An Analysis of Malta's Recovery and Resilience Plan (RRP)

Background

Following the COVID-19 crisis, the European Commission, European Parliament and European Union (EU) leaders have agreed on a recovery plan for Europe (1) that consists of the EU's long term budget ("MFF" - multiannual financial framework) and "NextGenerationEU", a temporary instrument aiming at supporting the recovery after the pandemic.

The centrepiece of NextGenerationEU is the Recovery and Resilience Facility (2) (otherwise known as "the Facility" or RRF) that consists of loans and grants available to support reforms and investments in the Member States to make Europe greener, more digital and more resilient. Adopted in February 2021, the RRF secures €672.5 billion to help EU Member States recover from the pandemic.

To guide the Member States towards choices aligned with the Green Deal and the Paris Agreement, the RRF relies on 6 pillars:

- green transition;
- digital transformation;
- economic cohesion, productivity and competitiveness;
- social and territorial cohesion;
- health, economic, social and institutional resilience and
- policies for the next generation.

Yet, according to a recent report (3), less than 18% of investments worldwide were made to green projects in 2020. We owe the next generation nothing less than a sustainable and green recovery and the EU has not sufficiently emphasised the need to include youth in the plans. Indeed, the only mandatory spendings are based on climate objectives with 37% of total expenditure and a minimum of 20% of expenditure spent on digital transition. Many reports have been assessing the plans either from a green perspective, future-proof perspective but not sufficiently looked at the impact on youth and the next generations.

Being the largest coalition of youth networks at the European level, Generation Climate Europe supports the voice of the youth across the continent. Given the importance of the RRP for youth, we have analysed some plans to see if it would support the next generations.

1. European Commission (2020). Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis. Retrieved from https://eur-lex.europa.eu/eli/reg/2020/2094/oj
2. European Commission (2021). Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility. Retrieved from http://data.europa.eu/eli/reg/2021/241/oj
3. United Nations (2021). Commitment to post-pandemic 'green' recovery falling short, UN-backed study finds. Retrieved from https://news.un.org/en/story/2021/03/1086852

Introduction to Maltese Recovery and Resilience Plan

In line with Article 3 of Regulation (EU) 2021/240 (Recovery and Resilience Facility; hereafter “RRF”), Malta submitted its Recovery & Resilience Plan (hereafter “RRP”) to the European Commission in July 2021. Assessed and approved by the Commission in September 2021 (4), Malta’s 28-page plan identifies six priority areas for investment and reform.

These priority areas include, but are not limited to, addressing Malta’s needs to reach climate neutrality, creating a more resilient and efficient economy through enhanced digitalisation, combating socio-economic unsustainability, and strengthening institutional frameworks, among others.

Malta’s plan describes investments totalling €344.9 million, approximately 9% greater than the €316.4 million non-repayable support funds allocated to Malta using the methodologies described in Annex I-IV of Regulation (EU) 2021/240, and determined in Regulation (EU) 2020/2094 (European Union Recovery Instrument).

Financial aspect of the RRF for Malta

These allocated funds, all in the form of grants, support pre-existing national programs addressing energy transition and decarbonisation efforts. These outlined in Malta’s Sustainable Development Vision for 2050 (long-term) (5) and in its 2030 National Energy & Climate Plan (short to medium-term) (6), and ensure complementarity with Malta’s youth policy agenda, as described in Towards 2030 (currently undergoing post-consultation amendments).

Malta’s plan contends with relevant EU recommendations addressed to Malta during the European Semester, including euro area recommendations, or EARs, and country specific recommendations, or CSRs.

There is clear complementarity between initiatives supported by RRF funds and those supported by other EU funding mechanisms, including the EU’s long-term financial perspective, the Multiannual Financial Framework 2021-2027, which includes the Cohesion Fund, the Just Transition Fund, and the European Regional Development Fund, among others. The investments in the plan are aligned with the EU’s long-term green vision for Europe as outlined in the European Green Deal (7).

4. European Commission (2021). Analysis of the recovery and resilience plan of Malta. Retrieved from https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021SC0269
5. Government of Malta (n.d). Malta's Sustainable Development Vision for 2050. Retrieved from https://meae.gov.mt/en/Public_Consultations/MSDEC/Documents/Malta%27s%20Sustainable%20Development%20Vision%20for%202050.pdf
6. European Commission (2019). Malta's 2030 National Energy and Climate Plan. Retrieved from https://ec.europa.eu/energy/sites/default/files/documents/mt_final_necp_main_en.pdf
7. European Commission (2019). The European Green Deal. Retrieved from https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2019%3A640%3AFIN

Commission's assessment of the plan

The Commission's assessment states clearly that Malta's investments in the digital and green transitions exceed the threshold minimums of 20% and 37%, respectively, outlined in the RRF Regulation. 25.5% and 53.8% of the total allocated funds disbursed under the RRF support the digital and green transitions, respectively.

Speaking with Prime Minister Robert Abela in September of 2021, European Commission president Ursula von der Leyen said: "the plan clearly meets the demands enshrined in the EU's NextGeneration EU programme" (8).

In line with Article 13 of Regulation (EU) 2021/240, Malta is eligible for €41.1 million in pre-financing (13% of the allocated funds total).

Youth component of Maltese Plan

Component 5 ("enhancing quality education") of Malta's six component plan centres on creating improved educational opportunities and fostering socio-economic sustainability. It is clear from the Commission's Joint Employment Report for 2021 (9) that the European youth were disproportionately affected by the consequences of the Covid-19 pandemic.

The pandemic's disproportionate impact on Malta's youth

Between Q4-2019 and Q3-2020, the seasonally-adjusted youth unemployment rate (15-24) rose by 3.3% in both the EU-27 and the broader euro area (10). This amounts to over 3.4 million unemployed individuals in the 15-24 age group.

The rate of young people neither in employment nor in education and training (NEET rate for 15-29 age group) rose by 2.2%, up to 14.7% on the year in Q2-2020 (11).

As shown in Table 1 below, it is clear that the Covid-19 pandemic has had a disproportionate impact on Europe's youth population.

8. Galea, A. (2021). Von der Leyen gives the green light for Malta's €316.4 million recovery and resilience plan. Independent. Retrieved from https://www.independent.com.mt/articles/2021-09-16/local-news/LIVE-Ursula-von-der-Leyen-addresses-press-conference-in-Malta-6736236776
9. European Commission (2021). Joint Employment Report 2021. Retrieved from https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8351&furtherPubs=yes
10. European Commission (n.d). Unemployment by sex and age - quarterly data. Retrievd from https://ec.europa.eu/eurostat/databrowser/view/UNE_RT_Q__custom_1460433/default/table?lang=en
11. European Commission (n.d). Young people neither in employment nor in education and training (NEET), by sex and age - quarterly data. Retrieved from https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsi_neet_q&lang=en

Table 1

Changes in unemployment in the indicated age groups across the EU-27

Age groups	**Change in unemployment (%)**	**Year-on-year change (%)**
15-24 (Youth)	+ 3.5 %	23 %
25-54 (Prime-age adults)	+ 0.9 %	14.5 %
55-74 (Retirement-age adults)	+ 0.3 %	6.4 %

Data reported changes occurring between Q3-2019 (pre-pandemic) and Q3-2020 (peak of pandemic) (10).

Malta was one of the few countries in the 27-member bloc to record an increase in overall employment levels (15-64) between Q3-2019 and Q3-2020, a time that saw an average decrease of 1% in employment levels across the EU-27 as a whole. This trend, however, is not true for Maltese youth (15-24), who saw a drop of 4.5 % over the same time period (12).

Malta generally enjoys a low level of youth unemployment compared to many other EU Members States; for example, in 2019, prior to the onset of the Covid-19 pandemic, youth (15-24) unemployment stood at 9.3%, significantly lower than the EU-27 average of 15.1%, and over two-fold and three-fold lower than the youth unemployment rate reported for France and Italy, respectively, two of Europe's economic powerhouses (13).

Though significant government intervention (eg. Malta's Wage Supplement Scheme) limited the effects of the Covid-19 pandemic, particularly in the area of employment, the economy nonetheless shifted from having an above-average EU growth rate of 5.5% in 2019 to experiencing a contraction of 7.8% in 2020.

Strengthening education for youth

Despite these generally strong economic indicators, during pre-pandemic times, Malta faces a number of youth-related challenges. For example, Malta's early school leaver rate of 16.7% is one of the highest in the EU (14). The Commission's Social Scoreboard used to monitor the principles and rights enshrined in the European Pillar of Social Rights scored Malta's early school leaver rate as being "critical" and of needing urgent attention (15).

Access to quality educational opportunities remains limited, tertiary education attainment is low, and labour and skill shortages exist in a number of key economic areas. In light of CSR 2 2020 ("education and skills development") (16) and EAR 2 ("sustainable and inclusive growth") (17), Component 5 of Malta's plan includes a €41 million investment to establish a Centre for Vocational Education Excellence at the Institute for Tourism Studies (ITS Campus) (page 10 of plan).

12. European Commission (n.d). Employment and activity by sex and age - quarterly data. Retrieved from https://ec.europa.eu/eurostat/databrowser/view/LFSI_EMP_Q__custom_1461268/default/table?lang=en
13. European Commission (n.d). Unemployment rates by sex, age and citizenship (%). Retrieved from https://ec.europa.eu/eurostat/databrowser/view/LFSA_URGAN__custom_1461448/default/table?lang=en
14. European Commission (n.d). Social Scoreboard Indicators. Retrieved from https://ec.europa.eu/eurostat/web/european-pillar-of-social-rights/indicators/social-scoreboard-indicators
15. European Commission (2021). Joint Employment Report 2021. Retrieved from https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8351&furtherPubs=yes
16. European Commission (2020). Council Recommendation on the 2020 National Reform Programme of Malta and delivering a Council opinion on the 2020 Stability Programme of Malta. Retrieved from https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1591720698631&uri=CELEX%3A52020DC0518
17. European Commission (2020). Recommendation for a council recommendation on the economic policy of the euro area. Retrieved from https://ec.europa.eu/info/sites/default/files/2021_recommendation_for_euro_area_recommendation.pdf

Malta's plan includes a number of reform measures that contribute to the European Flagship Initiative "Reskill and Upskill", including strengthening school leaving prevention programs, developing new education pathways towards inclusive and quality education, and implementing effective education policy monitoring, among others.

Though vague in nature and lacking in clear and concise details or actions, these measures are expected to complement existing national programs not covered in the plan, such as national strategies on Early Leaving from Education and Training (ELET) 2020-30 (18) and Lifelong Learning 2020-30 (19).

In light of one specific reform measure in Component 5, developing new education pathways, it is clear from the Commission's assessment that this should include the establishment of an "e-college". Continuous vocational educational opportunities in the form of digital training will equip Maltese society, in particular Maltese youth and early school leavers, with the necessary skills to thrive in the current (and future) labour market. By strengthening education policy and reducing skill mismatches in the current labour market, Malta can improve on its standing of SDG 4 (Quality Education).

To this end, and looking to the future of education in Malta, the plan envisages the construction of a pilot near carbon-neutral school. Though an energy-efficiency measure and not a youth policy measure (the overlap, however, is significant), strictly speaking, this pilot school project is an indication of Malta's vision for the future of learning on the island.

Building a fairer society for all?

According to the Commission, Malta scores "relatively well on indicators assessing the fairness of society and the economy". Despite boasting a slightly lower rate of risk of poverty or social exclusion (20.1% versus an EU average of 20.9%), thus performing relatively well on SDG 1 (No Poverty), Malta performs terribly on SDG 5 (Gender Equality).

Though decreasing, Malta still has one of the highest gender employment gaps in the EU. In 2020, this gap stood at 17.8%, almost 8 points higher than the EU-27 average (20). This gap is deserving of the "critical" score it received in the Commission's Social Scoreboard. This gender employment gap is evident in Malta's information and communications technology (ICT) industry.

While Malta has the highest and second largest share of the ICT sector as a proportion of total employment (5%) and GDP (6.4%), respectively, the involvement of women in ICT employment (11%) is just over half the EU average (19%). Malta's digital transition must be just and inclusive. Increasing the proportion of women in this crucially important economic sector is paramount in ensuring an inclusive digital transformation. For equality and fairness to be a reality for current and future Maltese generations, this depressing statistic must become an artefact of a bygone time.

18. Government of Malta (n.d). A holistic and inclusive approach to tackle early leaving from education and training (ELET) in Malta, the way forward 2020-2030. Retrieved from https://meae.gov.mt/en/Public_Consultations/MEDE/Documents/ELET%20POLICY%20Document.pdf
19. Government of Malta (n.d). National strategy for lifelong learning 2020-2030. Retrieved from https://meae.gov.mt/en/Public_Consultations/MEDE/Documents/LLL%20POLICY%20Document.pdf
20. European Commission (n.d). Employment and activity by sex and age - annual data. Retrieved from https://ec.europa.eu/eurostat/databrowser/view/LFSI_EMP_A__custom_1488912/default/table?lang=en

To address such inequalities, the plan has proposed a number of measures aimed at improving the provision of childcare services on the island. The plan intends to invest in the establishment of a new Centre for Vocational Educational Excellence, which it envisages will allow for people with unpaid responsibilities, for example, women with children, to attend courses and therefore further their careers.

The Component 5 reform measures are expected to be implemented in accordance with Malta's Gender Equality and Mainstreaming Strategy and Action Plan, launched by the Gender Mainstreaming Unit of the Human Rights and Integration Directorate.

According to the Commission's assessment of the plan, the reforms and investments envisaged in Component 5 "significantly address" labour market and social challenges experienced by Malta, while only "partially" addressing the issue of long term fiscal sustainability.

It can be said, therefore, that the plan makes significant headway to improve the quality and inclusiveness of public education.

Though not specifically mentioned in the plan, the Commission's assessment reports the establishment of two additional autism units in secondary schools as well as the introduction of multi-sensory learning rooms for students with special needs. This would improve the lives of Maltese youths suffering with learning disabilities by enabling further integration of these children into the mainstreaming schooling environment.

The plan envisages supporting such measures through educational reforms that would involve the continuous training of teachers in inclusive pedagogy as well as the implementation of measures outlined in Malta's national policy on inclusive education in schools, the National Inclusion Policy Framework (21).

Consultation

The Commission's report indicates that over 145 bodies were consulted to determine the main policy objectives for EU funding, including "young people", however, this is somewhat misleading; it does not appear true that a consultation process was launched to determine the main priorities for RRF funding.

Given the significant overlap between the various EU funding programmes, one could merely extrapolate the findings of one consultation process to other EU-disbursed funds, such as those disbursed under the RRF Regulation.

A range of bodies were consulted to determine the main policy priorities of the Multiannual Financial Framework 2021-2027 (22), including the youth agency Agenzija Żagħżagħ, a national youth agency in Malta whose aim is to ensure the implementation of Malta's National Youth Policy, Towards 2030. Prominent youth agencies not consulted include, but are not limited to, the National Youth Council and TDM2000 Malta.

21. Government of Malta (n.d). A National Inclusive Education Framework. Retrieved from https://meae.gov.mt/en/Public_Consultations/MEDE/Documents/MEDE_Inclusion_Framework_A4_v2.pdf
22. Government of Malta (n.d). Consultations on the Multi-Annual Financial Framework 2021-2027. Retrieved from https://eufunds.gov.mt/en/Information/Documents/List%20of%20Consulted%20Stakeholders_MFF%2021-27.pdf

Organisations concerned with the societal standing of women (National Council of Women of Malta), the environment (Friends of the Earth Malta), and the natural and cultural heritage of Malta (Din l-Art Ħelwa) were also consulted.

The lack of consultation of relevant stakeholders on RRF-related policy objectives has received significant government backlash (23) as well as media attention (24), with opposition Leader and Labour MP, Bernard Grech, saying: "the fact that the Labour Party decided on such an important financial package by itself, without embarking on a wide-ranging discussion on the package as other countries have done, is worrying".

A report compiled by Valentina Caimi and Fintan Farrell of LinkinEurope for Civil Society Europe's Task Force on National Recovery and Resilience Plans, in cooperation from the European Centre for Not-for-Profit Law, reported that Malta failed to make use of existing consultation structures during the design and delivery of its RRP (25). While several bilateral meetings were reported to occur in 2021, little is known.

Conclusion

The plan contends well with the many CSRs and EARs addressed to Malta during the European Semester and supports numerous EU flagship initiatives, including "Reskill and Upskill", "Recharge and Refuel", and "Modernise", among others. QUEST macroeconomic modelling conducted by the Commission suggests that RRF-funded projects could lead to significant GDP gains (~1%) in the short-term (-2026). GDP Impacts attributed to structural reforms are more difficult to measure, however, the Commission indicates that these may be substantial.

Clear interventions are described to target Malta's early school leaver rate, which is currently one of the highest in the EU, and to tackle the unsettlingly high gender employment gap. These interventions should go a long way in reducing inequality on the island.

Though youth organisations were not directly consulted to determine the priorities for RRF-funded projects, it appears some groups were consulted in regards to spending priorities for other EU funding programmes.

Malta's current youth policy agenda, Towards 2030, though broad in scope, is clearly lacking detail. Notwithstanding this, there are a number of achievable strategic goals described in this agenda, including to develop a knowledge-based approach to youth policy-making (Strategic Goal 1), which the Maltese government hopes to achieve by conducting ongoing surveys (called "Mirror and Window" reports) and by developing a system for "youth-proofing" national policy and legislation, among others.

23. Meilak, N. (2021). Bernard Grech slams government for submitting EU COVID recovery plan without consultation. MaltaToday. Retrieved from https://www.maltatoday.com.mt/news/national/110628/bernard_grech_slams_government_for_submitting_eu_covid_recovery_plan_without_consultation#.YqeNSXaxXtV
24. Delia, J. (2021). Government stonewalls questions on lack of consultation with stakeholders for EU commission funding. The Shift. Retrieved from https://theshiftnews.com/2021/06/30/government-stonewalls-questions-on-lack-of-consultation-with-stakeholders-on-maltas-application-for-eu-commission-funding/
25. Caimi, V., & Farrell, F. (2020). Participation of civil society organisations in the preparation of the EU National Recovery and Resilience Plans. Civil Society Europe. Retrieved from https://civilsocietyeurope.eu/wp-content/uploads/2021/01/CSE-ECNL-Participation-of-CSOs-in-the-preparation-of-the-EU-NRRPs_spread.pdf

The plan makes significant headway in the area of addressing the need for sustainable transport solutions. Malta's climate objectives are, unfortunately, incredibly unambitious, and reforms aimed at addressing these objectives are absent from the plan.

Malta performs poorly on many SDGs related to climate, in particular on SDG 13 (Climate Action). Unlike other EU Member States, Malta has struggled to decouple economic growth, which it generally experiences, from greenhouse gas emissions. This decoupling, also known as "green growth", is a precondition to stay within planetary boundaries. Malta must fulfil its commitments to achieving this goal.

The plan's digital transformation measures are expected to increase the effectiveness of a number of key areas, including public services. Malta is additionally expected to benefit substantially from the many reforms aimed at strengthening institutional frameworks, including policy targeted at reducing aggressive tax planning, an economic activity that limits tax revenue necessary for public investment.

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