

# The Importance of the **National Development and Social Fund** (NDSF)

# NDSF

An Interview with

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National Development and Social Fund (NDSF)*

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DAVID G. CURMI

How important has it proved to be for Malta to have the National Development and Social Fund (NDSF) during the COVID-19 pandemic?

The importance of the National Development and Social Fund during an extraordinary crisis such as COVID-19 is not dissimilar to the importance for families to have an adequate savings buffer in the event of a financial emergency. In the same way that money saved can be used by a family to provide a safety net in case of an unexpected event, similarly Malta could make use of the NDSF to cushion partly the economic emergency caused by the COVID-19 crisis by helping to smooth out fiscal policy and reduce the need to borrow from outside Malta.

**In which ways has NDSF helped to contribute towards the Maltese economy?**

The NDSF was asked to assist and participate in the financial aid package and measures that were introduced by Government in March 2020 aimed at supporting the business community against the negative effects of the COVID-19 pandemic. I am pleased that the Board of Governors of the NDSF responded promptly and swiftly to this request and the NDSF has partly contributed towards the guarantee provided by Government that in turn enabled local banks to provide soft lending to businesses. This would not have been possible had the NDSF not had the cash readily available. In this instance, NDSF was in a position to contribute towards the Maltese economy from its cash reserves without having to liquidate any of its investments.

**How will NDSF continue to help the Maltese Government in assisting businesses during these challenging times?**

The functions and duties of the NDSF are found in the Implementing Order: National Development and Social Fund (Establishment as an Agency) Order S.L. 595.12. One of the listed functions and duties is precisely to “support enterprise and business in improving its competitiveness.”

The NDSF is wholly committed to continue to assist Government in its endeavours to help and support businesses during these challenging and unprecedented times.

Furthermore, the mission of the NDSF is to contribute towards, promote and support major projects and initiatives of national importance and public interest, which are intended to develop and improve the economy, public services and the general well-being of present and future generations.

The NDSF does not only help Maltese businesses in times of crisis. It is also an active investor on the Malta Stock Exchange and as at 31 December 2019 the Fund held €88.3 million of investments in 18 locally listed equities and €6.7million in 15 locally listed corporate bonds.

**What about the future of NDSF when it depends directly on the Individual Investor Programme that is being highly questioned both locally and on an international level?**

The income of the NDSF derives entirely from the Individual Investor Programme, hence the future of NDSF depends on the Individual Investor Programme.

It is absolutely essential for Malta to retain the Individual Investor Programme albeit in a different format that will garner the support of all stakeholders including the European Commission. Malta is not the only European country that has a citizenship by investment programme. There are many variations of similar programmes offered by other countries such as Austria, Portugal, and Cyprus to name but a few.

I am confident that Malta will find a basis for a new programme which would be acceptable to all stakeholders and which would allow future generations to continue benefitting from the Fund in years to come.

In the longer-term, it would also be sensible to explore and consider new sources of extraordinary revenue for the NDSF so that its income will not depend solely on the Individual Investor Programme.

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#### How important is it for Malta to continue investing in such a fund?

The NDSF is today an institution of national importance. The NDSF should not be regarded just as a rainy-day fund. The NDSF also has a very important social function. One of the cornerstones of the NDSF is to support development and social initiatives of national importance for the benefit of the community across present and future generations.

At 31 December 2019, NDSF committed over €90.5 million towards the wellbeing of society in a number of important areas ranging from health, social accommodation, and sports. The major part of this commitment will be directed towards providing a substantial number of social housing units over a 3-year period. The second largest allocation of funds will go towards the primary healthcare sector.

In January 2020, the NDSF financed the acquisition by Heritage Malta of Mattia Preti's monumental oil on canvas, "Boethius and Philosophy" which many years ago formed part of Malta's heritage.

In May 2020, the Board of Governors of the NDSF approved a social grant to Caritas Malta of up to €1,540,000 towards the co-funding of two major projects. Part of the grant amounting to €1,000,000 will co-fund the completion of the Caritas Community Centre, a new and modern centre in Blata l-Bajda, and €540,000 will go towards the refurbishment and upgrading of residences that offer drug rehabilitation at the San Blas complex and other related amenities.



How can we improve further on the way the Individual Investor Programme works so that we can continue getting the benefits of this fund?

The NDSF is not involved in the review process of the current Individual Investor Programme. This is the responsibility of the relevant authorities who I am sure are carrying out extensive consultation with the various stakeholders and not least with the European Commission.

The revenue which the Individual Investor Programme has generated to Government should not be underestimated. Suffice to mention that the income to Government from the Individual Investor Programme is considerably higher than the net income that Government receives from tourism.

I see no reason why a revised programme based on fundamentals that are acceptable to all stakeholders and to the EU and which is backed by a robust governance framework should not be as successful as, or possibly more successful, than the current programme.

As far as NDSF is concerned, we will ensure that we continue to contribute towards the accretion of our nation's sovereign wealth by promoting excellence in all that we do and by adhering to the highest international standards of governance, accountability, transparency and management performance.

**NDSF**