



**MINUTES of the ANNUAL MEETING
for the
EUROPEAN ECONOMIC AREA (EEA) FINANCIAL MECHANISM
and the
NORWEGIAN FINANCIAL MECHANISM**

Date: 8 October 2009

Venue: Hotel Calypso, Marsalforn, Gozo

LIST OF PARTICIPANTS

From the Norwegian Ministry of Foreign Affairs

- Mr Steinar Hagen, Deputy Director General

From the Royal Norwegian Embassy, Rome

- Mr Arne Gjermundsen, Minister Counsellor

From the Financial Mechanisms Office

- Mr Kurt Haugen, Head of Finance and Controlling
- Ms Marie Osnes, Country Officer

From the Maltese Focal Point

- Mr Stephen Calleja, Director (Programmes and Projects)
- Mr Aldo Formosa, Senior Manager, Cross-border and Bilateral Programmes
- Ms Mariel Sacco, Senior Manager, Communications, Evaluation and Training
- Ms Leonie Aquilina Xuereb, Projects Manager, EEA and Norwegian Financial Mechanisms

From the other Maltese Stakeholders

- Mr Edwin Abela, Ministry of Foreign Affairs
- Mr Mario Debono, Internal Audit and Investigations Division
- Mr Emanuel Borg, Paying Authority, Ministry of Finance, the Economy and Investment
- Mr Albert Zahra, Treasury Department, Ministry of Finance, the Economy and Investment

MINUTES

INTRODUCTION

Opening remarks by Mr Stephen Calleja and Mr Steinar Hagen

Mr Calleja welcomed all those present and expressed the pleasure of the Maltese authorities at having the EEA / Norwegian delegation in Malta. He also thanked the Donors for the assistance received over the previous year and explained how the meeting would proceed according to the agenda.

Mr Hagen reciprocated by thanking the Maltese Focal Point for organising the Annual Meeting in Gozo, as had been discussed during the previous year's Annual Meeting in Brussels. He said that the morning site visits to projects MT0012 '*Consolidation of Terrain and Historic Ramparts underlying Council Square, Mdina*' and MT005 '*Masterplan for the Cittadella – the Old Fortified City of the Island of Gozo*', had been very informative. He added that these projects were obviously extremely important for Malta. According to the Annual Reports it was clear that the mechanisms were important and that Norway wanted to contribute towards the reduction of social and economic disparities that may still prevail both through the EEA Financial Mechanism in collaboration with Iceland and Liechtenstein and through the Norwegian Financial Mechanism.

Mr Hagen emphasised that despite not being an EU member state, Norway maintained its identity as a European country and it was important to establish ties with EU countries. Besides contributing through the Financial Mechanisms as an EEA EFTA state, Norway was also taking certain initiatives on a bilateral level. As an example, Mr Hagen mentioned the seminar on Energy Efficiency and Renewable Energy that was being organised in Malta in October 2009. It was expected that this event would enhance relations between the two countries.

Mr Gjermundsen also intervened to thank all participants at the meeting and to explain that the bilateral seminar would take place on 27 October 2009 under the patronage of the Minister for Resources and Rural Affairs and the Norwegian Secretary of State.

HIGH-LEVEL SESSION AND JOINT TECHNICAL MEETING FOR THE EEA AND NORWEGIAN FINANCIAL MECHANISMS

Overview of the EEA and Norwegian Financial Mechanisms Implementation: October 2008 – September 2009

Presentation by Ms Mariel Sacco

Ms Sacco gave an overview of each project's progress. The presentation was based on the contents of the Annual Reports but it also included updates to cover developments between the cut-off date of the Reports (30 August 2009) to 8 October 2009. One important element worth mentioning that had come into place since the previous Annual Meeting was the national payment processing system used when certifying the projects' payment claims.

Mr Hagen thanked Ms Sacco for the presentation and the team from the Maltese Focal Point as a whole for the informative Reports. He also explained roles of each of the members forming the Norwegian delegation.

Main points for discussion:

- *Annual Report and Status of Implementation – feedback from FMO/Donors*

There were no additional comments concerning the Annual Reports.

Mr Hagen said that the current status of implementation was satisfactory and reasonable. He added that the site visits that morning had enabled him to visualise what was being achieved in Malta through the EEA / Norwegian assistance. Mr Hagen noted however, that it was confusing to see that the projects were progressing well, yet from the Donors' and FMO's perspective this could not be seen in financial terms; this was a matter that would be returned to later in the meeting.

Mr Calleja agreed that site visits facilitated a better understanding of what was being implemented and of the results being achieved.

The Annual Reports were approved.

- *Priorities, objectives and allocations*

Mr Hagen emphasised that project objectives were key in the implementation of the Financial Mechanisms. He held up MT0005 '*Masterplan for the Cittadella – the Old Fortified City of the Island of Gozo*' as a good example of a project where the agreed objectives were evidently being reached.

- *Project modifications*

Mr Kurt Haugen reminded the Maltese Focal Point of the need to have the FMO's prior approval for any budgetary reallocations beyond the 15% threshold. The Focal Point had to remain constantly vigilant in this regard.

- *Payment Process and PIRs*

Mr Hagen asked about the progress on payments and reminded that October 2011 was the final date for submission of payment claims to the FMO.

Mr Haugen remarked that it was good to visit projects and to see that these were progressing well. Moreover, it was good to see that the projects received pre-financing. However, the FMO was not receiving payment claims. Progress had been made since the previous Annual Meeting. The FMO had received many payment claims, but many were zero claims. Since then, the FMO had not really received many Project Interim Reports (PIRs). The FMO had on average pending claims from January 2009 and October 2008. It was good news to hear from the FP at the Annual Meeting that the FMO would receive PIRs over the next few weeks and from what Mr Haugen understood, the FMO would receive claims worth up to approximately €1.5 million. Mr Haugen stressed that he would like to see these claims before Christmas. Another reminder in that respect was that when the FMO did not receive PIRs, it could not check the progress in activities and changes in spending in activities. For instance, an eye should be kept on any moves above 15% between activities. Mr. Haugen pointed out that a situation could arise where such shifts were sent after, but the FMO needed information on this prior to the changes taking effect. Mr Haugen stressed that he was not saying that this was happening, but the FMO had no reassurance that it was not happening either. Overall, Mr Haugen was pleased to see the physical project progress and it was good news that the reports would be coming the FMO's way. That would give a real boost on the disbursement rate. Lastly, Mr Haugen told the FP that should they have any questions, they could contact the FMO.

Ms Sacco explained the stage at which the processing of the PIRs had arrived, expressing confidence that these would be submitted well before Christmas.

- *Work Plan for 2009 – 2010*

The plan for 2009 / 2010 included the ongoing monitoring, submission of PIRs and the implementation of the publicity campaign at Mechanisms level. Mr Calleja and Ms Leonie Aquilina Xuereb explained the status and content of the publicity tender dossier. Mr. Gjermundsen once again offered the Embassy's assistance in the implementation of the publicity actions. Mr Calleja thanked Mr Gjermundsen and confirmed that the Focal Point would be in touch to take up the Embassy's offer of assistance.

- *Information and Publicity issues*

Mr Hagen said that information and publicity were very important since they highlighted the role of the Donors and guaranteed transparency. He too advised the Focal Point that the Embassy and the FMO were willing to give their support in the implementation of the publicity campaign.

- *Audit plan for the next 12 months*

In terms of the current programme, Mr Hagen asked if there were any issues that needed to be addressed.

Mr Mario Debono (IAID) explained the audit approach being taken, i.e. sample checks on expenditure that would also serve as a check on the effectiveness of internal controls, thus also serving as a systems check. Currently, MT0006 '*Implementation of Schengen Acquis Requirements at Malta International Airport*' was undergoing an audit. In due course IAID would move on to all the other projects with the intention of auditing 10% on all expenditure certified to the FMO.

Mr Hagen asked Mr Debono to clarify the change of approach as referred to in the Annual Reports. Mr Debono clarified that rather than conducting both sample checks and a full systems audit at the Project Promoters, it was decided to focus on sample checks on expenditure at the level of the Project Promoters. At the same time however, it is envisaged that the objectives of a systems audit will be met indirectly just the same through the conduct of these sample checks.

Mr Haugen asked when it was expected to submit the audit report. Mr Debono affirmed that the first Audit Report would be finalised by end of November 2009.

Ms Marie Osnes made an intervention on external monitoring, saying that 2010's plan was still being discussed. Ms Sacco asked Ms Osnes to clarify whether the areas to be externally monitored had as yet been determined. Ms Osnes said that no decisions had been made yet, however she invited the Focal Point to put forward any suggestions concerning specific area/s that it felt needed monitoring.

- *Other matters*

Mr Hagen referred to the National Strategic Reference Framework (NSRF) and how the EEA / Norwegian funds were being utilised in comparison to EU funds.

By way of example, Mr Calleja explained that MT0012 '*Consolidation of Terrain and Historic Ramparts underlying Council Square, Mdina*' had served to pilot the consolidation technique as it had never been used in Malta before. Seeing how successful the project had turned out, the Maltese authorities were now carrying out more extensive interventions on fortifications around Malta's walled cities, employing the same technique. These projects were being co-financed by the ERDF during the period 2007-2013.

However it was worth noting the difference that existed between the project-based approach adopted for the EEA / Norwegian funds and the programme-based approach used in relation to the EU Cohesion Policy funds.

Mr Calleja made reference to the Cohesion Policy Information Note which had been handed out to the participants. Ms Sacco added that this had been updated from the previous year's Note. More detailed information was available on the PPCD website.

Mr Edwin Abela gave a short speech on the bilateral relations between Norway and Malta.

Concluding Remarks

Closing remarks by Mr Stephen Calleja and Mr Steinar Hagen

Mr Hagen thanked all for the meeting and for the information provided regarding the ongoing projects in Malta. He concluded by saying that he was confident that pending issues (mainly concerning the submission of outstanding PIRs) would be resolved.

Mr Calleja also thanked all those who were present for the meeting and for the good work they had carried out over the previous 12 months. He concluded by saying that the Focal Point looked forward to further fruitful cooperation with the Donors over the next year.

Leonie Aquilina Xuereb
Secretary