



Operational Programme I Cohesion Policy 2007-2013

Investing in Competitiveness for a Better Quality of Life

Annual Implementation Report

2007



Operational Programme I – Cohesion Policy 2007-2013
European Regional Development Fund (ERDF)
Investing in your future



Table of Contents

1. Identification
2. Overview of the implementation
 - 2.1. Achievement and analysis of the progress
 - 2.1.1 Information on the physical progress of the Operational Programme
 - 2.1.2 Financial Information
 - 2.2. Information about compliance with Community law
 - 2.3 Significant problems encountered and measures taken to overcome them
 - 2.4 Changes in the context of the Operational Programme Implementation (if relevant)
 - 2.5 Substantial modification under Article 57 of Regulation (EC) No 1083/2006 (if relevant)
 - 2.6 Complementarity with other instruments
 - 2.7 Monitoring arrangements: Activities by the Managing Authority, Monitoring Committee and other stakeholders
 - 2.7.1 Day-to-day management
 - 2.7.2 Monitoring Committee
3. Implementation by priority
 - 3.1 Priority Axis
 - 3.1.1. Achievement of targets and analysis of the progress
 - 3.1.2. Significant problems encountered and measures taken to overcome them
4. Major projects
5. Technical Assistance
6. Information and publicity
 - 6.1 measures taken to provide information and publicity on the Operational Programme
7. Concluding remarks

List of Acronyms

AA	Audit Authority
CA	Certifying Authority
CIO	Chief Information Officer
CF	Cohesion Fund
DoC	Department of Contracts
EAFRD	European Agricultural Fund for Rural Development
EEA	European Economic Area
EC	European Commission
EFF	European Fisheries Fund
EIB	European Investment Bank
EIF	European Investment Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
FIFG	Financial Instrument for Fisheries Guidance
IAID	Internal Audit and Investigations Directorate
IB	Intermediate Body
JASPERS	Joint Assistance to Support Programmes in European Regions
JEREMIE	Joint European Resources for Micro to Medium Enterprises
MA	Managing Authority
MC	Monitoring Committee
MEPA	Malta Environment and Planning Authority
MFEI	Ministry of Finance, the Economy and Investments
NGO	Non-Governmental Organisation
OPI	Operational Programme I
OPII	Operational Programme II
OPM	Office of the Prime Minister
PPCD	Planning and Priorities Co-ordination Division
PSC	Project Selection Committee
SAMB	State Aid Monitoring Board
SEA	Strategic Environment Assessment
SFD07	Structural Funds Database
SD	Sustainable Development
SDO	Staff Development Organisation
SPD	Single Programming Document

Introduction

This document provides for the first annual report for the implementation of the ERDF Operational Programme I entitled "*Investing in Competitiveness for a Better Quality of Life*" in fulfillment of Article 67 of Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999.

This report includes information on the physical progress made in implementing the Operational Programme. The report also includes information on the steps taken by the Managing Authority and other stakeholders to ensure the quality and effectiveness of implementation; a summary of any significant problems encountered in implementing the Operational Programme and any measures taken to overcome them; complementarity with other instruments; information about compliance with Community law; changes in the context of the implementation of the Operational Programme; information on the major projects; the use of the technical assistance; and the measures taken to provide information on and publicise the Operational Programme are also presented in this report.

Chapter 1 - Identification

OPERATIONAL PROGRAMME	Objective Concerned: Convergence
	Eligible area concerned: Malta
	Programming period: 2007-2013
	Programme number (CCI No): 2007MT161PO001
	Programme Title: Operational Programme I - Investing in Competitiveness for a Better Quality of Life (Cohesion Policy 2007-2013)
ANNUAL IMPLEMENTATION REPORT	Reporting year: 2007
	Date of approval of the annual report by the Monitoring Committee: 23 rd June 2008

Chapter 2 - Overview of the implementation

2.1 Achievement and analysis of the progress

2.1.1 Information on the physical progress of the Operational Programme

During 2007, implementation activities of the Operational Programme (OP) I, co-funded by the European Regional Development Fund – ERDF- and the Cohesion Fund - CF), focused on the finalization of the negotiation process and official launch of the Operational Programme; the setting up of the implementation system; the launching of calls for project proposals and the preparation of the first batch of major projects; co-operation with regard to the JASPERS and JEREMIE Initiatives; as well as strengthening the institutional capacity of the different stakeholders. In this context, information on the physical progress of the OP vis-à-vis indicators cannot be provided given that no projects have been implemented. This information can only be provided once the implementation of projects gets underway.

a) Finalisation and Official Launch of the Operational Programme:

Malta's Operational Programme I *"Investing in Competitiveness for a Better Quality of Life"* for the period 2007-2013 sets out a strategic plan for the use of the European Regional Development Fund (ERDF) and Cohesion Fund (CF). Following a detailed sectoral analysis, a strategy was mapped out focusing on an overall objective to develop and generate economic growth based on competitive economic activities, underpinned by adequate physical infrastructure, leading to a better quality of life for the Maltese citizens. This general objective will be achieved through the attainment of a number of specific objectives, clustered in two main strategic objectives of sustaining a growing and knowledge-based competitive economy and improving Malta's attractiveness and quality of life. The strategy is then translated into an action plan comprising seven Priority Axes:

- Enhancing Knowledge and Innovation
- Promoting Sustainable Tourism
- Developing the TEN-T
- Upgrading Services of General Economic Interest
- Safeguarding the Environment
- Urban Regeneration and Improving the Quality of Life
- Technical Assistance

Each Priority Axis is further divided into a number of Focus Areas of intervention.

The negotiations on the Operational Programme I (OP I) were finalised in the second quarter of 2007. The main issues of activity during 2007 centred on drafting Chapter 5 – Implementing Provisions as well as finalization of indicators (including a revision of the ex-ante evaluation carried out in 2006) and conclusion of the Strategic Environmental Assessment (SEA). The final official submission of OP I was made to the European Commission on 29 May 2007. The OP I was approved by a Commission Decision on 26th June 2007. The official launch event was held on Wednesday 18th July 2007 in Valletta¹.

The launch event was attended by the Hon. Prime Minister Dr. Lawrence Gonzi; the Chairperson to the NSRF Committee and the then Parliamentary Secretary within the Ministry of Finance, the Hon. Tonio Fenech; the Principal Permanent Secretary Dr. Godwin Grima; Mr. Alejandro Checchi Lang, at the time Director for Malta, Italy, Portugal and Spain within DG Regional Policy; Mr. Peter Stub Jurgensen, Director, Monitoring of Corresponding National Policies II, DG Employment; the Head of the Commission Representation in Malta as well as other senior officials from the Maltese

¹ Both of Malta's Operational Programmes (2007-2013) were launched during a joint event.

administration and Commission desk officers in DG Regio and DG Employment. The event attracted also a significant number of representatives of the socio-economic partners, civil society as well as economic operators and members of the general public. Over 200 participants attended the event.

The launch event was organized in the form of a conference. Strategic themes related to the main objectives of the Operational Programme were presented and discussed during four specific panel sessions. The four panel sessions focused on *Enhancing Enterprise, Research and Innovation; Quality of Life for all Citizens; Education, Employment, Capacity Building and Social Inclusion; and Gozo - Promoting Territorial Cohesion*. Before each session a DVD was presented which introduced the results achieved in the relevant areas through Cohesion Policy 2004-2006 and highlighting how the relevant (2007-2013) Operational Programme will build on these results through the different Priority Axes. Moreover, during each session a panel of experts from the public sector as well as the socio-economic partners, were invited to make a short intervention after which the floor was open for questions and discussions.

b) Setting up of the Implementation System:

(i) Identification of the Main Horizontal Stakeholders

The Planning and Priorities Co-ordination Division (PPCD) within the Office of the Prime Minister has been designated as the Managing Authority (MA) in terms of Article 59 of EC Regulation 1083/2006. The PPCD also acts as the overall co-ordinator of Cohesion Policy in Malta and has the overall responsibility for the programming, project selection, management, co-ordination and monitoring of the 2007-2013 Structural Funds Programme.

PPCD is responsible for the functions established in Article 60 of Regulation EC/1083/2006 as well as the additional responsibilities listed under Chapter 5 (section 5.1.1) of the Operational Programme. PPCD is set up in line with the established national procedures of the Government of Malta and it will carry out the tasks and functions of a MA as described hereunder in full accordance with the institutional, legal and financial systems of Malta.

The Managing Authority has the overall responsibility of the Programme and the co-ordination between the various relevant key stakeholders. The Division is headed by a Director General who is also the Head of the Managing Authority. During the period under review, most of the activities undertaken with regard to the Programme including the co-ordination of the negotiations on the Programme; the organisation of the launch event; the setting up of the Monitoring Committee, the Project Selection Committee and the Appeals Board; the preparation of application forms, guidance notes and issuing of the calls for project proposals; the evaluation of projects and the setting up of the implementation system were primarily undertaken by the PPCD.

The PPCD also sought to strengthen its administrative capacity in view of the continued implementation of the 2004-2006 SPD as well as the start of implementation of OP I under the new financial perspectives. With regards to OPI, in 2007 the Managing Authority set up a unit headed by a Senior Manager and included also two Project Managers and two EU Fund Officers, all reporting to the Director General. In addition, horizontal issues such as publicity measures, financial control, evaluation and collection of data (SFD) were carried out using the capacity in other units within the Managing Authority.

During the period under review, the Certifying Authority as well as the Audit Authority were identified². The functions of the Certifying Authority are specified under section 5.1.2 of the OP. During 2007, the Certifying Authority was mainly involved in opening the relevant accounts to receive the Funds from the Commission as well as receiving the advance payment of € 8,879,560.62 for ERDF and € 7,103,625.50 for Cohesion Fund which were both received on 12th July 2007. During 2007 the

² The EU Paying Authority Directorate and the Internal Audit and Investigations Directorate respectively.

Certifying Authority also strengthened its administrative capacity to deal with the 2004-2006 Programme and the new responsibilities of the 2007-2013 OPs.

The functions of the Audit Authority as established under Section 62 of EC Regulation 1083/2006 are included under section 5.1.3 of the Operational Programme. During 2007, the Internal Audit and Investigations Directorate, as the Audit Authority, strengthened the administrative capacity of the Structural and Cohesion Funds' Audit Unit, which is also responsible for audits and winding-up of Structural and Cohesion Funds for the programming period 2004-2006. The Internal Audit and Investigations Directorate is also the Compliance Assessment Body under Article 71 of EC Regulation 1083/2006 and the interlocutor of DG OLAF (European Anti-Fraud Office).

During 2007 the Audit Authority as far as OPII is concerned, was mainly focused on drafting the audit strategy in accordance to Article 62 (1) (c) of Council Regulation 1083/2006. This Audit Strategy comprises the system audits and audits on operations that will be carried out throughout the programming period, the methods to be used, the sampling methods for audits on operations and the indicative plan to ensure that the main bodies are audited and that audits are spread evenly throughout the programming period. During 2007, the Audit Authority participated also in various technical meetings organised by the European Commission and provided feedback on a number of draft European Commission audit guidelines such as the Sampling Guide for the Structural Funds 2007-2013 to be applied by the Audit Authorities for the auditing of operations.

(ii) Monitoring Committee

In compliance with Article 63 of Council Regulation (EC) 1083/2006, laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, and in compliance with the Commission Decision approving the NSRF and the Commission Decision approving the Operational Programme, Malta has established a Monitoring Committee (MC). The Monitoring Committee for the 2007-2013 Programme includes representatives of Government, socio-economic partners and civil society as well as the European Commission.

The Monitoring Committee met for the first time on 19th July 2007.³ During this meeting the MC approved its own terms of reference and considered and approved the selection criteria for selecting operations.⁴ A second meeting of the Monitoring Committee was held on the 5th December 2007 during which the MC approved the eligibility and selection criteria for the Aid Schemes under Article 87 of the Treaty. The changes proposed during the MC were thereafter circulated amongst the members of the MC for approval by written procedure. These changes were approved by the MC on 20th February 2008. The OP I Technical Assistance indicative planned budget breakdown and the Communication Plan 2007-2013 were also presented, discussed and approved during the December meeting.

(iii) Structural Funds Database 2007 – 2013

In line with Articles 60 (c), 66 (3) and 76 (4) of EC Regulation 1083/2006, PPCD has developed a Structural Funds Database (SFD 07-13) for the programming period 2007-2013. The core functionality of this SFD 07-13 was finalised in May 2007. The SFD 07-13 is a completely new system built on the lessons learnt from the database system used for the 2004-2006 programming period. It is a web-based Database Management System (DBMS) providing for financial and physical indicators. During 2007, the PPCD together with the CIO (OPM) focused mainly on the finalisation of the development of the new system and the initial testing following a thorough review of user accounts based on the government ICT security policy.

During 2007 a number of focused meetings both with stakeholders and the Malta Information Technology and Training Services Ltd (MITTS) personnel were held. In April, an introduction to the

³ The Programme was launched on 18th July and the MC met on the following day.

⁴ With the exception of the selection criteria for selecting operations under aid schemes (Article 87 of the Treaty)

SFD was included as part of the induction course to new recruits mentioned under sub-section 2.1.1 (i) below. In June, a walk-through of the new SFD (core component) was organised with various Senior and Programme Managers at PPCD. Further sessions were also held with Treasury, which is one of the most important stakeholders in the project, where the specific requirements of the new payment module were discussed⁵.

In December, a new position of Systems Administrator was created within the Managing Authority to manage the SFD 07-13. This enabled PPCD to start a more rigorous testing programme, in house training to the users at different levels, together with more enhancements to the system. Furthermore, the new online help system was initiated, based on feedback from the users.

c) Calls for Project Proposals under ERDF Operational Programme I

Following the approval of the selection criteria by the Monitoring Committee, one call for ERDF project proposals under Operational Programme I was launched on 25th July 2007 for proposals under Priority Axis 1: Focus Areas – *Enterprise Infrastructure and Investment in RTDi and RTDi-related Infrastructure and ICT*; Priority Axis 2: Focus Areas – *Product Development and Niche Market Development and Branding*; and Priority Axis 6: Focus Areas – *Internal Mobility and Education, Social and Health-related Infrastructure*. Further information on the calls for project proposals can be found under section 3.1.1 of this report. Application forms and guidance notes were prepared by the Managing Authority. The call was published via a press release with advertisements in a number of leading newspapers (Maltese and English).

A number of repeated information sessions were organised vis-à-vis the afore-mentioned call by the Managing Authority for potential applicants to support them in the application process. The sessions were published in leading Maltese and English newspapers and all interested stakeholders were invited to participate. The sessions for the first call for project proposals were held on 6th August, 9th August and 10th August, 2007. A total of 163 individuals attended the information sessions. Following the information sessions a list of frequently asked questions was posted on the PPCD website to give additional guidance to applicants (even those unable to attend the information session) in filling in the ERDF Application Form.

The calls for proposals remained open for six weeks and seventy-four (74) applications were received.

d) Project Selection

The Project Selection Committee (PSC) for projects co-financed under the OP I (2007-2013) was set up by Cabinet in the last quarter of 2007 to evaluate proposals and select projects. The draft PSC Terms of Reference were drawn up by the Managing Authority and discussed and approved by the PSC during its first meeting on 2nd October 2007.

The main functions of the PSC include:

- Evaluating and assessing the projects submitted in line with the objectives of the NSRF, OPI and the relevant criteria approved by the Monitoring Committee;
- Ranking projects in line with the criteria and the funds available;
- Drawing up a list of projects to be funded by ERDF in line with the order of precedence established through the ranking exercise and in line with the available budget.

The PSC is presided over by the Managing Authority. During project appraisals, the Chair convenes the PSC as often as necessary. The first round of project evaluation took place in 2007. During 2007, the OP I PSC met twenty-four (24) times. The PSC has discretion to request more information

⁵ In 2008 the other components of the system (outside the core component) such as the verification and certification are expected to be finalized by the developers.

from the applicants should it be required to adequately assess the project proposals. It also has the right to seek technical advice from experts according to the project that is being discussed. For transparency's sake, the PSC conducted all its business (especially in terms of queries sent to applicants) in writing.

An appeals procedure was also established whereby a Projects Selection Appeals Board (PSAB) was set up. The PSAB is presided over by the Principal Permanent Secretary. A rejection letter is sent to unsuccessful applicants with an indication of the criteria where the project failed to reach 50% of the marks and applicants are informed about the possibility to appeal from the decision taken by the PCS; the time-window available for appeals and what is required for the appeal to be considered.

As at end 2007, the project selection process was still ongoing.

e) Preparation of Major Project Applications

The Operational Programme identifies a number of Major Projects⁶. During 2007 work started in earnest on the first phase of the Road Infrastructure project (Cohesion Fund - Priority Axis 3); the Waste Water project (ERDF - Priority Axis 4); and preparations for the Storm Water Project (Cohesion Fund – Priority Axis 5). With regard to the Waste Water project, the first draft of the application form was sent to the European Commission and comments were received. As at end of 2007, discussions (on the application form) were still ongoing. In 2007, the works tender was also issued for this project. With regard to the other two projects, expertise was sought from the EIB via the JASPERS Initiative and most of the work in 2007 focused on collecting the relevant data for the application form. Whilst at end of 2007, the Roads project was at a considerable advanced stage, the Storm Water project (due to its complexity and size) was still in the preparatory phase with preliminary studies also undertaken with JASPERS support. In all three cases, work for 2007 also included discussions with the relevant regulatory authorities, including MEPA.

During 2007 a number of discussions were also held with JASPERS experts on the waste management major projects foreseen under Priority Axis 5 funded by the Cohesion Fund.

Progress on the major projects is available under section 4 of this report.

f) JASPERS and JEREMIE

Jaspers (Joint Assistance to Support Programmes in European Regions) and JEREMIE (Joint European Resources for Micro to Medium Enterprises) are two Initiatives of the European Commission designed to help Member States in the preparation of major projects and financial engineering instruments respectively. Malta has indicated its intention to use JEREMIE in order to implement the actions under Focus Area *Financial Engineering*, under Priority Axis 1. With regard to major projects, the OP identifies a number of major projects under different Priority Axes, primarily in the transport, environment and energy sectors.

During 2007, Malta signed the first Action Plan with the EIB regarding assistance from JASPERS. The projects identified for assistance were: *Storm Water Management Infrastructure; Restoration of Historical Fortifications; Upgrading of the Ten-T Road Network; Modifications of Boilers at the Delimara Power Station to Reduce Emissions; Mechanical Biological Treatment Plants; Rehabilitation of Landfills; Repair and upgrading of M'Xlokk and Valletta Breakwaters & the Refurbishment of the DWQ and New Roro Berth and the Refurbishment/Upgrading of Breakwaters and other Marine Infrastructure*. Experts were identified and sourced by the EIB (at no cost to Malta or to the project) in the different areas a number of JASPERS missions were organized. In some cases, e.g. in the case of the Roads project as well as in the case of the Storm Water project, it was agreed that the experts

⁶ In line with Article 39 of Regulation EC 1083/2006 major projects are defined as operations financed under the ERDF and the Cohesion Fund whose costs exceed EUR 25 million in the case of the environment and EUR 50 Million in other fields. In line with Section 5.3.7 of the OP no public calls are issued for major projects.

would come to Malta for a period of a number of months /weeks to prepare (in conjunction with the Maltese Authorities) the relevant tasks. This expertise has proved to be very useful for Malta in that the experts have not only provided valuable input to the preparation of the project but also the Maltese Authorities with new contacts that can support them with regard to solving issues as they arise. During 2008, the JASPERS assistance is expected to continue.

With regard to JEREMIE, an Analysis of the SME Access to Finance in Malta (funding gap analysis) was conducted and finalized by the EIF in 2007. Two meetings were held in Malta with the EIF and the relevant stakeholders to discuss the documents as well as to map a way forward for Malta to mobilize JEREMIE. The EIF has signaled its endorsement to the Maltese proposal and a draft agreement has also been sent by the EIF. At the end of 2007, the agreement was still being discussed.

g) Evaluation

During 2007, Malta revised the ex-ante evaluation for OP I which was drafted in 2006. The 2007 revision concerned mainly the evaluation of the Programme indicators which finalized on 29th May 2007.

In line with Article 48 of Council Regulation (EC) No 1083/2006, during 2007 Malta has prepared a draft Evaluation Plan to provide a framework for the evaluation of the two OPs for the programming period 2007-2013. The Evaluation Plan outlines the ongoing monitoring systems being set up, the mid term evaluation exercises and makes provisions for other thematic evaluations being planned between 2010 and the end of the programming period. A bilateral meeting was held with DG REGIO to discuss the planned evaluation activities for the 2007-2013 periods. During the last quarter of 2007, the document was sent informally to the EC and as at end of 2007, discussions were still ongoing.

h) Indicators, physical progress and financial information

Information about quantifiable indicators (data) and financial information (i.e. Priority Axes by source of funding expressed in Euro) cannot be provided in the AIR 2007 since no operations were implemented in 2007, except in respect of the Technical Assistance. The financial information concerning the use of the Technical Assistance is presented in section 2.1.2. Nevertheless, it is important to point out that the expenditure was incurred from the National pre-financing allocation and has not yet been claimed from the Structural Funds. The only Funds received are related to the advance payment in terms of Article 82 of Regulation 1083/2006.

i) Administrative capacity

A number of activities have been carried out to strengthen the administrative capacity within the Managing Authority and other stakeholders. Apart from a number of calls that have been issued to increase capacity in the Managing Authority, the Certifying Authority, the Audit Authority as well as other horizontal stakeholders such as the Treasury and Line Ministries, a number of capacity building measures in line with the Training Strategy have also been undertaken during 2007. These include:

- induction training sessions for 26 new EU fund and Programme Managers, held on 11-26 April 2007, organised by PPCD in conjunction with SDO. These consisted of 11 training modules spread over 8 days and formed part of PPCD's Capacity Building for Structural Funds Stakeholders' Training Strategy;
- a training seminar on '*Structural Funds Implementation and Related Responsibilities*' for Directors Programme Implementation⁷, held on 26th April 2007. A total of 22 directors attended the event;

⁷ The new co-ordinating cells within the Line Ministries.

- a training seminar on 'Appraisal, Audit and Controls: How to Detect and Correct Irregularities', held on 7th and 8th May 2007, organised by PPCD in conjunction with SDO and the European Training Centre in Paris. 26 officers participated in this training course;
- three-hour information sessions that were organised on the 6th, 9th and 10th August 2007 for potential Beneficiaries under ERDF OP I. A total of 163 persons participated;
- a seminar entitled 'The Role of the European Court of Auditors as the EU's External Auditor and the Control Framework Applied by the EU Commission', that was held on 2nd August 2007. This seminar was organised jointly by IAID, PPCD and the European Court of Auditors. A total of 28 participants, attended the seminar;
- a seminar entitled *Workshop on the New Structural Funds Regulation for 2007-2013* organized by the Commission Audit Services and IAID. This seminar was held on 24 – 25 October 2007 and a total of around 30 participants, attended the seminar.

Moreover, staff (from the different stakeholders) working on OP I have also attended a number of meetings and/or training seminars that were organised abroad.

2.1.2 Financial information

During the year under review, expenditure (from the Government's pre-financing arrangement) was only incurred with respect to the Technical Assistance. For the Priority Axes, no projects were implemented since during 2007, the Programme was still in the project selection phase.

Table 2.1: Priority Axes by source of funding (€)

	Expenditure paid out by the beneficiaries included in payment claims sent to the managing authority	Corresponding public contribution	Private expenditure ⁸	Expenditure paid by the body responsible for making payments to the beneficiaries	Total payments received from the Commission
<u>Priority Axis 7:</u> Technical Assistance					
<u>Specify the Fund:</u> ERDF/CF					
<u>Of which ESF type expenditure</u>	695.36	695.36	N/A	0	0
<u>Of which ERDF type expenditure</u>	63,060.08	63,060.08	N/A	0	0
Grand Total	63,755.44 *	63,755.44 *	N/A	0	0

* The expenditure incurred in 2007 corresponds to the amount that was incurred by the Office of the Prime Minister from the national funds and will eventually be claimed from Structural Funds. €20,871.28 was also committed in 2007 for which payments are incurred in 2008.

a. Information about the breakdown of use of the Funds

⁸ Only applicable for operational programmes expressed in total cost

Commission reference No: 2007MT161PO001

Name of the Programme: Operational Programme I – Investing in Competitiveness for a Better Quality of Life (Cohesion Policy 2007-2013)

Date of the last Commission decision for the Operational Programme concerned: 26th June, 2007

The breakdown by categorisation of intervention including the categories by code of intervention and code category is listed within the OP I (pages 98 - 99). However, information about the breakdown of use of funds by category for operations was not available in 2007 since the project selection process was completed in 2008.

As explained under section 2.2.2 only expenditure related to the TA was incurred by the Maltese authorities, which as yet has not been certified to the European Commission.

Table 2.2: Cumulative breakdown of allocations of the Community contribution by category.

Priority Theme	Form of Finance	Territory	Economic Activity	Location	Amount Committed
85 – Preparation, implementation, monitoring & inspection	01 – Non repayable aid	03 - Islands	00 – Not applicable	MT0 - Malta	69,212.4
86 – Evaluation & studies; information & communication	01 – Non repayable aid	03 - Islands	00 – Not applicable	MT0 - Malta	15,414.32
Total					84,626.72

The amount indicated above is the total expenditure committed in 2007, of which actually paid is € 63,755.44.

b. Assistance repaid or re-used

As at end of 2007 Malta had not made any financial corrections/modifications to the use of assistance co-financed by the ERDF i.e. assistance repaid or re-used following cancellation of assistance as referred to in Articles 57 and 98(2) of the Regulation (EC) No 1083/2006.

c. Qualitative analysis

As indicated under section 2.1.1, given that no project implementation activities were undertaken in 2007, a qualitative analysis on the progress achieved in relation to the targets set out initially cannot be provided.

- **Operational Programme towards the Lisbon Objectives**

In accordance with Article 9 (3) of Regulation (EC) No 1083/2006, the assistance co-financed by the Funds shall target the European Union priorities of promoting competitiveness and creating jobs, including meeting the objectives of the Integrated Guidelines for Growth and Jobs (2005 to 2008) as set out by Council Decision 2005/600/EC of 12 July 2005. Although Malta is not bound by the targets of Earmarking, Malta has participated voluntarily in the Lisbon Earmarking exercise for this OP. . This effort is clearly demonstrated given that Malta is more than doubling its efforts (in percentage

terms)⁹ towards the earmarking process when comparing categories of expenditure under the 2004-2006 SPD with the 2007-2013 Programme. OP I's indicative earmarking portion of Community funds add up to EUR 283.99 million which is roughly equivalent to 33.80% of the NSRF's Community funds and around 40% of the OP Community share.

In terms of the National Reform Programme (NRP), at the application stage, applicants were also required to indicate towards which of the National Reform Programme (NRP) Strategic Themes (i.e. sustainability of public funds, competitiveness, employment, education and training and environment) the project will contribute. The applicants were also asked to describe *how* the project will contribute towards the NRP Strategic Themes selected whilst making reference to the NRP.

Given that in 2007, the project selection process was still underway, it is not possible to indicate towards which category projects will be contributing.

▪ **Equal Opportunities**

Equality between men and women and the integration of the gender perspective is promoted during the various stages of implementation of Operational Programme I in accordance with Article 16 of Regulation EC/1083/2006.

Moreover, Government is committed to ensure that all interventions financed under this Operational Programme demonstrate commitment to respect the principles of non-discrimination and equal opportunities. In line with the above-mentioned objectives, efforts will be made to address gender balance in all decision-making and implementation processes, to further ensure that the gender dimension is given due regard insofar as this is feasible and practicable. Where structural barriers for gender balance exist, effort will be made to work towards elimination.

The Maltese Government is committed towards the promotion of equal opportunities. To ensure that the Operational Programme supports the Government's commitment towards equal opportunities, the document was prepared in conjunction with persons who have good knowledge of gender issues and equal opportunities in Malta. During the drafting of the Operational Programme, the Ministry for the Family and Social Solidarity (MFSS)¹⁰, as the drivers of equal opportunities in Malta and the National Commission for the Promotion of Equality within MFSS, which is the body responsible to monitor the implementation of Equality for Men and Women Act (CAP 456) and to promote equality in spheres where it may be lacking, were continuously consulted to ensure that gender issues, as well as all other forms of discrimination emanating out of Article 13 of the EC Treaty, were taken into account with the Operational Programme as appropriate. This continuous consultation has led to the incorporation of equality of opportunities as an underlying horizontal theme across the Operational Programme.

Equal opportunities are being integrated at the individual project level. Projects must contribute to the attainment of the horizontal priority of Equal Opportunities, in its broadest sense. Prospective Beneficiaries have been encouraged to consider steps to prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. In fact, at application stage, applicants are being required to demonstrate that they have considered equal opportunities at all stages of the design of the project, particularly with regards to accessibility for disabled persons to. Equal opportunities are given due consideration during the project selection process. In fact, promotion of equal opportunities is one of the selection criteria. During project selection marks are being awarded to applicants who make an extra effort to integrate effectively the horizontal priorities into the project.

⁹ The increase in real terms is exponentially higher than the percentage increase due to the amount of funds available under the 2007-2013 Programmes.

¹⁰ The new Ministry for Social Policy

- **Partnership**

In line with the provisions of Article 11 of the Regulation 1083/2006 the Managing Authority has worked in partnership in different phases of the preparation of the OP and initial stages of implementation and monitoring.

Within the context of the preparation of the OP, economic and social partners, civil society organizations and the general public were involved. As explained in Section 1.6 of the Operational Programme, these bodies were actively involved during workshops and public dialogues in the preliminary drafting stages of the OP and thereafter in public consultation of the published draft OP. In addition, the draft OP was formally presented to the extended Malta Council for Social and Economic Development (MCESD) for consultation. MCESD serves as a consultative and advisory body on matters of economic and social policy. It is a tri-partite body which represents interests from Government, Unions and Employers. This Council also houses a committee representing civil society interests. This body was established by an Act of Parliament (Act No XV) in 2001 as a body corporate having a distinct legal personality.

In terms of monitoring, in line with Article 63 of the Regulation 1083/2006 a Monitoring Committee (MC) has been set for the OP. The partnership principle is taken into account with regard to the composition of the MC. The MC is composed of Government representatives, socio-economic partners, civil society organizations and the European Commission. The European Investment Bank can also participate in the proceedings of the MC whenever it is appropriate. The socioeconomic partners represent trade unions and employers association. The civil society organizations on the Monitoring Committee represent the equal opportunities, social inclusion and environmental sectors organizations.

- **Environmental Sustainability**

The Government is committed to making an effort to integrate environmentally-friendly considerations into the Programme, throughout all Priority Axes. The Programme also has the objective of low carbon which has also been translated into the Project Selection Criteria.

At the project level projects must seek to contribute to the attainment of the horizontal priority of Environmental Sustainability, in its broadest sense. Prospective Beneficiaries have been encouraged to consider steps to integrate sustainable development into the project and contact persons have also been provided to support prospective applicants in this regard. At application stage, applicants are being required to demonstrate that they have considered environmental issues and that these will be mainstreamed throughout the project's aims and operations. Environmental sustainability is also given due consideration during the project selection process with marks being awarded to projects that clearly demonstrate an effort to integrate effectively the Programme's horizontal priorities, including sustainable development, into the project.

Carbon impact is an overarching indicator for all project proposals. Government has set itself an ambitious target and it is important that applicants reflect well on the issue of climate change, including energy and resource efficiency, when designing projects. Projects should aim to promote the achievement of a low to neutral Carbon impact and possibly go beyond this, to achieve a neutral Carbon status, during, as well as after project implementation.

This means that interventions envisaged under OP I will have to demonstrate that they have considered environmental and climate change issues (where applicable) in the design and implementation of their projects.

2.2. Information about compliance with Community law

To date no significant problems relating to the compliance with Community law have been encountered.

2.3 Significant problems encountered and measures taken to overcome them

The main problem that was encountered in the implementation of the Operational Programme was that there were some delays in the project selection process due to limited human resources. Nonetheless action has been taken in the last quarter of 2007, beginning of 2008 and new staff has been appointed to facilitate the implementation of the Operational Programme. Moreover, efforts are being made to strengthen the project selection process.

Further to the above, no serious problems have been identified under the procedure in Article 62 (1) (d) (i) of Regulation (EC) No 1083/2006.

2.4 Changes in the context of the Operational Programme implementation (if relevant)

During 2007, no issues relating to elements which do not stem directly from the assistance of the OP and which have a direct impact on the implementation of the OP were encountered.

2.5 Substantial modification under Article 57 of Regulation (EC) No 1083/2006 (if relevant)

To date no substantial modifications have been made under Article 57 of Regulation (EC) No 1083/2006.

2.6 Complementarity with other instruments

In accordance with Article 9(4) of Regulation EC/1083/2006 the Managing Authority shall co-ordinate assistance from the Operational Programme co-financed by the ERDF and Cohesion Fund with assistance from the Operational Programme co-financed by the ESF, the programmes financed by the European Agricultural Fund for Rural Development (EAFRD) and the European Fisheries Fund (EFF), the interventions of the EIB, where applicable, and of other existing financial instruments. Moreover, OP I is complemented by investments under ESF OP II, particularly those areas addressing education, training, employment and occupational health.

The PPCD has the overall responsibility for the co-ordination of all Structural Funds (including ERDF and ESF) and the Cohesion Fund. In addition the same Division also acts as National Aid Co-Ordinator for Malta's Pre-Accession Aid, the Transition Facility and a number of bilateral instruments including the EEA/Norway Financial Mechanisms. Having the management of these financial instruments all centralised under one Division ensures that there is coordination and complementarity between the Funds but no duplication in the activities funded. Moreover, the NSRF foresees the establishment of a number of co-ordination structures to ensure complementarity and no overlaps or duplication between the different Funds and Programmes/Initiatives.

Complementarity and consistency between different financial instruments includes:

a) ERDF and ESF

Infrastructural investments supported by the OP I are complemented by human resources investments under ESF OP II, particularly those areas addressing education, training, employment and occupational health.

b) ERDF and EAFRD / EFF

The agriculture and fisheries sectors have been separated from mainstream Cohesion Policy under the 2007-2013 Programmes. The sectors will be supported by the European Agricultural Fund for Rural Development (EAFRD) and the European Fisheries Fund (EFF) respectively having separate

strategies and Programmes. The National Strategic Reference Framework (NSRF) highlights the consistency and complementarity between the Structural Funds and the EAFRD and the EFF. During 2007, the EAFRD and EFF Programmes were not yet officially approved by the European Commission.¹¹

The linkage between OP I's objectives and the objectives of the Rural Development Strategy is highlighted in three main focus areas: the issue of competitiveness of the agri-business sector, sustainable environmental development and the enhancement of the quality of life. The OP's objectives of sustaining a growing knowledge-based competitive economy and improving Malta's attractiveness and the quality of life are consistent with the Rural Development Strategy.

Similarly, the linkages between OP I's objectives and those of the Fisheries Strategy focus on two main issues. One of these issues is the competitiveness of the business sector and thus the enhancement of the quality of life of the proportion of the Maltese population, dependant, to varying extents to this industry for its livelihood. Another important issue that links OP I to the Fisheries Strategy is that of sustainable coastal and environmental development. This ties in neatly with OP I's endeavour to promote the importance of the physical, natural and coastal environment in terms of both economic performance, as well as the quality of life enjoyed by the Maltese population.

c) ERDF and other R&D Programmes, CIP, LIFE

During the 2007-2013 period, Malta will also benefit from a number of Community Programmes. Of particular relevance to OP I are the 7th Framework Programme for R&D; the Competitiveness and Innovation Framework Programme (CIP) and the environment Programme LIFE. As regards R&D, infrastructural actions under this OP will be directed towards building capacity of national research infrastructure including the procurement of equipment and the development of local centres of excellence. There will be no overlap with the FP7 Capacities Programme, since the latter has a wider scope and is aimed at the development of large-scale collaborative infrastructure for use of multiple Member States.

With regard to access to the CIP, Malta is looking at OP I to co-finance access to finance for SMEs and capacity building in the same area. In the field of financial engineering, Malta's use of JEREMIE will be complementary to opportunities under the CIP.

The environment has been the largest beneficiary sector under Cohesion Policy 2004-2006 and continues to be an important sector for the 2007-2013 Cohesion Policy Programmes, particularly OP I. Under this OP, Malta will be focusing on primarily large infrastructural projects in the areas of waste management, waste water, storm water management and risk prevention; air quality and emissions control.

d) Structures

The NSRF foresees the establishment of a number of co-ordination structures to ensure complementarity and no overlaps or duplication. The terms of reference of these Committees will be drawn up by the MA in conjunction with the management structures of the other Programmes. The Committee will meet at least once a year and will also include the participation of the relevant Intermediate Bodies. Given that the EAFRD and EFF programmes were not yet approved, the Committee did not meet in 2007.

¹¹ The Rural Development Committee approved Malta's programme on 20 December 2007. The Commission officially approved Malta's programme on 18 February 2008.

2.7 Monitoring arrangements: Activities by the Managing Authority, Monitoring Committee and other stakeholders

2.7.1 Day-to-Day Management

Each Projects Manager within the Managing Authority has been assigned a number of operations under one or more Priority Axis thus allowing regular contact with the individual Project Leaders and establishing a thorough understanding of the individual operations and their respective specificities. The main function of the desk officers within the PPCD is to follow closely the projects assigned and to bring to the attention of the superiors any issues which need resolving. The desk officers are also liaising with other stakeholders to ensure that implementation is as smooth as possible.

Moreover, day-to day monitoring is also undertaken through the new SFD07 which is expected to be operational in mid-2008. The SFD07 shall assist the Managing Authority to monitor the progress of the Operational Programme, particularly in monitoring ongoing progress of both payments and indicators.

2.7.2 Monitoring Committee

Throughout 2007, two Monitoring Committee (MC) meetings were organised. The first meeting was organised on Thursday 19th July 2007. The main points discussed during this meeting include the adoption and approval of the MC's Terms of Reference and the approval of the proposed criteria for selecting the operations in line with Article 65 of EC Regulation 1083/2006.

During the second meeting which was held on the 5th December 2007, the criteria for Aid Schemes and the common eligibility and selection criteria for Aid Schemes were presented to the MC. Consequently the MC discussed and approved¹² the criteria for approving operations under the *Grant Scheme for Sustainable Tourism Projects by Enterprises and other organizations*; *Grant Schemes for the Manufacturing and related Services Industries*; *Grant to Industry on Occupational Health and Safety*; *Scheme for Child Care Facilities* and *Non-domestic Schemes for Renewable Energy Sources (RES) / Energy Efficiency (EE)*. The Monitoring Committee called for clarification and amendment to some of the criteria as well as the structure for Grant Schemes for Environmental Improvements: *Stimulating Environmental Excellence in Maltese Enterprises* proposed on 5th December by MEPA. On the day the ERDF Technical Assistance plan and the Draft Communication Strategy were also presented by the Managing Authority.

¹² Criteria were approved through written procedure on 20th February 2008.

Chapter 3 – Implementation by Priority

3.1 Priority Axis

3.1.1 Achievement of targets and analysis of the progress

- Information on the physical and financial progress of the relevant Priority Axes

As already indicated in other sections of this AIR, project implementation had not really started in 2007. During the last quarter of 2007 the projects were being evaluated by the Project Selection Committee.

Indicators		2007	Total
Priority Axis 1 <i>Enhancing Knowledge and Innovation</i>			
Result Indicators			
Indicator 1: No of new enterprises (local and foreign)/expansions in sites upgraded	Achievement	0	0
	Target ¹³	25	25
	Baseline*	0	0
Indicator 2: % increase in the number of tourists visiting the crafts villages	Achievement	90,937 visitors	90,937 visitors
	Target	37% increase	37
	Baseline	90,937 visitors	90,937 visitors
Indicator 3: No of start-up businesses supported (core indicator)	Achievement	0	0
	Target	35	35

¹³ The targets provided are for the whole programming period.

	Baseline*	0	0
Indicator 4: No of SMEs launching new or improved product or processes	Achievement	0	0
	Target	35	35
	Baseline*	0	0
Indicator 5: No of SMEs improving their broadband connectivity	Achievement	0	0
	Target	49	49
	Baseline*	0	0
Indicator 6: No of SMEs improving their market penetration efforts	Achievement	0	0
	Target	35	35
	Baseline*	0	0
Indicator 7: No of SMEs adopting environmentally sensitive technologies, operating systems and processes	Achievement	0	0
	Target	100	100
	Baseline*	0	0

Indicator 8: No of enterprises involved in networking and new collaboration with other businesses and academia (core indicator)	Achievement	0	0
	Target	10	10
	Baseline*	0	0
Indicator 9: % increase of students taking up S&T related studies at the vocational/higher education levels at targeted intervention institutions	Achievement	3092	3092
	Target	45%	45%
	Baseline*	3092	3092
Output Indicators			
Indicator 10: No of new/upgraded industrial zone projects by the end of 2013	Achievement	0	0
	Target	5	5
	Baseline*	0	0
Indicator 11: No of upgraded crafts villages	Achievement	0	0
	Target	1	1
	Baseline*	0	0
Indicator 12: No of SMEs receiving grants	Achievement	0	0

	Target	450	450
	Baseline*	0	0
Indicator 13:	Achievement	0	0
No of RTDi projects (core indicator)	Target	10	10
	Baseline*	0	0
Indicator 14:	Achievement	0	0
No of new/modernized specialized learning facilities constructed/refurbished	Target	22	22
	Baseline*	0	0
Priority Axis 2 Promoting Sustainable Tourism			
Result Indicators			
Indicator 1:	Achievement	154,000	154,000
% overall increase in the number of paying visitors at upgraded sites	Target	4% increase	4% increase
	Baseline*	154,000	154,000
Indicator 2:	Achievement	62,333	62,333
% of total tourists visiting upgraded cultural sites	Target	8% increase	8% increase
	Baseline*	62,333	62,333
Indicator 3:	Achievement	36.6%	36.6%
% average increase in tourist departures for the established niche segments	Target	3% increase	3% increase
	Baseline*	36.6%	36.6%
Indicator 4:	Achievement	0	0
No of enterprises/NGOs			

adopting new products and processes	Target	250	250
	Baseline*	0	0
Output Indicators			
Indicator 5: No of assisted tourism and cultural projects (core indicator)	Achievement	0	0
	Target	8	8
	Baseline*	0	0
Indicator 6: No of new/upgraded beaches	Achievement	0	0
	Target	5	5
	Baseline*	0	0
Indicator 7: Surface area of rampart elevation plan restored (m2)	Achievement	0	0
	Target	135,000	135,000
	Baseline*	0	0
Indicator 8: No of marketing measures to penetrate/develop new/established niche markets	Achievement	0	0
	Target	4	4
	Baseline*	0	0
Indicator 9: No of projects implemented by NGOs/enterprises (core indicator)	Achievement	0	0
	Target	300	300
	Baseline*	0	0
Priority Axis 3 Developing the TEN-T			

Result Indicators			
Indicator 1: % increase in satisfaction rate of transport operators/users	Achievement	0	0
	Target	10%	10%
	Baseline*	0	0
Indicator 2: Reduction in journey time (minutes) (core indicator)	Achievement	0	0
	Target	-5 mins	-5 mins
	Baseline*	0	0
Indicator 3: % reduction in traffic accidents in the areas of intervention	Achievement	193	193
	Target	10% reduction	10% reduction
	Baseline*	193	193
Indicator 4: % increase in cargo per annum	Achievement	6,206,185	6,206,185
	Target	2,0% increase	2,0% increase
	Baseline*	6,206,185	6,206,185
Indicator 5: % increase in sea passengers per annum	Achievement	3,804,221 passengers	3,804,221 passengers
	Target	3,5% increase	3,5% increase
	Baseline*	3,804,221 passengers	3,804,221 passengers
Output Indicators			
Indicator 6: Kms of roads upgraded (core indicator)	Achievement	0	0
	Target	14 Kms	14 Kms
	Baseline*	0	0

Indicator 7: Sq m of new/refurbished infrastructure	Achievement	0	0
	Target	76,200m ²	76,200m ²
	Baseline*	0	0
Indicator 8: Construction of new sea passenger terminal	Achievement	0	0
	Target	1	1
	Baseline*	0	0
Priority Axis 4 Upgrading Services of General Economic Interest			
Result Indicators			
Indicator 1: Compliance with LN 329/2002 (Directive EC/80/2001)	Achievement	In breach	In breach
	Target	Full	Full
	Baseline*	In breach	In breach
Indicator 2: Total annual electricity generated from small scale PV and micro-wind installations (MWh/annum) (core indicator)	Achievement	0	0
	Target	3,000	3,000
	Baseline*	0	0
Indicator 3: Total energy savings per year (MWh/annum)	Achievement	0	0
	Target	24,300	24,300
	Baseline*	0	0
Indicator 4: % decrease in national sewerage effluent discharge/additional population served (core indicator)	Achievement	25 million m ³ discharged untreated	25 million m ³ discharged untreated
	Target	80% decrease	80% decrease
	Baseline*	25 million m ³ discharged untreated	25 million m ³ discharged untreated

Indicator 5: Status of coastal waters in the South of Malta (from Class 3)	Achievement	Class 3	Class 3
	Target	Class 1	Class 1
	Baseline*	Class 3	Class 3
Output Indicators			
Indicator 6: No of boilers upgraded	Achievement	0	0
	Target	2	2
	Baseline*	0	0
Indicator 7: Annual penetration rate of installed PV, micro-wind and solar (in kWpeak/annum or equivalent in energy saving) generating systems starting in 2008	Achievement	0	0
	Target	340	340
	Baseline*	0	0
Indicator 8: No of energy efficiency schemes	Achievement	0	0
	Target	2 - 3	2 - 3
	Baseline*	0	0
Indicator 9: No of liquid waste treatment plants constructed	Achievement	0	0
	Target	1	1
	Baseline*	0	0
Priority Axis 5 Sustaining the Environment			
Result Indicators			
Indicator 1: Landfill volumes saved on an annual basis as at 2013 (m3)	Achievement	290,000 tonnes	290,000 tonnes
	Target	130,000 m3 (110,000 tonnes)	130,000 m3 (110,000 tonnes)

	Baseline*	290,000 tonnes	290,000 tonnes
Indicator 2: Total RES recovered from waste by 2013 (GWhrs/annum)	Achievement	0	0
	Target	17.0(GWhrs/annum)	17.0(GWhrs/annum)
	Baseline*	0	0
Indicator 3: Sq m of rehabilitated land from landfills	Achievement	0	0
	Target	300,000m ²	300,000m ²
	Baseline*	0	0
Indicator 4: M3 of new rain water retention and storage capacity in catchment areas	Achievement	0	0
	Target	720,000m ³	720,000m ³
	Baseline*	0	0
Indicator 5: Frequency of flooding within areas of intervention	Achievement	5 per year	5 per year
	Target	1 every 5 years	1 every 5 years
	Baseline*	5 per year	5 per year
Output Indicators			
Indicator 6: No of solid waste treatment plants constructed	Achievement	0	0
	Target	2	2
	Baseline*	0	0
Indicator 7: No of landfills rehabilitated	Achievement	0	0
	Target	1	1
	Baseline*	0	0

Indicator 8: No of stormwater management (risk prevention) projects (core indicator)	Achievement	0	0
	Target	1	1
	Baseline*	0	0
Priority Axis 6 Urban Regeneration and Improving the Quality of Life			
Result Indicators			
Indicator 1: Average % redevelopment of units in regeneration areas of total National regeneration	Achievement	0,03%	0,03%
	Target	1,27%	1,27%
	Baseline*	0,03%	0,03%
Indicator 2: Road surface condition of upgraded roads	Achievement	4.66	4.66
	Target	1,0 – 1,5	1,0 – 1,5
	Baseline*	4.66	4.66
Indicator 3: % increase in use of non-car modes	Achievement	29,745,123	29,745,123
	Target	8%	8%
	Baseline*	29,745,123	29,745,123
Indicator 4: % increase in use of e-services	Achievement	20%	20%
	Target	20%	20%
	Baseline*	20%	20%
Indicator 5: Pupils/ students/ trainees benefiting from upgraded and modernized facilities/services (per annum) (core indicator)	Achievement	0	0
	Target	25,000	25,000
	Baseline*	0	0

Indicator 6: % increase in rehabilitation occupied beddays and patients throughput	Achievement	occupied bed-days 21,462, patients throughput 965	occupied bed-days 21,462, patients throughput 965
	Target	300% increase and 150% increase respectively	300% increase and 150% increase respectively
	Baseline*	occupied bed-days 21,462, patients throughput 965	occupied bed-days 21,462, patients throughput 965
Indicator 7: % increase in neurorehabilitation occupied beddays and patients throughput	Achievement	occupied bed-days 4015, patients throughput 45	occupied bed-days 4015, patients throughput 45
	Target	100% increase and 75% increase respectively	100% increase and 75% increase respectively
	Baseline*	occupied bed-days 4015, patients throughput 45	occupied bed-days 4015, patients throughput 45
Indicator 8: National monitoring programmes established	Achievement	0	0
	Target	4	4
	Baseline*	0	0
Output Indicators			
Indicator 9: No of projects ensuring sustainability and improving the attractiveness of towns and cities (core indicator)	Achievement	0	0
	Target	3	3
	Baseline*	0	0
Indicator 10: Km of upgraded roads (non TEN-T)	Achievement	0	0
	Target	7	7
	Baseline*	0	0

Indicator 11: No of projects promoting Modal Shift	Achievement	0	0
	Target	2	2
	Baseline*	0	0
Indicator 12: % increase in e-services for the public and the business community	Achievement	58	58
	Target	7%	7%
	Baseline*	58 e-services	58 e-services
Indicator 13: No of existing learning facilities refurbished (with new equipment)/constructed within intervention areas by 2013	Achievement	0	0
	Target	30	30
	Baseline*	0	0
Indicator 14: No of new beds in health infrastructure (rehabilitation and neurorehabilitation)	Achievement	0	0
	Target	218	218
	Baseline*	0	0
Indicator 15: No of environmental monitoring projects	Achievement	0	0
	Target	4	4
	Baseline*	0	0

- **Qualitative Analysis**

Priority Axes 1, 2 and 6

A single call for ERDF project proposals under Operational Programme I was launched on 25th July, 2007 under Priority Axes 1, 2 and 6. This call was restricted to project proposals under the following Focus Areas of Intervention:

Priority Axis 1: Focus Area – Enterprise Infrastructure
Financial threshold: € 25 million;

Focus Area – Investment in RTDi and RTDi-related Infrastructure and ICT
Financial threshold: € 20 million;

Priority Axis 2: Focus Area – Product Development
Focus Area – Niche Market Development and Branding
Financial threshold: € 80 million for both Focus Areas;

Priority Axis 6: Focus Area – Internal Mobility
Financial threshold: € 25 million

Focus Area – Education, Social and Health-related Infrastructure
Financial threshold: €20 million.

This first call closed at noon on Friday 7th September 2007. Seventy-four (74) applications were received in relation to Priority Axes 1, 2 and 6. Five (5) applications were received in relation to Priority Axis 1: Focus Area – Enterprise Infrastructure and seventeen (17) applications received in relation to Focus Area – Investment in RTDi and RTDi-related Infrastructure and ICT. Twenty-one (21) applications were received in relation to Priority Axis 2: Focus Area – Product Development and three (3) received under Focus Area – Product Development. Another five (5) applications were submitted under Priority Axis 6: Focus Area – Internal Mobility and twenty-three (23) applications submitted under Focus Area – Education, Social and Health-related Infrastructure.

In the last quarter of 2007, the Project Selection Committee was set up and initiated the evaluation and selection process of the submitted projects proposals. In this context, information on the physical and financial progress of the Priority Axes for each quantifiable indicator cannot be provided at this stage since no implementation took place in 2007. This is also the case for qualitative analysis on the progress achieved in relation to the targets set out initially (i.e. the achievements as measured by physical and financial indicators).

Priority Axis 4

No calls under this Priority Axis were launched during 2007.

Priority Axes 3 and 5

In line with section 5.3.7 of the Operational Programme no public calls will be issued under these Priority Axes. However 2007 was mainly taken up with preparatory work concerning the major projects.

Priority Axis 7

The qualitative analysis related to the Technical Assistance is provided in Chapter 5 of this report.

3.1.2. Significant problems encountered and measures taken to overcome them

In 2007 no significant problems in implementing the Priority Axes have been encountered.

4. ERDF/CF programmes: Major Projects

According to Article 39 of Regulation 1083/2006, major projects are those whose total cost exceeds EUR 25 million in the case of the environment and EUR 50 million in other fields. Malta has identified six major projects in OPI. The following table represents the progress registered in 2007 with regards to the implementation of Malta's major projects.

Priority Axis	Title of Project	Remarks/Comments
Priority Axis 3 Developing the TEN-T (CF)	Improving the TEN-T Road Infrastructure (Phase 1)	<ul style="list-style-type: none"> Jaspers assistance in the preparation of the major project application was requested and an Initial draft application was submitted to the MA in 2007. Revisions are being undertaken by the Transport Authority supported by the Jaspers experts. Draft application expected to be submitted to EC in second quarter of 2008.
	Improving the TEN-T Road Infrastructure (Phase 2)	<ul style="list-style-type: none"> Application for PHASE II is still in its initial phase. Further studies are required at pre-application stage. Jaspers assistance is required for 2008.
Priority Axis 4 Upgrading services of general economic interest (ERDF)	Reduction of Emissions from the Delimara Power Station	<ul style="list-style-type: none"> Tests were carried out on current boilers emissions by the Beneficiary. Potential solutions were identified and a first draft of the Feasibility Stage was produced in 2007. Jaspers assistance is required in 2008 for the preparation of the Major project application.
	Urban Waste Water Treatment Plant for the South of Malta	<ul style="list-style-type: none"> An informal draft Application Form was submitted to EC in 2007. National Authorities currently working on the feedback requested by the EC. Works tender launched in 2007.
Priority Axis 5 Safeguarding the environment (CF)	Mechanical Biological Treatment Plant	<ul style="list-style-type: none"> Basic studies undertaken through CF TA 2004-2006 for the Gozo MBT. Jaspers assistance was requested in 2007 for the Malta MBT but given that potential sites were still not identified, assistance was postponed to 2008.
	Rehabilitation and Restoration of Existing and Former Waste Dump Sites	<ul style="list-style-type: none"> First step of project (aerial emissions control funded under ERDF 2004-2006) is expected to be finalised by October 2008. Jaspers assistance re Preparation of a master plan for the

		<p>rehabilitation of the site (the definition of the project, assistance with the preparation of a project plan and definition of the management and implementation structure) started in 2007 and will continue in 2008.</p> <ul style="list-style-type: none"> ▪ Preparation of the EU funding application form still in its initial phase.
	<p>An Integrated Water Management Approach to Flood Relief and Water Conservation</p>	<ul style="list-style-type: none"> ▪ Ongoing Jaspers Assistance. ▪ Studies undertaken through CF TA 2004-2006 including the drafting of a stormwater masterplan, conceptual designs of various alternatives for priority project have been prepared. ▪ Environmental Appraisal Report and a preliminary. Economical Feasibility Study are underway. ▪ The application for a works permit was filed with MEPA. ▪ Tenders for further studies (including detailed CBA) are being prepared.

Chapter 5 – Technical Assistance

The TA is managed by the MA and is being implemented on a demand driven basis in order to ensure that it supports the Operational Programme efficiently and effectively and in a timely manner. During 2007, the main expenditure committed under the TA related to management and monitoring of the Managing Authority to support the implementation of the Programme as well as costs related to publicity and information.

During 2007, three officers were engaged to work on the OP, one starting in February, one in July and the other in August. Other costs included stationary and equipment related to the setting up of the OP I unit within the MA. With respect to monitoring, the main costs concerned the renting of venues for the organisation of the Monitoring Committee as well as capacity building activities.

With regard to information and publicity, the main costs concern the renting of venue for the launch conference, the production of a documentary which was aired during the launch, the adverts in the newspapers to promote the event, the production and printing of a backdrop, and the procurement of ERDF branded folders, notebooks and pens which were distributed during the launch event. Apart from the launch, the technical assistance was also used to publicize the call for project proposals and the holding of information sessions to support project applicants in completing the application form. These costs consisted mainly in the renting of venues (for the sessions) and adverts in newspapers to publicize these sessions. Other publicity costs concerned the printing of the approved Operational Programme as well as the design of the official logo of the Programme.

As explained in Table 2.1, in 2007, € 63,755.44 were incurred by the Office of the Prime Minister from National Funds and € 20,871.28 were committed in 2007 (for which payments are effected in 2008) for expenditure incurred in accordance with Article 34 (2) of Regulation (EC) No. 1083/2006.

As indicated under section 2.1.2 of this report, the amount spent in 2007 is of € 63,755.44. This amounts to 0.0074% of the amount of the Structural Funds contribution allocated to the Operational Programme spent.

Chapter 6 – Information and Publicity

6.1 Measures taken to provide information and publicity on the Operational Programme

The objectives of the information and publicity activities is to promote public awareness of the Operational Programme I, to both potential beneficiaries and also the general public and to provide transparent information to potential Beneficiaries. Such awareness not only improves the transparency of the use of the Funds but also supports absorption.

In this regard and in line with the obligations of the implementing Commission Regulation (1828/2006), during 2007 the Managing Authority has prepared a Communication Plan. The Plan takes into account both information and promotional measures using a number of information and communication products which will be financed under the ERDF OP I. The final draft of the Plan was submitted to the Commission via the SFC on the 24th October and officially approved by the Commission on 21 January 2008. The Plan takes into account both information and promotional measures using a number of information and communication products which will be financed under the OP I. The following measures have also been taken to provide information and publicity on the OP I during 2007:

- Participation of PPCD staff on local radio and TV to provide information on the ERDF OP I to the general public;
- Design of the Malta's official logos for the 2007-2013 funds and the drafting of the Visual Identity Guidelines for the official logos;
- Printing of OPI folders for general distribution during OPI related events;
- Organisation and launch of Operational Programme I in July 2007;
- Printing and distribution of OP I to various stakeholders, NGOs and other interested parties;
- Organisation of information sessions in respect of project application forms;
- Submission of the Communication Plan for OPI and OPII;
- Initial preparations for procuring and fixing of flagpoles as required by the Commission Regulation (EC) 1828/2006;
- Set up of Email Helpdesk which has received and processed around ninety eight (98) queries during 2007; and
- Distribution of publications on ERDF provided by the European Commission – Publications Office.

In addition to the afore-mentioned measures, there are also a number of output indicators which have to be attained for the implementation of the Communication Plan. This is illustrated in the table below:

Communications 2007: Operational Programme I - Indicators as per Communication Plan

Communications Measures	Output Indicators			Result Indicators		
	Target until 2015	Achieved	Total Achieved	Target until 2015	Achieved	Total Achieved
Media advertising						

Total no. of TV and radio spots created:	24	0	0	Coverage ratio: 25% of the population	0%	0%
Total no. of spots aired on TV channels/radio stations:	375	0	0			
Total no. of adverts designed:	20	3	3	Coverage ratio: 45% of newspapers/magazines readers targeted	30% of the pop.	30% of the pop.
Total no. of adverts published on newspapers and magazines:	681	20	20			
Posters and Outdoor advertising						
Total no. of posters and outdoor adverts designed [<i>including marquees, banners, billboards, bus-stop advertising, bus-wraps</i>]:	43	1	1	Coverage ratio: 30% of localities [Malta and Gozo] targeted with outdoor adverts	0%	0%
Total no. of posters/backdrops produced:	5000	1	1			
Branded promotional material						
Total no. of items created [<i>including pens, folders, caps, mouse-mats, mugs and other branded items</i>]:	30	1	1	Distribution ratio: 30% of the population	[mlt pop. as 400,000] 0.125%	0.13%
Total no. of items produced:	50,000	500	500			
Informative publications and collateral materials						
Total no. of informative material/publications created [<i>including flyers, leaflets, postcards, booklets, presentations, key documents and reports</i>]:	30	2	2	No. of informative publications downloaded: 25,000	N.A.	N.A.
Total no. of items printed:	210,000	610	610			

No. of informative material/publications uploaded:	30	1	1			
Audio-visual products						
No. of documentaries produced:	5	2	2	No. of featuring times: 70	1 each	1 each
No. of documentaries [on DVD] to be distributed:	250	2	2			
Media Relations						
Total no. of press releases issued:	28	7	7	Total no. of press releases published: 168	7*	7*
				Coverage ratio: 15% per press release	35%*	35%*
Total no. of press conferences organised:	20	1	1	Total no. of newsrooms covering each event: 5	8	8
				Total no. of media mentions: 100	12*	12*
				Coverage ratio: 25% of population	80%**	80%**
Total no. of media interviews/features:	18	3	3	No. of viewers/readers: 25% of population	23%	23%
No. of articles and advertorials issued:	18	0	0	No. of viewers/readers: 25% of population	0%	0%
No. of media queries answered:	18	3	3	Coverage ratio: 25% of population	53%	53%
Information Events						
No. of information sessions [<i>including information sessions, conferences, seminars</i>] organised:	21	3	3	No. of participants: 2,800 participants	138	138
No. of days duration*: [*half day sessions are taken as 0.5 of a day]	21	1.5	1.5	Satisfaction rate of participants: 60%	N.A.	N.A.
MA participation in events organised by others:	17.5	2	2			

Networks and Exchange of Experience						
Participation at EU level Network meetings:	2	1	1	No. of participants at EU level network meetings: 2	1	1
No. of Communications network meetings at project level:	4	0	0	No. of participants at local network meetings: 50 per session	0	0
OP launch event						
No. of newsrooms covering the launch:	10	5	5	No. of media publicizing event: 10	10	10
				No. of participants at launch: 250	250	250
No. of info seminars organised:	6			No. of participants at the info seminars: 300	300	300
Website and Helpdesk						
No. of website pages:	20	8	8	No. of page views: 1,500 per day	N.A.	N.A.
				No. of visitors' sessions: 100 per day	N.A.	N.A.
				No. of queries: 150 per year	66	66
List of Projects and Beneficiaries	1	0	0			

* *Estimates.*

** *We achieved 100% coverage however we have removed 20% for repeated viewers/readers*

The specific impact indicators with reference to the Operational Objectives listed in Section 2 of the Communication Plan are as follows:

Ref.	Operational Objectives	Impact Indicator	Unit	Indicative Initial Value ¹⁴	Target Value
A	Provide transparent information on the opportunities provided by Structural Funds and the Cohesion Fund assistance to potential project proponents	Increase in public knowledge about Structural Funds and the Cohesion Fund among potential beneficiaries.	% awareness of Structural Funds opportunities.	<i>To be based on pre-campaign pre-tests carried out.</i>	60% awareness of Structural Funds opportunities.
B	Devise a system that provides information about Structural Funds and Cohesion Fund interventions.	Increase in public awareness of projects funded by the Operational Programmes I and II for the Cohesion Policy 2007-2013.	% awareness of Structural Funds interventions.	22% spontaneous awareness of Structural Funds Interventions (SPD) ⁴⁶ .	25% spontaneous awareness of actual Structural Funds (OP I & II) Interventions.
C	Inform the media, the general public and interested stakeholders about the role played by the EU in implementing the assistance.	Increase in public knowledge about Operational Programme I and II for the Cohesion Policy 2007-2013.	% perceived knowledge of Cohesion Policy 2007-2013.	66% possessing basic knowledge about the SPD for the Cohesion Policy 2004-2006 ⁴⁶ .	69% possessing basic knowledge about OP I & II - Cohesion Policy 2007-2013.
D	Make visible results achieved through the assistance given by the Funds.	Increase in public perception of the benefits of Cohesion Policy 2007-2013.	% positive attitude towards Cohesion Policy.	72% perceived benefit of EU Structural Funds ⁴⁶ .	75% perceived benefit of EU Structural Funds.
E	Promote an understanding and appreciation of the role of Structural Funds and the Cohesion Fund and the EU's contribution to the overall socio-economic development of Malta & Gozo.	Increase in public support for EU membership.	% support for EU membership.	47% support for EU membership ⁴⁶ .	50% support for EU membership.

¹⁴ *Structural Funds for Malta 2004-2006 – Research conducted by BPC International, 4th July 2007.*

Chapter 7 - Concluding Remarks

By way of conclusion, it can be stated that 2007 presented a very challenging year for the Maltese Authorities. It was the first time when Malta was implementing a number of mainstream Cohesion Policy Programmes emanating from different financial perspectives. This not only resulted in a strain on human resources in terms of numbers, but also a challenge in finding adequate personnel once calls for applications were published. Moreover, the unit that was manning OPI in the second half of 2007 (once implementation started) was halved by the end of same year with the most experienced officers moving to Brussels. Nevertheless the negotiations were concluded in time and Malta was the first country to have its Cohesion Policy package approved (following the approval of the NSRF in December 2006), but also embarked in earnest on the implementation of the Programme, with the Programme being launched in less than a month from its formal approval by the European Commission.

By end of year plans were in motion to revitalize the unit and two senior managers were appointed and a number of projects managers joined the existing officers. Evaluation of the 74 submissions of project proposals (under call 1) was the main focus of the last quarter of 2007 so that implementation could start on the ground.

Overall, one can conclude that as Malta's first year of implementation of the new programming period, though not the first year as regards the implementation of the Structural Funds, the experience was overall positive. The target for 2008 is to start the implementation and execution of the projects that were submitted under the first call in 2007. In addition, new calls for project proposals under all focus areas will be issued and consequently their evaluation and approval will be carried out. Further targets are the submission of the implementing system (and compliance assessment); ensuring the start of payments via the electronic system, producing the first requests for reimbursement to the Commission, the continuous strengthening of the administrative capacity of the horizontal stakeholders, the provision for ongoing information and publicity of the Programme as well as the submission (and approval) of the first two Major Project application forms under Priority Axes 3 and 4, *Improving the TEN-T Road Infrastructure (Phase 1)* and *Malta South Sewage Treatment Infrastructure*, respectively.