

ADDRESS BY THE HON. CENSU GALEA, MINISTER FOR COMPETITIVENESS AND COMMUNICATIONS, AT THE EU FUNDING SEMINAR ENTITLED ‘CIP: FUNDING OPPORTUNITIES FOR COMPETITIVENESS AND INNOVATION’ – ST. JULIAN’S – THURSDAY, 28th JUNE 2007

Distinguished Guests, Ladies and Gentlemen, Good Morning

It is a pleasure for me to be here addressing this seminar.

Ladies and Gentlemen, when the word Funding is mentioned it means money is involved, and this sets people’s minds thinking how this is going to affect their pockets.

Here in Malta the matter of funding has been in the forefront of discussions of both sides, for or against Malta becoming a member of the European Union. After long discussions with the EU, it was established that Malta will have an objective one status. As a result, we were allocated 850m Euros for the financial period 2007-2013. Since then a lot has been said about the 850 million Euros Malta would be benefiting from in the coming years.

The man in the street has also heard high sounding words such as pre-accession funds, solidarity funds, cohesion and structural funds. Yet many would ask “But what does this mean for me?” People are interested to know where these funds have been spent or will be spent. They will be very much interested to know whether the spending will be taking place in areas that concern them directly.

This leaves us politicians and administrations with a bigger responsibility. This imposes on us the need to pursue education campaigns so that our citizens are informed what these funds consist of, how and where they have been received, and even how, where and when these will be utilized. In short, educating in a tangible manner about the results that these funds will be affecting our peoples’ lives – from Roads to Communications, from Infrastructure to Energy, from Sustainable Development to Environmental issues and so forth.

Today’s event is an example of this educational campaign thanks to Forum Malta fl-Ewropa. It is also an opportunity to learn about a new funding Program called the Competitiveness and Innovation Framework Programme 2007 – 2013 also known as the CIP.

CIP was approved by the Council and the European Parliament in September of last year. The aim of this programme is to further enhance the Competitiveness and Innovations capacity in the community. It also aims at the advancement of

a knowledge society and a sustainable development based on a balanced Economic Growth. This framework programme is in line with the Commission's communications of the Spring Council of 2005 entitled "Working together for Growth and Jobs – a new start for the Lisbon Strategy".

This document calls for action to deliver growth and competitiveness and to make Europe a more attractive place in which one can invest and work, recall and regenerate that entrepreneurial spirit where one is ready to take sufficient risks and invest his capital in new and innovative businesses. It also calls on entrepreneurs to establish a strong European Industrial base sustained by innovation and in particular Eco-Innovation and ICTs. This document also promotes the sustainable use of all resources that are able to compete in an ever growing globalization.

Small, medium and micro enterprises are the backbone of the European Economy. These make up for approximately 90% of the European Economic drive. For this purpose, in Feira, Portugal, in 2000 the European Community, then made up of 15 member states, approved and launched the Charter for Small Enterprises. Later in November 2001 the Commission published a document entitled "Implementing the Community Lisbon Strategy - A modern SME Policy for Growth and Employment." During the following years the Commission administered a Framework programme called the Multi-Annual Programme for SMEs 2000 – 2006.

MAP as is commonly known, was originally designed for Europe of 15 and later opened to the Candidate countries, Malta being one of these countries first as an observer and in 2004 as a Member State. CIP will now be replacing MAP. Yet CIP is very much different from MAP. It is on a larger scale. Suffice to say that it is open to the 27 member states and to EEA countries and Candidate Countries. Secondly it has a budget of 3.2 billion Euros which in itself is a very indicative amount. Thirdly, CIP will bring about more synergies between different and previously autonomous programmes under one administration.

In fact, CIP is setup on three main pillars

- a) The Entrepreneurship and Innovation Programme
- b) The Information and Communication Technologies (ICT) Policy Support Programme
- c) The Intelligent Energy – Europe Programme

Ladies and Gentlemen, I will not go into detail about the technical information of each of these pillars, for I am certain that our distinguished speakers will certainly go into more depth of these funding opportunities. However, I will not do you a good service if I do not highlight two very important issues.

The first issue is addressed to DG Enterprise and Industry who administers CIP, and this is for the Directorate General to look into the specificities of Small States such as Malta, to enable them to make the best use of these opportunities. I say this, because I would like to be in a situation where CIP will be more beneficial and user friendly for small portfolios and much more user friendly for small states than its precursor MAP which was administered by the European Investment Fund (EIF).

The Commission always promotes the “Think Small” mentality and here is a great opportunity to put words into practice. Moreover, financial institutions in Malta seemed not very keen to participate as financial intermediaries with whom the EIF works. EIF does not deal with Individuals but only through Financial intermediaries.

My appeal to the Commission is to look into the simplification of Procedures for Small portfolios without reducing those securities that such funds require. My second appeal is to the financial institutions of Malta to be pro-active and find those niche markets where together with government or its agencies they can successfully tap these financial opportunities.

The second issue, with which I want to conclude, concerns the SME sector and the General Public too. These funds are there for us to use and make the best use of them. But there is no such thing as easy money or cash handouts. Each and every one of us must work hard for these funds. There are cumbersome procedures one cannot avoid. There is paper work that needs to be done. This may seem insurmountable and one will loose heart. But let us keep in mind that in the end there is no gain without the necessary detailed planning.

Thank you for your attention and I wish you all a successful and fruitful event.