



## **STRATEGIC AND ANNUAL PROGRAMME REPORT 2013**

### **EEA FINANCIAL MECHANISM 2009-2014**

#### **MALTA**

**17 January 2014**

## **1 EXECUTIVE SUMMARY**

This combined Strategic and Annual Programme Report has been drawn up by the National Focal Point/Programme Operator for Malta in pursuance of Articles 2.2 and 5.11 of the Regulation on the implementation of the EEA Financial Mechanism 2009-14.

It is the first year that a combined Report is being presented. The aim of this Report is to provide an overall indication of the stage reached in programme and project implementation under the Grants. With programme execution starting in December 2012, this Report is restricted to information about the initial stages of implementation and how the national priorities will be addressed through the selected programme areas and projects.

The National Focal Point/Programme Operator is overseeing three pre-defined projects under the EEA Financial Mechanism Programme 2009-14. The first two project contracts under the Programme were signed in July 2013, with the third one following in December 2013.

## 2 ASSESSMENT OF THE EFFECT OF THE GRANTS

In accordance with the Memorandum of Understanding between Malta and Norway that was signed on 10 October 2011 and the Programme Agreement for the financing of the EEA Financial Mechanism Programme signed on 9 April 2013, the following four programme areas will be receiving financing from the EEA Grants:

Programme Area 6	Renewable Energy
Programme Area 7	Adaptation to Climate Change
Programme Area 10	Funds for Non-Governmental Organisations <sup>1</sup>
Programme Area 16	Conservation and Revitalisation of Cultural and Natural Heritage

Through the production of renewable energy, adaptation to climate change, support to NGOs and the protection of cultural heritage, the EEA Financial Mechanism aims to contribute to socio-economic development in Malta.

One of the projects under this programme is also contributing to enhance and strengthen bilateral relations with Norway, which is one of the Donor States. Project MT02/2 entitled 'Oil/HNS Spill Response Capacity Building for the Protection of Malta's Seas' includes a partnership with the Norwegian Coastal Administration (Kystverket/NCA).

### 2.1 Cohesion

#### Programme Area 6 – Renewable Energy

- **Project MT02/1 – 'CO<sub>2</sub> Energy: Development of an algae-derived bio-fuel production plant'**

Malta's strategic approach towards reducing the use of energy from primary sources stems both from the need to shift to a low-carbon economy in all sectors as well as a need to diversify from fossil fuels and reduce its dependence to external vulnerabilities.

As an EU member state, Malta is committed to contribute to the targets set by the European Council in 2007 to tackle climate change, reduce greenhouse gases and promote renewable energy consumption by 2020. Malta is expected to attain 10% of the gross final energy consumption from renewable energy sources by 2020. Despite being the lowest target set among the EU and EEA countries, this is still a challenge for the Maltese Islands which are almost totally reliant on fossil fuels for energy.

---

<sup>1</sup> The FMO is the Programme Operator for this Fund. The FMO designated SOS Malta as NGO Fund Operator following a call for expressions of interest in 2012.

Eurostat figures in 2011<sup>2</sup> indicate that Malta's current share of renewable energy stands at a mere 0.4%. This places Malta with the lowest share reached to date among the EU and EEA countries. Although a slight improvement is recorded in Malta's share from the previous year, the country still has much to work on to attain the remaining 9.6% of the share and reach its target in the remaining span of six years.

Other statistics reveal that Malta produced only 0.1% of its electricity requirements from renewable sources between 2010 and 2011. The country's share of renewable energy in fuel consumption for transport stands at 0%.

On a positive note, Malta has seen a gradual reduction in greenhouse gas emissions intensity of energy consumption since 2007, with the ratio standing at 84.3% in 2011. Energy-related greenhouse gas emissions include carbon dioxide, methane and nitrous oxide.

Malta's geological structure does not provide for natural sources that can be exploited into primary production and hence the Islands depend on importing oil at a continually fluctuating market price. Energy dependence stood at 100.6% in 2011, showing the extent to which Malta's economy relies upon imports in order to meet its energy needs.

Efforts in reducing energy use from primary sources will seek to meet Malta's targets within the sector as well as addressing the relevant Country Specific Recommendations which propose to sustain efforts towards the diversification of the energy mix<sup>3</sup> and sourced with a view to reducing Malta's dependence on imported oil.

Within the National Renewable Energy Action Plan, there is a commitment to have 7 kilo tonne equivalent of bio-diesel generated from, or else originating from, a renewable energy source. This plan also establishes a target of 433 Gigawatt Hour (GWh) a year of electricity originating from renewable energy sources (solar, wind and waste) of which 12% is planned to be derived from waste to energy projects. Project MT02/1 - 'CO<sub>2</sub> Energy – Development of Algae-Derived Bio-Fuel Production Plant' contributes towards this objective through the generation of up to 20 tonnes of bio-fuel per annum, which has a potential energy equivalent of 200 Megawatt Hour (MWh). If this bio-fuel were to be used for the generation of electricity this may result in the generation of up to 75 MWh per year.

Currently, the local power generation plants annually contribute to almost 2 million tonnes of CO<sub>2</sub>. This project aims to reduce carbon emissions by 95 tonnes and will serve as a pathfinder to help develop process optimisation parameters that might scale up similar plants to address carbon sequestration in other CO<sub>2</sub> generation plants.

---

<sup>2</sup> 2011 is the latest year for which Eurostat figures are available. Hence this section makes reference to indicators reached by Malta until 2011.

<sup>3</sup> This includes coal, electricity, oil, natural gas and renewable energy sources.

The project is developing an algae-derived bio-fuel production plant which uses the CO<sub>2</sub> sequestered from the flue gas emissions of a local landfill gas treatment plant as feedstock for growing microalgae from which bio-fuel can be produced.

The primary objectives of the project are to contribute to the national target of a reduction of at least 20% in greenhouse gases and support the achievement of 10% share of renewable energy production. As a result, it should reduce Malta's dependency on fossil fuel for energy generation, reduce flue gas pollutant emissions in the atmosphere and improve air quality.

Malta's economy is susceptible to European and global economic developments. Any climate change and instability in the energy market could filter down and adversely affect the Maltese economy. The project also helps in reducing the impact of climate change which will be reflected as reduced economic and social adaptation cost in the future. Through the algae-growing plant, it offers an alternative to Malta's reliance on fossil fuel and hence contributes towards a sustainable economy. The benefits associated with green energy also include improved security of supply, the availability of an energy source which is immune from price volatility, enhanced competitiveness for renewable energies technology industries and job creation.

Access to education in bio-fuel production would serve as a valuable resource for additional study and research in this area. The heightened environmental awareness resulting from this project will benefit the economy and society and will support the generation of green jobs in terms of higher demand for green products and services.

By rehabilitating a disused landfill for this purpose, the project would also be favourably contributing to another fundamental sustainable development need for Malta: that of transforming contaminated land to public and productive use.

### **Programme Area 7 – Adaptation to Climate Change**

#### **- Project MT02/2 – ‘Oil/HNS Spill Response Capacity Building for the Protection of Malta’s Seas’**

One of the impacts of climate change is extreme or unpredictable weather phenomena which may impact adversely on shipping operations and movements. Inclement weather conditions could put ships in difficult and dangerous situations and increase potential pollution threats to the marine environment. Project MT02/2 - ‘Oil/HNS spill response capability building for the protection of Malta’s seas’ aims at reinforcing Malta’s capability in the handling of such an eventuality through capacity building and increased awareness of possible related risks and incidents at sea.

Oil spill response in Malta dates back to the 1990s when a national effort was carried out to respond to the threat of oil spills through the drafting of the NMPCP in 1999.

Personnel from Government agencies and departments underwent training while some vessels and equipment were obtained. By the time Malta received support from the EEA Grants 2004-09, training given in the 1990s needed updating, many of the trained staff were no longer in the public service whilst the equipment became outdated.

Accordingly, the present project builds upon the achievements of a previous project that was also co-financed by the EEA Grants 2004-09. It plans to follow on the studies carried out in the previous period and the recommendations set in the 2009 National Marine Pollution Contingency Plan (NMPCP). This Plan identified a number of individuals to fulfil designated roles, who would benefit from training on oil spill response at national level. Such training would empower these individuals in the proper deployment of the equipment procured in the previous period in case they are mobilised for an emergency at sea.

In addition, the project will be producing a study that addresses risks from oil offshore operations within and outside of Malta's territorial waters. The 2009 NCPMP does not mention offshore oil operations and drilling. Possible future events involving oil operations and drilling of the continental shelf in the proximity and within the territorial waters of Malta require awareness. Concurrent with this, communications concerning adequate standards in the European offshore oil and gas activities have been circulated at EU level.

Dense maritime traffic in the Mediterranean flows between the Strait of Gibraltar and the Suez Canal, sailing across or in the proximity of Malta's territorial waters. The total annual number of vessels within 20 nautical miles from Malta is estimated to be 65,668. Harbour areas bear the most significant risk of an oil spill with 55% of spills reported in three main harbours in Malta.

Maritime and coastal incidents can be considered as operational or accidental releases. Operation incidents occur as a result of routine actions such as bunkering and cargo transfer and tend to occur in inshore areas such as ports and harbours. There are also a good number of dedicated offshore ship-to-ship transfer zones where fuel cargoes are transferred between vessels.

Poorly endowed with freshwater resources and having the world's highest Water Competitively Index<sup>4</sup>, Malta primarily gets its water supply from sea water desalination through reverse osmosis plants. Therefore, as an island that is 93km distant from mainland Europe, Malta is economically and socially dependant on its marine resource. An oil spill incident at sea would have detrimental effects on the Maltese economy in general and public health. Malta's sea is also a top tourist attraction. Marine pollution is detrimental to the Maltese tourism industry and the economy in this sector.

---

<sup>4</sup> Amount of renewable water per capita

## **Programme Area 16 – Conservation and Revitalisation of Cultural and Natural Heritage**

### **- Project MT02/3 - A New Environmental Management System for the Hal Saflieni Hypogeum World Heritage Site**

The protection, promotion and development of cultural heritage contribute towards economic development and job creation. It is the Maltese Government's intention to continue to invest in this national priority.

According to the 2009 Eurobarometer survey<sup>5</sup>, cultural attractiveness is the second motivation after value for money when deciding on a holiday destination. The survey also showed that visitors were less likely ready to reduce their spending on culture during their holidays.

The 'Economic Impact of Tourism in Malta' states that when all impacts related to tourism expenditure are taken into account, tourism contributes up to 29% of Gross National Product, 33% of government income, 29% of employment and 16% of imports and outflows. Protecting Malta's cultural heritage is paramount to securing a continued quality product in the tourism sector. In spite of the restrictions on visitor numbers, the Hal Saflieni Hypogeum remains one of the most sought after tourist attraction sites and contributes significantly to Malta's tourism industry.

The Hal Saflieni Hypogeum is one of the most extraordinary archaeological sites in the world. This visitor attraction is renowned for its proper visitor management framework which framework is backed up by appropriate pre-booking facilities and an established threshold of visitors that can be hosted at the site on a day-to-day basis. Its outstanding universal value led to its inscription in the UNESCO World Heritage List in 1980 as a commitment to preserve the site on behalf of the international community. UNESCO missions to assist the Maltese Government in the safeguarding of the site underlined the importance of maintaining stable climatic conditions within the site to ensure preservation. Project MT02/3 - 'A New Environmental Management System for the Hal Saflieni Hypogeum World Heritage Site', will contribute further to the preservation and promotion of the site in accordance with the UNESCO World Heritage Convention (1972). It will also ensure that the site is preserved for the enjoyment of future generations in accordance with the Cultural Heritage Act and in part fulfilment of the policy responses laid out in the Tourism Policy for the Maltese Islands (2012-2016).

The Tourism Policy for the Maltese Islands 2012-16 indicates that as part of the vision for tourism during this period and in line with the upgrading of Malta's tourism product offer, Malta's cultural heritage, which includes three invaluable World Heritage Sites, shall remain conserved for public appreciation and enjoyment. The marketing tasks which are driven by the said policy shall contribute to promote the Hal Saflieni

---

<sup>5</sup> Eurostat publication 'Tourism and Culture', Edition 2011

Hypogeum as a unique site in the Mediterranean. The project will contribute to the implementation of this policy by protecting and preserving this important heritage site. Its main objective is the preservation of the site with the view of keeping it accessible. The long-term conservation of the site shall be primarily addressed through the installation of a proper environmental control system which would stabilise the climatic conditions within the site. With this action being implemented, access to the site is sustained, allowing access to visitors for continued heritage appreciation.

## Risks

A number of risks could impede the efficient implementation of the programme. Most common risks of implementation are related to procurement, such as tender offers exceeding available budget (a case already experienced in project MT02/1 in relation to a project management tender) or the eventuality of appeals lodged following the publication of tender results. Other areas where risks exist include environmental / planning permitting procedures, the implementation of enhancements to the computerised accounting system and projects falling behind schedule.

The procurement procedure for the provision of project management services and technical expertise under project MT02/1, which was launched in July 2013, failed on grounds of financial non-compliance. Unfortunately, a recent internal reorganisation within WasteServ Malta has caused delays in re-launching the tender and this had still not been done by 31 December 2013. This may delay project implementation given that the tender for construction of the algae-derived production plant depends on the award of the service tender.

The 2004-09 period had encountered problems in delayed financial reporting as the computerised payment and accounting system used to process payments on a national level during that period took considerable time to be developed. Given reasons of eligibility of expenditure, an IT system for the 2009-14 period could not be commissioned by the Programme Operator prior to signature of the Programme Agreements. As an interim measure to prevent experiencing the same delays again, the 2004-09 system was used to process payments in the year under review. Following the launch of the Programme Agreements on 9 April 2013 the Programme Operator commissioned the Malta Information Technology Agency (MITA) to assess and propose the enhancements deemed necessary to the system, henceforth to become known as the Computerised Accounting Records System (CARS). Following a series of technical meetings, MITA submitted a requirements document to the Programme Operator in December 2013. The next step is for the Programme Operator to review the document and give its feedback thereon to MITA. Following conclusion of the commentary stage and finalisation of the requirements document, work shall start on the implementation of the enhancements to the system.

In 2013, the National Focal Point/ Programme Operator adopted an additional practice in its quest for consistent and vigilant monitoring of project implementation. Bilateral meetings with Project Promoters and Departments responsible for Programme Implementation in the respective ministries were held every two months throughout the year. These meetings not only served to consolidate further the working relationship between all parties involved while facilitating the understanding of concerns and problem solving; they also provided an extra layer of regular project monitoring, significantly reducing the risk of projects falling behind or appreciably deviating from their implementation schedule.

The Monitoring Plan, prepared and updated each year by the Programme Operator, presents a risk tracing system as part of risk assessment and risk management. The plan also devises a tool to assess the probability and impact of identified risks which helps the Programme Operator to evaluate the level of the risk. The risks identified within each project will be monitored by the Programme Operator through periodical progress reports, desk-based expenditure verification checks and on-the-spot checks. Having started implementation in the second half of 2013, the projects have not yet given rise to any cause for concern that would normally require an on-the-spot visit. In line with the Monitoring Plan, however at least one of the projects shall undergo an on-the-spot visit in 2014.

A systems audit carried out by the Audit Authority on the management and control system of the National Focal Point/ Programme Operator in mid 2013 did not report any systemic risks. The Audit Authority made two recommendations<sup>6</sup>. These recommendations were taken on board and duly adopted the National Focal Point/ Programme Operator.

## 2.2 Bilateral relations

The EEA Financial Mechanism Programme was inaugurated on 9 April 2013. H.E. Bjørn T. Grydeland, Ambassador of the Kingdom of Norway, signed the Programme Agreement for the EEA Financial Mechanism on behalf of the Financial Mechanism Committee Ministry of Foreign Affairs. This was a high level event with the participation of the Hon. Dr. Ian Borg, Parliamentary Secretary for the EU Presidency 2017 and EU Funds, Donor State representatives, Royal Norwegian Embassy officials, Financial Mechanism Office representatives, relevant stakeholders and the press. Project Promoters were given the opportunity to introduce their pre-defined projects to all those present. The delegation

---

<sup>6</sup> Recommendation 1: Adoption of a reconciliation sheet to record checks carried out in relation to the verification procedure between the Computerised Accounting Records System (CARS) and DoRIS and the bank accounts.

Recommendation 2: Introduction of a control in the desk-based checks during the verification process to ensure that the local purchase order (LPO) commitment is made on the appropriate line item. Project Promoters directed to upload the LPOs on CARS.

was then accompanied to the site of project MT02/1 - 'CO<sub>2</sub> Energy – Development of an algae-derived bio-fuel production plant'.



**H.E. Bjørn T. Grydeland, Ambassador of the Kingdom of Norway (third from left) and Mr Raphael Scerri, Head of the Maltese Focal Point (fourth from left) signing the Programme Agreement for the EEA Financial Mechanism on 9 April 2013**

The event was extensively covered in the local media where emphasis was made on the financial assistance secured through the EEA Grants.

Project MT02/2 - 'Oil/HNS Spill Response Capacity Building for the Protection of Malta's Seas' includes a Norwegian partner, the Norwegian Coastal Administration (Kystverket or NCA). The NCA is deemed to be the Norwegian counterpart of the Maltese project promoter, Transport Malta. With their expertise and knowledge, the NCA is guiding Transport Malta throughout the execution of the project by attending meetings and providing advice on the selection of training programmes.

Transport Malta and NCA met twice in 2013. Two Transport Malta representatives, who are directly responsible for the project, paid a visit to NCA's base in Horten, Norway in March 2013 to discuss various aspects of project execution in more detail. The meeting was followed by a visit to NCA's stockpile in Horten. Six months later, NCA representatives visited the Project Promoter in Malta. While on the island, NCA had the opportunity to learn more about Malta's preparedness through an oil recovery response simulation exercise, known as MALTEX.

Following these events, the partnership agreement between Transport Malta and NCA was signed in November 2013.

In September 2013, two representatives from the Maltese National Focal Point and Programme Operator actively participated in a seminar organised by the Financial

Mechanism Office in Oslo on risk management for results and fighting corruption. The purpose of the seminar was to chart progress on this subject since the previous seminar which had taken place in Sofia. The topics discussed during the Oslo seminar included results and risk management in the EEA and Norway Grants, the corruption risk filtering exercise performed by Transparency International and next steps, the complaints mechanism and integrity pacts. The seminar also provided an opportunity for networking and establishing new contacts.

Funds are available for further bilateral cooperation between the Donor States and Malta. One of the proposed activities listed in the Work Plan for these funds is a 1- or 2-day seminar on a theme of common interest. To this end, a number of possible themes were considered jointly by the National Focal Point, the FMO and the Royal Norwegian Embassy, competent Maltese authorities and academic institutions. These ranged from irregular migration and challenges in the field of energy to a theme of a social nature. Finally it was agreed to select the latter as the theme for the seminar, with the Ministry for the Family and Social Solidarity to prepare a detailed proposal. This seminar is foreseen to take place around mid-2014.

The Programme Operator has also started planning about how to implement the Funds for Bilateral Relations at Programme Level. It intends to issue a call for expression of interest among the current project promoters to facilitate partner networking on themes based on the Programme Areas where Malta has projects. 1.5% of the allocation under the EEA Financial Mechanism Programme has been reserved for this purpose.

The Funds for Bilateral Relations at both national and programme level present further opportunities for Malta to invest in strengthening relations with the Donor States through various aspects of collaboration. Nevertheless, due to the limited funds available, events planned to promote bilateral relations have to be contained to certain limitations. Careful planning and prioritising of bilateral opportunities according to importance can mitigate this risk to fulfil the Funds' maximum potential.

Beyond the framework of the Financial Mechanism, the following key events/meetings at national level with Norway and Liechtenstein have also contributed to strengthened bilateral relations:

On 27 September 2013, a meeting took place on the fringes of UNGA between the Hon. Dr. George W. Vella, Minister for Foreign Affairs of the Republic of Malta and H.E. Aurelia Frick, Minister for Foreign Affairs of the Principality of Liechtenstein. Pursuant to this meeting, the respective ministers proceeded to sign an Avoidance of Double Taxation Agreement between Malta and Liechtenstein.

The Avoidance of Double Taxation Agreement between Malta and Norway that was revised in 2010 and signed on 30 March 2012 entered into force on 14 February 2013.

Ambassador Grydeland held a number of bilateral meetings in 2013, following the formation of the new Cabinet. On 8 April 2013, he met the Hon. Dr. George Vella, Minister for Foreign Affairs.

The Ambassador of Norway paid a further official visit to Malta on 4 and 5 December 2013 for meetings with the Hon. Marie Louise Coleiro Preca, Minister for the Family and Social Solidarity and the Hon. Dr. Emmanuel Mallia, Minister for Home Affairs and National Security. Ambassador Grydeland paid a courtesy call at the Ministry for Foreign Affairs and met on 4 December 2013 with the Director of European Affairs, Mr. Neville Aquilina.

### **3 REPORTING ON PROGRAMME**

#### **3.1 Overview of Programme status**

The Programme Agreement for the EEA Financial Mechanism 2009-14 was signed on 9 April 2013. Heritage Malta's project contract was the first to be signed on 10 July 2013. The project contract with WasteServ Malta was signed a few days later on 24 July 2013. Transport Malta was in the meantime working on its partnership agreement with the project's Norwegian partner. Following the signature of the partnership agreement on 27 November 2013, Transport Malta's project contract was concluded on 19 December 2013.

Funds set aside for Non-Governmental Organisations under Programme Area 10 are being managed by the FMO and operated by SOS Mata, a local NGO as the Fund Operator. These funds are being utilised to address the specific needs of migrants, gender-related issues and to combat domestic violence.

The second meeting of the Monitoring Committee for the 2009-2014 programme period took place in January 2013. The Annual Meeting with the Donors was held in April 2013.

A total of €2,516,471 in eligible expenditure has been committed by means of the Programme. Out of this amount, a total eligible sum of €31,823.28 was disbursed by end 2013. The first and only Interim Financial Report submitted in 2013 covering incurred expenditure between 5 December 2012 and 31 August 2013 declared €24,236 in eligible expenditure incurred under the EEA programme. Expenditure effected in 2013 consisted of the reimbursement of salary of one officer carrying out full time duties as Programme Operator, the advance payment in respect of a requirements document for CARS and the reimbursement to WasteServ Malta Ltd for a Cost Benefit Analysis prepared on Project MT02/1. These expenditures fall under the categories 'Programme Management' and 'Preparation of Programme Proposal'.

The National Focal Point also produced a Manual of Procedures and annexes to serve as guidance for Project Promoters during implementation. This document and its annexes are accessible on the Grants webpage<sup>7</sup>.

## **3.2 Individual Programme reporting**

### **3.2.1 Overall progress as regards implementation of the Programmes and their sub-projects**

Following the signature of contracts in July, the project promoters of MT02/1 and MT02/3 embarked upon their project activities.

WasteServ Malta launched the first tender under the project in July. That was for the provision of project management services and technical expertise. The contracted technical expert would be responsible for preparing the tender for the design and build of the algae-derived production plant. The available budget for this contract was €80,000 excluding VAT.

Following tender evaluation it turned out that the two offers submitted were over budget by at least €64,000 excluding VAT. Hence, the contract could not be awarded and tender had to be re-launched.

The Project Promoter initially agreed to the National Focal Point's suggestion to modify the tender specifications with the aim of attracting bids within the available budget. Having reviewed the tender specifications however, WasteServ Malta concluded that an increase in budget was still required as the scope of the tender specifications could not be narrowed all the way down to match the budget available. WasteServ Malta expressed its willingness to cover the shortfall of €63,600 excluding VAT through national resources. The National Focal Point endorsed this arrangement on the basis that it was necessary for project implementation. Following a request made to the FMO, the Financial Mechanism Committee approved the proposed increase in budget as long as this was made available through WasteServ Malta funds. Unfortunately, due to a recent internal reorganisation within WasteServ Malta, the tender had not been reissued by 31 December 2013.

The launch of project MT02/2 is expected to be held on 22 January 2014. Participating at this event, will be representatives from the Donor project partner and high ranking members of the Maltese Government.

Heritage Malta's project MT02/3 will require the issue of a number of tenders. One particular contract that will assess the condition of the site is expected to take a full year to perform, so as to examine any seasonal effects. Given the assessment's lengthy

---

<sup>7</sup> [https://secure2.gov.mt/fpd/eea\\_2009-2014](https://secure2.gov.mt/fpd/eea_2009-2014) or <http://www.eeagrants.gov.mt>

duration, the Project Promoter decided to launch this tender first. The tender was issued in June and one offer was submitted. Having found the bid to be technically non-compliant, the Evaluation Committee recommended that the tender should be cancelled and re-issued. The bidder was duly notified about this decision and the appeals period expired at the end of November. The tender is expected to be re-issued in Q1 2014.

In the meantime, Heritage Malta obtained all necessary approvals to enter into a direct agreement for the provision of architectural services with their consultant architect. The service contract is being prepared for signature.

A call for the appointment of a Project Manager was issued. As at the end of the reporting period, interviews were being held.

### **3.2.2 The use of funds for bilateral relations**

An allocation was reserved for project MT02/2 under the Funds for Bilateral Relations at National Level in order to facilitate networking between Transport Malta and the Norwegian partner, the Norwegian Coastal Administration. These funds supported two important meetings in 2013, one in March and another in September. These meetings significantly increased cooperation between the Maltese and Norwegian partners and paved the way for the successful conclusion of the Partnership Agreement.

Under these Funds, the National Focal Point/Programme Operator intends to hold a seminar on a theme of common interest in mid 2014.

As for the Funds for Bilateral Relations at Programme Level, the Programme Operator is planning to issue a call for expression of interest among the current project promoters to facilitate partner networking on themes related to the selected programme areas for Malta.

## **4 MANAGEMENT AND IMPLEMENTATION**

### **4.1 Management and control systems**

There have been no changes to the management and control system since submission of the Description of Management and Control Systems (DMCS) in November 2012. All the elements in the DMCS are in place and the system functioned as planned during the reporting period.

### **4.2 Compliance with EU legislation, national legislation and the MoU**

Public procurement in Malta is governed by the Public Procurement Regulations (Legal Notice 296 of 2010, Chapter 174 of the Laws of Malta).

State aid is governed by Legal Notice 210 of 2004 (Chapter 325 of the Laws of Malta), equal opportunities by Chapter 456 of the Laws of Malta and protection of the Environment by Chapter 435 of the Laws of Malta.

Project Promoters have been made aware of their obligations with regard to public procurement, state aid, the environment and promoting equality of opportunity for all people irrespective of gender, age, race or disability.

In the case of public procurement, it should be noted that for most public entities, public procurement above the threshold of €47,000 is co-ordinated by a central unit (Department of Contracts) within the Ministry for Finance. In such cases, templates are standard and the Department of Contracts oversees the procurement process and provides guidance to all organisations carrying out public procurement. This guarantees a degree of quality assurance across all public entities. In the case of procurement below the €47,000 threshold, departments and public entities can carry out their own procurement in line with the Public Procurement Regulations; however guidance can be sought from the Department of Contracts. The Ministry for Finance issues circulars from time to time to all Ministries and agencies carrying out their own procurement. Detailed information is also provided in chapter 6 of the Manual of Procedures which is available on the website of the National Focal Point/ Programme Operator.

### **4.3 Irregularities**

No irregularities were detected during 2013 in relation to the projects under the EEA Financial Mechanism Programme 2009-14.

#### **4.4 Audit, monitoring, review and evaluation**

A systems audit carried out by the Audit Authority in mid-2013 on the management controls performed by the National Focal Point/ Programme Operator did not report any systemic risks. The Audit Authority made two recommendations though and these recommendations were taken on board and duly adopted by the National Focal Point/ Programme Operator.

The Audit Plan for 2014 and an updated Monitoring Plan are being forwarded together with this Report.

The National Focal Point/ Programme Operator introduced an additional means of monitoring progress a couple of months before the signing of the Programme Agreements. Bilateral meetings held regularly with Project Promoters and Programme Implementation Departments of the respective line Ministries, iron out many concerns arising at project level in the course of implementation. Additional to these meetings, which so far have proved a success in settling most issues, the National Focal Point/ Programme Operator also attends Steering Committee meetings held by a number of respective line Ministries to discuss any updates on the funded projects.

No on-the-spot checks were performed in 2013 since no procurement contracts were awarded by Project Promoters during the year.

At this point of Programme implementation, the National Focal Point/ Programme Operator believes it is still early to undertake review and evaluation activities.

#### **4.5 Information and publicity**

The main promotional event held locally in 2013 was the launch of the EEA and Norwegian Financial Mechanism Programmes 2009-14. H.E. Bjørn T. Grydeland, Ambassador of the Kingdom of Norway and the Hon. Dr. Ian Borg, Parliamentary Secretary for the EU Presidency 2017 and EU Funds were the key high-ranking speakers at this event. Other notable guests included Donor State and Financial Mechanism Office representatives and officials from the Royal Norwegian Embassy. Project Promoters and the press were invited to the launch. The National Focal Point also issued a press release. The launch event presented the objectives of the Financial Mechanisms, the selected Programme Areas, the projects to be financed, and the importance of bilateral relations between Malta and the Donor States. The event was extensively covered by the local media with emphasis being placed on the financial support received through the Grants. The press release and photographs of the launch event are published on the National Focal Point's website.

The launch event was concluded by a visit to the project site of MT02/1 - 'CO<sub>2</sub> Energy – Development of an algae-derived bio-fuel production plant', where the Project Leader presented the plans for the project. This site visit was also widely covered in the local media.

The Programmes' launch event was one of three major information activities that the National Focal Point/ Programme Operator has to organise in accordance with Article 4.3(4)(b) of the Regulation. The other two activities will be held mid-way into the programme implementation period and at closure.

The launch event of project MT02/3 took place on 15 July 2013, less than a week from project contract signature between Heritage Malta and the Programme Operator. The Hon. Dr. Jose A. Herrera, Parliamentary Secretary for Culture and Local Government, inaugurated the launch in the audiovisual room outside the Hypogeum complex. The Hon. Dr. Ian Borg, Parliamentary Secretary for the EU Presidency 2017 and EU Funds also addressed the press and all those present. The FMO attended this event the high profile guests were given a personalised tour of the Hypogeum complex. Heritage Malta issued a press release and the local media gave good coverage of this event.

A few weeks before the event, the Project Promoter also distributed leaflets containing information about the project and the EEA Grants 2009-14 among the households and businesses at Paola, the locality where the Hypogeum is situated. The Project Promoter also worked with the Paola Local Council to offer free admission to residents of the locality on 'Paola Day' which was held in July 2013.

Meanwhile, Transport Malta plans to hold the launch of Project MT02/2 in January 2014. The Hon. Dr. Borg, the Royal Norwegian Embassy and the Financial Mechanism Office will be invited to attend. This will be another opportunity to communicate the Grants to the public as beneficiaries.

The aim of information and publicity activities is to connect with the target audience and to allow for active engagement. The main aspects of these events are to keep the public informed, to deliver transparent information, to heighten awareness, and to highlight success stories.

As the programme starts to progress, the National Focal Point will report further on the status of the implementation of the Communication Strategy.

Pages dedicated to the Grants in Malta on the website of the National Focal Point/ Programme Operator ([www.eeagrants.gov.mt](http://www.eeagrants.gov.mt)) provide information on the relevant priority sectors, programme, and projects. The MoU, the Manual of Procedure, reports and other relevant documents of public interest are also uploaded. Given the change in Government last March and the migration of the National Focal Point/ Programme Operator to the Ministry for European Affairs and Implementation of the Electoral

Manifesto, the Grants webpage is being currently integrated into the new Ministry's website. The National Focal Point plans to revamp the Grants webpage following this integration.

Further information on the individual projects is also provided on the Project Promoters' own websites<sup>8</sup>.

The National Focal Point ensures that the EEA Grants logo features on all information and promotional material, including power point presentations and reports.

Although no studies have been carried out, the National Focal Point expects that the impact of the Grants on the visibility and image of the Donor States on a local level to be proportionate to the size and number of projects in Malta.

#### **4.6 Work plan**

The work plan outlining the milestones for the implementation of the EEA Financial Mechanism over the next year is provided as a separate document to this Report.

## **5 SUMMARY LIST OF ISSUES AND RECOMMENDATIONS**

The signature of all three project contracts in 2013 marked the official start of implementation at project level.

The National Focal Point/Programme Operator is pleased with the excellent working relationship among all stakeholders. Regular contact, follow up and availability have proven beneficial to all parties concerned. Bilateral meetings were an initiative taken by the National Focal Point in 2013 and are an ideal way of keeping track of any issue concerning a project and keeping in touch with the project implementers. Given their many advantages, the National Focal Point plans to keep bilateral meetings going in the coming years.

The National Focal Point is grateful for the support provided by the Financial Mechanism Office, as well as the Embassy in the past year and looks forward to further collaboration over the next year in order to ensure smooth and successful programme implementation.

---

<sup>8</sup> <http://heritagemalta.org/index.php/projects/other-projects/>  
<http://www.wasteservmalta.com/projects.aspx?id=237>  
<http://www.transport.gov.mt/ports-marinas/maritime-pollution-prevention-control/oilhns-spill-response-capacity-building>

## **6 ATTACHMENTS TO THE STRATEGIC REPORT**

This Report also includes the following attachments:

1. A table providing a summary and information in respect of donor partnership projects on the Beneficiary State level (names of Donor State entities, number and proportion of partnership projects).
2. A plan setting out the monitoring and audit activities in the Beneficiary State for the coming reporting period.
3. A risk assessment at national level.
4. A risk assessment at programme level.
5. The work plan outlining the milestones for the implementation of the EEA Financial Mechanism over the next year.