

The Rural Development Programme 2007-2013

Europe Investing in Rural Areas



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*This publication was prepared by
the Managing Authority within the
Ministry for Resources & Rural Affairs*

1. What is the Rural Development Programme for Malta 2007 – 2013?

The overall objective of Malta's Rural Development Policy is to promote multifunctional agriculture within a wider framework of integrated rural development so as to achieve the sustainable development of rural Malta. The main focus is to explore the potential of the agricultural sector.

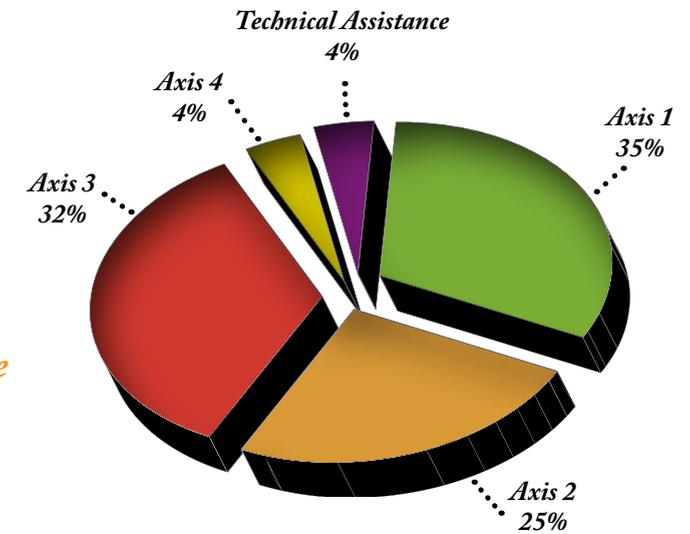
The primary objective for the current Rural Development Programme in Malta is to have a deliverable programme that is more cognisant of the strengths of the rural sector while at the same time addressing relevant weaknesses in order to attain a more sustainable development of agriculture.

This strategic orientation has thus been effectively translated as a further extension and fine tuning of the approach adopted in the measure selection for Malta's 2007–2013 Rural Development Programme. Thus, in accordance with what was set out in the National Rural Development Strategy, the RDP was based on four axes as defined within the European Framework. The four axes are:

- **Axis 1: Improving the competitiveness of the agricultural sector** - This will work on building human capacity and project investment to increase competitiveness.
- **Axis 2: Improving the environment and the countryside** - Targets environmental challenges in a sustainable manner.
- **Axis 3: Improving the quality of life in rural areas and diversification of the rural economy** - Encourages new ways and methods to improve rural areas and promote the diversification of products.
- **Axis 4: LEADER** - The LEADER Programme will introduce a new mode of governance and will have a bottom-up approach.

The total public funding for the RDP amounts to €101,611,140. The national contribution is of €23,957,785 and while that from the European Union amounts to €77,653,355 financed from the *European Agricultural Fund for Rural Development*. The budget is divided into four axes wherein each axis is allocated a share to be used under a number of measures that should lead to the realisation of the final objectives of the Rural Development Plan. The distribution of the budget is reflected in the chart below.

Distribution of public funding under the Rural Development Programme 2007-2013



The table hereunder gives an overview of the total public aid which has been allocated to the measures for the entire programme period 2007–2013.

Table 1 Public aid by measure under the Rural Development Programme 2007-2013

Axis 1 – Improving the competitiveness of the agricultural sector

Measure		Euro
Measure 111	Vocational training and information schemes	1,160,000
Measure 114	Use of advisory services	3,000,000
Measure 115	Setting up of advisory services	600,000
Measure 121	Modernisation of agricultural holdings	14,820,000
Measure 123	Adding value to agricultural products	7,000,000
Measure 124	Cooperation for development of new products, processes and technologies in the agriculture and food sector	1,000,000
Measure 125	Infrastructure related to the development and adaptation of agriculture	5,200,000
Measure 132	Participation of farmers in food quality schemes	1,200,000
Measure 133	Information and promotion activities	670,000
Measure 142	Setting up of producer groups	990,000
Total Axis 1		35,640,000

Axis 2 – Improving the environment and the countryside

Measure		Euro
Measure 212	Natural handicap payments in other areas with handicaps	14,500,000
Measure 214	Agri-environment payments	10,525,000
Total Axis 2		25,025,000

Axis 3 – Improving the quality of life in the rural areas

Measure		Euro
Measure 313	Encouragement of tourism activities	11,536,667
Measure 323	Conservation and upgrading of the rural heritage	21,000,000
Measure 341	Skills acquisition, animation and implementation	450,000
Total Axis 3		32,986,667

Axis 4 – Building local capacity

Measure		Euro
Measure 41	Implementation of Local Development Strategies	2,600,000
Measure 421	Inter-territorial and transnational cooperation	500,000
Measure 431	Running costs, acquisition of skills and animation	775,000
Total Axis 4		3,875,000

	Euro
Technical Assistance	4,084,473
Total Public Funding (Malta Government + EU)	€ 101,611,140

2. Axis 1 – Improving the Competitiveness of the Agricultural Sector

The main objective of this axis is to improve the competitiveness of the agricultural sector by focusing on the priorities of knowledge transfer, modernisation of holdings, adding value to agricultural products by improving quality and competitiveness and offering distinguished, higher quality products and services to domestic consumers and foreign tourists. Improving the competitiveness of the agricultural sector also helps in making farming a viable economic opportunity.

Emphasis is placed on restructuring, and exploiting the physical potential and innovation through measures that promote modernisation and added value with a qualitative drive to strengthen competitiveness. Human resources are also supported to improve technical levels as a parallel approach.



2.1 Promoting Knowledge and improving human potential

Diffusion of knowledge is considered to be a means for better implementation of all measures. This priority includes support for vocational training and information actions, use of advisory services and setting up of advisory services.

Farmers need to be made aware of the relevant EU and National regulations in particular cross-compliance requirements and their implications. Such awareness will increase their capabilities of determining the necessary adjustments and/or changes they have to undertake.

The strategy chosen to build upon the existing strengths in human potential and eliminate the identified weakness in this area builds upon the following three measures within this priority axis:

Measure 111 – Vocational Training and information actions

Measure 114 – Use of advisory services

Measure 115 – Setting up of advisory services

Training, information and diffusion of knowledge, as well as access to advisory services provide farmers with tools to reach the required level of technical know-how and expertise to change or adjust their production practices. In so doing, farmers will become or remain competitive in the new reality following accession and in line with the objectives of the Lisbon Agenda. This will have to be achieved whilst ensuring the sustainable management of their holdings and of its natural resources. The end result will be production practices that are compatible with the maintenance and enhancement of the landscape together with the protection of the environment, through increased awareness.

The establishment of farm advisory services is considered instrumental in helping farmers to adapt, improve and facilitate management and furthermore improve the overall performance of their holdings by further enhancing the human potential operating in the agricultural sector.

2.2 Restructuring and developing the physical potential and promoting innovation

This priority group is deemed to be crucial to the implementation of the whole programme and shall focus on modernisation, adding value, innovation, quality and supportive infrastructure.

The objective of this priority is to address the structural weakness of Maltese agriculture resulting from the extremely limited real capital expenditure channelled to upgrade the existing production structures. Basically, increased productivity depends on the use of newly adopted farm management practices. New practices need to be enhanced through the promotion of technical development and the use of state-of-the-art production technology as well as progressive improvement in product quality. In order to enable this change and increase the overall performance of holdings the following set of measures are being made available within this priority:

Measure 121 - *Modernisation of agricultural holdings,*

Measure 123 - *Adding value to agricultural products,*

Measure 124 - *Cooperation for the development of new products, processes and technologies in the agriculture and food sectors,*

Measure 125 - *Infrastructure related to the development and adaptation of agriculture.*

Through the modernization of agricultural holdings measure, farmers and entities engaged in agricultural activities are being supported to improve the performance of their holdings. Restructuring and modernisation are essential not only to improve management and the efficiency and productivity of the sectors but also to attain higher quality products. Opening new market opportunities as well as sustaining the present market for agricultural products is crucial and can be achieved by targeting those micro, small and medium enterprises that can add value to agricultural products.

Improvements in the processing and marketing of primary agricultural products are being encouraged by means of support for investments aimed at enabling the farming and agro-food sector become more competitive.

The type of interventions visualized in the development of infrastructure are focused to consolidating and updating existing infrastructure, the sustainable use of limited water resources and the provision of improved access to agricultural holdings which will ultimately provide better products for the final consumer.



2.3 Measures aimed at improving the quality of agricultural production and products

Assistance through qualitative marketing methods for the participation of farmers in food quality schemes together with the support for information and promotion activities is aimed to encourage the adding of value to primary produce, enhance market consolidation and provide improved quality products to consumers. The following two measures are aimed at exploiting opportunities for strengthening the rural economy on the basis of quality production:

Measure 132 - *Participation of farmers in food quality schemes*

Measure 133 - *Information and promotion activities on food quality schemes*

The encouragement and the promotion of participation of farmers in food quality schemes shall not only add value to primary products and enhance market opportunities, but furthermore provide assurances to consumers on the quality of the product or the production process used. This also promotes co-operation between farmers and agro-processors ensuring the development of quality products that can give a distinctive advantage to local products and satisfy the demand of local population and tourists alike.

Information and promotion activities complement and further encourage the development of quality products whilst serving to ensure that economic benefits prevail.



2.4 Transitional Measures

The setting up of producer groups is essential in better organising primary production to earn the benefits of economies of scale. Through support for producer groups, a more structured approach to market inefficiencies shall be attained. Producer groups will provide targeted support for qualitative improvements and bring together primary producers that have considered each other as competitors in the past. The following measure is being implemented to achieve the above mentioned objectives:

Measure 142 - Setting up of Producer groups

These producer groups aim to adapt the production and output according to market requirements, as well as to support the joint placing of goods on the market, the centralisation of sales and supply of value added products according to consumer demand.

3. Axis 2 – Improving the Environment and the Countryside

The major opportunities to safeguard the Maltese countryside lie in the promotion of farming practices that either reduce the impact of certain agricultural activities, including external inputs that have a direct effect on the wildlife or that contribute to conserve or enhance the semi-natural habitats, the flora and fauna that they support and the quality of natural resources, especially water and soil in a manner that is also economically feasible to the farmer.

The strategic objective for this axis is to realise these opportunities by targeting the inherent weaknesses and building upon the strengths of the countryside and the broader environment. In order to achieve this objective, two measures will be used:

Measure 212 - Natural handicap payments in other areas with handicaps

Measure 214 - Agri-environmental payments

All agricultural land in Malta is affected by significant natural handicaps, notably low soil productivity and poor climate conditions. Natural handicap payments contribute to ensure the continued use of agricultural land and the maintenance of that land in good agricultural and environmental condition.

Since farmers are considered as the main guardians of the environment they are provided with financial support to compensate for their efforts and contributions towards the management of this public good.



4 Axis 3 – Improving the quality of life in rural areas

The strategy for this axis derives from the specific situation of Malta’s rural areas where the main challenges lie in the maintenance and strengthening of close linkages between urban and rural areas.

Through a choice of measures, the objective under this axis is to ensure that rural areas become a vibrant and multifunctional element of society. The measures are:

- Measure 313** - Encouragement of tourism activities,
- Measure 323** - Conservation and Upgrading of the rural heritage,
- Measure 341** - Skills acquisition, animation and implementation.

The main objective of these measures is the enhancement and rehabilitation of rural areas and landscape amenities that will provide the opportunities for diversification associated with tourism and informal recreation. This ensures that rural areas are conserved and properly managed for the enjoyment of all. Thus rural areas shall become an important multifunctional asset where a number of sustainable activities linked to the environment and rural heritage can develop and thrive.

Another priority area is the upgrading of the cultural heritage through studies and investments associated with restoration and maintenance of the diverse and rich cultural heritage present in the rural areas. These actions are complemented with investments for the proper presentation and interpretation of this cultural heritage.

The third measure relating to skills acquisition, animation and implementation shall be an invaluable tool both for the development of skills of Local Action Group (LAG) members as well as the development of good integrated area development plans for the LAG areas which will be essential for the realisation of the priorities described.

Axis 3 aims to exploit the potential of the rurality of the Maltese Islands through diversification and conservation of traditions, cultures and practices.



5 Axis 4 – Building local capacity

The Leader approach is a new concept for Malta. It will bring together the different public and private local actors, thus building local partnership capacity, promoting private-public partnership, cooperation and innovation and improving local governance. Axis 4 is divided into three measures:

- Measure 411/2/3** - Implementation of the local development strategies
- Measure 421** - Inter-territorial and transnational cooperation
- Measure 431** - Running costs, acquisition of skills and animation

The Leader approach will be an invaluable tool in the realisation of the various measures under all axes through animation and facilitation of their uptake.



6. *Technical Assistance operations*

Technical Assistance funds are being used to support activities needed to ensure that the Managing Authority (i.e. the authority responsible for the implementation of the Rural Development Programme for Malta 2007-2013) and delegated bodies have the necessary capacity to deliver successfully the implementation of the Rural Development Programme. Technical support is used to finance activities related to the preparation, management, appraisal and selection, monitoring, evaluation, information and control functions of the programme.

During the programming period 2007-2013, the Managing Authority is responsible for ensuring that the funds used for supporting technical assistance operations are in accordance to eligibility rules and best practices in implementation since no EU rules apply any longer.

7. *National Rural Network (Malta National Rural Network)*

The Maltese National Rural Network's main role is that of developing and enhancing channels of communication through information activities, exchanges of experiences and methodology, with the aim to stimulate the dialogue and improve the overall performance and success of the RDP on a local, regional, nation-wide and international basis.

The National Rural Network will bring together all actors and stakeholders related to rural areas, with the main objective of developing activities mainly related to:

- > *Identifying, sharing and promoting good transferable practices and providing a secure information flow for and between them,*
- > *Organisation of exchanges of experiences and know how,*
- > *Preparation of training programmes for local action groups which are being set up,*
- > *Providing technical assistance for interterritorial and transnational cooperation, and,*
- > *Cooperating with the European Network for Rural Development (ENRD).*

8. *An overview of Maltese Agriculture*

Almost half of the land in the Maltese Islands is devoted to agriculture, be it for forage production, vegetables and fruit, or animal production. Farmers play an important role not only in the supply of food but also in the preservation and stewardship of our rural environment. The agricultural sector in Malta provides employment to some 1,764 full-time employees whilst 15,384 work in agriculture as part-timers ¹.

The Maltese consumers enjoy the opportunity to have quality and fresh locally produced products all year round, including fresh milk, beef, pork, chicken and eggs together with fruit and vegetables.

The production of agricultural products involves a lot of dedication, long hours of hard work and a great deal of risk. Thus this entails that the different sectors within agriculture are better organised in organizations such as co-operatives and producer organisations. Furthermore the sectors require investment in modern technology and processes in order to be capable in providing high quality products to the local consumers and to tourists visiting our Islands and thus be more competitive.

¹ *Agriculture and Fisheries 2008 – Valletta: National Statistics Office, 2009*



8.1 *Pig Farming (Pork Sector)*

Pigs are farmed in Malta for the production of pork and of breeding stock for local farms. The local pig industry is comprised of about 139 holdings ². The cooperative that represents the pig sector in Malta is the Pig Breeders' Cooperative Society, more commonly known as the 'Kooperattiva ta' min Irabbi il-Majjal' (K.I.M Ltd.) The cooperative not only represents farmers during discussions with the government but also takes care of the marketing and sale of locally produced pork and ensures that farmers are paid promptly and fairly for their product. KIM also provides advisory and veterinary services for its members, ensuring that the national herd is kept in good health and reared according to international welfare standards.

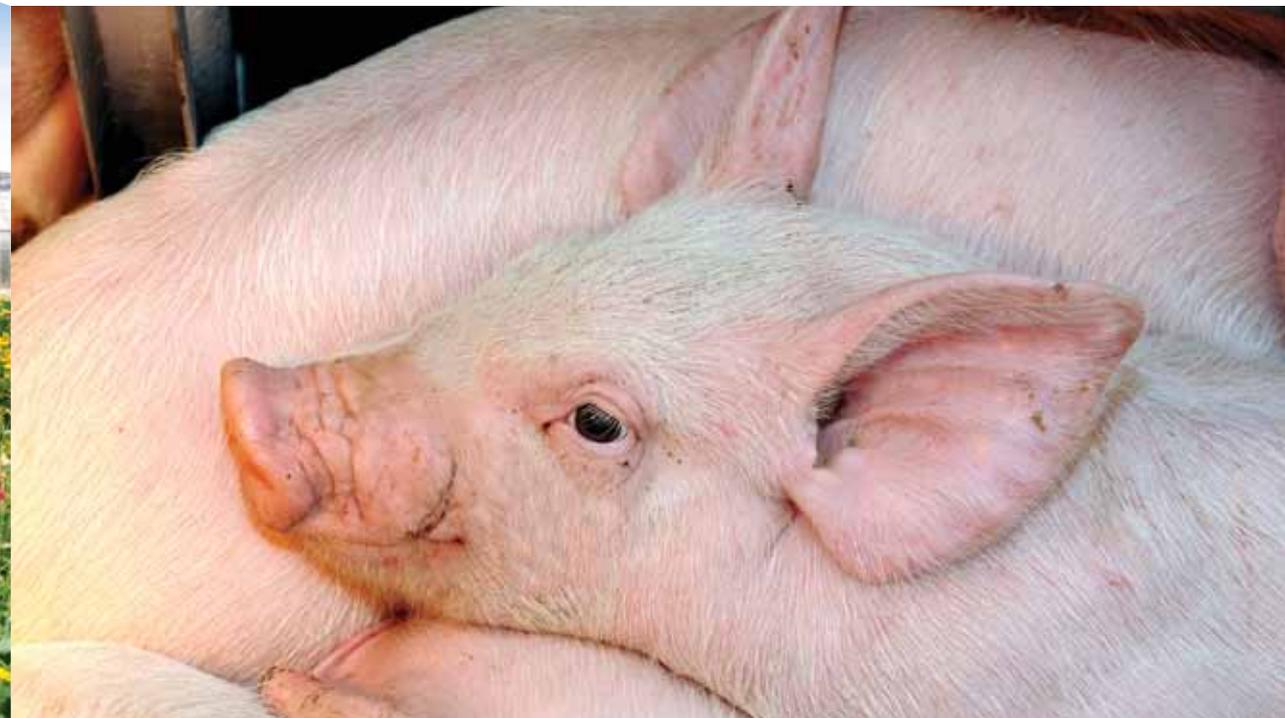
During December 2009, Maltese pig farms were rearing some 6,850 breeding female pigs (sows and gilts), 23,923 fattening pigs (>50kg) and 34,726 young pigs (<50kg). The yearly number of slaughtered pigs is of about 100,000 heads with a carcass weight of some 8,000 tonnes ³.

The breeds of pigs reared in Malta have been changed over the years in order to ensure that the final product meets the local consumers' demands. The four breeds of pigs reared today in Malta are the large white and the Landrace (used for the production of gilts) and the Duroc and Hampshire (for the production of sires) ⁴. The breeds reared nowadays have particular characteristics such as the ability to grow quicker and produce a leaner meat.

² *Pig Census 2009 NSO*

³ *Agriculture and Fisheries 2008 – Valletta: National Statistics Office, 2009*

⁴ http://www.kim-coop.org/pages/m_kumpanija.htm (accessed on 19/04/2010)



8.2 Cattle Farming (Dairy and Beef Sector)

The cattle industry in Malta is made up of the dairy and beef sectors.

The dairy sector in Malta is very important in that it not only provides fresh milk for local consumption but fresh milk is the basis for the production of processed products such as yoghurts, fresh cream and soft cheeses like fresh ricotta and mozzarella.

On the other hand, the beef sector is a smaller industry compared to the dairy sector, consisting of animals specifically raised for beef production and animals coming from the dairy sector as well. In the Maltese Islands we have some 367 cattle farms engaged in the production of milk and beef, with 146 mainly engaged in the production of milk⁵.

The Maltese dairy sector is managed locally by the 'Kooperattiva tal-Produtturi tal-*Halib*' (KPH Ltd.). KPH not only represents its members during discussions with the government but it is also involved in handling marketing, treatment, processing and sale of milk through its subsidiary company, the 'Malta Dairy Products Ltd.' (MDP Ltd.). The cooperative also provides advisory services and other forms of assistance to its members, while ascertaining that all members follow international standards of hygiene and welfare.

According to the Cattle Census carried out by the National Statistics Office of Malta in December 2009⁶, in Malta we had some 367 cattle farms divided in 146 dairy with 6,931 dairy cows and 221 farms with 1,945 non-dairy cattle. In 2008 Maltese cattle farms produced around 40 thousand tonnes of milk and 1,480 tonnes of carcasses⁷.

⁵ Cattle Census: December 2009, News Release – Valletta: National Statistics Office, 2010

⁶ Cattle Census: December 2009, News Release – Valletta: National Statistics Office, 2010

⁷ Agriculture and Fisheries 2008 – Valletta: National Statistics Office, 2009



8.3 Poultry Farming

The main two poultry industries in the Maltese Islands are the broiler and layer sectors. Meat and egg production come from different breeds of chickens; broilers are raised from selected breeds for meat production whilst eggs are produced from breeds specifically selected for egg production.

In 2007, the poultry sector in Malta was made up of 1,233 holdings rearing some 1.2 million birds divided into 660 thousand broilers and 563 thousand layers⁸. Slaughtering of broilers is carried out in licensed slaughterhouses, were in 2008 altogether processed more than 3 million birds with a carcass weight of 4,979 tonnes⁹. On the other hand, in 2008 it was estimated that laying hens produced some 131,753,000 eggs¹⁰.

Chicken farmers from both fields get their replacement birds either as fertile eggs or young chicks from reputable breeders abroad. This reflects in benefits for local producers in two ways; the high quality of the flock and the separation of laying and rearing sites help in maintaining a high standard of health on our local farms.

⁸ Agriculture and Fisheries 2008 – Valletta: National Statistics Office, 2009

⁹ Agriculture and Fisheries 2008 – Valletta: National Statistics Office, 2009

¹⁰ Agriculture and Fisheries 2008 – Valletta: National Statistics Office, 2009

8.4 Fruit and vegetable sectors

Almost half of the Maltese territory is occupied by agricultural land with an area of more than 10,000ha (100km²) of utilised agricultural land. The cultivation of land entails not only the production of fruit and vegetables that we consume daily but also forage to be fed namely to dairy cows. Land devoted to forage production occupies almost half of the utilised agricultural land. Maltese agricultural land consists mainly of small terraced fields surrounded by rubble walls to hold the soil from being lost due to erosion. Due to the semi-arid type of climate, irrigation is a very important aspect in Maltese agriculture in order to have an all-the-year-round production of fruit and vegetables.

Most of the fruit and vegetables produced by our farmers pass through the Pitkali markets and other organised markets namely cooperatives and producer groups situated in Malta and Gozo. During 2009, about 39.8 thousand tonnes of vegetables and 3 thousand tonnes of fruit passed through these markets ¹¹. In 2008 the most important products that passed through the official markets were potatoes and tomatoes for vegetables whilst peaches, strawberries and sweet oranges for fruit.

The production of fresh fruit and vegetables is also important for the production of value added agricultural products. Maltese agriculture does not only supply raw products to local consumers but it is also specialising in value added products like the commercialisation of spring crop potatoes to European markets, the processing of tomatoes and the production of quality wines.

¹¹ *Fruit and Vegetables: Q1, Q2, Q3, Q4/2009 News Releases – Valletta: National Statistics Office, 2009/2010*



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