



EUROPEAN CLUSTER
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Country factsheet

Malta

An initiative of the European Union





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Introduction



This document presents an overview of the cluster policy in Malta. Given the importance to contextualise the cluster policies (and related) analysed in the factsheets, a comprehensive outlook of the country in socioeconomic terms can be consulted in the [European Semester Country Report for Malta](#).

The European Semester is an instrument introduced to coordinate the EU Member States economic policies and address the economic challenges faced by the EU. Its goals are “to ensure sound public finances, to prevent excessive macroeconomic imbalances in the EU, to support structural reforms to create more jobs and growth, and to boost investment”. Thus, it focuses on the following areas: business environment; financial and fiscal stability; green economy; public administration; labour market and skills; and social protection and cohesion.

As a consequence of the COVID-19 pandemic, European as well as global economies have been subject to severe output losses. In response, policymakers at EU and national level have acted decisively and made very significant financial resources available to tackle the threat of a prolonged downturn. This was carried out through the Recovery and Resilience Facility, [National recovery and resilience plans](#) have been drafted in each Member State to ensure a recovery that addresses the challenges identified in the European Semester. C are not mentioned in the National recovery and resilience plan¹. In addition to the COVID-19 pandemic, the ongoing Russian military aggression against Ukraine has also taken its toll on EU companies and industrial ecosystems, highlighting the significance of policy efforts in supporting SMEs and clusters.

In the following, a succinct overview of the cluster policy in Malta will be provided. The structure of this factsheet generally encompasses:

- 1) an overview of the industrial ecosystems and cluster landscape in Malta
- 2) an overview of the national cluster policy and an insight into the regional cluster policy,
- 3) an assessment of the state of play of the national cluster policy.

¹ Malta's Recovery Resilience Plan:
<https://eufunds.gov.mt/en/Operational%20Programmes/Documents/Malta%27s%20Recovery%20%20Resilience%20Plan%20-%20July%202021.pdf>

01

Industrial ecosystems and cluster landscape



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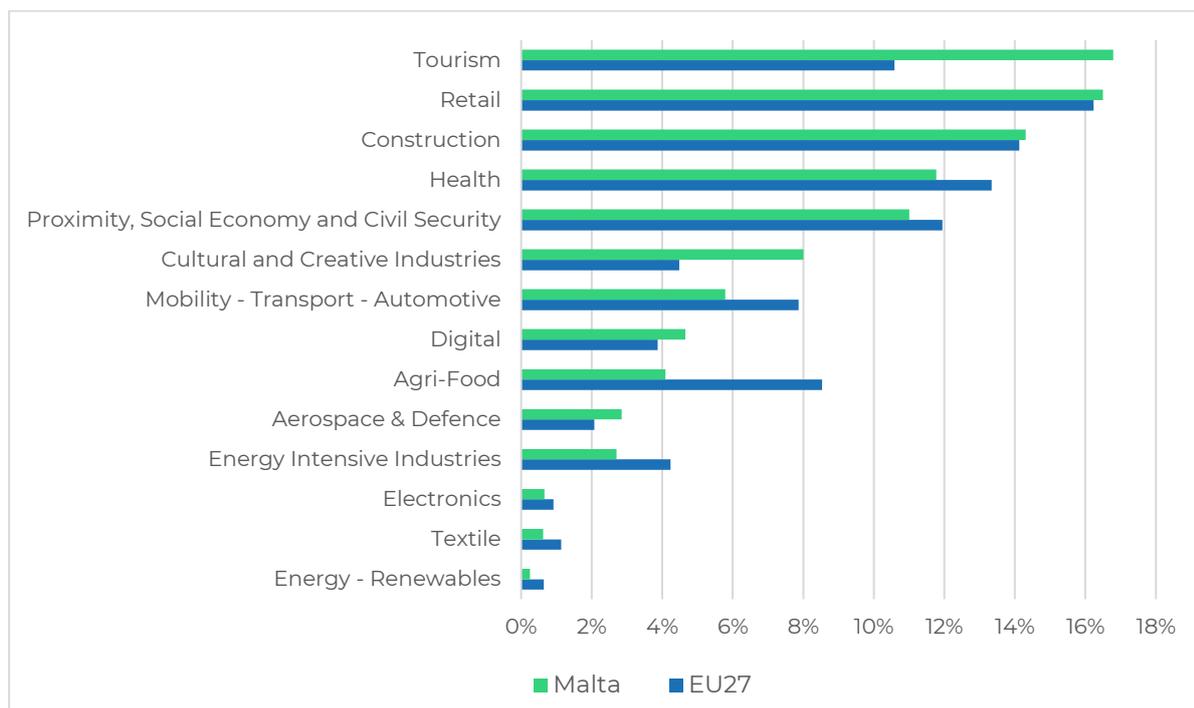
1. Industrial ecosystems and cluster landscape

Employment in the 14 ecosystems in the country

As part of its Industrial Strategy (March 2020), the European Commission has selected 14 industrial ecosystems that are particularly relevant in Europe and encompass all players operating in a value chain.² The classification of the 14 industrial ecosystems have been calculated by aggregating NACE 2 -digit activities, following the methodology established in the European Commission.³

In the following figure, the employment share of Malta and the EU27 in each industrial ecosystem is shown relative to the number of employed persons in the 14 industrial ecosystems. The ecosystems are ordered, from top to bottom, according to the amount of employment in the country. When the bar for the country is higher than that of the EU27, it indicates that the country is more specialised in that ecosystem. This figure underlines the strength of Malta in the industrial ecosystem “Tourism” which is above the EU average. Other industrial ecosystems where Malta displays employment strength relative to the EU are “Cultural and Creative Industries”, “Digital” and “Aerospace & Defence”.

Figure 1: Employment in the ecosystems



Source: ECCP (2022), own elaboration based on data from Eurostat.

² see here for more information <https://clustercollaboration.eu/in-focus/industrial-ecosystems> (last access 09.01.2023).

³ see European Commission (2021): Annual Single Market Report, SWD(2021)351.



Regionally relevant nodes (agglomerations)

Economic activity, and therefore employment, is not equally distributed in all regions. Specialisation can be measured through Location Quotients (LQ) that reflect the relative specialisation of an activity in a region compared to the EU average. If the LQ for a given activity-region combination is above 1.5, it is considered a specialisation node, and if the activity accounts for at least 1 % of total employment in the region, it is considered regionally relevant.⁴ The following tables shows the total number of regionally relevant specialisation nodes (agglomerations) in each region in the country and identifies the top five most specialised of these nodes. The first table focuses on the 88 NACE 2-digit activities or sectors, totalling 7 in the country, while the second table is based on the 14 ecosystems, which total two in the country.

Table 1: Number of regionally relevant sectoral nodes and Top 5 nodes by region (NACE)

Region	# of nodes	Node 1	Node 2	Node 3	Node 4	Node 5
MT: Malta	7	R92 - Gambling & betting	I55 - Accommodation	N80 – Security and investigation activities	K66 - Activities auxiliary to financial services and insurance activities	K64 - Financial services

Source: ECCP (2022), own elaboration based on data from Eurostat.

Overall, there are fewer ecosystem nodes than the regionally relevant sectoral nodes by NACE sectors. This more concentrated agglomeration can at least partially be linked to the methodology of measurement of the 14 industrial ecosystems. Malta's lead ecosystem node in cultural and creative industries is singularly based in its sectoral NACE node in gambling and betting (R92). Its tourism ecosystem node, likewise, is reflected in its second-strongest sectoral node in accommodation (I55). Furthermore, the (online) gambling sector is also linked with Malta's position as a low-tax jurisdiction and base for financial services (K64&66) for companies and individuals.

Table 2: Regionally relevant ecosystem nodes

Region	# of ecosystem nodes	Node 1	Node 2
MT: Malta	2	Cultural and creative industries	Tourism

Source: ECCP (2022), own elaboration based on data from Eurostat.

Cluster organisations in the country

As of October 2022, there is one cluster organisation in Malta that has a profile on the ECCP. This cluster organisation did not provide information in which industrial ecosystem it operates. SMEs made up all (100%, EU:84%) member organisations of this cluster organisation.

⁴ for more information on the methodology please see the methodology note: <https://clustercollaboration.eu/in-focus/policy-acceleration/country-factsheets-on-cluster-policies-and-programmes> (last access 09.01.2023).

02

National cluster policy, programmes and initiatives



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2. National cluster policy, programmes and initiatives

In this section we provide an overview of the existing Maltese cluster policies on a national.

The breakdown is presented in the form of a table, with the first column showcasing information on the aspects which constitute the policy (beginning with 'Policy Objectives', following with 'Policy Focus', etc.). The second column represents the case of a Maltese national cluster policy,

Within the table the text presented in bold (black) depicts standardised categories across country factsheets (56 in total for 2022), which is applied for the comparative purposes. This is followed by a complementary descriptive text to provide more insights about the cluster policy in Malta.



Policy type:	Sectoral Policy
Policy name:	Integrated Maritime Policy Maritime policies
POLICY OBJECTIVES 	<p>Strengthening cooperation between companies or industry and RTDI actors</p> <p>Increasing competitiveness and boosting scale up of SMEs</p> <p>Supporting internationalisation activities</p> <p>Fostering R&D activities, technology development and implementation</p> <p>Supporting cluster excellence and professionalisation of cluster management</p> <p>Supporting the creation of new cluster organisations</p> <p>Promoting social and sustainable economy and other solidarity-based initiatives</p> <p>Promoting employment and upgrading skills and competences</p> <p>Strengthening the network of cluster organisations/cross-clustering</p> <p>The main objective of Integrated Maritime Policy is to bring industry and government stakeholders together to focus on the continued and enhanced development of the marine and maritime industries. Part of this is done by creating and promoting maritime sectoral clusters and to strengthen the competitiveness and support of these clusters. The Malta Marittima Agency is the national maritime cluster organisation. In this regard, the Agency develops maritime economic clusters that emerge from the four Blue Growth pillars: 1) Logistics Cluster 2) Energy Cluster 3) Food (Fisheries and Aquaculture) Cluster 4) Services Cluster</p>
POLICY FOCUS 	<p>Sectoral</p> <p>The policy focus is on financial growth in the marine and maritime sector, increasing employment, social cohesion, and quality of life, and doing so whilst protecting and maintaining natural and cultural heritage. The part of the strategy that concerns clusters, seeks to enhance co-operation between the maritime industry and Government stakeholders, in order to develop the Maltese maritime industry for the sake of financial growth, enhancing competition, and improving the quality of service.</p>



Policy type:		Sectoral Policy
Policy name:		Integrated Maritime Policy Maritime policies
RESPONSIBLE AUTHORITIES 		In charge of implementation Oversees the implementation <p>Malta Marittima Agency oversees the implementation of the Integrated Maritime Policy and promotes the Maritime Economy at the local, European, and international levels. Cluster development is part of an effort by the Marittima Agency, where they seek to provide the necessary management, networking, and support services for the existing and potential maritime investment opportunities.</p>
BENEFICIARIES 		SMEs Cluster organisations Research organisations Academic institutions Business associations Large firms Technology centres General population <p>The Malta Marittima facilitates coordination between relevant government departments to ensure the development of the blue sector, as well as simplifying interactions between relevant actors by facilitating cluster development. Each cluster is comprised of businesses, industry associations, government departments, and academic and research institutions.</p>
INSTRUMENTS 	Financial	-
	Technical assistance	Support for hard skill development: knowledge transfer, intellectual property, entrepreneurship, export advice, market intelligence



Policy type:		Sectoral Policy
Policy name:		Integrated Maritime Policy Maritime policies
		Support for networking and partnership building (at national and/or international level) Others: Increased investment in improvement of maritime infrastructure
	Explanation	The part of the policy which focusses on clusters is mainly aimed at technical assistance activities, in particular the facilitation of participation in cluster networking events, workshops, working groups, and conferences. Cluster members are also supported by the Agency when applying to EU call for proposals.
HISTORY 	Period	Unlimited period
	Ending year <i>(for policies with limited period)</i>	-
	Starting year	2016
	Explanation	The publicly available information does not indicate an end date to the policy.
BUDGET 	Overall	Information not publicly available.
	Annual	Information not publicly available.
	Source of funding	Federal Government.



Policy type:		Sectoral Policy
Policy name:		Integrated Maritime Policy Maritime policies
POLICY EVALUATION 	Availability	No evaluation and / or monitoring available
	Results	In 2016 and 2017, annual reports of the Integrated Maritime Policy were produced. By 2017, Malta Marittima had held a number of bilateral meetings with various stakeholders from both the government and private sector. This resulted, among others in the formation of several clusters consisting of 40 different members from both private and public sector.
POLICY ALIGNMENT WITH THE EU PRIORITIES 		-

03

State of play of cluster policy



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3. State of play of cluster policy

This section presents an overview on the state of play of Maltese cluster policy in the form of a quantitative and qualitative assessment. The data below illustrates how the country ranks in terms of **maturity of cluster policy at the national level**. The maturity assessment is based on a combination of factors presented in Chapter 2, which receive a score based on the existence or absence of a given element in the cluster policy. The regional cluster policy example is not included in this assessment.

Note: the maturity assessment does not reflect the performance of a country, but only the degree of development of their national cluster policy at the moment of data collection (Q3 2022). The assessment illustrates how the country scores for each of the four criteria (policy scope, continuity of cluster policies, evidence of performance, cluster support instruments) compared to the maximum score that they can reach. Please refer to the **Annex** for the detailed overview of the categories and the scoring system.

The table below presents an overview of the **maturity assessment for Malta for 2022**. The total score of Malta is 1 point out of 8.

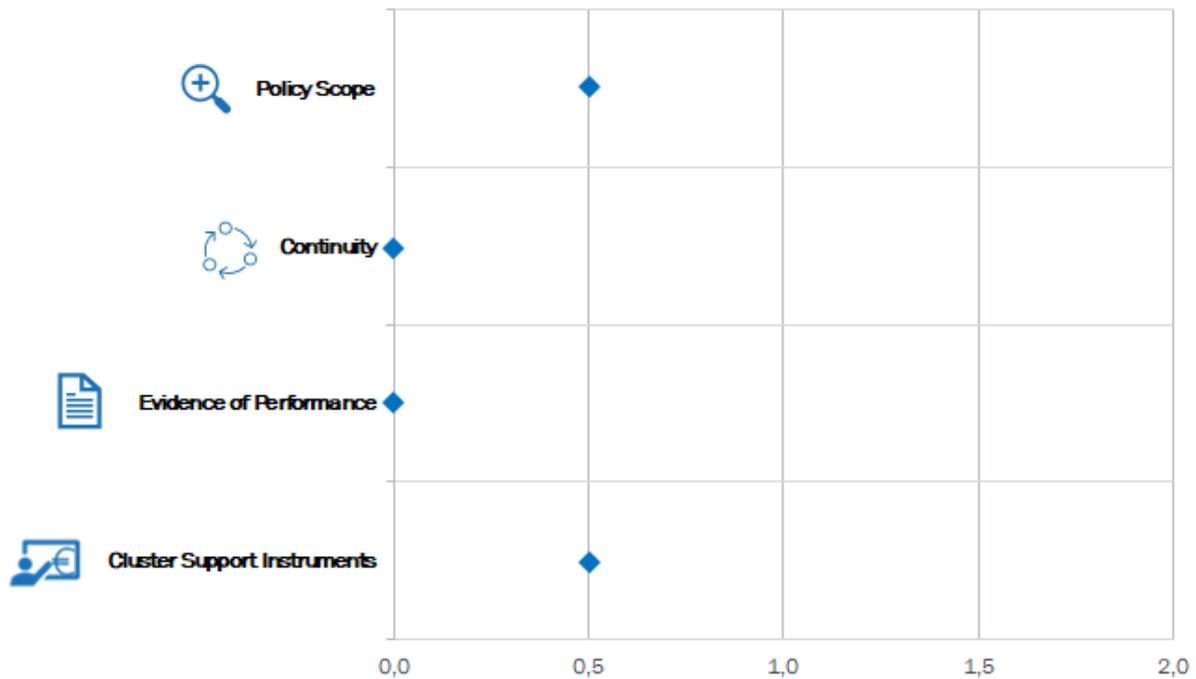
Malta	MATURITY ASSESSMENT	Max score	Actual score
POLICY SCOPE	Absence of cluster policy	0	
	Broad policy	0,5	0,5
	Sectoral policy	1	
	National and/or regional cluster policy	2	
CONTINUITY	No cluster-specific policy available	0	0
	Cluster policy established recently	0,5	
	Cluster policy established between over 2 and 10 years	1	
	Cluster policy established over 10 years ago	2	
EVIDENCE OF PERFORMANCE	No evaluation and / or monitoring available	0	0
	Existence of evaluations of past policies	0,5	
	Existence of monitoring or an ongoing / interim evaluation	1	
	Existence of monitoring and ex-ante or ongoing / interim evaluation	2	
CLUSTER SUPPORT INSTRUMENTS	No instruments for cluster development	0	
	Financial support for cluster development in the broader and / or sectoral policy	0,5	0,5
	Financial or technical support for cluster development in dedicated cluster policy	1	
	Financial and technical support for cluster development in dedicated cluster policy	2	
TOTAL (8)			1

Source: ECCP (2022)



Drawing from the table above that showcases the scored points in Malta's cluster policy, the Figure below portrays the **degree of maturity** across four categories related to the national-level cluster policy.

Figure 2: Maturity of cluster policy - Malta



Source: ECCP (2022)

The text below provides a **qualitative description** of the state of play of the cluster policy in Malta, which is complementary to the maturity assessment presented above.

Policy scope

Malta does not have a dedicated cluster policy, yet some support is provided through the wider framework, The Integrated Maritime Policy. This policy targets the development of the maritime and marine sector, including cluster-related activities. It is a broad-based framework which seeks to increase blue growth by targeted measures among which the Malta Marittima Agency supports also the cluster cooperation between private and public stakeholders.

Continuity

The Integrated Maritime Policy of the Maltese government is quite new (2015), however, the Malta Marittima does provide other kinds of support through the broad policy, for instance the support of cluster development and establishment. They also manage the Maritime Proof of Concept Fund, which facilitates innovation and the creation of science-based business ideas in the marine field through research in the University of Malta aiming for commercialisation. The aim is to encourage and financially support academics, entrepreneurs, and students in developing innovative ideas into business concepts through collaborations with several kinds of actors.



Evidence of performance

The current cluster policy is the first of its kind and at the moment no indication for monitoring data or evaluations is found.

Cluster support instruments

The integrated Maritime Policy provides both technical and financial support such as policy support for the activities of cluster organisations, Specific policies to support cooperation projects or broad-based framework policies to support cooperation effectiveness.

Cross-regional / international cooperation

The European Cluster Partnerships have been launched by the European Commission to encourage clusters from Europe to intensify collaboration across regions and sectors. There are currently no cooperations of Maltese Cluster Organisation in the ESCPs and the INNOSUP programme.

In the 2021-2027 funding period, the Single Market Programme supports clusters as part of the Joint Cluster Initiatives (Euroclusters) for Europe's recovery. However, there are no Maltese cluster organisations that are part of any of the 20 Euroclusters with partners from other EU Member States.

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Annex

Criterion of maturity assessment	Description	Scoring (points between 0 and 2)
Policy scope	assessment whether the country has a dedicated cluster policy, or cluster creation and/or development is targeted through broader policies, e.g. foreign trade policies, labour and social policies or specific sectoral policies, e.g. industrial policy tourism policies, agriculture policies	<p>absence of cluster policy = 0</p> <p>existence of broader policies = 0,5</p> <p>existence of specific sectoral policies = 1</p> <p>existence of targeted cluster policies = 2</p>
Continuity of cluster policies	assessment of the duration and experience of the country in carrying out cluster policies. This criterion assesses only existence of targeted cluster policies and not broader policies or sectoral policies	<p>absence of policies supporting cluster development = 0</p> <p>cluster policy established recently (within the last 2 years) = 0,5</p> <p>cluster policy established between over 2 and 10 years = 1</p> <p>cluster policy established over 10 years ago = 2</p>
Evidence of performance	assessment whether there are evaluations of past and ongoing policies and a monitoring system in place. The existence of monitoring and evaluation mechanisms determines the degree of policy development in the country	<p>no evaluation and / or monitoring available = 0</p> <p>existence of evaluations of past policies, e.g. ex-ante = 0,5</p> <p>existence of monitoring or an ongoing / interim evaluation =1</p> <p>existence of monitoring and ex-ante or ongoing / interim evaluation =2</p>
Cluster Support Instruments	assessment whether the policies provide any instruments to support the policy implementation, being these financial and/or technical support	<p>no instruments for cluster development =0</p> <p>financial support for cluster development in the broader and / or sectoral policy = 0,5</p> <p>financial or technical support for cluster development in dedicated cluster policy = 1</p> <p>financial and technical support for cluster development in dedicated cluster policy = 2</p>

Source: ECCP (2022)