Needs 5.2, 5.3 and 5.6 are not addressed by the proposed operations, or only to a small extent.
168. For all programmed operations, the Plan needs to include an explanation of how the commitments to be fulfilled by beneficiaries go beyond the requirements referred to in Article 31(5), points (b), (c) and (d), Article 70(3) and Article 72(5) of the SPR.
169. The Plan refers to investments and it is not clear whether this is just to explain complementarities. Under Article 70, no investment support is possible and the text should be streamlined to avoid repetition (complementarity between interventions in section 3 of the Plan).
170. Malta is invited to explain the significant increase of premia without visible improvements of the intervention. Result indicators related to the individual commitments have to be included so that support can be monitored. The uniform amounts are the default option to be used (maximum unit amounts not being relevant for Art 70 interventions).
171. According to Article 70(7) of the SPR, a revision clause must be provided for interventions on environmental climate-related and other management commitments, in order to ensure their adjustment in case of amendments to the relevant mandatory standards, requirements or obligations beyond which the commitments have to go.
172. As to the specific operations, the following should be taken into account:
  - a. AECM 1, 2, 3 and 5 are very similar to a current sub-measures of the RDP. Malta is invited to explain the significant increase of premia in several cases without visible improvements of the intervention. A thorough revision is needed.
  - b. AECC 3 The top-up support for land belonging to other farmers need better justification, as the payment is per hectare.
  - c. AECC 4: The operation is mixed and it is not clear whether only the setting up of soil management plans are supported or if individual management commitments like mulching, residue incorporation, conservation tillage, green manuring, cultivation of forage crops, strip cropping or similar are included. Overall, it seems far less

ambitious than the respective measure under the current RDP. Malta is also requested to reconsider the eligibility criterion on percentage thresholds of landscape features, as it may be an incentive for farmers to remove the landscape elements so as to extend the eligible area.

### *Organic farming*

173. The support for organic farming, currently programmed in the same intervention than all other agri-environment and climate management commitments, has to be singled out as a separate intervention, with contribution to output indicator O17 and result indicator R29. Otherwise, its contribution to the EU target on organic farming cannot be demonstrated.
174. While the Commission acknowledges the challenges of Malta to expand organic farming, the target of the output indicator of 20 hectares per year (and even less as of 2025) is too low and entails the risk of reconversion to conventional farming in Malta. Indeed, the intervention has a substantial budget, but the target area is only 89 ha, which represents just under 0.8% of the UAA. Malta is invited to enhance the target area substantially. Moreover, the target of the operation is not coherent with the correspondent Green Deal target set out in the relevant Plan's Annex.
175. Several elements of the description of the intervention are missing or unclear: the reference to Regulation (EU) 2018/848, differences between support for conversion and maintenance (while the text suggests a difference, the premia is the same), reasons for limiting the possibility for extension of the duration or for parcels upon which no aid has previously been granted.
176. The envisaged payments per hectare are extremely high compared to the current period (maintenance: increase from 545 EUR/ha to 5,296 EUR/ha). Malta is invited to explain this huge increase, which does not seem to be related to any significant change of the commitment. The proposed support for convergence and maintenance are identical. As the costs are not the same, Malta is requested to duly substantiate the proposed level.

### *Genetic Resources*

177. Interventions to support genetic resources have to comply with the provisions laid down in Article 45 of the Regulation (EU) 2022/126. While the intervention covers actions under paragraph 1(b) of that Article, the operation 'Integration and maintenance of autochthonous Maltese species', currently programmed under management commitments seems to support activities under paragraph 1(a) of that same Article. The two operations should be programmed as separate interventions under Article 70 of the SPR.
178. Malta is invited to reconsider the result indicator selected; operations supported under this intervention contribute to R27. As to the output indicator, the unit for O19 is 'operation', not hectare.
179. As to compliance with WTO requirements, the text should refer to the fact that this support is part of a clearly-defined government environment or conservation programme, and that compensation is limited to cost incurred or income forgone, as set out in paragraph 12 Annex 2 of the WTO Agreement on Agriculture.

### *Areas under Natural Constraints (ANC)*

180. It should be clearly stated in the eligibility conditions that Areas under Natural Constraints (ANC) payments can only be granted to active farmers and for already designated ANC areas. The appropriate eligible area should be selected for this intervention: Areas affected by other area-specific constraints. Furthermore, the link to the national list of the designated local administrative units and to the ANC map must be provided.
181. As a reminder, support under Article 71 of the SPR is not of a commitment nature. Any reference to management commitments should be avoided. Moreover, the certification of payment calculation in accordance with Article 82 of the SPR is to be provided in the Plan. This Annex is missing.
182. Malta is invited to provide a short explanation on how the intervention complies with the requirements of paragraph 13 Annex 2 of the WTO Agreement on Agriculture. Malta should also indicate the average unit amount value and provide a short explanation and justification for this amount. The financial table with outputs should be revised since information is missing and appears to be inconsistent.

### *Area-specific disadvantages resulting from certain mandatory requirements*

183. Malta is requested to consider introducing an intervention on Natura 2000 payments for agricultural areas (and forest, if relevant), and WFD payments given that agriculture remains the main pressure and there is a need to ensure non-deterioration of habitats and to prevent disturbance of species in the sites.

#### 2.3.4.2. Investments, including investments in irrigation

184. Malta is invited to revise the section concerning rural development interventions in order to respect all legal requirements. As a general point, the interventions are designed in a very broad manner and therefore is difficult to assess the aim and their contributions to relevant SO (i.e. environmental and climate ambitions). Malta may consider streamlining.
185. In general, for the interventions on farm and off farm non-productive and off farm productive investments, and as regards State aid, the Commission points out that Regulation (EU) 2020/2008 is not a self-standing legal basis, but a Regulation which amended other acts. The Commission invites Malta to clarify which types of State aid instruments (notification, block exemption or *de minimis*) it intends to use for State aid clearance and to insert the reference to the appropriate legal instrument accordingly.
186. Furthermore, as regards on-farm and off-farm non-productive investment and off-farm productive investments if the entire interventions fall outside Article 42 of the TFEU, “yes” should remain ticked. In that case, it is not necessary to explain the individual support activities. If only part of the intervention falls outside Article 42 of the TFEU, “mixed” should be ticked; the activities falling outside the scope of Article 42 of the TFEU must be explained and the State aid clearance instrument indicated.

### *Off-farm Productive Investments*

187. Malta is invited to clarify the consistency and synergies with the relevant sectoral measures under the Plan, if the proposed processing and marketing activities will take place on- farm or

off-farm. It is also invited to provide information about the eligible sectors. Moreover, leasing is not qualified as eligible unless there is a purchase obligation at the end of the contract.

188. Concerning investments linked to energy, Malta is invited to make sure that all mandatory requirements are met (i.e. 24 months eligibility, State aid issues). Finally, it is invited to set durability requirements for the supported investments.

#### *On-farm Productive Investments*

189. Malta is reminded that eligibilities under this intervention should concern only the products covered by Article 42 TFEU. The proposal on this point is not clear and needs to be revised.

190. The on-farm productive investments in manure management and storage should not only be for the benefit of nutrient budgeting but also to support pollution prevention and reduction (notably methane, ammonia, nitrates). It is recommended to also explicitly include investments for low-emission housing of animals as eligible for support (PM, ammonia emissions) and to link the results indicator R20 (air quality) to this intervention.

191. Regarding farm waste management, it should be noted that EAFRD support is possible only 24 months from the date the relevant standards become mandatory. Only the production of organic products is eligible, otherwise ES and AEC measures should be considered.

192. Malta is invited to add (in line with Article 74 of the SPR) that for water bodies in less than good status there should be evidence that effective reduction in water is achieved and that it contributes to the achievement of good status.

193. Concerning investments in water reuse support, Malta is requested to mention explicitly that this will be done in compliance with Regulation (EU) 2020/741 and in full respect of all the provisions and objectives of the WFD.

194. As regards irrigation, Malta is invited to consider a stand-alone intervention due to the specific set of eligibility criteria attached. The intervention covers investment in more efficient irrigation equipment, smart irrigation techniques and reservoirs. Confirmation is needed if investments lead to a net increase of irrigated area and in that case these investments have to respect the relevant requirements of Article 74 of the SPR.

195. Potential water savings of 5% are required for the improvement for existing irrigation installations (and an effective reduction in water use of 50% - presumably in areas with less than good quantitative status). More information is needed on what installations will be improved, since 5% seems low and only adequate for equipment which is already very efficient. It is recommended to set more ambitious minimum requirements if technically feasible, in order to significantly improve water efficiency and reduce water needs.

196. All relevant requirements of Article 74 of the SPR need to be reflected in the eligibility conditions in a detailed manner (in particular conditions of Article 74(4), 74(5), 74(6) and 74(7) if relevant).

197. The intervention supports the creation of new irrigation facilities which can only be linked to R9, while the improvement of existing irrigation, also covered by this intervention, are to be linked to R26.

### *On-Farm Non-Productive Investments*

198. The description of the design of the intervention is not consistent with the information on the eligibility criteria, especially regarding the eligible investments in the field of forestry. The result indicators should then be revised accordingly. The environmental ambition of the intervention should be assured.
199. Rubble walls have been extensively financed under non-productive investment in the past rural development programmes. Malta is invited to provide information on the results of the former interventions, on funds allocated and the further existing needs.
200. The Commission also invites Malta to examine carefully to extend the scope of these investments also besides a few landscape features (such as walls and trees) to other landscape elements. Further improvements are needed also as regards the link with GAEC 8 on landscape features and to make more concrete the proposed eligibility conditions.

### *Off-farm Non-Productive Investments and Afforestation*

201. The scope of the intervention should be streamlined and formulated in a clearer way. Moreover, non-productive green investments are limited to non-remunerative investments, outside the production cycle, which do not lead to a significant increase in value or profitability of a holding. Investments which include productive components should be planned in a separate intervention with a lower support rate. Moreover, not all eligible investments seem to qualify for the environmental ring-fencing.
202. This intervention is very similar to the current one in the RDP. However, the list of eligible beneficiaries for this intervention is narrower. Eligible beneficiaries are limited now only to public entities. In light of the very limited area of woodlands in Malta (1%), allowing only public entities to benefit the support will reduce even more the uptake of the measure. Malta is invited to take this factor into account while re-designing the intervention.
203. Although the proposed intervention (contribute to setting up an electronic prescription system) will provide authorities with useful information that can help combat the excessive use of antimicrobials, it will not contribute in itself to any reduction in the short term. It needs to be accompanied by other interventions that help to address the root causes of the high level use of antimicrobials.

### *Off Farm Investments – Infrastructure*

204. Malta is invited to define the size of small-scale infrastructure; to fill in the list of ineligible investments and categories of expenditure and explain the potential use of simplified cost options (SCO) for this kind of investments and the big difference between the average unit amount and the maximum unit amount.
205. The number of operations seems low, bearing in mind the wide scope of the intervention. The focus on the environmental/climate benefit should be more elaborated, certain investments do not seem to serve environmental objectives (e.g. access roads).
206. This intervention supports investments in modernisation, water management, soil conservation, and renewable energy - only one average unit amount has been provided which

seems insufficient. It is mixing support to renewable energy production that should be reported under O23 with support to infrastructure to be reported under O22. Thus, a split of the intervention might be needed.

207. With respect to investments linked to irrigation, it is not sufficiently clear what will be a subject of support: the intervention refers to “improved water management and storage”. It is unclear if support is limited to storage, treatment and distribution of reclaimed water, as well as the collection of rainwater for irrigation purposes. It should be noted that recycled water should replace freshwater abstraction to diminish pressure on the resource.

208. Malta is invited to clarify what is meant by “improvement of water collection systems and reservoirs. Where an enlargement of a reservoir (fed by ground or surface water) is linked to a net increase in irrigated area then the provisions of Article 74(6) of the SPR apply. Also, investments leading to a net increase in irrigated area cannot be included under the environmental ring-fencing.

209. All relevant requirements of Article 74 of the SPR need to be respected and reflected in the eligibility conditions (in particular conditions of Article 74(6) and 74(7)). A reference to Regulation (EU) 2020/741 on the minimum requirements for water reuse needs to be added.

210. With respect to investments linked to renewable energy, Malta is invited to make reference to current renewable energy legislation (Directive (EU) 2018/2001); the intervention should comply with the provisions of that Directive, including its sustainability criteria.

#### 2.3.4.3. Installation aid

211. Malta is invited to clarify if it intends to use the current conditions such as head of the holding and active farmer and justify why these eligibility conditions are required. Malta is also asked to confirm and or to consider whether an intervention could be programmed for business start ups.

212. Support to generational renewal contributes to safeguard and create jobs, thus it should also be linked to R37 (jobs). Finally, Malta is invited to reconsider the output indicator which is rather low, also when comparing to the previous programming period.

#### 2.3.4.4. Cooperation

213. Under this type of intervention, support may be granted for new forms of cooperation or for new activities undertaken by existing forms of cooperation, including the implementation of operations. Malta is invited to include all the minimum requirements laid down by Article 77 of the SPR and the rules for the implementation of operations (see Article 77(4)), including a list of ineligible expenditure, in case of investments (see Article 73(3)).

214. As regards State aid, the Commission points out that Regulation (EU) 2020/2008 is not a self-standing legal basis, but a Regulation which amended other acts. The Commission invites Malta to clarify which types of State aid instruments (notification, block exemption, *de minimis*) it intends to use for State aid clearance and to insert the reference to the appropriate legal instrument accordingly.

## *LEADER*

215. As regards the selection of Local Action Groups (LAGs), it seems that the selection favours the existing LAGs and only if they fail to submit the Local Development Strategies (LDS), new LAGs can be invited. This is not in line with the principle of equal treatment. In general, the “automatic” roll-over of “existing” LAGs does not seem positive for LEADER.
216. Whilst Malta is quoting the relevant legislation, it should explain how all LAGs will comply with it. In particular:
- a. Subregional level: it is requested to explain the meaning of that level and whether it is based on size, population, coherence, etc.
  - b. Partnership: It is not clear which partners will be included and why only 30% of relevant communes need to be represented. Moreover, Malta should explain how it will ensure the inclusiveness of the partnership, by involving young people, women, or marginalised groups. The intervention at local level should be also ensured.
217. Networking, cooperation at national or transnational level is obligatory for all LAGs. Further explanation should be provided concerning the delivery system, scope of operation and aid intensity (State aid), indicators (output) and financial allocation.

## *Quality schemes*

218. The intervention should contribute one or more SOs. To this purpose, it is requested to revise the proposal and focus on those to which the intervention contributes directly and significantly.
219. Reference to the Regulation (EU) 2022/126 concerning national recognised quality schemes and complementarities with sectoral and other rural development interventions should be included.
220. Malta is requested to provide more information about the planned average unit amount, the maximum average unit amount and the possibility to use SCO for each quality schemes based on the experience from the RDP 2014-2020. Regarding information and promotion activities, Malta is invited to further clarify the principles of selection, the support rate, the eligible costs and the eligibility conditions.
221. It is suggested to detail further the initiatives that could link to existing or new Geographical Indications (PDO – PGI) labelled products in Malta and in addition, to distinguish them under the “quality schemes” and mention them explicitly where relevant.

## *Cooperation*

222. The intervention aims to address a number of identified needs, to contribute to three SOs and support cooperation schemes covering three main thematic categories. Malta is invited to further explain how the lessons learnt during the RDP 2014-2020 are used to better focus on the objectives and expected outcomes of the intervention and to provide information about the complementarities with other sector and rural interventions, and especially EIP projects. Malta is invited to explore the possibility to benefit from EIP participation and to consider supporting cooperation approaches for carbon farming.



223. According to the design of the intervention, it will contribute directly to supply chain organisation. Malta is therefore invited to link this intervention to R10 (supply chain). In addition, the promotion activities cannot be linked to any RI (see Article 111 of the SPR), thus the link to R1 (knowledge) should be removed.

224. Malta is invited to provide more information about the principles of selection of cooperation schemes, to further elaborate the eligibility conditions according to the needs, to clarify the support rates for the implementation of operations, and to better describe the whole process of the cooperation from the setting-up of the cooperation scheme until the implementation. Explanations about WTO compliance and State aid rules should be revised.

#### 2.3.4.5. Knowledge exchange and advice

225. The scope of the intervention is not entirely clear. The description of its scope appears to encompass advice on the conservation of biodiversity but the intervention is not listed as contributing to SO5 or SO6, or to any environment-related needs, although in other parts of the description/text there is a specific mention of advice to woodland owners about the requirements of Natura 2000. Malta is invited to clarify this aspect.

226. Given the needs for biodiversity-related training and awareness raising set out in the PAF, Malta is invited to further consider the scope of this intervention by extending it to deliver a range of environmental training and education. Malta is invited to adapt the intervention to the current rules on advisory services, and to explain exactly how the implementation of this intervention will be organised and coordinated by the AKIS Coordination Body, taking into account all obligations listed in Art 15(2), (3) and (4) of the SPR. The explanation must describe the implementation modes and the obligatory training of advisors.

227. Malta is invited to consider focusing this intervention also on climate change mitigation.

### 3. FINANCIAL OVERVIEW TABLE

228. For direct payments, the total amounts of planned interventions in section 5 for calendar years 2023-2026 are significantly below the available allocations (adjusted Annex IX, of the SPR). For calendar year 2027, the planned interventions significantly exceed the available allocation; it should be noted that it is not possible to plan transfers from rural development to direct payments for calendar year 2027 (Article 103(1) of the SPR).

229. In accordance with Article 156 of the SPR, the sum of all payments made during a given financial year for a sector - irrespective for which programme and under which legal base those took place - cannot exceed the financial allocations referred to in Article 88 of the SPR for that given financial year for that sector.

230. As regards the type of interventions in certain sectors defined in Article 42 of the SPR, expenditure that will be paid in 2023 or in the subsequent financial years relating to measures implemented under Regulation (EU) No 1308/2013 for these same sectors shall not be entered in the Annual indicative financial allocations under section 5 or in the Financial Overview table under section 6 of the Plan.

231. The transfer of financial year 2023 from rural development to direct payments should be entered (EUR 650,000) in row 24, which impacts the total on which ring-fencings have to be calculated.
232. Discrepancies are noted between amounts in section 5 and those in the overview table. The respective amounts should match (only the total should match for rural development). The total planned expenditure for interventions under rural development as entered in section 5 plus amount corresponding to technical assistance (4%) exceeds the maximum allocation.
233. The total amounts reserved for ES under direct payments (row 51 of section 6.1 of the Plan) are below the minimum requirements (line 47). The option to request a rebate following higher environmental spending under the rural development, in accordance with Article 97 of the SPR, has not been used.
234. Malta is invited to describe synergies and complementarities of the Plan with the Programme for the Environment and Climate Action (LIFE) (Regulation (EU) 2021/783), building on the experience of the existing LIFE projects targeting farmland.

#### **4. CAP PLAN GOVERNANCE, EXCLUDING CONTROLS AND PENALTIES**

##### **Section 7.1**

235. Malta is invited to:

- a. Provide a description of the setup of the Competent Authority as well as a description of how it will carry out its ongoing supervision of the work of the Paying Agency and its compliance with the accreditation criteria.
- b. Clarify the composition of the Monitoring Committee, along with how it will ensure its independence from the Managing Authority and it would be expected that they are designated as separate bodies.
- c. Provide information regarding the delegated and intermediate bodies where relevant.
- d. Malta is reminded to ensure a balanced representation of the relevant bodies in the Monitoring Committee concerning women, youth and the interests of people in disadvantaged situations.

##### **Section 7.2**

236. Malta is invited to describe the IT systems and databases developed for the extraction, compilation and reporting of data to be used for performance reporting, reconciliation and verification purposes, along with the controls in place to ensure the reliability of the underlying data.
237. As regards sections 7.3, 7.4 and 7.5, comments will be delivered by the Commission services in a separate communication.

#### **5. ANNEXES**

238. Annex I on the ex-ante evaluation and the strategic environmental assessment (SEA) referred to in Directive 2001/42/EC is not provided. As this document is a main element for the approval process, Malta is invited to submit the missing Annex as soon as becomes available.

239. Annex III on the consultation with partners: It is reminded that, on the basis of the partnership principle, it is essential to ensure an appropriate consultation for the preparation and implementation of the Plan. Malta is invited to provide further information on the consultation and main outcomes.

240. Annex V should contain data for EAFRD participation, matching funds and additional national aids for all activities falling outside the scope of Article 42 of the TFEU.