

**Malta Rural Development Plan
2007-2013**



Annual Progress Report for Calendar Year 2007

**Rural Development Department
Ministry for Resources and Rural Affairs**

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Summary of the Report

1. This is the first Annual Report to the European Commission on the Malta Rural Development Programme. It covers the period 1 January to 31 December 2007 and is submitted in accordance with Article 82 of Council Regulation No1698/2005.
2. This report covers progress in implementing the Rural Development Programme (RDP) – CCI Number 2007 MT06RPO001.
3. The year 2007 was marked by the continuing development of the successor RDP. The new Rural Development Programme for Malta covers the period from January 2007 to December 2013 and was submitted to the European Commission for approval in December 2007. The latter does not deal with the development of the successor programme, but lessons learnt from the previous Rural Development Programme have been taken into consideration in the new Rural Development Programme. This includes giving more attention to economic rationales, reducing duplication and deadweight, and seeking to increase coherence between the various measures within the programme and between the programme as a whole and other funds.
4. The structure and elements of the annual progress report is guided by Article 82 of Regulation (EC) No 1698/2005 and consists of the following sections:

Section A provides a summary of changes to conditions, trends and policies, and in particular how these changes have affected agriculture, the rural environment and the rural economy and communities.

Section B provides information on schemes uptake and the progress made towards achieving the output targets established at the start of the Programme. It draws upon the detailed output and indicator statistics provided in this report

Section C summarises the financial implementation of the programme giving for each measure, a statement of the expenditure paid to beneficiaries

Section D provides information about the ongoing evaluation activities in accordance with Article 86(3) of Regulation (EC) No 1698/2005

Section E summarises the steps taken by the Managing Authority and the Monitoring Committee to ensure the quality and effectiveness of the programme implementation.

Section F shows a declaration on compliance with Community policies, including identification of problems encountered and the measures adopted to deal with them.

In accordance with Community regulations, the annual report is accompanied by a detailed set of common monitoring tables setting out key input and output data in a format applicable to all Member States

SECTION A

CHANGES TO THE GENERAL CONDITIONS (ARTICLE 82(2)(A) OF REGULATION (EC) NO 1698/2005)

This section examines changes in the agricultural and rural economy sectors in the period since Rural Development Programme was approved by the Commission, updating as appropriate the information contained in the previous annual reports. In accordance with the structure prescribed in Article 82 of Regulation (EC) No 1698/2005, this part of the report provides information about changes to conditions and trends and main policy developments and the impact they had on agriculture and rural environment.

The Rural Development Programme is part of a wider programme of action to deliver economic, social and environmental outcomes in rural areas. Consequently, one aim of this section is to explain any changes to the wider context within which the RDP operates.

The economy in 2007

Malta joined the Euro area with GDP growth, reflecting a combination of cyclical conditions on one hand, and structural reforms, wage moderation and higher productivity, on the other. The economy grew by 3.8% in 2007 in real terms compared with 3.4% in 2006. Improvements were registered in private consumption whilst general Government consumption expenditure was relatively subdued.

The inflation rate (as measured by the Retail Price Index) followed a consistent downward trend since October 2006 and continued to ease to 0.81 per cent in September 2007. This trend in the domestic inflation was also reflected in the harmonised index of consumer prices (HICP) which reported a fall in the inflation rate to 0.4 per cent in September 2007 from 3.2 per cent a year earlier. In fact, Malta recorded the lowest rates of inflation among the EU 27 Member States in recent months.

On account of these developments, and since the other convergence criteria, including that concerning price stability, were fulfilled, in July 2007, Malta was formally approved to join the Euro Area in June 2007.

Further efforts along the track record of recent years would ensure that a number of emerging challenges are addressed and that sustainable economic growth is achieved. Of particular relevance is the continued high level of oil prices together with further pressures arising from the ongoing increases in the prices of grain and related products. There are downside risks from the effect of the recent financial turmoil on the international economic environment.

Agriculture in general

Local agricultural production consists mainly of fruits and vegetables, livestock and dairy products. These constitute inputs for the domestic processing of produce such meat and meat preparation, canning of fruits and vegetables, wines and beer, and animal feeds. Even though the small size of the agricultural industry maybe unfavourable to its performance, this industry still bears an important role in the Maltese economy. The

Maltese agricultural sector, however, faces the problems of water irrigation scarcity, a setting of fragmented land ownership as well as the absence of economies of scale.

The agriculture sector comprises a small share of the Maltese economy. Over the last four years the agricultural sector has maintained a low but stable share in the Maltese economy. In the period January – June 2007 this sector's contribution to the total economy remained unchanged at 2.2 per cent of Gross Value Added. Agriculture provides an integrated framework within the varied produce of its sector and in marketing and distribution. Agriculture serves the welfare of the farming community and also helps to enhance the islands' countryside as well as the rural landscape.

The Special Market Programme for Maltese Agriculture provides financial assistance as well as incentive schemes with the aim of assisting the Maltese agricultural sector to adapt to the liberalised trade environment which resulted following the removal of levies on imported agricultural and agro-food products in 2004. The SMPPMA programme gave assistance to producers in the form of direct income support, additional aid on an area basis, marketing aid, plant aid, restructuring aid and quality enhancement. During the first eight months of 2007, the total aid given by Government in agricultural support schemes totalled €9.08 million.

Total volume of broiler slaughtering increased by 3.7 per cent as the increase in the broiler sector offset the contraction in the pork sector. Beef slaughtering remained practically stable during this period at 697 tonnes. The total volume of pork slaughtering decreased by 9.8 per cent during the period January - June 2007. On the other hand, the downturn in the volume of slaughtering registered in 2005 and 2006 was reversed during the first half of 2007, as an increase of around 34 per cent was registered.

During the first six months of 2007, 25.2 million kilograms of fruit and vegetables were sold, an 8.7 per cent increase from the volume registered in the same period last year. This increase reflected itself in an average price decrease of fruit and vegetables of 1.1 per cent. At the same time, the wholesale value of fruit and vegetables sold through organised markets from January to June 2007 increased by around 7.5 per cent to €10.2 million when compared to the same period last year thus indicating that demand for fresh fruit and vegetables is price elastic.

During the period January – June 2007, an increase of around 24 per cent was recorded in the price index for fresh fruit over the same period in the previous year. This was also accompanied with a decrease in the volume of fresh fruit products sold of around 25 per cent. The volume of strawberries increased during the January – June 2007 when compared to the same period in the previous year. The increase in the volume of strawberries sold contributed positively by 8.8 per cent to the total volume of fresh fruit sold. The decrease in the volume of other fresh fruit products has countered the increase in volume of strawberries. In particular, peaches contributed negatively by around 7 per cent followed by early figs, cherry plums, nectarines as well as lemons and other fruit.

SECTION B

PROGRESS OF THE PROGRAMME IN RELATION TO THE OBJECTIVES SET, ON THE BASIS OF OUTPUT AND RESULT INDICATORS

Since during 2007, the Rural Development Programme 2007-2013 was still awaiting approval. The only measure launched during 2007 from the RDP 2007-2013 was Measure 212 being support for areas with handicaps. This measure was subject to the approval of the RDP.

Measure 212 – Support for areas with handicaps

The legal basis for this measure is found in Article 37 of Regulation (EC) No 1698/2005. the objective of this measure is to ensure the continued farming of areas that are naturally disadvantaged as a result of the poor climate conditions and low soil productivity prevalent in Malta. Support for areas with handicaps is aimed to compensate, at least in part, for the disadvantage that farming in these areas implies.

During the year 2007, when the single aid application had to be submitted within the period starting 15th March till 15th May. This also involved the RD land based, and LFA applications. This was subject to the approval of the RDP. The number of applicants who applied for LFA in 2007 amounted to 6,042 covering an area of 9,040.54 ha. The number of eligible beneficiaries eligible for payments under this measure is not yet available.

During 2007, following administrative and on-the-spot controls the payments for applications committed in 2006 was 5,882 beneficiaries claiming a total of €2,153,329.49. This was made by two authorized payments, one being authorized in February amounting €2,108,554.97 to 5629 beneficiaries and the other authorized in August amounting to €44,779.31 to 253 beneficiaries.

Expenditure arising from commitments concerning compensatory allowances for Less Favoured Areas in Malta related to year 2006, were completely disbursed in August 2007. In accordance with provisions of Article 6(2) of Regulation 1320/2006, expenditure arising from commitments concerning compensatory allowances for Less-Favoured Area in Malta with respect to years 2007 and 2008 shall be charged to the EAFRD and shall comply with Regulation (EC) No 1698/2005.

SECTION C

THE FINANCIAL IMPLEMENTATION OF THE PROGRAMME GIVING, FOR EACH MEASURE, A STATEMENT OF THE EXPENDITURE PAID TO BENEFICIARIES

There was no financial implementation of the RDP 2007-2013 from the EAFRD. The financial implementation of the programme giving each measure the amount paid to beneficiaries can only be applied to the EAGGF since during 2007 the RDP for the programming period 2007 – 2013 was still being drafted.

SECTION D

A SUMMARY OF THE ONGOING EVALUATION ACTIVITIES IN ACCORDANCE WITH ARTICLE 86(3) OF REGULATION (EC) No 1698/2005

Ex-Ante Evaluation of the RDP

Council Regulation 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) requires that an Ex-Ante evaluation be drawn up alongside the preparation of the Rural Development Programme.

In accordance with the Terms of Reference of the Tender, the following activities were carried out and were included in this report: assessment of programme-related SWOT analysis, assessment of programme targets, assessment of expected impacts, assessment of proposed implementation procedures including monitoring, evaluation and financial management and reporting. The ex-ante evaluation exercise was completed by 14th August 2007.

The Strategic Environmental Assessment (SEA) Report is included with the Ex-ante Evaluation as a separate document as the methodology adopted in the SEA is based on the requirements of Legal Notice 418 of 2005 and is somewhat distinct from the Ex-Ante evaluation. Notwithstanding, that both the Ex-ante Evaluation and the SEA cross refer.

The socio-economic impacts of the RDP were evaluated by means of an expert assessment, stakeholder evaluation and economic modeling in relation to the principal baseline indicator selected.

The study concluded that the overall relevance of the RDP to Malta is 43%, reflecting potential measures which are not applicable to Malta as well as the fact that certain problems in Malta cannot be solved through the RDP. The measures actually selected are considered to have the potential to reap 82% of the benefits which the RDP can generate for Malta, which score rises to 88% when the expenditure intensity by the measure is taken in account. Thus, the expenditure chosen and the budget allocations are conducive to reap the potential benefits which the RDP can offer to Malta.

The next step in the evaluation process was to consider the likely effectiveness and applicability of the interventions actually designed under each measure. The overall evaluator score of the interventions designed within Malta's RDP is relatively high at

75.9%. All axes scored above 70%, with the highest score pertaining to Axis 1 and the lowest to Axis 2. The score can also be adjusted to reflect expenditure intensities, giving a result of 77.3%, indicating a bias within the plan of higher expenditure towards measures which have received a higher score by the evaluators.

Similar scores were obtained through an assessment of stakeholders effected through a questionnaire based upon the questions used for evaluation of the RDP. The overall relevance and applicability of interventions as designed were assigned relatively high scores of between 75 and 80%.

The results of a small scale economic model indicate that the likely effect of the Malta RDP for the 2007-2013 period on GVA is €14.3M, implying an average annual value of €30.6M, which corresponds to 0.6% of the total gross value added in the economy. This analysis also permits the consideration of the ratio of GVA generated by each axis to the expenditure affected. Overall, the Plan is expected to generate €1.5 for every €1 invested over the seven year period of its operation, implying an annual rate of return of just under 6%.

Furthermore, the interventions of the new RDP for Malta are expected to sustain an additional 481 FTE jobs for a seven-year period, equivalent to 0.3 of the total FTE jobs in the economy. The expected growth in full-time jobs in agriculture and agri-processing is of the order of slightly over 1%, while that in the rest of the economy is around 0.3%.

As the increase in employment is expected to be relatively low compared to that in value added, especially in the agricultural sector, it is contemplated that the RDP interventions would have their effects primarily on productivity. Growth in the productivity of the agricultural sector is expected at just over 9%, that in agri-processing at almost 1.8%, while in the rest of the economy, it would be slightly over 0.2%. The significant increase in productivity of the agricultural sector is to be interpreted in terms of the existing low productivity in the sector

The interventions designed for Malta under the RDP for this programming period are thus considered to be in general conducive to the socio-economic development of agriculture and the complementary activities. In particular, issues of productivity and education appear to be addressed. There are however limited or no efforts towards addressing the issues of the social standing of agricultural activities, the ageing population, the dependence of a stratum of families on agricultural life and the lack of opportunities for women in agriculture. There may exist avenues to address these issues under Axes 3 and 4, which aim at the diversification of agricultural activities and the promotion of a bottom-up approach in decision-making and resource allocation. This could be achieved by means of a deliberate bias to support actions under these Axes, which have a greater potential to address these social issues.

The Ex-Ante report considers that the monitoring and evaluation systems proposed for the RDP for Malta are suitable to fulfil their intended function. The report also proposes a system of indicators for these purposes. Some of the indicators chosen in the RDP have been included here, and modifications were proposed for others where this was considered to be appropriate. Targets have been set based on the lessons learnt from the previous RDP, discussions with the programming team and the budget allocation. The selection of indicators has been made in an effort to optimise between the need to

parsimony and the need to have a system of monitoring and evaluation which is relevant to the specific needs of Malta's Rural Development Programme.

The Ex-Ante evaluation process proceeded smoothly. A consultation seminar was held in conjunction between RDD and the evaluators, during which the evaluators gathered stakeholder feedback through a questionnaire.

The Environmental Report describes the Strategic Environmental Assessment (SEA) in relation to Malta's Rural Development Programme 2007 – 2013 covering the entire territory of the Maltese Islands. The assessment was carried out in accordance with the SEA regulations, LN 418 of 2005 which transpose the European Directive 2001/42/EC on the assessment of certain plans and programmes on the environment.

SEA objectives were chosen to reflect the national environment priorities extracted from a number of national documents including the draft National Sustainable Strategy and the State of the Environment Report. The SEA objectives were assessed against the RDP objectives to identify conflicts and synergies between the SEA and RDP. Each measure was assessed against all the SEA objectives, Measures 121, 215 and 313 were identified as requiring particular attention during implementation to minimise negative environmental impact.

The Managing Authority during 2007 was in the process of establishing ongoing monitoring of the programme in terms of compliance and in this respect procedures and practices were still being established. In terms of programme monitoring and evaluation in the context of assessing results and impacts the situation is more complex. While some impact of the RDP is immediate much of the impact can be expected over a longer period. Establishing a suitable and appropriate evaluation system is an issue that needs to be addressed notwithstanding that significant progress had already been made in identifying a range of indicators that will facilitate evaluation.

SECTION E

THE STEPS TAKEN BY THE MANAGING AUTHORITY AND THE MONITORING COMMITTEE TO ENSURE THE QUALITY AND EFFECTIVENESS OF PROGRAMME IMPLEMENTATION

This section provides an overview of the action taken to ensure high quality and effective implementation and a summary of the major problems encountered in managing the Rural Development by drawing up the following information:

- An outline of the National Strategy Plan for Rural Development
- An outline of the Ex ante Evaluation
- New Rural Development Programme 2007-2013
- Specific measure reviews and developments
- Other programme-wide activities

National Strategy Plan for Rural Development

The lessons learnt from the first programme contributed to the formulation of the subsequent programme and proved to be a valuable tool in the development of the National Rural Development Strategy document for 2007-2013. As required by Article 11 of EC Reg 1698/2005 “Each Member State shall submit a national strategy plan....” in consultation with local and public authorities, economic and social partners and bodies representing the civil society. According to Article 12(2) of Regulation (EC) No 1698/2005 Malta accomplished the National Strategy Plan for Rural Development for the programming period 2007-2013. the document was officially recorded as received by the Commission on the 2nd March 2007.

NSP formulation required incorporation of consultation feedback with the baseline scenario of the agricultural sector, the agro-processing industry, the environment and rural areas. This necessitated a strategic document reference with the Pre-budget Document - A better quality of life, the National Strategy Programme, the current RDP, the Rural Strategy Topic Paper, the Structure Plan, the Strategic Guidelines as well as the Lisbon Agenda and the Gothenburg Objectives.

In terms of the National Rural Development Strategy, Government’s policy is to create a balance between urban development and the open spaces through the conservation of biodiversity. The objectives of the National Rural Development Strategy are those of improving the quality of life in rural areas; building local capacity to improve governance and mobilising the endogenous development potential of rural areas. In order to meet these objectives, this strategy is underpinned by four priorities, which focus on the need to improve the competitiveness of the agricultural and forestry sectors; safeguarding the environment and the countryside; improving the quality of life in rural areas and encouraging diversification; and building local capacity for employment and diversification. Malta aims to improve the competitiveness of the agricultural by focusing on the priorities of knowledge-transfer, the modernisation of holdings and adding value to agricultural products with respect to quality and competitiveness.

These efforts are earmarked to lead to a more differentiated, higher quality production and services to domestic consumers and foreign tourists and thus, making farming a viable and more attractive career choice. The strategy also aims to improve the environment and the countryside through the encouragement of retention of agricultural activity, particularly for less favoured areas, and environmentally-friendly production methods in line with rural heritage. The vision of enhancing the multifunctional role of rural areas will be achieved through improving the quality of life in rural areas through the conservation and valorisation of rural, natural and cultural heritage.

This strategy indicates a number of measures which will be funded through EAFRD funding, these include: information actors; use of advisory services; setting-up of management; relief and advisory services; modernisation of agricultural holdings; adding value of agricultural products; cooperation for development of new products, processes and technologies in the agriculture and food sector; infrastructure related to the development and adaptation of agriculture; participation of farmers in food quality

schemes; information and promotion activities; natural handicap payments in areas affected by specific handicaps; Natura 2000 payments and payments linked to Directive 2000/60/EC; agri-environment payments; encouragement of tourism activities; conservation and upgrading of the rural heritage; skills acquisition, animation and implementation.

Ex Ante Evaluation

During August 2007 an evaluation comprising the ex-ante Evaluation and the Strategic Environmental Assessment was carried out. The later was carried out in accordance with Council Directive 2001/42/EC and Legal Notice 418 of 2005.

The independent evaluators awarded the service contract following a public call for tender. The key experts involved in the evaluation were made up of a team leader, environmental management, expert in agriculture and rural development.

The aim of the ex ante evaluation is to improve the RDP to build capacity for future monitoring and evaluation activities. Its purpose is to gather information and to carry out analyses which help to ensure that the policy objectives will be delivered successfully, that the measures used are cost-effectives, and that reliable evaluation will be subsequently possible.

Ex ante evaluation in the context of rural development programmes analyses in detail for each programme its underlying strategy and objectives – including baselines, quantifiable objectives and target levels. It takes place before the implementation of the programme of the programme, with a view to support programming, and has to be designed to clearly identify needs and development strategies.

This Environmental Report describes the Strategic Environmental Assessment (SEA) was carried out in relation to Malta's Rural Development Programme (RDP) 2007-2013 covering the entire territory of the Maltese Islands.

The assessment was carried out in accordance with the SEA Regulations, LN 418 of 2005, which transposes the European Directive 2001/42/EC *on* the assessment of the effects of certain plans and programmes on the environment. The general public is invited to forward comments on the report.

Rural Development Programme 2007-2013

The consultation arrangement on the Rural Development Programme for Malta 2007-2013 has been carried out in a variety of ways including:

- Formal and informal meetings;
- Public presentations;
- Formal public consultants;
- Workshops and seminars; and
- Written and electronic communication.

Consultation with partners and stakeholders was an ongoing process, for the purpose of preparing the Rural Development Programme 2007-2013, spanned over a period of more than two years. Consultations were conducted in several ways including formal consultations and information seminars, more informal workshops that facilitated the participation of stakeholders, bilateral meetings, especially with representatives of regulatory authorities and potential beneficial beneficiaries and regular correspondence. As from end of the year 2006 to 2007 a number of bilateral meeting with DG Agriculture of the Commission in order to clarify and address the various correlated issues.

In its capacity as the Managing Authority for Rural Development including programming, monitoring and evaluation, and publicity, the Rural Development has during the past year prepared the Rural Development Plan for Malta 2007-2013. The programme covers the period from 1 January 2007 to 31 December 2013.

Public expenditure to implement the rural development programme shall be €100,251,140 million for the whole period and the maximum contribution from the EAFRD shall be €76,633,335 million. The financial plan of the rural development programme is set out in Annex 1. This programme has been the subject of a wide-ranging consultation process with stakeholders. The draft proposed programme has been submitted to the European Commission for consideration and approval in November 2007. Since from the new programme only the LFA measure was launched subject to RDP approval payments to eligible beneficiaries were not made during 2007.

The strategy chosen for the RDP addresses the key challenges faced by Malta as identified in the analysis and is linked to the overall objectives included in Malta's National Strategy Plan 2007-2013. Although Malta's allocation for Axis 2 is relatively low, environmental targeting is not restricted to Axis II but it is enhanced by Axis I contributions through:

- Improvement of environmental performance through farmer education and provision of advisory services support;
- A specific sub-measure for farm investments having an international component;
- Support for organic production and preference to agro-processing using organic products;

Environmental complementarity under Axis III would be attained via the:

- Development of Natura 2000
- Conservation of rehabilitation interventions in rural areas
- Education efforts in environmental issues

The leader initiative, is a new approach for Malta which will focus on bringing together the different public and private local actors, thus building local partnership capacity, promoting private-public partnership, cooperation and innovation and improving local governance. The financial allocation for the Leader Axis is 4% of the total EAFRD

contribution. This will be dedicated to the implementation of the leader strategies, contributing to the running costs of LAGS and to implementation of cooperation projects.

Other programme-wide activities

The last public seminar was held on July 13th 2007. All representatives of public and private stakeholders were invited and close to 85 persons attended. Developments regarding work on the finalization of Malta's Rural Development Programme as well as details regarding implementation of each of the selected measures were discussed. Ensuing points during final discussions were primarily positive and to complement this exercise and ensure transparency, an evaluation exercises by the Ex ante team was also affected during the last workshop. Effectively the final public meeting held in July 2007 constituted a formal approval and positive conclusion of previous fruitful discussions regarding the most applicable choices to address priorities under prevailing circumstances through the 2007-2013 Rural Development Programme.

The Ministry for Rural Affairs and the Environment together with the participation of Malta Forum fl-Ewropa organized a seminar about the programme Leader which is part of Rural Development Plan 2007-2013. It was held on the 27th November 2007. This seminar was of particular interest of local councils, associations, cooperatives, economic and social partners and other bodies.

During 2007 the RDD tried to make all possible efforts to augment and to strengthen its institutional and administrative capacity in view of the anticipated workload that would result from the implementation of a wider range of measures in the current programme. This was mainly supported by the technical assistance funds, where it was envisaged that funds shall be used to contract services that are not available in-house. In fact during 2007 the Ministry for Rural Affairs and the Environment with an expression of interest was seeking to procure specialist services in order to see to the promotion, development and implementation of the Rural Development measures which are managed by the Rural Development Directorate of the Ministry.

An expression of interest was issued in April 2007 showing an expression of interest for contract of services for the verification of agri-environmental calculations and confirmation that these meet Commission requirements as indicated in article 48(2) of Reg.1974/2006. The tender awarded amounted to €1,043.56 including VAT.

SUMMARY OF THE MAJOR PROBLEMS ENCOUNTERED IN MANAGING THE PROGRAMME

Capacity building efforts were still lacking during 2007 in order to increase the staff complement to follow programme implementation and monitoring. The primary focus after the approval of the RDP preceding the launch of measures was the establishment of the data gathering requirements per measure for monitoring purposes. Development of a

specialised IT system which should cater for all the stages of programming, from application receipt to authorisation of payments was still at its initial stages during 2007.

The Rural Development Department is aware that to fulfil the reporting requirements specified in the CMEF, and to gather data and information on area on which information is still lacking, studies have to be commissioned.

An aspect of the implementation of the Rural Development Programme relates to the human and financial resource problems in relation to the programme implementation. The situation within the Rural Development Department is that the department is understaffed in comparison to the work required to the Rural Development Programme. The Rural Development Department's achievements are constrained by a lack of resources, which during 2007 were being used to the limit.

During 2007 there were some changes in the set up of the Ministry, in which it was called Ministry for Rural Affairs and the Environment. During 2007 it was decided that some functions of the implementation of the RD programme were to be carried out by specialised structures within the Paying Agency (PA) particularly the aid applications unit and the control unit. The associated functions that shall be conducted by these bodies essentially include: receipt of applications, first administrative controls of applications, on-the-spot controls, and payments in respect of RD measures. During last year the Managing Authority was still in the initial stages of preparing detailed requirements documents and guidelines.

SECTION F

A DECLARATION ON COMPLIANCE WITH COMMUNITY POLICIES, INCLUDING IDENTIFICATION OF THE PROBLEMS ENCOUNTERED AND THE MEASURES ADOPTED TO DEAL WITH THEM

The execution of the Rural Measure has been according to Regulation No 1257/1999 and No 1698/2005 in compliance with Community policies and has respected conformity to regulations.

Within the Rural Development Programme for Malta 2007-2013, management arrangements have been put in place to ensure that there is effective demarcation with other EU funding streams, in order to ensure that investment delivers optimal value for money. These arrangements were created to ensure that there is no duplication of funding. In line with the Community Strategic Guidelines for Rural Development, they will encourage synergies between the funds concerned, ensuring complementarity and coherence.

The Rural Development Department ensured coherence in the day to day management of socio-economic support under the ERDF and EAGGF Guarantee Funds. The Managing Authority ensured that work carried out under the two funds was complementary. Administrative arrangements were in place to ensure complementarity and co-ordination, for example exchange of information from databases.

The Managing Authority has taken all necessary steps within the framework of assistance to ensure conformity with Community policies in particular respect of the Common Agricultural Policy as well as environmental policies. In order to ensure such compliance from the onset, the Managing Authority has taken the necessary steps to inform all potential applicants of their obligations emanating from such policies and attendant regulations. This through various publications distributed to potential applicants as well as information in the guidelines for applicants of the respective measures. Moreover applicants were asked to seek the advice of the relevant organization responsible for the main policies, in particular MEPA for planning permits and environmental policies, and to submit where relevant the required supporting documentation with the application form.

Moreover the efforts of the Managing Authority in strengthening close coordination and collaboration with the various Departments and Ministries further ensures such conformity and compatibility with Community Policies.

The delivery of both the old and new programme operated within the established legal framework. Delivery bodies were responsible for ensuring the proactive promotion equality at all stages of the programme. This included for example, the preparation of publicity material, guidance for applications processors. All applications for support under the Programme during 2007 were equally judged on their merits by the respective bodies. During 2007 the Managing Authority ensured that discrimination was prevented at the implementation stage.

This Annual Report towards the end June 2008 was distributed for feedback to the representatives of the Monitoring Committee for the programming period 2007-2013. Following this consultation exercise and in agreement with these partners this Annual Report is being submitted to the Commission as per Article 82 of Council Regulation (EC) No 1698/2005.

Annex 1

Rural Development Programme 2007-2013

Financial plan by axis (in EUR total period)

<i>Axis</i>	<i>Public Contribution</i>		
	<i>Total Public</i>	<i>EAFRD contribution rate (%)</i>	<i>EAFRD Amount</i>
Axis 1	34,280,000	75	25,710,000
Axis 2	25,025,000	80	20,020,000
Axis 3	32,986,667	75	24,740,000
Axis 4	3,875,000	80	3,100,000
Technical Assistance	4,084,473	75	3,063,355
Total	100,251,140		76,633,355