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PROGRAMME PLANNING

Country and intercountry programmes and projects

FOURTH COUNTRY PROGRAMME FOR MALTA*

<u>Programme period</u>	<u>Actual resources programmed</u>	<u>\$</u>
1987-1991	Indicative planning figure for 1987-1991	1 375 000
	Carry-over from 1982-1986	<u>175 000</u>
	Total	1 550 000

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*Detailed listings of projects and other related data prepared as part of the country programming exercise are available on request. These listings include: (a) ongoing projects; (b) proposed projects; (c) distribution of resources by objective; (d) distribution of new country programme by sector.

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I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic trends

1. The extreme openness of Malta's economy and its limited domestic base make it particularly vulnerable to external pressures such as those resulting from the severe international economic problems experienced during the late 1970s and early 1980s, pressures which have undoubtedly left their mark on the local economy.
2. Because of this inextricable link with international events, the start of the process of restructuring the island's economy, which was intended to coincide with the launching of the 1981-1985 development plan, was severely disrupted and had to be delayed while a number of corrective measures were made to domestic policies in order to keep to a minimum the negative effects of reduced economic growth.
3. In the second half of 1983 the economic downtrend bottomed out, and the Maltese economy experienced a modest upturn in 1984. Economic development in Malta, however, still faces an uphill task, and during 1985 the economy again showed signs of deceleration from the momentum of the previous year.
4. The overriding economic priority objective in the coming years will remain the creation of new employment. This will be reflected in the strategies to be delineated in the forthcoming sixth development plan which will, inter alia, promote policies aimed at upgrading the industrial sector by diversification towards newer and more skill-intensive products in an effort to reintroduce and enhance the stimulus needed to improve further the competitiveness of Maltese export products and to expand overseas markets.

B. National development strategies

5. The basis of Malta's economic strategy for the coming years as set out in the sixth development plan is to seek to promote further the manufacturing sector, especially by upgrading human resources since Malta's main asset remains its abundant and adaptable manpower.
6. A vital aspect of the country's economic and social policies will, therefore, consist in a wide-ranging programme to upgrade, develop and stimulate local manpower resources. This programme will include the launching of effective manpower training and retraining schemes to enable the Maltese labour force to absorb new skills and to adapt itself to the new manufacturing processes which are expected to be located in Malta in the coming years. Under this programme particular attention will be given to launching courses in computer education in local schools and to upgrading the standard of vocational training. Schemes aimed at improving the efficiency of the public sector as a whole will also continue to be promoted.
7. The development objectives of the forthcoming plan include the goal, set in the previous plan, of developing Malta into a leading trans-shipment centre in the Mediterranean region. Following the heavy investment outlays during the first half of the 1980s in the Marsaxlokk port project and in the Grand

Harbour terminal for grain trans-shipment, the emphasis will now be on providing efficient marketing and operational set-ups for these two projects.

C. Technical co-operation priorities

8. The Government is currently engaged in negotiations concerning bilateral and multilateral financial and economic aid agreements in which the financing of various infrastructural projects together with technical assistance inputs feature rather prominently. In line with the Government's policy of adopting a co-ordinated approach in the allocation of resources available to Malta for technical co-operation, the Maltese Government accordingly decided that the IPF resources available be utilized to the fullest extent possible as complementary lynchpin inputs in areas where Malta's experience has been that UNDP possesses a distinct advantage over bilateral and other multilateral aid sources. Malta's allocation for the years 1987-1991 will therefore be directed towards those sectors where it is felt that UNDP inputs can make a more direct and lasting contribution to the process of national economic and social development.

9. While the fourth country programme is oriented towards national priority needs as spelled out in Malta's forthcoming development plan, the UNDP resources available, together with the need to ensure continuity in the case of those projects initiated in the previous cycle, have obliged the Government to concentrate the remaining programmable funds on four selected priority areas.

10. Malta will continue to make use of the different types of inputs which can be delivered by UNDP. However, as in past country programmes and perhaps even more so in the forthcoming one, the emphasis will be placed on the utilization of available funds for the provision of medium- and longer-term expert and consultancy services. The use of IPF funds for the purchase of equipment and the financing of fellowships will be resorted to only in particular cases since these activities are traditionally financed out of the Government's own budgetary resources.

11. Although the scale of the UNDP input may be considered rather modest when compared to the amount of funds which are expected to be at Malta's disposal in the coming years for technical co-operation from other sources, Malta nevertheless attaches considerable importance to its continued access to the UNDP technical assistance programme. Indeed, during the course of the coming quinquennium, UNDP will still continue to be associated with development projects that should help to establish the island as a trans-shipment terminal in the central Mediterranean and, perhaps even more significantly, with new initiatives aimed at upgrading further the productive skills of Maltese workers.

12. Given Malta's current stage of economic development and the living and social standards enjoyed by all sections of the Maltese community, Malta's fourth country programme makes no specific reference to projects which reflect to any great extent the current global concerns of the United Nations system, such as, for example, the role of women in development and the importance attached to the International Drinking Water Supply and Sanitation Decade

(IDWSSD). Malta's commitment to these concerns, however, remains strong, and its support will, to the extent possible, continue to be reflected in the appropriate international forums.

II. THE COUNTRY PROGRAMME

A. Assessment of current country programme

13. The funds available for the period 1982-1986 amounted to \$1,597,000. This sum included a carry over of \$222,000 from the second to the third cycle.

14. As a consequence of the decision to programme resources at 55 per cent of the IPF, a number of projects were withdrawn from the current country programme. These involved development planning, trade-related activities, diabetes prevention, civil aviation and sewage purification for irrigation purposes.

15. None the less, available UNDP resources in the cycle play an important and useful role in the solution of many sectoral problems.

Port and shipyard development

16. Throughout the period of the 1981-1985 development plan, the Government forged ahead with the implementation of ambitious development projects such as the Marsaxlokk port project, the Marsa shipyard and the Grand Harbour grain terminal.

17. The Government has already invested over \$100 million - including some \$27 million by way of concessionary loans provided by the Saudi and Abu Dhabi funds - in the Marsaxlokk port project and, construction work on stage I of the project and the setting up of a container terminal was completed in 1984. The terminal is scheduled to start operations in 1986.

18. The civil engineering works development programme at the Marsa shipbuilding yard in which some \$70 million has so far been invested is also now completed. The yard has recently secured building orders from China for two supply vessels and from the Union of Soviet Socialist Republics for eight timber carriers. It has also carried out substantial steel fabrication for the Grand Harbour grain terminal.

19. These projects, together with the continued development of the facilities of Malta Drydocks, which is the largest single industrial employer in Malta with a labour force of almost 5,000 workers, are aimed at ensuring the integration of Malta in the shipping, trans-shipment and trading patterns in the Mediterranean area with the relevant benefits to the economy in terms of foreign exchange earnings and employment opportunities.

20. The construction of the Marsa shipyard and of the Marsaxlokk container terminal was carried out under the supervision of UNDP-financed engineers, while a more recently approved UNDP project has ensured that the grain terminal equipment is installed in accordance with internationally accepted standards before operations commence in 1986.

21. Another UNDP-supported project trained 133 nationals in new welding techniques at Malta Drydocks before winding up its operations in 1983.

22. For the operation of the container and grain terminals, additional UNDP funds will be required, as indicated in paragraphs 38-41 below.

Development, conservation and utilization of water resources

23. UNDP technical co-operation in 1982-1983 was also oriented towards water resources development, an important sector considering the acute water problems which the island constantly faces.

24. Partly through the achievements of the two UNDP-supported projects in this sector, Malta has, through the implementation of a comprehensive borehole drilling programme, maximized its groundwater extraction potential and has also significantly increased its surface-water supply sources through the construction of additional reservoirs and water-treatment plants.

25. Over and above this significant factor, investments, totalling some \$25 million, have been made in the construction of two reverse osmosis plants treating seawater and brackish water, which between them provided in 1984 over 25 per cent of the national water demand.

26. A sewage treatment plant, completed in 1983, is designed to treat up to 40 per cent of the country's sewage and the ever increasing use of this water for industry and agriculture serves to reduce the demand on potable water.

27. These projects provided significant support to Malta's IDWSSD efforts.

28. More recently the priorities in the water sector have shifted towards improving and maximizing the aging water distribution system. The Government is currently exploring the possibilities of obtaining additional technical assistance from other sources including, possibly, the World Bank.

Vocational training

29. In 1980, the Government sought assistance from UNDP for the establishment of the national extended skill training programme to introduce former trade students to industrial life. In all, 1,073 trainees have completed the training programme - nearly five times as many as originally envisaged.

30. The programme is now in capable Maltese hands after the departure of the international expert and is providing Malta with the needed skills for the expansion of its industry.

31. As a result of Malta's unemployment situation, however, the Government intends to carry out in the fourth cycle an overall review of curricula and technical methods currently used in the various educational institutions concerned with vocational training.

Other activities related to the objectives of the current country programme

32. Other activities with UNDP assistance included the organization and operation of a mechanical, electrical and electronic equipment servicing unit, the activities of which will continue into the fourth cycle so as to bring the project to a successful conclusion, particularly the training of counterparts through on-the-job training courses at the technician level.

33. In 1985, the Government sought assistance from UNDP for the purpose of obtaining independent opinions on the interpretation of certain data from an offshore oil-well drilled in 1984. This assistance was provided by UNDP and the scientific evaluation, though in essence not encouraging, was satisfactory to the Government.

34. UNDP assistance in the current cycle remains relevant to the national development objectives and is in large part directed towards important and ambitious long-term undertakings on the island. Slippages on such large national undertakings can occur and can entail slippages in the delivery of UNDP inputs. This is the case with the project for the operation of the container terminal at Marsaxlokk harbour, which is a year behind schedule. It is now certain, however, that the terminal will commence operations in 1986.

B. New programme proposal

35. The thrust of Malta's country programme has been determined by the following basic considerations:

(a) The importance attached to continuity so as to bring to a successful conclusion major developmental projects launched in the previous cycle which, for various reasons, still require additional inputs;

(b) The fact that a relatively high proportion of total available IPF resources is expected to be absorbed by ongoing projects;

(c) The need to ensure that all requests for UNDP technical assistance are in line with the overall development objectives and priorities as set out in the country's national development plan;

(d) The decision to concentrate the limited remaining resources on one or two projects with a relatively higher technical assistance requirement in preference to a thinner spread of resources over a wider range of smaller projects.

36. In the light of these considerations, the overall orientation and focus of the new programme will be towards:

(a) Continuing with the three ongoing projects which provide for assistance in the operation of the Marsaxlokk container terminal and for strengthening the local capacity to maintain and repair electronic equipment in the public sector. A total of \$825,000 is being earmarked for these three projects;

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(b) Implementing two new high-priority projects which aim at improving vocational training standards generally and at promoting the teaching of computer sciences in State schools. An amount of \$425,000 is being budgeted for these two projects;

(c) Providing UNDP technical assistance seed inputs in a limited number of as yet unidentified areas. Past experience has borne out the usefulness of having an element of flexibility which in the coming programme will be provided by an unprogrammed balance of \$300,000.

Development of trans-shipment facilities

37. Since the mid-1970s the Maltese Government has attached strong importance to the development of large-scale commercial harbour facilities at Marsaxlokk in the south-eastern part of Malta. This, together with the more recent decision to expand the grain storage and handling capacity of the Grand Harbour, is in line with the objective of fully exploiting Malta's central geographical location in the midst of the Mediterranean sea lanes for trans-shipment and related maritime activities.

(a) Ongoing projects

(i) Operation of Marsaxlokk container terminal (MAT/83/002)

38. This project is in effect the logical sequel to MAT/78/001 - Development of Marsaxlokk harbour - which featured prominently in both the second and the third country programmes.

39. UNDP's already significant association with this ambitious project during both the initial design and the construction phases will now be further expanded by means of the assistance to be provided in the initial stages of operation of the container terminal which represents the first phase of the plan for the comprehensive development of Marsaxlokk into a trans-shipment terminal.

40. Expertise to help to establish efficient management, operation and marketing systems at the new container terminal was originally expected to be required as from 1985. For various reasons, there has been some slippage in delivery. It is proposed to increase the allocation to this project by \$400,000 since this is now considered to be a more realistic assessment of costs needed to engage the high calibre expertise required for the initial years of operation so as to establish container handling activities at the new Marsaxlokk container terminal on a sound commercial basis.

(ii) Assistance for Grand Harbour grain terminal (MAT/83/003)

41. This project has already provided supervisory expertise throughout the construction and commissioning of the new 80,000-ton-capacity grain terminal which is now expected to become fully operational in 1986. The terminal is another large-scale development project which features prominently in Government's plans to develop Malta as a trans-shipment centre for bulk commodities in the central Mediterranean region and should enable Malta to

integrate itself with the substantial bulk grain flows passing through the Mediterranean. In order to organize grain trans-shipment activity at the new Grand Harbour terminal on professional lines and to launch and implement an aggressive marketing strategy, the Government intends to deploy UNDP inputs into both the operational and the marketing aspects of the terminal. An amount of \$225,000 is accordingly being allocated for these activities in the fourth cycle.

2. Improvement of the efficiency of the public sector

42. As part of the Government's continuous efforts to improve efficiency in the public sector, which in Malta employs over one third of the total working labour force, it was decided in 1983 to set up a central authority to co-ordinate more rationally all repair and servicing requirements of equipment in use by government departments and parastatal organizations. The continued guidance of highly trained UNDP-recruited expertise is considered essential where the repair of electronic equipment is concerned.

(a) Ongoing project

Servicing and maintenance of electronic equipment in the public sector (MAT/83/001)

43. Ongoing activities under this project include the continued training of local personnel within the ambit of the Electronics Equipment Maintenance Unit which has been set up under the project as well as the actual servicing and maintenance, under the guidance of the experts already in post, of sophisticated electronic equipment in use in the public sector. The range and scale of project activities have in fact proved to be much wider than originally envisaged. Since this project is regarded as a practical example of the Government's commitment to promote the introduction of new skills in the country, this has prompted the Government to reserve an additional allocation of \$200,000 for this project in the fourth cycle.

Improvement of educational and training standards

44. One of the overriding considerations of the Government's education policies is to orient the scope and content of its training programmes towards the needs of the national economy as a whole. Moreover, for a small country such as Malta which possesses no natural resources and whose main asset consists in an abundant supply of manpower, the continued upgrading of vocational and technical training programmes is an important objective of educational policy.

(a) New project

45. The concern for the improvement of educational and training standards in the country has, as mentioned above, been shown in recent years by the fact that both UNDP and ILO have provided invaluable technical assistance to Malta particularly for the setting up of the Extended Skill Training Scheme.

46. In order to update standards of vocational training in Malta further, the Government intends to carry out an overall review of curricula and technical methods currently adopted by the various educational institutions concerned with the organization of vocational training schemes in Malta. The need for this reassessment has arisen as a result of Malta's current unemployment situation and the Government's determination to ensure that vocational education in Malta will be geared in such a way as to attract the location of skill-intensive industrial processes in Malta. This will of course entail the reorientation of some training schemes towards higher skills and new technology areas.

47. An allocation of \$125,000 has been earmarked in the fourth cycle for a project through which the Maltese educational authorities will be able to launch an extensive programme catering for such activities as the exposure of Maltese instructors in trade schools, technical institutes, etc., to the latest training techniques and teaching methods in use in foreign institutions for vocational training; the organization in Malta of ad hoc schemes to train instructors in various skills courses which are considered relevant to the Maltese industrial situation; and the organization of a unit for learning materials developers and curriculum developers for the vocational education sector within the framework of a centralized resource centre that will develop learning materials for the Maltese educational system as a whole.

Promotion of the teaching of computer sciences

48. The Government is convinced of the undoubted potential for Malta's future economic development which would result from a shift towards the training of more people in higher technological skills and in more sophisticated manufacturing techniques very often involving the use of computers for eventual use in electronics and manufacturing industries. In the coming years the Government will be continuously promoting this shift.

(a) New project

49. The drive to update standards of vocational education in Malta in the coming years will be accompanied by a phased programme designed to improve and widen the younger generation's familiarity with and knowledge of computing technology and application. Again, this is in line with the national objective to enhance occupational skills at all levels so that Malta will be in a better position to attract high technology industry and shift away from low-skill, labour-intensive industrial processes.

50. In order to promote further the teaching of computer sciences in State educational institutions at both secondary and technical levels, the Government intends to seek assistance for advice on a comprehensive programme for computer education in Maltese schools, including curriculum planning and guidance and assistance during the initial years of implementation of this programme. The allocation being set aside for this purpose in the fourth country programme is \$300,000. Apart from procuring the services of a long-term expert, the project will also provide for the in-service training of Maltese teachers of computer studies both in Malta and abroad; advice on the use of computers in education; and, possibly, the purchase of some equipment.

C. Unprogrammed reserve

51. In view of the limited size of Malta's indicative planning figure and the fact that 20 per cent of this allocation (i.e., some \$60,000 annually) is being set aside as an unprogrammed reserve, it is of course important for Malta to ensure that this balance will be used selectively to meet relatively smaller technical assistance requirements as the need arises and in the light of the priority attached to those needs. This will at the same time permit an element of flexibility in the utilization of Malta's 1987-1991 allocation and enable as yet unidentified needs for technical assistance to be met without any undue strain on UNDP resources already programmed for other activities.

Annex

FINANCIAL SUMMARY

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

A. <u>UNDP-administered sources</u>	\$	\$
Third cycle IPF balance	175 000	
Fourth cycle IPF	1 375 000	
Subtotal IPF		1 550 000
Special Measures Fund	-	
Special programme resources	-	
Government cost-sharing	-	
Third-party cost-sharing	-	
Operational funds under the authority of the Administrator	-	
UNDP Special Trust Funds	-	
Subtotal, UNDP non-IPF funds		-
B. <u>Other sources</u>		
Funds from other United Nations agencies or organizations firmly committed as a result of the country programme exercise	-	
Parallel financing from non-United Nations sources	-	
Subtotal, other sources		-
TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		<u>1 550 000</u>

II. USE OF RESOURCES

Ongoing projects	825 000	
New project proposals	425 000	
Programmed reserve	-	
Subtotal, programmed resources		1 250 000
Unprogrammed reserve		<u>300 000</u>
TOTAL USE OF RESOURCES		<u>1 550 000</u>

