

**AXIS 3
MEASURES**

DRAFT

Encouragement of tourism activities

Legal Basis

Articles 52 (a) (iii) and 55 of Council Regulation (EC) No. 1698/2005. Point 5.3.3.1.3 of Annex II of Commission Regulation (EC) No. 1698/2006.

Measure Code – 313

Rationale for intervention

Rural areas contribute to the Islands' cultural and natural diversity, and offer a unique recreational facility that is much sought after by local and foreign tourists. This is even more so in a country where as a result of the high population density and limited land space, rural areas offer a means of escape and tranquility compared to the stresses and chaotic environment associated with urban centres. Rural villages possess a wealth of cultural and archaeological heritage that gives them a distinct character to the urban and more modern environments.

Rural areas are in fact becoming increasingly popular as a residential destination, however, the employment base of the vast majority of residents of rural localities is still within the urban areas. Therefore, economic activities that maximise the potential of the rural heritage and that capitalise on this heritage for economic purposes are few, if any. The major issue is therefore not one of a risk of depopulation of the rural areas, but rather of the absence or limited economic activities in these areas, both in terms of number and variety.

The encouragement of rural tourism, in a broad sense including cultural tourism, ecotourism and agrotourism, would offer support for individual initiatives that build on the traditional, cultural and natural heritage of rural areas. As a result of the flourishing of such initiatives, the tourism product offered would become more varied and activities in rural areas would diversify into high value added economically sustainable activities. Encouragement of tourism in rural areas would rekindle entrepreneurial activities, lead to diversification, growth and employment in rural areas, and contribute to a better territorial balance.

This measure will address the need for recreation and tourism through the creation of recreational infrastructure, information and interpretation facilities and through the development of and marketing of products that embody the heritage of the Islands and provide rewarding experience and memento to visiting tourists. The overall effect of the initiatives undertaken through this measure shall create an increased awareness of local rural resources and the need for their conservation, for future generations and for an improvement in the quality of life for all.

Objectives of the measure

The objective of this measure is to promote economic growth in rural areas and to promote the rural heritage as a tourist product.

Scope and actions

Support shall be applicable to actions that encourage tourist activities in rural areas in Malta and Gozo.

Support shall be applicable to natural persons or public and private legal entities.

Support shall cover actions that increase the potential for countryside recreation and that contribute to offer a more interesting, varied and exciting experience in rural areas and that help these areas to become more attractive as a tourist destination. The scope of countryside recreation shall include support for activities that offer the necessary facilities for outdoor pursuits such as education, nature appreciation, sight-seeing, bird watching, country walks and hikes, abseiling and climbing, cycling, horse riding, and picnicking. Priority shall be given to projects that exploit the added value of the natural and man-made heritage as a backdrop for the outdoor activities, for example, walking routes and cycling trails that go through or pass in the vicinity of sites of historical, archaeological and cultural interest.

Support shall be directed to development and marketing of tourism services and products that are linked to the rural dimension. In the tourism market, where the purchase is often made prior to the consumption, the way the product is presented to potential buyers is of crucial importance. In this respect, the development of ICT-based services is presenting new opportunities in terms of marketing, distribution, and communication and therefore marketing services that make use of ICT technology shall be supported. The scope of support to tourism services and products shall include the development of and marketing of small centres promoting and selling traditionally made crafts and hand-made products, the development of centres that produce and offer specialty foods typical of the region, and the organization and promotion of events, including fairs and festivals on a local level that are linked to the natural and man-made heritage of the areas.

Scope shall cover actions that exploit the context provided by the rural environment itself, and that make use of this environment as a backdrop for the promotion of the rural service or product. Priority shall be given to support actions that develop tourist services and products that have a direct link with the rural heritage of the areas concerned, that are isolated from the more 'commercial' zones, and that are not provided in an 'artificial' setting that does not bear a link to the service or product.

Type of operations

Support shall cover the following type of operations:

1. The provision of small-scale infrastructure for tourism and countryside recreation such as, signposting of sites or route-trails. The provision of other small scale amenities sensitive to their surroundings, which are needed for the practicing of a particular recreational activity, such as bird watching or sight-seeing.
2. The creation, facilitation and maintenance of access to areas of high nature, cultural, archaeological, geological/geomorphological and landscape value, such as natural habitats, monuments, temples, chapels, coastal cliffs etc.
3. The setting up of trails that interlink various sites of tourist value.
4. The provision, restoration or maintenance of small-scale recreational amenities, such as leisure parks.
5. The development of tourism products based on the rural tourism concept and that promote the traditional character of rural communities, such as the development of arts and crafts centres exhibiting indigenous talents, the development of small-capacity speciality food outlets, etc.
6. The development of regional marketing services relating to rural tourism including the creation of ICT platforms.
7. The development of events and short-term attractions that build upon rural heritage and contribute to the development of a rural tourism product at a local level. This would cover the organisation and promotion of events such as festivals that promote typical alimentary specialities or traditional/folklore activities (including music and crafts), set within the cultural setting of village cores, or with a heritage venue as a backdrop, etc.

Projects under this measure must show how they build upon the rural dimension and the physical setting in which they will be located. Preference shall be given to integrated projects, applying more than one action under this measure or Measure 323, and to projects which demonstrate how the tourism product of rural areas will be visibly enhanced through their investment.

The modality of implementation across different actions may differ.

State Aid and Aid intensities

Support may cover up to 50 per cent of the total eligible expenditure of the project.

Block exemption No. xxx as per Commission Regulation (EC) No 1628/2006 shall apply.

Financing

Total Measure Cost - €	EAFRD €	% of EU contribution	Malta Government contribution – €	% of Malta Government contribution	Private Sector Contribution (indicative) – €
13,000,000	9,750,000	75	3,250,000	25	13,000,000

Demarcation line and criteria with other EU financial instruments

ERDF will support tourism actions linked directly to Urban Regeneration Schemes or projects that form part of the National Tourism Strategy as part of the ‘branding’ exercise. Operations supported through the EAFRD albeit consistent with the strategic objectives of the National Tourism Strategy, shall exclude initiatives in urban localities and will be limited to smaller scale infrastructure and marketing activities having a local and regional (multi-local) dimension. To maximize the potential benefit and to ensure greater impact in areas where the necessary infrastructure has already been put in place or is being developed at a national level, EAFRD will only support small-scale services that integrate and conform with national systems.

Transition arrangements

No transition arrangements are required for this measure.

Quantified targets for EU common indicators

Type of indicator	Indicator	Target 2007-2013
	Number of new tourism actions supported	
	Total volume of investment	
	Additional number of tourist visits	
	Gross number of jobs created	
	Net additional value expressed in PPS	
	Net additional full time equivalent jobs created	

Additional programme-specific indicators and quantified targets

DRAFT

Conservation and upgrading of the rural heritage

Article which covers the measure: Article 57 of Council Regulation (EC) No 1698/2005 and Point 5.3.2.1.5 of Annex II of Commission Regulation (EC) No 1974/2006.

Measure Code – 323

Rationale for intervention

Malta's rural heritage and the surrounding rural landscape are multifunctional assets. Their setting enhances the enjoyment of the countryside and contributes to countryside recreation. Although natural habitats are limited and very little, if any of the landscape and associated wildlife habitats of the Maltese Islands may be considered as 'natural' given that most of them have been affected by human activities, yet Malta's natural and man-made rural heritage is particularly rich. The isolated but central position in the Mediterranean has provided the ideal setting for a relatively large number of unique species living in varied habitats such as cliffs, valleys, *xaghri*, sand dunes and coastal waters. Moreover, since natural habitats are limited and highly fragmented locally, agriculture land forms an integral part of that particular landscape and habitat. Agricultural land is therefore an essential and inextricably linked element of the natural environment.

Malta's archeological heritage is dominated by the Islands' prehistoric megalithic temples, underground chambers and fortified cities, some of which are designated UNESCO World Heritage sites. Equally important, although smaller in scale and grandeur, are various other archaeological heritage sites scattered around the islands. Together with farmhouses, country houses, old agricultural structures and other rural structures such as rubble walls, these man-made formations compose the local rural character and are important components of rural heritage, as they reflect the cultural way of life of past agrarian societies. Rubble walls in particular are an important landscape feature. Protection of fields against erosion by means of rubble walls, dates back to the times of the Arabs. Since then rubble walls have dominated the Maltese countryside, and today they are appreciated by the general public mostly for being characteristic of the countryside landscape albeit their importance in reducing soil erosion and being a habitat of numerous macrofauna. The dense concentration of several epochs and cultures within a relatively small area, constitutes a unique heritage asset of great value that should be safeguarded not only for its intrinsic value, and for the appreciation of residents and tourists, but also for future generations.

Rural heritage resources, be they of a natural, built or cultural form must be restored, conserved and utilised in a sustainable manner, by and for, the good of the community. Malta faces major challenges in ensuring their conservation and sensitive interpretation. An enhanced legal framework has been put in place to ensure the protection of

ecologically important sites in the Maltese Islands, with a number of areas protected under both national and international designations. There is however a need for management and action plans, regular monitoring and enforcement, as well as communication, education and public awareness actions. Furthermore, although a number of Sites and Areas of Archaeological Importance in the rural areas have been scheduled and protected, few were the rural structures which were afforded a specific protective designation. Partly as a result of this, various structures of heritage value in rural areas have been abandoned or subjected to significant structural changes. This calls for the protection, conservation and management of this built heritage, together with the rehabilitation of the wider physical setting from which they emanate and which serves as visual backdrop.

Objective

The main objective of this measure is to improve the quality of life in rural areas by undertaking tangible and intangible investments that serve to reverse the trends leading to ecological, economic and social decline, thus making the rural areas more attractive to live within and to visit. The specific objectives of the measure are to support the conservation, restoration and upgrading of the rural heritage; to increase awareness of the value of the natural and built rural heritage; to instil a sense of ownership and civil pride in the rural community; to engage their participation in the conservation of the rural heritage in a way that adds value to it; and to ensure the sustained use of rural heritage resources for economic and social benefits.

Scope and actions

The scope of this measure shall include support for preparatory work including studies and conservation plans, and support for restoration actions. Support under this measure shall cover:

- (a) the drawing-up of protection and management plans relating to Natura 2000 sites and other places of high natural value, environmental awareness actions and investments associated with maintenance, restoration and upgrading of the natural heritage and with the development of high natural value sites.
- (b) studies and investments associated with maintenance, restoration and upgrading of the cultural heritage such as the cultural features of villages and the rural landscape.

Type of operations covered

The type of operations that shall be eligible for support under this measure shall be oriented towards those with a public interest and that do not incorporate a commercial purpose. These operations shall include:

1. The drawing up of studies and plans for the conservation, restoration, rehabilitation, protection and management of Natura 2000 sites and other areas of

high natural value (landscape, ecological, geological and geomorphological); as well as cultural, archaeological, and architectural value. Eligible actions may include the elaboration of surveys to gather site-specific baseline data and to develop monitoring indicators for areas/sites; the drawing up or reviewing of existing management and conservation plans; condition assessment studies, documentation, research, etc.

2. Environmental awareness and educational actions and events, including general and site-specific actions; linked to approved plans and studies carried out under operation type 1. Eligible costs may cover training and diffusion of knowledge in rural conservation principles and environmentally-sensitive techniques aimed at land managers and other stakeholders
3. Investments associated with the conservation, restoration and upgrading of the natural and the man-made rural heritage. These types of operations shall be of either of the following types
 - i. Operations resulting from concerted and integrated plans, the precise nature of which shall be determined by the management, conservation or rehabilitation plans. With regards to natural heritage, investments may cover threat mitigation measures, conservation of species, habitat engineering, water resource management, visitors management, and provision of public access to sites. Investment type actions within the built rural heritage may include the actual restoration, in situ reproductions, restoration and installation of walkways and installation of security measures, the setting up of interpretation aids and visitors' centres.
 - ii. Stand alone actions, implemented through a regional approach, and which do not necessarily emanate from approved conservation and management plans. These actions shall be subject to the fulfilment of certain criteria, to be determined at the operation level, such as the condition that they are implemented on a coherent area basis, and have a direct and apparent impact to improve the visual and intrinsic value of the rural heritage in the area. The type of eligible investment operations under this type of standalone actions shall include the restoration of small, man-made structures of rural heritage value, such as small chapels in valleys and other rural areas, traditionally built stone corbelled huts (giren), bridges of historical importance in valleys, traditionally built rubble walls and water channels.

Support shall be applicable to public and private entities whilst natural persons shall only be eligible for type 3(ii) actions. The modality of implementation across different actions may differ.

Aid intensities

The nature of the projects funded through this measure do not carry state aid considerations. No advance payments shall be granted and the aid intensities differ across different operation, as follows:

Type 1 operations	100%
Type 2 operations	90%
Type 3 (i) operations	90%
Type 3 (ii) operations	50%

Financing

Total Measure Cost - €	EAFRD €	% of EU contribution	Malta Government contribution – €	% of Malta Government contribution	<i>Private Sector Contribution (indicative) – €</i>
21,000,000	15,750,000	75	5,250,000	25	<i>4,000,000</i>

Preliminary allocations between the different type of actions, assign around 8 million Euros to Type 1 operations which essentially concern the elaboration of studies of which most are expected to be of environmental nature; environmental awareness and educational actions and events covered by Type 2 operations are expected to absorb 1 million Euros, whilst type 3 operations being the tangible component of the measure may absorb around 12 million Euros, 7 million Euros may be absorbed by type 3(i) and 5 million euros by type 3 (ii) stand-alone actions. These figures are not final and are only meant to provide an indicative allocation across the different activities financed by this measure.

Demarcation line and criteria with other EU financial instruments

EAFRD will be the exclusive source of financing for the drawing up of management plans for Natura 2000 sites. Both EAFRD and ERDF may support additional requests for the implementation of management plans, however, ERDF will only support the implementation of such plans in the sites with a tourist dimension according to the National Tourism Strategy.

As to investments associated with the built rural heritage of cultural value, the ERDF will support investments in urban areas, and will only support investments in rural areas if associated with world heritage sites or sites of significant national importance. The scale

of EAFRD funding will be more contained and it will be restricted to heritage sites of lesser grandeur than world heritage sites, that are located in rural areas, which have a clear association with the rural environment, and where the rehabilitation of such sites contributes to the upgrading of the surrounding rural area.

Transition arrangements

The predecessor RD programme had no similar measure. However, the restoration of rubble walls was an agri-environment measure. Rubble wall commitments transcending from the 2004-2006 period will accrue to Axis 2 and the walls the restoration of which has already been financed shall not be eligible under the current programme.

Quantified targets for EU common indicators

Type of indicator	Indicator	Target 2007-2013
Output	Number of rural heritage actions supported	Natural = 20 Cultural = 10
	Total volume of investments	25,000,000
Result	Population in rural areas benefiting from improved services	257,000
Impact	Net additional value expressed in PPS	To be determined by the ex-ante evaluation
	Net additional full time equivalent jobs created	To be determined by the ex-ante evaluation

Additional programme-specific indicators and quantified targets (To be assessed by evaluators)

Output Indicator : No. of Rural Localities in which investment type operation has been carried out.

Output Indicator: Completed total Natural 2000 Management Plans as a % of total Natura 2000 Management Plans in Malta.

DRAFT

Skills acquisition and animation with a view to preparing and implementing a Local Development Strategy

Measure code: 341

Legal Basis

Article 52 (d) and 59 of Council Regulation (EC) No 1698/2005. Article 36 and Point 5.3.3.4 of Annex II of Commission Regulation (EC) No 1974/2006.

Rationale for intervention

The Leader approach is initiated with the establishment of cooperation between broad-based partners in the rural area and with the formulation of a local development strategy. On the soundness of this initial phase rests the success of the subsequent implementation of the Leader initiative. Targeted skills acquisition and information efforts are essential for capacity-building and empowerment of rural actors that are not versed with operating in the bottom-up system that the Leader approach builds upon. Bearing in mind that this is the first time that the Leader approach is being adopted in Malta, it is even more important to ensure that during this delicate initial phase, the various rural actors involved receive focused training that enables them to establish representative partnerships, prepare the local development strategy and gain sufficient know-how in implementation techniques.

Skills acquisition and animation activities are expected to be at their most intensive during the first two years of implementation of the Rural Development Programme and initially they will be geared at encouraging and speeding up the creation of Local Action Groups (LAGs) and the formulation of effective local strategies. The training provided will also serve to set high quality and cost effectiveness procedures for the running of the LAGs and for the implementation of projects and measures. Animation activities will seek to heighten awareness among the rural population and stakeholders, about what Leader is really about and what it can be set to achieve.

Objective of the measure

The objective of this measure is to provide a sound foundation for the Leader initiative and to facilitate its successful operation. By contributing to a series of activities - animation of rural actors about the possibilities offered by Leader and the way it operates; gathering of information about rural territories; dissemination of information about the rural area and promotional events and training of Leaders – this measure will contribute to the mobilisation of broad-based partnerships and to the elaboration of the local development strategies.

Scope and actions

Eligible actions foreseen under this measure will be restricted to those covered by Article 59 indents (a) to (d) of Council Regulation (EC) No 1698/2005:

- a) studies of the area concerned;
- b) measures to provide information about the area and the local development strategy;
- c) training of staff involved in the preparation and implementation of a local development strategy;
- d) promotional events and the training of leaders.

In the case of actions envisaged under (c) and (d) above, the Managing Authority shall have a direct participatory role. These activities shall be planned, coordinated and implemented jointly with the Managing Authority.

The implementation of local development strategies by partnerships that are not successful in the selection process as specified in Measure 41 and are not designated as LAGs, shall not be financed under this measure.

Hence, the scope of this measure extends to the financing of area-related activities for partnerships under the preparation phase as LAGs. Such activities cover studies of the region, animation of the territory to get rural actors together and to source their insights about the how well the study reflects the reality of the region and the soundness of the strategy in addressing weakness, building on strengths and tapping opportunities, dissemination of information about the rural territory and about the local development strategy, skills acquisition for participants contributing to the local strategies and participating in future implementation of the strategy, and information and animation measures designed to support and facilitate the introduction and implementation of rural development measures via the Leader approach.

Public-Private Partnership under article 59

Description of types of partnerships, and estimate of the number of public-private partnerships and the population covered

The public-private partnerships that establish themselves under Article 59 must be geared at achieving recognition as LAGs under measure 41. Hence, the composition of the partnership and the private component of the Decision Body must be consistent with the provisions of Measure 41, which stipulate that:

- The Local Development Strategy must be built on local public-private partnership, reflect the bottom-up approach adopted in decision making, and have an integrated multi-sectoral approach.
- The Local Councils involved in the group must pertain exclusively to the rural territory covered by the proposed LAG.

- The private component of the Decision Body which embodies representatives from the economic and social partners, and civil society must make up at least 51% of decision body.
- Only one action group per territory is allowed, and no overlapping of localities is permitted.
- A minimum of eight Local Councils must be involved in the public-private partnership.
- The number of inhabitants in the partnership must not exceed the 150,000, except in the case where only 1 LAG is established to cover all rural regions in Malta.
- All the rural localities, as defined in the National Rural Strategy Plan, can participate in the Leader initiative, hence there can be 100% participation of rural areas.

The maximum number of public-private partnerships that will be funded under this measure is limited by the funds available, and by the consideration that only three LAGs shall be supported under Measure 41. Therefore it is envisaged that no more than a maximum of 5 public-private partnerships shall be supported under this measure.

Public-private partnerships must be legally formalised as a non-profit making Foundation. The statute of the Foundation, officialising its setting up and regulating its operations shall be drawn on guidelines provided at operational level.

Measures under Axes 1 to 3 implemented by public-private partnerships

The local development strategies supported through this measure will define measures and outline the actions that the LAG will be implementing in its territory. Besides measures specifically designed by the LAG and tailor made for the rural territory in question, LAGs shall also have the opportunity to implement a selection of actions outlined in the Rural Development Plan. The very nature of these actions generates more added value when implemented through a collective/integrated approach as characterised by the Leader initiative.

The following are the specific actions from the Rural Development Programme under Axes 1 and 3 measures that may be implemented by the LAG in its territory, within parameters set by the Managing Authority.

- Axis 1: Measure 125 – Infrastructure related to the development and adaptation of Agriculture

Action type 3 - Actions designed to increase the accessibility to agricultural land to farmers, including the improvement and upgrading of existing farm access roads and passageways. This may include the re-surfacing of pathways, reconstruction and/or maintenance of adjacent walls and/or water culverts where such services are required.

- Axis 3: Measure 313 – Encouragement of Tourism Activities

Action type 3 - The setting up of trails that interlink various sites of tourist value.

Action type 4 - The provision, restoration or maintenance of small-scale recreational amenities, such as leisure parks

Action type 7 - The development of events and short-term attractions that build upon rural heritage and contribute to the development of a rural tourism product at a local level. This would cover the organisation and promotion of events such as festivals that promote typical alimentary specialities or traditional/folklore activities (including music and crafts), set within the cultural setting of village cores, or with a heritage venue as a backdrop, etc.

- Axis 3: Measure 323 – Conservation and Upgrading of Rural Heritage

Action type 3(ii) - Investments associated with the conservation, restoration and upgrading of the natural and the man-made rural heritage. Specifically, stand alone actions, implemented through a regional approach, and which do not necessarily emanate from approved conservation and management plans. These actions shall be subject to the fulfilment of certain criteria, to be determined at the operational level, such as the condition that they are implemented on a coherent area basis, and have a direct and apparent impact to improve the visual and intrinsic value of the rural heritage in the area. The type of eligible investment operations under this type of standalone actions shall include the restoration of small, man-made structures of rural heritage value, such as small chapels in valleys and other rural areas, traditionally built stone corbelled huts (giren), bridges of historical importance in valleys, traditionally built rubble walls and water channels.

The Local Development Strategies may therefore encompass the actions included in the RDP to address the broad-range needs of rural areas. Having been delegated with the responsibility to administer these measures, LAGs are ultimately responsible for their success in terms of uptake and successful of implementation.

Demarcation line and criteria with other EU financial instruments

The skills acquisition and animation activities funded through this measure will be strictly related to the Leader programme and the Local Development Strategies developed by the LAGs. No other EU fund, apart from the EAFRD, finances such activities.

Financing

Actions under this measure shall be fully co-financed. Since the scope of this measure does not extend to implementation of strategies, as per Article 59(e) of Council Regulation (EC) No 1698/2005, this measure does not carry state aid considerations.

Total Measure Cost - €	EAFRD €	% of EU contribution	Malta Government contribution – €	% of Malta Government contribution	<i>Private Sector Contribution (indicative) – €</i>
450,000	340,000	75	110,000	25	<i>0</i>

Quantified targets for EU common indicators

Type of indicator	Indicator	Target 2007-2013
Output	Number of skill acquisition and animation actions	10
	Number of participants in actions	30
	Number of supported public/private partnerships	3
Result	Number of participants that successfully ended a training activity	25

Additional programme-specific indicators and quantified targets

To be set by evaluators