

Operational Programme I

Cohesion Policy 2007-2013

Investing in Competitiveness for a Better Quality of Life

Annual Implementation Report 2011

Monitoring Committee
17th May 2012

Overview

- **Achievement and Analysis of the progress**
- **Progress in Programme Implementation**
- **Implementation by PA**
- **Problems encountered and measures taken to overcome them**
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- **OP towards Lisbon Objectives**
- **Strengthening Administrative Capacity**
- **Monitoring by the Managing Authority**
- **Evaluation**
- **Information and Publicity**
- **Concluding Remarks**

Quick Overview



- 16 newly approved operations
- Increase of over € 12 million in Commitment
- Increase of over €158.6 million in Contracting
- Increase of over € 81.8 million in Payments
- Increase of over € 83.8 million in Verifications
- Increase of over € 87.2 million in Certifications
- Increase of over €128.4 million in Payment received

N+3 for 2011:

- Target €123.3 million (EU Share): €83.8m ERDF - €395m CF
- Achieved €156.2 million (EU share): €91.8m ERDF - €61.4m CF



Achievement and Analysis of the progress

New Calls for Proposals launched in 2011				
Call	Priority Axis	Indicative Call Budget	Submissions	Status
ERDF Call 10	PA 2	€42,000,000	12	Closed
ERDF Call 11	PA 6	€10,000,000	4	Closed
ERDF Call 12	PA 4	€10,000,000	5	Ongoing
ERDF Call 13	PA 4	€5,000,000	19	Ongoing
CF Non-Major Call 3	PA 3 and PA 5	Not applicable	2	Ongoing

Achievement and Analysis of the progress (cont.)

New Approved Projects in 2011			
Call	Priority Axis	No. of Projects Approved	Public Eligible Value
ERDF Call 8	PA 2	5	€2,508,636
ERDF Call 9	PA 4	10	€ 1,766,143
ERDF Call 11	PA 6	1	€ 9,941,561

Achievement and Analysis of the progress (cont.)

	Ongoing Evaluations in 2011				
	Call 10 PA 2	Call 12 PA 4	Call 13 PA 4	Non-Major Call 2 PA 3 & PA 5	Non-Major Call 3 PA 3 & PA 5
Call allocation	€42 m	€10 m	€5 m	N/A	N/A
No. of applications received	12	5	19	3	2

Achievement and Analysis of the progress (cont.)

New Approved (Aid Scheme) Projects in 2011			
Intermediate Body	Calls launched	No. of projects approved	Public Eligible value
DSWS	Call May 2011 – PA 6	3	€ 88,284

Achievement and Analysis of the progress (cont.)

Ongoing Evaluations (Aid Schemes) in 2011			
Intermediate Body	Calls launched	Budget allocated	No. of applications received
DSWS	Call October 2011	N/A	13
TSDU	Call 3	€2	109

Achievement and Analysis of the progress (cont.)

10% Gozo commitment till end of 2011			
	No. of projects	Value of project	% increase in projects from 2010
Gozo - based	16	€26,611,334	14%
Gozo - component	12	€23,950,962	20%

Achievement and Analysis of the progress (cont.)

10% Gozo commitment till end of 2011			
Aid Schemes	No. of Gozo Enterprises	Value of project	% increase from 2010
Small Start Up	1	€28,136	72%
Innovation & Environment Actions	9	€653,401	
Energy	23	€1,264,349	
International Competitiveness	2	€167,727	
Sustainable Tourism Projects by Enterprises	15	€1,355,790	
Total	50	€3,469,403	

Implementation by Priority Axis

- PA 1: Enhancing Knowledge and Innovation

PA Allocation	Total No. of Projects	Commitments	Contracts	Payments
€120,000,000	22	€108,362,783	71,316,687	€41,930,788

- Progress on Indicators:

Indicator	Target	Result
No. of SMEs receiving grants	450	291
No. of RTDi projects	10	9
No. of new/modernized specialized learning facilities constructed/refurbished	22	24
No. of SMEs launching new or improved product or processes	35	35
No. of SMEs assisted in environmentally sensitive technologies, operating systems and processes	100	14
No. of enterprises involved in networking and new collaboration with other businesses and academia	10	33

Implementation by Priority Axis (cont.)

Projects financed from Aid Schemes – PA 1			
Intermediate Body	Grant Agreements signed	Value of Grant Agreements	Concluded Projects
Malta Enterprise	300	€18,517,673	56

Implementation by Priority Axis (cont.)

Progress under the JEREMIE instrument as at end 2011

OP Contribution:	€10,000,000
National Share:	€1,500,000
Agreed Portfolio / Portfolio volume to build up:	€51,040,000
Holding Fund:	European Investment Fund (EIF)
Funding Agreement:	Signed on 25 March 2010 between the Government of Malta and EIF
Financial Intermediary:	Bank of Valletta (BoV)
Operational Agreement:	The Operational Agreement for the implementation of a First Loss Portfolio Guarantee instrument was signed between EIF and BoV on 6 April 2011.
Amount committed / Actual portfolio volume / SME Drawn Amount:	€15,830,212 (31% of portfolio)
Amount disbursed:	€7,780,000 (15% of portfolio)
OP contribution disbursed:	€1,341,379

Implementation by Priority Axis (cont.)

- PA 2: Promoting Sustainable Tourism

PA Allocation	Total No. of Projects	Commitments	Contracts	Payments
€120,000,000	18	€78,480,352	€51,392,527	€27,139,888

- Progress on Indicators:

Indicator	Target	Result
No. of assisted tourism and cultural projects	8	17
Surface area of rampart elevation plan restored (m ²)	135,000	65,471
No. of projects implemented by NGOs/enterprises	300	93

Implementation by Priority Axis (cont.)

Projects financed from Aid Scheme – PA 2			
Intermediate Body	Grant Agreements signed	Value of Grant Agreements	Concluded Projects
TSDU	77	€5,958,448	40

Implementation by Priority Axis (cont.)

- PA 3: Developing the TEN-T

PA Allocation	Total No. of Projects	Commitments	Contracts	Payments
€169,038,259	3	€78,739,659	€61,221,341	€16,572,676

- Progress on Indicators:

Indicator	Target	Result
Sq m of new/refurbished infrastructure	76,200 m ²	8,267 m ²

Implementation by Priority Axis (cont.)

- CF 117 - Improving the TEN-T Road Infrastructure Phase I (PA 3):

Public Eligible	Contracts	Payments	Certified
€57,588,381	€42,848,966	€9,393,667	€4,726,620

- **Approved by EC in February 2010.**
- **As at end 2011, all of the works tenders were contracted and works on the ground were well underway.**

Implementation by Priority Axis (cont.)

- CF 125 – Improvement of the TEN-T Road Infrastructure - Phase II (TM)

Forecasted Public Eligible Value

€69 M

- Important preparatory work carried out in 2011, mainly EIA and EIS screening process;
- The finalisation of both CBA and the necessary planning studies have delayed the conclusion of the application form

Implementation by Priority Axis (cont.)

- PA 4: Mitigation and Adaptation to Climate Change

PA Allocation	Total No. of Projects	Commitments	Contracts	Payments
€121,000,000	17	€85,281,640	€36,908,890	€10,880,872

- Progress on Indicators:

Indicator	Target	Result
Annual penetration rate of installed PV, micro-wind and solar (in kWpeak/annum or equivalent in energy saving) generating systems starting in 2008 (kWp/annum)	340	4,608.5
No. of energy efficiency schemes	2 - 3	2
Total annual electricity generated from small scale PV and micro-wind installations (MWh/annum)	3000	7,877
Total energy savings per year (MWh/annum)	24,300	12,711

Implementation by Priority Axis (cont.)

Projects financed from Aid Scheme – PA 4			
Intermediate Body	Grant Agreements signed	Value of Grant Agreements	Concluded Projects
ME	250	€14,774,636	64

Implementation by Priority Axis (cont.)

- ERDF 120 - National Flood Relief Project (PA 4):

Public Eligible	Contracts	Payments	Certified
€50,722,090	€5,980,748	€1,580,831	€598,087

- Application form being prepared for submission in coming days

Implementation by Priority Axis (cont.)

- PA 5: Sustaining the Environment

PA Allocation	Total No. of Projects	Commitments	Contracts	Payments
€165,250,000	3	€104,309,856	€73,731,829	€67,937,571

- Progress on Indicators:

Indicator	Target	Result
No. of liquid waste treatment plants constructed	1	1
Total RES recovered from waste by 2013 (GWhrs/annum)	17.0	2.71
Sq m of rehabilitated land from landfills	300,000	15,000
% decrease in national; sewerage effluent discharge / additional population served	80%	80%

Implementation by Priority Axis (cont.)

- CF 116 - Malta South Sewage Treatment Infrastructure (PA 5):

Public Eligible	Contracts	Payments	Certified
€69,985,474	€68,494,478	€66,240,668	€64,313,701

- **Approved by the Commission in November 2010.**
- **The year 2011 saw the completion of all remaining works and the project was officially launched in June 2011.**
- **In 2011 the project started to register the first performance indicators: 80% decrease in national sewerage effluent discharge; 18 new jobs; 2.71 GWhrs/annum RES through anaerobic sludge digestion**

Implementation by Priority Axis (cont.)

- CF 118 - Rehabilitation and Restoration of Closed Landfills (PA 5):

Public Eligible	Contracts	Payments	Certified
€26,224,382	€4,192,030	€961,680	€483,781

- Approved by the Commission in July 2010.
- Project Management tender (Maghtab) and Works tender (Maghtab Phase I) were contracted in 2011.
- Works tenders (Maghtab Phase II, Qortin and Marsascala) were launched in 2011.

Implementation by Priority Axis (cont.)

- CF 119 – Malta North Mechanical & Biological Treatment Plant (WSM) (PA 5):

Forecasted Public Eligible Value

€ 32.8 M

- During 2011, Beneficiary taken up with the preparatory dynamics including simultaneous work on the application/supporting documentation and on permitting;
- Beneficiary together with the consultants focused on the preparation of the application form and the accompanying documentation, mainly the CBA;
- JASPER support continued throughout 2011.
- Progress also registered from a permitting perspective with MEPA certifying the EIA on 14th December 2011.

Implementation by Priority Axis (cont.)

- PA 6: Urban Regeneration and Improving the Quality of Life

PA Allocation	Total No. of Projects	Commitments	Contracts	Payments
€149,000,000	24	€141,540,695	€97,317,770	€44,616,250

- Progress on Indicators:

Indicator	Target	Result
Km of upgraded roads (non TEN-T)	7	6.19
No. of existing learning facilities refurbished (with new equipment) / constructed within intervention areas by 2013	30	43
Sq m of modernized facilities refurbished (with new equipment/constructed within intervention areas by 2013)	2040	13,839.5
Road surface condition of upgraded roads	1,0	1,0
Pupils/ students/ trainees benefiting from upgraded and modernized facilities/services (per annum) (core indicator)	25,000	18,752

Implementation by Priority Axis (cont.)

Till end of 2011			
Intermediate Body	Grant Agreements signed	Value of Grant Agreements	Concluded Projects
DSWS	7	€215,829	-

Implementation by Priority Axis (cont.)

- ERDF 196 - Mater Dei Hospital Oncology Centre (PA 6):

Public Eligible	Contracts	Payments	Certified
€48,802,722	€31,821,224	€942,086	€942,086

- **JASPERS** were engaged to provide assistance on the CBA and the drafting of the project proposal.
- The contract for Bulk Excavation was awarded in 2010 and during 2011 implementation was well underway.
- Design, development and build tender was awarded in November 2011.
- The Medical Equipment tender was at an advanced stage of evaluation.
- The Furniture Tender was launched in 2011.

Implementation by Priority Axis (cont.)

- PA 7: Technical Assistance

PA Allocation	Commitments	Contracts	Payments
€12,327,095	€12,327,095	€6,805,422	€2,773,393

- 71 Applications for TA were received from MA, CA, AA, DoC and Treasury
- The bulk of the payments related to personnel working on the Programme in the different horizontal stakeholder organisations.
- Other payments related to implementation, capacity building, publicity, evaluation and monitoring, as well as equipment.

Implementation by Priority Axis (cont.)

JASPERS

For the 2007-2013 Programme the **projects identified for assistance** were in the following areas:

- Solid Waste (Mechanical and Biological Treatment (MBT) plants);
- Flood relief;
- Trans European Network (TEN-T) Road and Maritime Infrastructure and Promotion of Modal Shift;
- Enterprise promotion infrastructure;
- The Health sector; and
- Horizontal tasks.

Problems Encountered and Measures Taken

1. Project Selection Process

- Main Issues:
 - Lengthy process in terms of project selection
 - Fragmentation in terms of projects submitted
 - Complex nature of projects submitted requiring multiple clarifications and additional data or studies
 - Availability of Committee Members
- Mitigation Measures:
 - PSC changed in membership
 - Revisions in the PSC procedures
 - Send only E-clarifications or call applicants for a meeting with PSC

Problems Encountered and Measures Taken (cont.)

2. Public Procurement Process

- Main Issues:
 - Delays due to centralisation of procurement process
 - Delays due to non-compliance
 - Cancellation and re-publishing of tenders
 - Procurement carried out by organisations which fall outside the scope of the PPR
- Mitigation Measures:
 - DoC revised the contracting procedures allowing the possibility to rectify minor omissions in the administrative parts
 - Assistance through information sessions
 - Launching of the e-procurement facility

Problems Encountered and Measures Taken (cont.)

3. Planning and Environmental Permitting Process

- Main Issues:
 - Planning permit automatically impacts the procurement process
 - Complexity of EIA and Traffic Impact Statement
 - Territorial Constraints
 - Contestation by various stakeholders
- Mitigation Measures:
 - Preparation of necessary studies at an early stage
 - Pro-active approach in terms of consultation process with a view to pre-empt potential issues
 - Intensified co-operation between MEPA and various Government Departments and Authorities
 - Involvement of MEPA at High Level Monitoring Meetings with a view to closely monitor the situation

Problems Encountered and Measures Taken (cont.)

4. Payment Process

- Main Issues:
 - Delays were noted in the processing of reimbursement claims by the IBs to the Beneficiaries of Aid Schemes
 - Administrative capacity issues within the IBs
 - Poor quality of the claims submitted
 - Complexities related to the implementation of the operation by the private Beneficiaries
 - Time-consuming checks that need to be done on a physical and documentary level
- Mitigation Measures:
 - MA monitored the backlog of claims
 - Simplified ways of claim processing
 - Adopt a language private sector beneficiaries understand

Problems Encountered and Measures Taken (cont.)



5. Regulatory Obligations

- Main Issues:
 - Preparation of CBA/Financial Feasibility Studies
- Mitigation Measures:
 - Discussions with EC to simplify apply a fixed co-financing rate for small operations



Financial Information



Fund	OP Allocation	% Committed	% Contracted	% Paid
ERDF	€522,327,095.29	81.5%	62%	48%
CF	€334,288,258.82	54.7%	73.7%	62.5%

Total OP Allocation	% Committed	% Contracted	% Paid
€856,615,354.11	71%	65%	53%

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 Event part-financed by the European Union
 European Regional Development Fund



Financial Information (cont.)

Summary - Verified, Certified and Received	Verified by MA in 2011	Certified by CA in 2011	Received from EC in 2011
	(public share, €)	(public share, €)	(EU share, €)
ERDF – January 2011	14,812,875.89	14,812,875.89	12,590,944.53
ERDF – May 2011	23,419,990.59	23,419,990.59	19,906,992.00
ERDF – September 2011	13,968,484.85	13,968,484.85	11,873,212.15
ERDF – November 2011	20,849,550.21	20,849,550.21	N/A
ERDF Total	73,050,901.54	73,050,901.54	44,371,148.68
CF – December 2010	N/A	N/A	19,866,323.8
CF – April 2011	5,095,102.70	5,095,102.70	4,330,837.29
CF – September 2011	3,411,431.58	3,411,431.58	2,899,716.84
CF – November 2011	5,616,595.25	5,616,595.25	N/A
Cohesion Fund Total	14,123,129.53	14,123,129.53	27,096,878.01
Total	87,174,031.07	87,174,031.07	71,468,026.69

Financial Information (cont.)

	Total funding of operational programme (and national)	Total amount of certified eligible expenditure paid by Beneficiaries[2]	Implementation rate in %
	a	C	e = c/a if T or
Priority axis 1	120,000,000.00	34,128,381.92	28%
Priority axis 2	120,000,000.00	21,446,472.54	18%
Priority axis 3	169,038,258.82	10,478,244.06	6%
Priority axis 4	121,000,000.00	8,744,725.42	7%
Priority axis 5	165,250,000.00	65,297,482.66	40%
Priority axis 6	149,000,000.00	41,719,900.60	28%
Priority axis 7	12,327,095.29	1,997,253.01	16%
Grand total	856,615,354.11	183,812,460.21	21%

OP towards the Lisbon Objectives

- €283,990,000 are earmarked for Lisbon Agenda related projects
- Current commitments (Community amount) sums up to €196,471,765 which is equivalent to 69% of the Programme's earmarked amount (and 58% of the new proposed earmarked allocation)

Strengthening Administrative Capacity



Administrative Capacity

Within the MA

- Change in the Head of the MA
- Change in the Head of the OP 1
- Staff turnover
- Additional capacity

Within Horizontal Stakeholders

- The capacity of other important stakeholders remained almost the same



Strengthening Administrative Capacity (cont.)



1. Capacity Building (Local Training)

Training	Participants	No of Participants
<i>'Article 55 – Revenue generating Projects'</i>	OP1	5
<i>'Cost Benefit Analysis (CBA)</i>	MA	53
<i>'The Line Ministry's Role on Monitoring and Public Procurement'</i>	LM	14
PPR for NGOs and Social Partners	NGOs & Social Partners	8
<i>Induction Training for New Beneficiaries</i>	New Beneficiaries	19
<i>Public Relations</i>	OP1	7



Strengthening Administrative Capacity (cont.)



2. Capacity Building (Local Training)

Training	Participants	No of Participants
<i>Document Retention and Basic Principles of Control: Preparing for a Spot Check</i>	MA	24
<i>Project Progress Report Template</i>	MA	53
<i>'The Line Ministry's Role on Monitoring and Public Procurement'</i>	NGOs & Social Partners	33
Train-the-Trainer Programme	OP1	31



Strengthening Administrative Capacity (cont.)



3. Capacity Building (Training Abroad)

Training Abroad	Participants	No of Participants
<i>the Structural Funds Verification Seminar: Improving Prevention, Detection and Correction of Errors.</i>	MA	1
<i>Introduction to Evaluation and Indicators for EU Structural Funds</i>	MA	1
<i>Evaluation and Monitoring of EU Structural Fund</i>	MA	1
<i>Reinforced Financial control Requirements of EU Funds – On-the-Spot-Checks, Samplings and Systems Audits</i>	MA	1
<i>“Appraising, prioritising and procuring public sector capital investment projects - What are the options?”</i>	MA	2



Monitoring by the Managing Authority



- SFD 2007-2013 (450 active users)
- Day-to-Day
- Project Progress Reporting (138 reports)
- Ministerial Project Steering Committees (26 meetings)
- Intermediate Bodies Steering Committees (6 meetings)
- High Level Meetings (167 projects reviewed)
- Monitoring Committee



Evaluation



- Mid-Term Evaluation – key milestones include:
 - 2011 revolved mainly around the finalisation of the MTE
 - Final evaluation reports for both OPs were submitted to the MA on 7th April 2011
 - Findings and recommendations were presented to the MC in April 2011



Information and Publicity



The MA continued implementation and monitoring of the Communication Plan and in 2011 amended the Communication plan in order to:

- ***align the pace of programme implementation to the timing of campaigns/actions; and***
 - ***improve the monitoring systems***
- The final set of changes were presented to the November 2011 MC.



Annual Event

- The Annual Event 2011, titled **Rotta:EU07-13** was held on Saturday 26 and Sunday 27 November 2011.
 - Six bus tours were organised in Malta and Gozo around a number of selected projects.
 - **Rotta:EU07-13** provided the public a first hand opportunity to experience and find out more about the benefits of Cohesion Policy 2007-2013 in Malta and Gozo.
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Rotta: EU 07-13

Ninvestu fil-futur tiegħek
- The event had 5 themes: Education; Employment and Training; Science and Technology; Social Inclusion and Social Dialogue

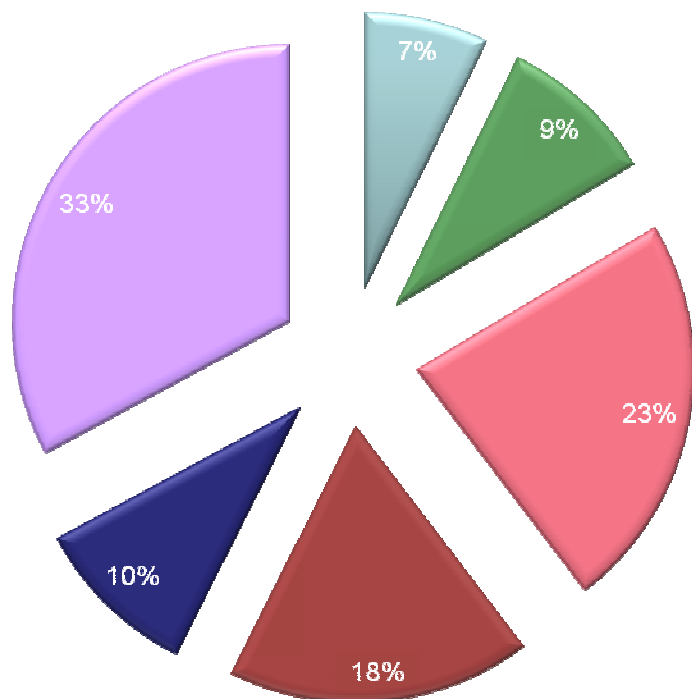
Slide 47

CM1

Clayton Mercieca (PPCD), 08/05/2012

Annual Event

■ Gozo A ■ Gozo B ■ Malta A ■ Malta B ■ Malta C ■ Malta D



400 people participated to one of the 12 tours organised

Highlights:

<http://www.youtube.com/watch?v=Tk7gex5vUZ0>

Documentary:

http://www.youtube.com/watch?v=mf7_J34MZsU

Information and Publicity (cont.)

- **Other information and publicity measures to promote OP I included:**
 - **Calls for Projects and Information Sessions for Project Promoters**
 - **Information and Publicity Networks**
 - **Website and Social Network Page**
 - **Branded promotional items were procured as giveaways to be distributed during events, meetings and information sessions**

Information and Publicity (cont.)

Information and Publicity by Intermediate Bodies in 2011

- ME - although no calls were published during 2011, 5 information sessions in relation to Call 3 were held.
- TSDU – a DVD relating to Call 2 was launched in March 2011 during a press conference held on the premises of the Beneficiary.
- DSWS – 2 calls for project proposals were published in 2011 and four information sessions were held in relation to the calls.

Changes to Operational Programme

These changes were mainly triggered by 3 factors:

- (i) the availability of funds under the Cohesion Fund registered following the savings during the contracting of the TEN-T Phase I road infrastructures as well as the withdrawal of one of the maritime projects that was foreseen through the OP (the latter following a MEPA decision that the project could not be undertaken because of heritage issues related to the site of the proposed project);
- (ii) the outcome of the Mid – Term Evaluation
- (iii) the need to further align available funds under the ERDF with the EU 2020 targets. These changes were in part firstly discussed with the Commission during the Annual Review Meeting of 28th April and subsequently consolidated and presented during the MC of 17th November 2011.

Changes to Operational Programme

The Main Changes were:

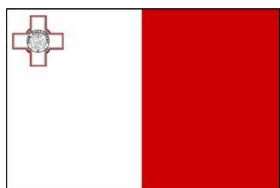
- the transfer of the NFRP Major Project from PA 4 to PA 5 (releasing substantial funds under PA 4 to be used for climate change initiatives);
- the transfer of funds from PA 3 to PA 5 (between the two Cohesion Funds Axis);
- the introduction of a new focus area under PA 4 (Resource Efficiency); and lastly an overall increase in the earmarked categories of intervention
- Alignment of the Programme indicators to the achievement or expected achievement on the ground

Concluding Remarks

As at 2011 there were:

- 79 mainstream projects and 9 Aid Schemes under implementation
- 54 Public Entities/NGOs/Local Councils were benefitting
- 637 Beneficiaries were benefitting from Aid Schemes
- 165 SME's are assisted under the JEREMIE Instrument
- 5,274 households are benefitting under one of the ERDF- approved projects
- 71% of the Programme was committed
- €179,963,227 payments were made
- €181,041,837 of eligible public expenditure was certified to the EC

Thank you



Operational Programme I – Cohesion Policy 2007-2013
Investing in Competitiveness for a Better Quality of Life
Event part-financed by the European Union
European Regional Development Fund
Co-financing rate: 85% EU Funds; 15% National Funds.



Investing in your future.

Operational Programme I – Cohesion Policy 2007-2013
Event part-financed by the European Union
European Regional Development Fund



Rotta EU07 13



Operational Programme I – Cohesion Policy 2007-2013
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