



Operational Programme I Cohesion Policy 2007-2013

Investing in Competitiveness for a Better Quality of Life

Annual Implementation Report

2008



Operational Programme I – Cohesion Policy 2007-2013
European Regional Development Fund (ERDF)
Cohesion Fund (CF)



Investing in your future

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List of Acronyms

AA	Audit Authority
ADT	Awtorita' Dwar it-Trasport (Malta Transport Authority)
AIR	Annual Implementation Report
CA	Certifying Authority
CBA	Cost Benefit Analysis
CEDB	Council of Europe Development Bank
CIO	Chief Information Officer
CIP	Competitiveness and Innovation Framework Programme
CF	Cohesion Fund
CSG	Community Strategic Guideline
DG REGIO	Directorate-General Regional Policy
DOC	Department of Contracts
DOI	Department of Information
DSWS	Department for Social Welfare Standards
EA	Environmental Assessment
EAFRD	European Agricultural Fund for Rural Development
EC	European Commission
EFF	European Fisheries Fund
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EIF	European Investment Fund
EPD	Environmental Protection Department
ERDF	European Regional Development Fund
ESF	European Social Fund
ETC	Employment and Training Corporation
EU	European Union
FP7	7 th Framework Programme for R&D
IAID	Internal Audit and Investigations Directorate
IB	Intermediate Body
ICT	Information and Communication Technologies
IMU	Information Management Unit
IPPC	Integrated Pollution Prevention and Control
IT	Information Technology
JASPERS	Joint Assistance to Support Programmes in European Regions
JEREMIE	Joint European Resources for Micro to Medium Enterprises

JESSICA	Joint European Support for Sustainable Investment in City Areas
MA	Managing Authority
MBT	Mechanical Biological Treatment
MC	Monitoring Committee
MCAST	Malta College of Arts, Science and Technology
MEPA	Malta Environment and Planning Authority
MFEI	Ministry of Finance, the Economy and Investments
MITC	Ministry for Infrastructure, Transport and Communications
MITTS	Malta Information Technology and Training Services Ltd
MMA	Malta Maritime Authority
MRA	Malta Resources Authority
MRRA	Ministry for Resources and Rural Affairs
MSOC	Ministry for Social Policy
MTAC	Ministry for Tourism and Culture
NCPD	National Commission for Persons with a Disability
NCPE	National Commission for the Promotion of Equality
NGO	Non-Governmental Organisation
NRP	National Reform Programme
NSRF	National Strategic Reference Framework
OPI	Operational Programme I
OPII	Operational Programme II
OPM	Office of the Prime Minister
PDCU	Projects Development and Co-ordination Unit
PDS	Project Description Statement
PPCD	Planning and Priorities Co-ordination Division
PPS	Principal Permanent Secretary
PSC	Project Selection Committee
SAMB	State Aid Monitoring Board
SEPA	Single Euro Payments Area
SFC	System for Fund Management in the European Community 2007-2013
SFD	Structural Funds Database 2007-2013
SD	Sustainable Development
SDO	Staff Development Organisation
SME	Small and Medium sized Enterprises
SPD	Single Programming Document
TA	Technical Assistance
TSDU	Tourism and Sustainable Development Unit

VO Voluntary Organisation
WSC Water Services Corporation

Introduction

This document provides for the second annual report for the implementation of the European Regional Development Fund (ERDF)/Cohesion Fund (CF) Operational Programme I (OPI) in Malta entitled "*Investing in Competitiveness for a Better Quality of Life*" in fulfilment 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 OP. The report also includes information on the steps taken by the Managing Authority (MA) and other stakeholders to ensure the quality and effectiveness of implementation. A summary of any significant problems encountered in implementing the OP 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 OP; information on the major projects; the use of the technical assistance; and the measures taken to provide information on and publicise the OP 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: 2008
	Date of approval of the annual report by the Monitoring Committee: 10 June 2009

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 2008, implementation activities of the OPI, focused primarily on the selection of projects in the case of the ERDF Priority Axes (1,2,4 and 6) and on the preparation of projects (major and non-major) in the case of those Axes co-funded by the CF (Axes 3 and 5). Two major project applications (TEN-T Phase 1 under Axis 3 and Urban Waste Water Treatment Plant under Axis 5) were also sent to the European Commission (EC) for informal feedback. 2008 also saw the start of payments on a number of ERDF projects (mainly under Axes 6 and 7) made by Treasury on behalf of Beneficiaries.

Apart from the preparation and selection of projects, a lot of work was also undertaken with respect to creating the *regulatory and support framework* including the setting up of management and control systems; the finalisation of the Manual of Procedures (MoP) for Beneficiaries entitled *Manual of Procedures for Projects Implementation, Cohesion Policy 2007 – 2013, Malta*; the preparation of the first draft of the Indicators Users' Guide; support to Intermediate Bodies (IBs) in preparation for the launch of the schemes; updating of *JASPERS* action plan; further discussions with the European Investment Fund with regards to the launching of *JEREMIE* in Malta; ongoing information and publicity activities as well as further strengthening of the institutional capacity of the different stakeholders. In this context, as indicated in section 3.1, limited or no information on the physical progress of the OP vis-à-vis indicators can be provided given that no projects have been fully implemented during the same year. The physical progress of the OP will be continually monitored and updated on a regular basis as implementation of the projects is at a more advanced stage.

Table 2.1 Physical Progress of the Operational Programme

Indicators		2007	2008	Total
Impact Indicators				
Indicator 1: % Increase in RTDi expenditure as a percentage of GDP	Achievement	0	0	0
	Target	n/a	n/a	0.75%
	Baseline	0.3%	n/a	0.3%
Indicator 2: % Increase of earnings from tourism	Achievement	0	0	0
	Target	n/a	n/a	1.0%

	Baseline	n/a	n/a	n/a
Indicator 3: % Increase of manufactured export earnings	Achievement	0	0	0
	Target	n/a	n/a	3.2 %
	Baseline	2.7%	n/a	2.7%
Indicator 4: Number of direct jobs created	Achievement	0	0	0
	Target	n/a	n/a	1,400 full-time equivalents
	Baseline	n/a	n/a	n/a
Indicator 5: Transport weighted average	Achievement	0	0	0
	Target	n/a	n/a	176.5
	Baseline	100	n/a	100
Indicator 6: Environment weighted average	Achievement	0	0	0
	Target ¹	n/a	n/a	622.7
	Baseline ²	100	n/a	100

¹ The targets provided are for the whole programming period.

² The baseline data provided is not necessarily the data provided in 2008 but the year of the data as provided in OPI.

Indicator 7: Quality of Life Weighted Average	Achievement	0	0	0
	Target	n/a	n/a	263.8
	Baseline	100	n/a	100
Indicator 8: CO ₂ equivalent emissions	Achievement	0	0	0
	Target	n/a	n/a	Low carbon with the ultimate aim of achieving carbon neutrality
	Baseline	n/a	n/a	n/a
Core Indicators				
Indicator 9: No of start-up businesses supported (core indicator) (8)	Achievement	0	0	0
	Target	n/a	n/a	35
	Baseline	n/a	n/a	n/a
Indicator 10: No of enterprises involved in networking and new collaboration with other businesses and academia (core indicator) (5)	Achievement	0	0	0
	Target	n/a	n/a	10
	Baseline	n/a	n/a	n/a

Indicator 11: No of RTDi projects (core indicator) (4)	Achievement	0	0	0
	Target	n/a	n/a	10
	Baseline	n/a	n/a	n/a
Indicator 12: No of assisted tourism and cultural projects (core indicator) (34)	Achievement	0	0	0
	Target	n/a	n/a	308
	Baseline	n/a	n/a	n/a
Indicator 13: Kms of roads upgraded (core indicator) (16)	Achievement	0	0	0
	Target	n/a	n/a	20 Kms
	Baseline	n/a	n/a	n/a
Indicator 14: No of storm water management (risk prevention) projects (core indicator) (31)	Achievement	0	0	0
	Target	n/a	n/a	1
	Baseline	n/a	n/a	n/a
Indicator 15: Pupils/ students/ trainees benefiting from upgraded and modernized facilities/services (per annum) (core indicator) (37)	Achievement	0	1,158	1,158
	Target	n/a	n/a	25,000

	Baseline	n/a	n/a	n/a
Indicator 16: No of projects ensuring sustainability and improving the attractiveness of towns and cities (core indicator) (39)	Achievement	0	0	0
	Target	n/a	n/a	3
	Baseline	n/a	n/a	n/a

a. Calls for Project Proposals under ERDF OPI

Following the call issued in 2007 (which produced the first list of selected projects in the first quarter of 2008), during 2008 the MA continued to issue calls for project proposals. A second call for ERDF project proposals under OPI was launched on the 10 January 2008 for proposals under Priority Axis 1: Focus Areas – *Enterprise Infrastructure and Investment in RTDi and RTDi-related Infrastructure and ICT*; Priority Axis 4: Focus Areas – *Energy*; and Priority Axis 6: Focus Areas – *Urban Regeneration and E-Accessibility*. Application forms and guidance notes were prepared by the MA. The call was published via a press release with advertisements in a number of leading newspapers (both in Maltese and English). Furthermore, a number of repeated information sessions were organised vis-à-vis the afore-mentioned call by the MA for potential Applicants. These sessions were announced in leading Maltese and English newspapers and stakeholders were encouraged to participate. The sessions were held on 24 January and 30 January, 2008 and a total of 98 participants attended. Following the information sessions a list of frequently asked questions (FAQs) was posted on the website of the Planning and Priorities Co-ordination Division (PPCD) to give additional guidance to Applicants (even those unable to attend the information session) in filling in the ERDF Application Form. This call for proposals remained open for 6 weeks and 40 applications were received.

A third call for ERDF project proposals under OPI was launched on 23 July 2008 for proposals under Priority Axis 2: Focus Areas – *Product Development and Niche Market Development and Branding*. This call was specifically targeting Non-Governmental Organisations (NGOs), Partner and Voluntary Organisations (VOs). 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). Two information sessions were organised vis-à-vis the afore-mentioned call by the MA for potential promoters. The sessions for the third call for project proposals were held on 1 August and 5 August 2008, and attracted a total of 66 participants. The list of FAQs was posted on the PPCD website also in this case. The calls for proposals remained open for 7 weeks and 19 applications were received.

Further information on the calls for project proposals can be found in Table 3.3 of this report.

In addition, following approval of the criteria for Aid Schemes during the Monitoring Committee (MC) of 2007, the MA requested the identified IBs to submit application forms and supporting documentation by April 2008. Additional information concerning Aid Schemes can be found under point (c) below.

b. Project Selection

During 2008, the OPI Project Selection Committee (PSC) met 55 times (41 times for Call 2 and 14 times for Call 3³). In those cases where the PSC felt that clarifications were necessary to ensure a more comprehensive assessment of the project proposals, the PSC issued requests for further clarifications. Such clarifications had to be addressed by the project proponents within very strict deadlines. When the PSC required expert technical advice, the relevant experts were consulted. For transparency's sake, the PSC conducted nearly all its business (especially in terms of queries sent to Applicants) in writing, which obviously led to delays in concluding the process. When required, the PSC also held meetings with the applicants. This was particularly the case with the third call (for NGOs) in order to ensure that all information was available, also with regard to implementation of the project, should this be accepted.

Successful Applicants were informed through an approval letter⁴ issued by the MA. A total of 44 approval letters were issued in 2008. The relevant stakeholders (e.g. line Ministries, Department of Contracts (DoC) were also notified in order to facilitate the start of implementation on the ground. Unsuccessful Applicants were informed through a rejection letter. These applicants were informed about the possibility to appeal from the decision taken by the PSC to the Projects Selection Appeals Board (PSAB). A number of proposals were placed on the reserve list⁵ and informed as such. These Applicants were also given the possibility of redress.

As at end 2008, 11 appeals were filed to the PSAB. One of the appeals was withdrawn by the Applicant while 8 other appeals were evaluated by the PSAB (5 sessions were held also with Applicants) and subsequently rejected. Two appeals were discussed further and as at end 2008 the MA was awaiting the motivation report from the PSAB.

As at end 2008, the project selection process for Call 3 was still ongoing.

c. Implementation of the 10% Commitment for Gozo

In line with section 5.3.8 of OPI, the calls for project proposals issued during the year under review were open for Applicants across the Maltese Islands. Among the projects which were approved in 2008 there were 5 projects which were specifically aimed at Gozitans and will be implemented in Gozo. In total these projects amount to around € 14,055,339 eligible costs. In addition, 7 projects will have Gozo-specific components as part of the overall approved project. The components targeting Gozo in these projects amount to around €9,930,740.13. Taken together, the allocations targeting Gozo so far, amount to around 2.8% of the OP allocation. Furthermore, another 5 projects are in the process of being approved in the coming months, mainly through the CF. In total these projects amount to around €38,195,100.

All schemes that were approved for implementation under the ERDF cover the whole territory of Malta (including Gozo).

d. Aid Schemes implemented under Article 87 of the Treaty

Following the approval of eligibility criteria for most of the ERDF Aid Schemes⁶ by the MC in December of 2007, 2008 saw a lot of ground work being carried out by a number of stakeholders for the preparation and launch of Aid Schemes under Article 87 of the Treaty.

³ As at end 2008, the project selection process for Call 3 was still ongoing.

⁴ Pending the finalisation of the grant agreement.

⁵ These are projects that would have made the pass mark but could not be funded as the call would have been oversubscribed in financial terms.

⁶ In December 2008 only the MEPA (Eco -Innovation) criteria had not been approved. These were approved at the MC of 22 May 2008.

On 11 March 2008, the MA designated a number of IBs; namely: the Malta Resources Authority (MRA), Malta Enterprise (ME), the Department for Social Welfare Standards (DSWS), the Occupational Health and Safety Authority (OHSA), the Office of the Prime Minister (OPM) - Tourism⁷ and the Malta Environment and Planning Authority (MEPA).⁸

Following the designation of the IBs, these were invited to send in their proposals for Aid Schemes under Article 87 of the Treaty. The deadline for the requested documentation was set for 21 April 2008. Under PA 1, 5 proposals were submitted by ME concerning International Competitiveness, Research & Development (R&D) grants, Innov-Act, Small Start Up and E-Business Development for a total of €15 million.⁹ Under PA 2, OPM - Tourism submitted 1 proposal for Tourism Projects by Enterprises worth €10 million. Under PA 4, MRA submitted a proposal worth €10 million for Renewable Energy and Energy Efficiency.¹⁰ While under PA 6, DSWS submitted a €625,746.21 proposal for Childcare Facilities. The PSC assessed the schemes in terms of eligibility for funding under the OP and invited the MA to carry out further work with the IB with regard to the documentation required for implementation.

The IBs, in close collaboration with the MA, carried most of the work in relation to the Application Form for Beneficiaries and the relevant guidelines to support Applicants during the application process. Furthermore, 2 sets of *implementation guidelines* to support the Beneficiaries in implementing approved operations under the various schemes were also developed as described in point (f) below. Under the guidance of the MA similar administrative set-ups were established within the different IBs to manage the schemes with a separation of function between implementation and control. This led to a number of calls launched to support the implementation of the schemes.

In May 2008, the MC approved the revised criteria for the Eco-Innovation scheme. The October MC approved further modifications to these criteria which were presented by ME.¹¹

Simultaneously, Covenants have been drafted and finalised with the IBs to formalise the relationship between the MA and the IBs.

All schemes have subsequently been launched in late 2008, early 2009.

e. Setting up of the Management and Control System

In line with Article 71 of the General Council Regulation 1083/2006 and in line with the provisions of Article 21 of the Implementing Regulation 1828/2006, the MA in collaboration with other relevant stakeholders drafted the description of the management and control systems. The description covers OPI (funded through the ERDF and the CF) and Operational Programme II (OPII) (funded through the European Social Fund).

The Systems Description together with the Compliance Assessment¹² drawn up by the AA was submitted by the AA to the EC on 26 June 2008. The information provided was based on the model description annexed to Regulation 1828/2006 (Annex XII). This assessment provides details of the functions and organisational set up of the MA, the IBs, the Certifying Authority (CA) and the

⁷ Following the general elections of March 2008 and the reshuffling of ministerial portfolios, the IB implementing the tourism scheme has been transferred to the Tourism and Sustainable Development Unit (TSDU) within OPM.

⁸ In the third quarter of 2008, MEPA officially informed of the handing over of the scheme to ME. Nonetheless, the scheme will be administered in close collaboration with MEPA, which has specifically nominated officials to assist ME in the matters concerning environmental issues.

⁹ Following the handing over of the *Environmental Improvements Grant Scheme: Stimulating Environmental Excellence in Maltese Enterprises* from MEPA to ME, ME's scheme under Priority Axis 1 tallied to a total of €20 million.

¹⁰ This Scheme was subsequently handed over to ME.

¹¹ See footnote 8.

¹² In line with Articles 58 to 62 of Regulation (EC) No 1083/2006.

Audit Authority (AA); the project selection procedure; the payment process and details of the accounting system; the eligibility rules for expenditure for OPI; the audit trail; and the financial and monitoring information system. It also incorporates details concerning the depictions of the organisational relationship, relevant organigrams and financial and audit flowcharts. The EC accepted the Systems Description on 15 December 2008.

f. Eligibility Rules

As part of the Management and Control System, the MA drafted the National Eligibility Rules (in line with Article 56 (4) of 1083/2006) which were sent to the EC together with the management and control system. The Eligibility Rules laid down by Malta and applicable to OPI were subsequently made available on the website of the MA. In drafting these rules, the MA sought to have consistency between the two OPs (OPI and OPII) whilst at the same time having specific rules where necessary. The 2007-2013 National Eligibility Rules are similar to those used under the 2004-2006 Programme and include also lessons learned from the first programming period.

g. Manual of Procedures 2007 – 2013

During 2008, the MA drafted the MoP for 2007-2013, entitled *Manual of Procedures for Projects Implementation, Cohesion Policy 2007 – 2013, Malta*. Given that Malta has one Management and Control System covering both OPI and OPII, one MoP was drafted covering the two OPs. The MoP provides detailed guidelines to Beneficiaries implementing operations for Cohesion Policy 2007-2013. Specific guidelines to Beneficiaries implementing operations under Aid Schemes (Article 87 of the Treaty) have been drafted by the Intermediate Body responsible for the approved schemes.

Learning from the 2004-2006 experience and in a bid to make the MoP more user friendly to Beneficiaries, the MA has opted for a more simplified and leaner version of the 2004-2006 manual focusing only on those aspects of the implementation process that are relevant to Beneficiaries. This MoP for Beneficiaries focuses, *inter alia*, on compliance with Community Policies; the contracting procedures; financial management procedures including payments; monitoring and reporting; audit and control; reporting on irregularities; delegation of authority; the verification process; information and publicity; and retention of documents. The MoP is updated regularly and is also supplemented by circulars from time to time. The MoP is used for training of Beneficiaries and is available on the PPCD website.

A draft second manual has also been compiled designed to give an insight into the overall national procedures set up to manage the Cohesion Policy 2007-2013 programmes in Malta and which is targeting more the horizontal stakeholders and practitioners.

h. Project Progress Report

As part of the monitoring process, during 2008 the MA has developed a template that will facilitate tri-annual reporting by each Beneficiary through the respective line Ministry¹³. The reporting template includes information on various aspects of project management and records achievements on the implementation schedule, disbursement, indicators, horizontal priorities, publicity and also an indication of any risks perceived for the following tri-mester.

i. Evaluation

The Evaluation Plan for Malta, which describes the approach that the Maltese MA plans to adopt in order to meet the requirements in terms of EC Regulation 1083/2006, was initially drafted during 2007 and during that same year the plan was forwarded informally to the Commission. During 2008 discussions were held on the plan, mainly between the Commission Services and the MA,

¹³ The latter where applicable.

which led to the finalization of the document. The plan was also presented during the MC held on 22 May 2008.

During the fourth quarter of 2008, preparations started for the drafting of the terms of reference (ToR) for the Mid-Term Evaluation which will be outsourced through a tender to be launched in 2009.

j. Indicators Users' Guide

During the year under review, a draft document providing guidelines on Indicators was drafted. The main aim of the guidelines is to provide IBs and Beneficiaries with a practical and clear guide on the indicator definitions as stipulated in both OPs. This document shall provide a concise introduction of the scope, purposes and usage of the indicator system in relation to Cohesion Policy. The data contained within the guidelines covers both OPs, thus creating two main sections focusing on the indicators for OPI and OPII. The Guide builds on experience gained by the MA through the evaluation exercises carried out by PPCD in the last years and its objective is to enable a more effective monitoring of the indicators and targets as well as facilitate future evaluations.

k. Structural Funds Database 2007 – 2013

During 2008 a number of important milestones were achieved with regard to the development of the new Structural Fund Database 2007-2013 (SFD). The MA has set up a designated small unit to support Beneficiaries and other users. During this period a number of focused meetings were held with key stakeholders relating to the SFD including Treasury, PPCD Senior Managers, the Malta Information Technology and Training Services Ltd (MITTS) and the Information Management Unit (IMU).

New stakeholders' requirements were identified based on feedback provided over the past months. During 2008, priority was given to the development of the payments and verification and certification modules. The first payments were processed through the system by Treasury. Further development on the payments module is currently planned, including more functionality and compliance with the transposition of the Payments Services Directive into national law (i.e. the Single Euro Payments Area (SEPA) coming into force as from November 2009).

A training plan for the SFD was drawn up taking into consideration the large amount of users expected, the different entities involved and the different user knowledge. A train the trainer programme is being followed where trainers in different organisations are familiarising themselves on the database management system. Step-by-step tutorials and guidelines have been created by the SFD unit and uploaded on the PPCD website. A FAQs section with common queries has also been created and uploaded on the PPCD website.

In order to improve performance, redundancy and scalability, a departmental tender for Information Technology (IT) equipment and hardware was launched in the last quarter of 2008.

l. Preparation of Major Projects (ERDF and CF) and Applications for Cohesion Fund Non- Major Projects

1. Major Projects

The OP identifies a number of Major Projects.¹⁴ During 2008 work on all projects with a parallel approach has been adopted by the Beneficiaries to draft tenders (in an attempt to avoid subsequent delays in implementation) while at the same time continued working on the finalisation of the

¹⁴ In line with Article 39 of Regulation EC 1083/2006 major projects are defined as operations financed under the ERDF and the CF whose costs exceed €25 million in the case of the environment and €50 million in other fields. In line with Section 5.3.7 of the OP no public calls are issued for major projects.

relevant documents which are part of the application process. One should note that considerable progress was achieved on two projects which were also sent informally to the EC.

In 2008 work continued on the first phase of the Road Infrastructure project (CF - Priority Axis 3) with the support of JASPERS assistance.¹⁵ It should be noted that an internal review was carried out on this project in 2008 following the discussion on the new strategic direction for transport policy, including public transport. Despite this unforeseen delay, the MA submitted to the EC an informal draft of the revised application of the Road Infrastructure Project Phase 1. By the end of 2008, the EC presented ADT with comments regarding their proposal¹⁶ but no comments had yet been received with regard to the CBA. Tender documents for the works component has been designed while the tender document for management/supervision has been submitted to DoC for vetting in early 2009.

The second project registering considerable progress during 2008 is the *Urban Waste Water Treatment Plant* (CF – Priority Axis 5)¹⁷. During 2008 a second informal submission of the application was sent to the EC. On recommendation of the EC, the Beneficiary, Water Services Corporation, requested JASPERS assistance (which was mobilised very quickly by the EIB) to be able to address in a comprehensive way the EC's comments on both the application form and the draft CBA. Also during 2008, DoC has published and contracted a number of tenders related to this project resulting in the mobilisation of some works at the end of 2008.

A formal submission to EC of both the transport (Phase 1) and the waste water projects is expected by end of June 2009.

Also in 2008, preparatory work continued on a number of other major projects. These include the *Modification of the Boilers at the Delimara Power Station to Reduce Emissions* (ERDF 115 – Priority Axis 4). JASPERS experts have contributed to the assessment of the CBA which at end 2008 was still in a draft format. An informal submission of the project is expected by quarter 3 of 2009.

As reported during the MC of October 2008, during 2008, the *Storm Water Project* has been re-dimensioned in both scope as well as costs (following an analysis of the feasibility by the JASPERS experts) and re-named to *National Flood Relief Project*. The estimated value was reduced from €70million to €52.4million and the project will focus primarily on flood relief. In addition, this project was transferred to Priority Axis 4 following the proposed modification of OPI (which was approved by the MC in October 2008). The relevant studies for a detailed cost benefit study and EIA (following finalisation of the PDS) have been contracted and are underway. JASPERS assistance is still ongoing and the Major Project application form is expected to be submitted in 2010.

With regard to the waste management projects under Axis 5, the publication of and discussion on the waste management strategy in 2008 has helped in focusing more the preparatory works necessary for these projects. Following acceptance by the MC in October 2008, the project *Rehabilitation & Restoration of Closed Landfills*, will be incorporating not just Magtab but other closed landfills of Qortin and Marsascala. WasteServ has submitted one tender for project management and two negotiated tenders for consultancy services (landscape engineer and architectural design). This work has been supported by JASPERS assistance. In view of the EIA requirements, a PDS was drafted and informally discussed between MEPA, WasteServ and the Consultant prior to a formal submission. Furthermore, with respect to the second WasteServ's CF Major Project, *Malta MBT*, this project is designed in two phases. Phase 1 will be addressing Pre-Treatment Facilities while Phase 2 will be addressing Organic Waste Treatment Facilities. The

¹⁵ JASPERS assistance has started in 2007.

¹⁶ Following approval of the MC for OPI of 17 October 2008, the Waste Water major project has been shifted from Priority Axis 4 to Priority Axis 5 and will consequently be funded by the Cohesion Fund.

involvement of JASPERS assistance has been recommended in the preparation of the application form. Progress has been highly dependant on the publication of the Waste Management Strategy as it outlines the site identification. Also in 2008, conceptual designs were in place and in the process to commission design consultants through an Open Service Tender for feasibility studies, designs, site selection, EIA and CBA.

With respect to the second major project on road transport *Improving the TEN-T Road Infrastructure (Phase 2)*, this is still in its initial stages (largely due to all efforts being mobilised for Phase 1 as outlined above) and also in the light of the current discussion of the overall transport strategy as mentioned above.

Further information on major projects is found in section 4 of this report.

2. Cohesion Fund Non-Major Projects

With regard to the non-major (CF) projects, in 2008 the MA worked on the finalisation of the application form template and the guidance notes, while the relevant Beneficiaries were continuing with the preparations of the projects.¹⁸ During 2008, the Malta Maritime Authority (MMA) as well as other organisations such as WasteServ have been working on a number of proposals which as at end 2008 were in an advanced stage. Throughout this year, MMA have also applied for JASPERS assistance. This assistance includes the review of and guidance regarding the preparation of works tenders and tenders for the updating of CBAs related to MMA's projects. WasteServ also sought support of technical expertise with regards to a number of projects and tenders were launched in 2008 for CBAs and other preparatory activities.

m. JASPERS, JEREMIE and JESSICA

JASPERS (Joint Assistance to Support Programmes in European Regions); JEREMIE (Joint European Resources for Micro to Medium Enterprises) and JESSICA (Joint European Support for Sustainable Investment in City Areas) are initiatives of the EC designed to help Member States in the preparation of major projects, and financial engineering instruments and the promotion of growth and jobs, also in large urban areas.

1. JASPERS

JASPERS is designed to help Member States in the preparation of projects, especially major projects. During 2008, Malta signed the third Action Plan with the EIB regarding assistance from JASPERS¹⁹. The projects identified for assistance were: *Storm Water Management, Modifications to boilers at power stations, Mechanical and biological treatment (Malta), Magħtab Landfill Rehabilitation, Extension of Waste separation activities and Restoration of Historical Fortifications*. Moreover, additional expertise was requested in October with regards to the major project *Malta South Sewage Treatment Plant*. Expertise for the latter was mobilised in a few weeks, on 23 October 2008. JASPERS assistance for MMA was requested in November 2008.

Experts were identified and sourced by the EIB in the different areas and a number of JASPERS missions were organised. In some cases, visits by EIB experts were carried out on a regular basis, as occurred in the case of the *National Flood Relief Project*, to provide continuous assistance to the entities requesting their expertise. The first phase of expertise for the *National Flood Relief Project* was in fact completed in 2008, and a second phase is planned for 2009. JASPERS also assisted the MA during 2008 to draft the ToRs for tendering of expertise assistance to analyse CBAs/financial feasibility studies.²⁰

¹⁸ The request for proposals has meanwhile been issued.

¹⁹ The first Action Plan was signed in 2006.

²⁰ Meanwhile, this tender has also been launched.

In general JASPERS 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 have also provided the Maltese Authorities with new contacts who can support them with regard to solving issues as they arise.

2. JEREMIE

JEREMIE is an initiative designed to help Member States in mobilising financial engineering instruments. It should be recalled that Malta had indicated its intention to use JEREMIE at the time of programming the OP (Focus Area *Financial Engineering*, under Priority Axis 1). In 2008, Malta continued the work which had started in 2007 and together with the EIB finalised the gaps analysis study *Analysis of the SME Access to Finance in Malta* (a summary of which can be found on the website of DG-REGIO). Following the completion of this analysis, the MA has confirmed Malta's intention to use JEREMIE and has also communicated Government's decision to select the EIF as the Holding Fund Manager. Subsequently, on 23 January 2009, a meeting between stakeholders and the EIF was held to determine the way forward for JEREMIE's mobilisation and implementation in Malta. It is expected that JEREMIE will be launched in the third quarter of 2009. In the meantime, the draft Funding Agreement to be signed between the EIF and the Government of Malta has been circulated for comments which have been transmitted to the EIF in the first quarter of 2009.

3. JESSICA

JESSICA is a similar instrument to JEREMIE – based on financial engineering – for large *integrated* urban regeneration projects. During 2008, a number of meetings were held between the EIB and different stakeholders of the Maltese Administration. In December 2008 a formal meeting was held with the participation of a number of Maltese stakeholders as well as representatives of the EC and the EIB. As at end of 2008, no formal decision had as yet been taken in this regard.

n. Strengthening administrative capacity

A number of activities were launched and concluded in 2008 aimed at strengthening the administrative capacity within the MA and other key horizontal stakeholders. Apart from a number of calls that have been issued to increase capacity in the MA, the CA, as well as other horizontal stakeholders such as the Treasury and line Ministries, a number of capacity building measures in line with PPCD's Structural Funds Stakeholders' Training Strategy have also been undertaken during 2008. These include:

- Induction training sessions for 43 new recruits in the grades of Projects Managers, EU Fund Officers and EU Fund Support Officers, held on 1 to 10 April 2008, organised by PPCD in conjunction with the Government's central Staff Development Organisation (SDO). These consisted of 11 training modules spread over 8 days and included:
 - A general overview of Cohesion Policy;
 - National governance structures and ways of working;
 - National Procurement Regulations;
 - Government administrative procedures;
 - Cohesion Policy: Stakeholders and Administrative Structures; Publicity Requirements; The Programme Cycle and General Principles of Eligibility; and Managing Programme/s and Project/s;
 - Introduction to Financial Management;
- Two separate capacity building training programmes for *new* Cohesion Policy 2007-2013 Beneficiaries following approval of the first round of projects. These were held in April-May

2008 and in November 2008 respectively. Training was organised by PPCD in conjunction with SDO, and consisted of 7 training modules spread over 11 days (April-May), and 4 training modules spread over 7 days (November) covering:

- Introduction to Cohesion Policy Administrative Structures;
 - Basic Principles of Control;
 - Cohesion Policy: Publicity Requirements;
 - National Procurement;
 - Project Management (*April/May programme only*);
 - Introduction to Payment Procedures (*April/May programme only*);
 - Guidelines to the Value Added Tax (*April/May programme only*).
- A Seminar in relation to 'Cost-Benefit Analysis within the Cohesion Policy 2007-2013 framework' was held on the 1 July 2008 and was open to both current and potential Structural Funds project leaders and other interested professionals. The seminar was organised with the assistance of JASPERS experts who assisted the MA in drafting the agenda and programme as well as in the delivery;
 - Three-hour information sessions were organised for three separate calls for project proposals which were held on the 24 and 30 January and on the 1 and 5 August (for NGOs, Partner and VOs) for potential Beneficiaries under OPI. A total of 171²¹ participants attended for these information sessions;
 - A number of meetings and training seminars which were organised abroad by foreign institutions have been attended by members of staff from the different horizontal organisations working on OPI.

Figure 2.1 – Information Session



²¹ Out of the 171 participants, 99 attended the January sessions whereas the remaining 72 participants attended the August sessions.

2.1.2 Financial information

The second instalment of the advance payment of €13,319,340 (ERDF) and €11,365,800 (CF) was received on 18 February 2008. This brings the total of advance payment paid on the programme to €22,198,900.62 for ERDF and €18,469,425.5 for CF.

During the year under review, expenditure was mainly incurred with respect to a number of projects under Axis 6 (Focus Area Education, Social and Health-related Infrastructure), activities under TA Priority Axis as well as preparatory work (EIAs, CBAs) with respect to other projects. The expenditure incurred during 2008 was low since the Programme was still at the peak of the project selection phase. The selected projects were mainly involved in the procurement exercise as well as issues related to development permits. In this regard expenditure by Beneficiaries was low. By December 2008, € 1,943,004.08 was paid by Beneficiaries while another €177,354.70 represents payments incurred in 2008 vis-à-vis the implementation of the OP which are still to be reimbursed to Beneficiaries. All amounts represent the public eligible cost. Given the rather low level of payments by Beneficiaries, no request for interim payment was made in 2008.

Table 2.2: 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 ²²	Expenditure paid by the body responsible for making payments to the beneficiaries	Total payments received from the Commission
Priority Axis 1: Enhancing Knowledge and Innovation (ERDF)	0	0	0	0	0
Priority Axis 2: Promoting Sustainable Tourism (ERDF)	€110,645.23	€110,645.23	0	€110,645.23	0
Priority Axis 3: Developing the TEN-T (CF)	0	0	0	0	0
Priority Axis 4: Upgrading Services of General Economic Interest (ERDF)	0	0	0	0	0

²² Only applicable for Operational Programmes expressed in total cost

	0	0	0	0	0
Priority Axis 5: Safeguarding the Environment					
(CF)	€1,636,533.07	€1,636,533.07	0	€1,636,533.07	0
Priority Axis 6: Urban Regeneration and Improving the Quality of Life					
(ERDF)					
Priority Axis 7: Technical Assistance ²³	€195,825.78	€195,825.78	0	€195,825.78	0
(ERDF)					
Grand Total	€1,943,004.08	€1,943,004.08	0	€1,943,004.08	€24,685,141.73

2.1.3 Information about the breakdown of use of the Funds

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

The breakdown by categorisation of intervention including the categories by code of intervention and code category is listed within the OPI (pages 98 - 99).

As explained in Table 2.2 only limited expenditure on certain projects (under Priority Axes 2 and 6) and expenditure related to TA was incurred by the Maltese authorities. By the end of 2008 no amounts were certified to the EC.

Table 2.3: Cumulative breakdown of allocations of the Community contribution by category (Part C of Annex II)

Priority Theme	Form of Finance	Territory	Economic Activity	Location	Amount ²⁴
01	01	03	18	MT0 - Malta	€ 99,043.19
02	01	03	6	MT0 - Malta	€ 2,326,188.31
			18		€ 22,178,468.27
			19		€ 104,056.58
			21		€ 104,056.58
			22		€ 2,326,188.31

²³ Moreover, €177,354.70 represents payments incurred in 2008 vis-à-vis the implementation of the OP which are to be reimbursed.

²⁴ Allocated amount of the Community contribution for each combination of categories.

Priority Theme	Form of Finance	Territory	Economic Activity	Location	Amount ²⁴
03	01	03	6	MT0 - Malta	€ 1,794,266.15
			18		€ 1,278,033.96
			22		€ 1,191,462.30
04	01	03	6	MT0 - Malta	€ 1,140,904.10
			18		€ 2,343,062.31
			22		€ 1,140,904.10
05	01	03	6	MT0 - Malta	€ 2,196,359.18
			20		€ 42,553.13
			22		€ 624,099.30
			14		€ 1,700,000.00
06	01	03	6	MT0 - Malta	€ 2,103,750.00
			14		€ 1,700,000.00
			22		€ 2,103,750.00
07	01	03	6	MT0 - Malta	€ 743,750.00
			22		€ 743,750.00
08	01	03	6	MT0 - Malta	€ 3,846,250.00
			22		€ 5,546,250.00
09	01	03	6	MT0 - Malta	€ 2,134,828.17
			22		€ 3,513,472.60
13	01	03	18	MT0 - Malta	€ 152,849.55
			22		€ 380,326.67
15	01	03	6	MT0 - Malta	€ 1,062,500.00
			22		€ 1,062,500.00
22	01	03	11	MT0 - Malta	€ 22,483,395.93
23	01	03	6	MT0 - Malta	€ 6,886,508.06
			20		€ 347,517.19
			22		€ 283,681.50
39	01	03	8	MT0 - Malta	€ 33,797.90
			18		€ 40,934.77
			21		€ 2,482,946.05
40	01	03	8	MT0 - Malta	€ 833,596.42
			18		€ 40,934.77
			21		€ 9,931,784.20
43	01	03	8	MT0 - Malta	€ 25,312.27
			18		€ 54,579.69
			21		€ 6,375,000.00

Priority Theme	Form of Finance	Territory	Economic Activity	Location	Amount ²⁴
50	01	03	6	MT0 - Malta	€ 5,992,882.84
			20		€ 276,595.31
			22		€ 737,571.90
54	01	03	21	MT0 - Malta	€ 96,851.55
55	01	03	21	MT0 - Malta	€ 1,274,123.83
			22		€ 959,356.29
56	01	03	21	MT0 - Malta	€ 72,638.66
			22		€ 714,046.24
57	01	03	20	MT0 - Malta	€ 13,714,116.84
			21		€ 959,356.29
			22		€ 13,883,660.09
58	01	03	20	MT0 - Malta	€ 13,714,116.84
			22		€ 3,889,449.55
59	01	03	22	MT0 - Malta	€ 4,424,984.23
61	01	03	11	MT0 - Malta	€ 3,088,574.76
			21		€ 5,258,924.59
75	01	03	18	MT0 - Malta	€ 15,513,289.05
			20		€ 320,156.82
76	01	03	19	MT0 - Malta	€ 2,631,741.95
77	01	03	6	MT0 - Malta	€ 808,509.38
			20		€ 551,729.65
79	01	03	18	MT0 - Malta	€ 320,156.82
			20		€ 320,156.82
85	01	03	0	MT0 - Malta	€ 1,478,907.67
86	01	03	0	MT0 - Malta	€ 68,858.02
Total					€ 206,574,367.50

The amount indicated above is the total Community expenditure committed in 2008, of which actually paid is €1,943,004.08.

2.1.4 Assistance by target group

Not applicable.

2.1.5 Assistance repaid or re-used

As at end 2008 Malta had not made any financial corrections/modifications to the use of assistance co-financed by the ERDF and the CF, 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.

2.1.6 Qualitative analysis

As already indicated in this report, given that limited project implementation activities were undertaken in 2008, a qualitative analysis on the progress achieved in relation to the targets set out initially cannot be provided. The focus of this section is, therefore, an analysis of the projects which have been approved and how they are expected to address these targets.

(i) Addressing the Targets set out in the OP

In order to ensure that the targets set out in the OP are addressed by the selected projects, it was required, right at the onset of the process, i.e. at application stage, that the Applicants indicate how their proposed project would link and contribute towards the OP objectives and targets. These were further linked with a set of indicators which the Applicants were required to quantify. The submitted projects were awarded a range of marks, depending on how many of the targets would be addressed by the proposed project.

An overview of the approved operations shows that through the various activities included under the operations, the set OP targets are being addressed. This is evident in operations promoting and implementing actions contributing towards % increase in RTDi expenditure as a percentage of GDP; % increase of earnings from tourism; number of direct jobs created; quality of life; CO₂ equivalent emissions and transport weighted average.

As explained in section 2.1.1 (j), to ensure that the set indicators are clear and well defined for the Beneficiaries, an Indicators Users' Guide started being drafted during 2008.

▪ 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 (EU) 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)²⁵ towards the earmarking process when comparing categories of expenditure under the 2004-2006 SPD with the 2007-2013 Programme. OPI is targeting a number of Lisbon earmarked categories of expenditure as referred to in Article 9 (3) of 1083/2006 and identified in Annex IV of the same Regulation. The total amount allocated as per OPI amounts to €284,050,000²⁶. Out of this total, €52,990,009 are committed in approved projects, €34,000,000 allocated to aid schemes (which have been approved by the MA) while € 48,187,129 are allocated for one major project which is at an advanced stage of preparation.²⁷ Thus, the total allocation of projects targeting Lisbon objectives amounts to €135,177,138, which is 53% of the total funds committed.

²⁵ The increase in real terms is exponentially higher than the percentage increase due to the amount of funds available under the 2007-2013 Programmes.

²⁶ All figures in this section are expressed in terms of EU funds component only.

²⁷ Only the TEN-T roads phase 1 which is considered at a very advanced stage and has already been submitted informally to EC is being included in this amount. If one were to eliminate the major project, the earmarked amount committed so far would total 42%.

Furthermore, at application stage, Applicants were also asked to indicate towards which of the Community Strategic Guidelines (CSGs) their project would be contributing. The Applicants were required to explain how the project would be contributing towards the indicated CSGs and in cases where this was not explained clearly, the PSC asked for clarifications to ensure that the project's activities would be actually addressing the guidelines. The approved projects for 2008 which fall under Priority Axes 1,2,4 and 6 are addressing mainly the CSG *Expand and improve transport infrastructure*, CSG - *Improve the environmental contribution to growth and jobs*, CSG - *Address Europe's intensive use of traditional energy sources*. All the mentioned CSGs fall under the heading of **Making Europe and its regions more attractive places to invest and work**. Under the other heading addressing **Improving knowledge and innovation for growth**, 2008 approved projects will be addressing the CSG - *Increase and improve investment in RTD*, the CSG *Facilitate innovation and promote entrepreneurship* and the CSG - *Promote the information society for all*. As at end 2008, no projects have addressed the CSG *Improve access to finance*. Given that in 2008, the project selection process for Call 3 was still underway as at end of 2008 and it is therefore not possible to indicate CSG these projects will be targeting.

In terms of the National Reform Programme (NRP), at application stage, Applicants were also required to indicate towards which of the 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. Approved ERDF operations mainly targeted Strategic Themes *Environment, Competitiveness, Education and Training* since these are the themes of direct relevance to ERDF.

- **Environmental Sustainability**

Government is committed towards making an effort to integrate environmentally-friendly considerations into each stage of the Programme cycle, throughout all Priority Axes. In 2008 focus was primarily on project selection. To ensure that the Government's commitment towards environmental sustainability is respected, the relevant organisations mandated with environmental sustainability were invited to participate in the information sessions held for prospective project proponents. The objective was to give the possibility for proponents to discuss the issues with the experts at the very early stages of project inception.

At a project level, projects must seek to contribute towards 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. At project evaluation stage, project promoters are being asked to discuss further with relevant experts where the effort made is deemed insufficient. Environmental sustainability is also given due consideration during the project selection process, with a total of 15% of the marks targeting activities within the projects that clearly demonstrate an effort to integrate effectively this horizontal priority 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, especially during the design phase of projects. Projects should aim to promote the achievement of a low to neutral carbon impact and possibly strive to achieve a neutral carbon status, during, as well as after project implementation. This means that interventions envisaged under OPI will have to demonstrate that they have considered environmental and climate change issues (where applicable) in the design and implementation stages of their projects. During the last quarter of 2008, the Maltese authorities had several discussions with the EC in order to be able to promote additional *network type* renewable energy projects on a national scale in households (outside the housing criteria).

The competent authority for environmental and planning issues screened applications related to OPI. In 2008, MEPA continued to offer ongoing assistance to applicants and project managers who submitted projects funded under both OPI and OPII. In order to facilitate the integration of environmental and land use planning considerations in projects supported by these programmes, the Authority maintained and further consolidated an internal structure tasked with facilitating requests for information, tracking the progress of applications for environmental and planning permits, impact assessments and authorisations, as well as monitoring compliance issues.

- **Equal Opportunities**

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

The Maltese Government is committed towards the promotion of equal opportunities at every stage of the programme cycle. In 2008 focus was primarily on project selection. To ensure that the Government's commitment towards equal opportunities is respected, the relevant Commissions mandated with Equal Opportunities were invited to participate in the information sessions held for prospective project proponents. The objective was to give the possibility for proponents to discuss the issues with the experts at the very early stages of project inception. Applicants were requested to include in their project proposals actions promoting these principles. 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 were required to demonstrate that they have considered equal opportunities at all stages of the design of the project. Furthermore, the Applicants were encouraged to discuss possible actions to be included within their project proposals with the relevant entities who are experts in the area, i.e. the National Commission for Persons with a Disability (NCPD) and the National Commission for the Promotion of Equality (NCPE).

One should note that Equal Opportunities as a horizontal priority was one of the selection criteria for which project proposals were awarded marks, therefore contributing towards the rating and selection of the project. Marks have been awarded to Applicants who showed extra efforts to integrate effectively this horizontal priority into the project. In general there has been a greater effort to integrate better the concept of equal opportunities in the procurement. Other measures that have been approved include accessibility facilities, inclusive language and childcare facilities as a family-friendly measure.

- **Partnership**

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

Section 1.6 of the OP explains the involvement, of economic and social partners, civil society organisations and the general public within the context of the preparation of the OP were involved.

As for implementation, the Government has supported project proponents from partner organisations and civil society groups. In order to fulfil the commitment under section 5.3.7 of the OP and facilitate access of these organisations to Structural Funds, the Government is launching a number of calls (under both OPs) which are open only to partner organisations, including civil society groups and the voluntary sector. In 2008, one such call was issued under Axis 2. The sector responded very well and further calls are planned in 2009, also for local councils. It should be noted that in order to facilitate the participation of partner organisations, Government is providing the pre-financing of the ERDF component from the national budget.

Furthermore, in compliance with Article 63 of 1083/2006, Malta established the MC for the purpose of monitoring and assessing the implementation and efficient spending of funds under OPI. Social Partners are represented at the MC. The Partners include the Confederation of Malta Trade Unions; the General Workers' Union, the Union *Ħaddiema Magħqudin*, the Malta Employers' Association, the Malta Chamber of Commerce and Enterprise,²⁸ the Malta Federation of Industry,²⁹ the Malta Hotels and Restaurants Association, the General Retailers and Traders Union, the Gozo Business Chamber, the Local Councils Association, the National Council of Women (representing an Equal Opportunities NGO sector), *Din L-Art Ħelwa* and *Flimkien Għall - Ambjent Aħjar* (representing the environment NGO sector).

2.2. Compliance with Community law

To date no significant problems relating to the compliance with Community law have been encountered. Compliance with state aid is ensured at the project selection stage where all applications are also vetted by the SAMB which then gives technical input to the PSC. Quality assurance in the public procurement field is ensured through the quality checks and vetting of the process by DoC. MEPA supports the Beneficiaries and the MA on planning and environmental permits³⁰.

During 2008 the MA sought legal clarification from the EC with regards to an approved project under Priority Axis 4, Focus Area – Energy. Clearance has been requested on the eligibility of *Network type* projects in households. A request was sent by the MA to the EC to confirm the interpretation of the Regulations and to provide the necessary clearance for the continuation of the said project.

2.3 Significant problems encountered and measures taken to overcome them

The main problem that was encountered in the implementation of the OP was that there were considerable delays in the implementation of operations. This delay was due to a number of issues including the re-assessment of some of the large and major projects by public entities following more in depth analysis of the proposals emanating from CBAs and other studies as well as modifications in sectoral strategies following the 2008 general elections.

At the level of implementation, delays also arose from lengthy project selection and procurement procedures. In terms of contracting during 2008, DoC worked on a number of ERDF/CF projects funded under OPI. During the year under review, DoC received 34 tender documents for vetting for a total of €54,841,359.96. Also during 2008, DoC published 11 tenders for a total value of €10,000,010. Seven of these tenders were received in 2007 while 4 were received in 2008. Finally, during the same year DoC also awarded 7 tenders worth €69,099,750.78. All of the tenders awarded in 2008 were received in 2007. Nonetheless action has been taken in the first quarter of 2008 and new staff has been appointed to facilitate the implementation of the OP.

Other delays have been encountered vis-à-vis the planning permits. During 2008, MEPA processed 24 applications for development planning permission related to EU funded projects. Out of these application, 3 formal development permission were issued during 2008, the rest were in an advanced state of processing by the end of 2008, and 2 have been awarded development permission in early 2009.

The Environmental Assessment (EA) Team of the Environmental Protection Department (EPD) worked constantly with the Planning Directorate for the screening of applications forming part of

²⁸ The Chamber has now been merged with the Federation of Industry and renamed Malta Chamber of Commerce, Enterprise and Industry.

²⁹ See footnote 18.

³⁰ All three organisations are represented on the high level monitoring meetings described under section 2.7.1 below.

projects financed by Structural Funds. In 6 cases it was decided that an Environmental Impact Assessment (EIA) was not required, and the EA Team issued justification notices to the project leaders. In one case it was decided that an EIA would be required, and terms of reference were issued accordingly. The EA Team also issued guidance to case officers on 15 other development permission applications related to projects supported by Structural Funds.

The EPD also processed several environmental permits related to projects co-financed by Structural Funds, including the extension of Waste Separation Activities and the Gozo Mechanical Biological Treatment Plant, while Integrated Pollution Prevention and Control (IPPC) permits for two projects, the Hazardous Waste Treatment Plant and the Modification to the Boilers at Delimara Power Station projects are still in process, together with environmental permits for the Urban Waste Water Treatment Plant for the South of Malta.

In order to strengthen co-ordination, MEPA has set up an internal focal point for stakeholders. Meanwhile, a committee has also been set up between MEPA and DoC in an attempt to monitor closely the planning permits situation and any potential impact on tender dossiers.

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)

2008 was marked with the onset of the economic-financial crisis. In this regard, the start of implementation of Cohesion Policy was very timely. The urgent need to provide support to enterprises was brought even further to the forefront. In this regard the projects proposed and subsequently approved cannot have been more timely and appropriate. The MA together with the IBs finalized all the preparations and a number of schemes targeting innovation (including eco-innovation), market access, R&D, energy efficiency and renewable energy were launched for both the manufacturing as well as the tourism sectors at the start of 2009. Moreover, the big public infrastructural projects which are expected to start in earnest in 2009, are expected to contribute significantly in providing the necessary stimulus for the economy in general. Government also continued to provide pre-financing for projects in order to support Beneficiaries in managing their cash flow. The MA continues to monitor the crisis very closely to ensure that necessary measures are taken immediately to avoid any negative impact on the OP.

During 2008, there was no particular need to change the OP as this was deemed flexible enough to accommodate measures aimed at mitigating against the crisis, however some changes were needed following changes in ministerial portfolios as well as more in-depth analysis arising from feasibility and other studies and revised strategies (e.g. new transport strategy). These revisions were presented to the MC of October 2008 and are highlighted in detail under section 2.7.2 of this report

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 MA shall co-ordinate assistance from the OP co-financed by the ERDF and CF with assistance from the OP 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, OPI is complemented by investments under ESF OPII, particularly those areas addressing education, training, employment, childcare and occupational health.

The PPCD has the overall responsibility for the co-ordination of all Structural Funds (including ERDF and ESF) and the CF. 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. The co-ordination and complementarity mechanisms are strengthened through centralised management which also ensures that there is no duplication in the activities funded.

Complementarity and consistency between different financial instruments includes:

a) ERDF and CF

OPI is co-financed by both the ERDF and the CF with 5 Priority Axes financed through the former and 2 Axes financed through the latter. Together, the priorities proposed constitute a plan of action for the period 2007-2013. Whilst under the 2004-2006 period the environment and transport sectors were major Beneficiaries under both funds, under the 2007-2013 OP the delineation between the sectors supported by the two funds is more clear and distinct.

The main focus of the CF is *big* and major infrastructure in the transport and environment sectors while the ERDF is more focused on supporting competitiveness (also in the tourism sector) and upgrading infrastructure in the social sector (education and health). The ERDF is also being used to co-fund infrastructure related to energy and climate change issues. The investment under the ERDF is also more complementary to the interventions planned under OPII funded by the ESF.

b) ERDF and ESF

Infrastructural investments supported by OPI are complemented by human resources investments under ESF OPII, particularly those areas addressing education, training, employment, childcare and occupational health. In this regard OPI (under Priority Axes 1 and 6) has approved a number of infrastructural projects and the purchasing of equipment for both the formal and informal education sector as well as RTDi, including projects for the University of Malta, the Malta College of Arts, Science and Technology (MCAST)³¹ and the Employment and Training Corporation (ETC),³² as well as actions complementing the work-life balance activities under OPII, particularly in the area of childcare infrastructure (including support to the private sector).

c) 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 EAFRD and the EFF respectively. The NSRF highlights the consistency and complementarity between the Structural Funds and the EAFRD and the EFF. In March 2008 the MA launched the start of a number of demarcation meetings which are held regularly between the ME, MRRA and the MA prior to the launch of the call. During these meetings, possible overlaps are discussed and measures are taken on how to best guide Applicants and also avoid double funding. It is also worth noting that the MA is a member of the EAFRD MC. It should also be noted that an informal network of all ERDF and ESF IBs has been set up to co-ordinate issues and also exchange experience and best practice. The MAs for both the EAFRD and EFF and the SAMB, though not forming part of the informal network, are invited on ad-hoc basis to discuss issues requiring their input. Approximately, the informal network meets every 3 months and is co-ordinated on a rotation basis.

³¹ The country's umbrella organisation for vocational training.

³² The national employment services.

d) 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 OPI are the 7th Framework Programme for R&D (FP7); the Competitiveness and Innovation Framework Programme (CIP) and the environment Programme LIFE. With respect to 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.

In ensuring access to the CIP, Malta is looking at OPI with a view 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 relevant institutions involved in the management of the CIP in Malta are also on the internal committee set up with regards to JEREMIE.

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 OPI. Under this OP, Malta will be focusing primarily on *large* national infrastructural projects in the areas of waste management, waste water, storm water management and risk prevention, air quality and emissions control.

e) OPI and EIB

The EIB is lending its assistance to a number of projects co-funded under OPI. This is largely being done through the JASPERS Initiative as explained under section 2.1.1 (m) above. Moreover, the EIB is also supporting the implementation of at least one major project through an EIB loan.

f) ERDF and other financial instruments

During 2008, no other financial instrument was being used, other than the ones outlined above and national funds. However, a number of projects are also contemplating public-private partnerships on which Malta is also seeking assistance from JASPERS.

The ERDF interventions, however, are being complemented by interventions being implemented with the use of other financial sources, in particular the EEA/Norway Financial Mechanisms as well as the Swiss Financial Instrument. A number of interventions under the EEA/Norway Financial Mechanisms are supporting competitiveness in the tourism sector, including the funding of cultural heritage, whilst the main focus of the Swiss Fund is the health sector and the proposed projects are very much in line with the OP Focus Area. During 2008, all the projects under the Italian-Maltese Protocol were concluded. The Protocol also supported a number of projects in the transport sector (non-TEN T) as well as cultural heritage and environment.

g) Structures

The OP foresees the establishment of a number of co-ordination structures to ensure complementarity whilst ascertaining that no overlaps or duplication occur. In line with section 5.4 of the OP, the MA initiated the process for the establishment of a number of co-ordination structures to strengthen complementarity and ensure no overlaps or duplication between the different Funds and Programmes/Initiatives. In this context, during 2008, internal discussions were held and ToRs for these co-ordination structures were being drafted to pave the way for the establishment of these committees in 2009.

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

2.7.1 Monitoring by the MA

➤ Day-to-Day

The MA adopts a *desk-officer* approach to monitoring. Each Projects Manager within the MA has been assigned a number of operations under one or more Priority Axis thus allowing regular contact with the individual Project Leaders/IBs and establishing a thorough understanding of the individual operations/aid schemes and their respective specificities. The main function of the Projects Managers within the PPCD is to follow closely the projects/schemes assigned, to report on progress, and to bring to the attention of the superiors any issues which need resolving/close monitoring. The Project Managers and Senior Managers are also liaising with other stakeholders to ensure that implementation is as smooth as possible. This monitoring is done at both an informal as well as at a formal level through phone calls as well as exchange of e-mails and other forms of correspondence. Throughout 2008 project managers mainly focused on the provision of secretarial support to the PSC during the project selection process and worked on finalising Grant Agreements for the approved projects / schemes.

Moreover, day-to day monitoring is also undertaken through the new SFD. The SFD shall assist the MA to monitor the progress of the OP, particularly in monitoring ongoing progress of both payments and indicators. Section 2.1.1 (k) provides further details on the work done at this level during 2008.

➤ High Level

Formal monitoring and reporting on projects is done through the project progress report compiled every four months (see section 2.1.1 (h)). Moreover, OPM, led by the Principal Permanent Secretary (PPS), has set up a high level monitoring structure to discuss projects at risk. The MA uses *live* data acquired from the day-to-day monitoring exercise to assess projects at risk and these are then discussed with the stakeholders which are represented at Permanent Secretary level. During these meetings (which include also representatives from DoC and MEPA)³³ the issues are discussed and deadlines are set for the follow-up measures. Issues requiring further guidance/clarification at policy level are also dealt with through the office of the PPS. These meetings started in the last quarter of 2008.

2.7.2 Monitoring Committee

a) Meetings of the MC

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 Operational Programme, Malta has, in 2007, established the MC. The MC for the 2007-2013 Programme includes representatives of Government, socio-economic partners and civil society as well as the EC. During 2008, the MC met twice, in May and in October.

During the May meeting the MC approved the criteria for TA as well as the revised selection criteria for operations under the *Environmental Improvements Grant Scheme: Stimulating Environmental Excellence in Maltese Enterprises*.³⁴ During the same meeting the Evaluation Plan and the Annual Implementation Report (AIR) for 2007 were presented to the members. In addition the MA provided an update on the Programme's implementation. The AIR was thereafter circulated amongst the

³³ The stakeholders present can change according to the stage of the programme cycle.

³⁴ The criteria related to this particular scheme were first presented in the December 2007 MC but not approved by the MC.

members of the MC for approval by written procedure. The report was approved on 23 June 2008. On 4 July 2008, the AIR 2007 was submitted to the EC following the approval by the MC through written procedure. Following appraisal by the EC Services, the report was deemed in line with the requirements of Article 67(2) of Council Regulation EC/1083/2006 on 29 July 2008.

The second meeting of the MC in 2008 was held on 17 October 2008 during which the MC approved further changes to the *Environmental Improvements Grant Scheme: Stimulating Environmental Excellence in Maltese Enterprises*.³⁵ Apart from an update on implementation a number of changes to OPI were presented. All the changes listed below were subsequently circulated amongst the members of the MC for approval by written procedure. These changes were approved by the MC on 28 November 2008.

The changes to OPI concerned the following:

(i) Editorial changes across the text

Several *editorial* changes throughout the document were proposed following a thorough proof reading exercise. The changes include spelling mistakes as well as Maltese fonts and changes in the Ministries' name/portfolios (latter mainly with regard to Chapter 5 of the OP and which were deemed necessary following change in ministerial portfolios as a result of the 2008 general election).

(ii) Changes within Priority Axes 4 and 5

The swap between the major project envisaged under Priority Axis 4 entitled *Urban Waste Water Treatment Plant for the South of Malta* with the major project under Priority Axis 5 entitled *An Integrated Water Management Approach to Flood Relief and Water Conservation* was proposed. Following a preliminary technical and financial analysis of the latter major project by JASPERS experts, the project was modified to focus on a *National Flood Relief Programme*. Although the scope of the project did not change, the extent of the project intervention has been reduced and so has the budget. In the case of the *Urban Waste Water Treatment Plant*, the budget has increased substantially following the procurement process. The two projects will change the original respective Fund, from ERDF to CF in the case of the *Urban Waste Water Treatment Plant* and vice versa for the *National Flood Relief Programme*. Given the proposed change between the two major projects, the entire Focus Area *Water* (which includes drinking water as well as waste water) was shifted to Priority Axis 5, while the Focus Area *Storm Water Management* under Priority Axis 5 was shifted to Axis 4. The shift includes a change in background information, categorisation of intervention by priority theme, objectives, potential areas of intervention, indicators as well as descriptions of the major projects in both Axes. Given the new focus of Axis 4, a change was also proposed to the title of Axis 4, namely *Mitigation and Adaptation to Climate Change*. The budgets of the Axes as outlined under section 6.2 of the OP remained unchanged.

In addition to this change, the treatment of hazardous waste, actions related to energy recovery, as well as the treatment of non domestic biological waste were also *clearly* marked as a potential interventions that can be financed by the OP under Axis 5.

(iii) Changes to Table 3.4.3 [Categorisation of intervention by Priority Theme]

This change is a result of the changes being proposed within Axes 4 and 5 (under point (ii) above), the allocations of Priority Themes 45, 46, 47 and 53 now read as follows:

³⁵ When handed over to ME, the grant scheme was renamed *Innovation Actions Grant Scheme (Environment)*.

<i>Priority Theme</i>		<i>Original Allocation</i>	<i>Revised Allocation</i>
45	Management and distribution of water (drinking water)	0.58	0.27
46	Water Treatment (Waste Water)	5.84	8.17
47	Air Quality	2.92	2.63
53	Risk Prevention (including the drafting and implementation of plans and measures to prevent and manage natural and technological risks)	8.17	6.42

(iv) Changes to the Indicators

Other changes include the clearer definition of two of the Priority Axis 1 indicators (*No. of SMEs improving their use of ICT for ebusiness* and *No. of SMEs assisted in environmentally-sensitive technologies, operating systems and processes*).

An editorial change for an indicator within Priority Axis 3 [*% increase in sea passengers per annum*] was also suggested. The target figure for this indicator reads 2.5% and not 3.5% in order to tally with the target provided for the same indicator within Table 4.8 [page 148] as one factor within the Transport Attractiveness weighted average impact indicator.

Changes in the indicators of Priority Axes 4 and 5 reflect the change in the shift of Focus Areas from one Axis to another (as described under point (ii) above). Indicators relating to water treatment [*No. of liquid waste treatment plants constructed/ % decrease in national sewerage effluent discharge/additional population served (core indicator)*] and *Status of coastal waters in the South of Malta* have been removed from Priority Axis 4 and inserted in Priority Axis 5. One new output indicator has been included within Priority Axis 4 [*No of studies*] to provide for projects aiming at the Axis' objective "To study the viability of interconnection to the mainland..." The target for the result indicator "*M³ of new rain water retention and storage capacity in catchment areas*" has been reduced from the original 720,000 to 300,000. This reflects the reduction in budget and scope as described under point (ii) above.

The changes to indicators also included a minor amendment to one of the output indicators within Priority Axis 6. Instead of *% increase in e-services for the public and the business community [target 7% increase]*, the indicator has been re-worded as *Number of new e-services for the public and the business community [target: 4 new e-services]*. Considering the baseline of 58 e-services available, a 7% increase would have resulted in 4 new e-services provided. Therefore, except for the re-wording to make the target more understandable, no change has been proposed in substance.

(v) Changes to Priority Axis 3

The changes to the OP include also the deletion of the list of localities mentioned under Axis 3 with regard to the two major projects on road transport. While the idea is still to submit two major project application forms, each consisting of a number of sub-projects on the TEN-T back-bone, it has been proposed to eliminate the name of the localities to allow for flexibility during implementation. This is in the light of further studies and analysis of the said sub-projects as well as a revised transport strategy launched in 2008.

(vi) Changes to Priority Axis 7

A new Focus Area has been introduced to this Priority Axis to take into consideration the provisions made within the COCOF note COCOF07/0021/02-EN. This new Focus Area allows for the

financing of initiatives relating to the closure of ERDF measures under the SPD for Malta 2004-2006 as well as the Cohesion Fund 2004-2006.

vii Changes under Chapter 5

Two of the changes included within Chapter 5 arise from clarifications obtained from the Commission following the adoption of the OP. These relate to the definition of Beneficiaries [section 5.1.1 (a) (e)] as well as the issue of the Accounting system [Section 5.3.4]. Both changes are reflected in the implementing system submitted by Malta in June 2008.

b) Notification via the SFC

Following the closure of the written procedure the EC informed that due to technical restrictions of the System for Fund management in the European Community 2007-2013 (SFC) the modification to the title of Priority Axis 4 from *Upgrading Services of General Economic Interest to Mitigation and Adaptation to Climate Change* could not be entertained.³⁶ The revised OP was subsequently not submitted, with no impact on implementation. This also in light of the fact that more changes to OPI were foreseen under other Axes. The full package of changes is expected to be submitted to EC in the second quarter of 2009.

2.7.3 Evaluation

The Evaluation Plan for Malta, which describes the approach that the Maltese MA plans to adopt in order to meet the requirements in terms of EC Regulation 1083/2006, was initially drafted during 2007 and during that same year the plan was forwarded informally to the Commission. During 2008 discussions were held on the plan, mainly between the Commission Services and the MA, which led to the finalization of the document. The plan was also presented during the MC held on 22 May 2008.

During the fourth quarter of 2008, preparations started for the drafting of the terms of reference (ToR) for the Mid-Term Evaluation which will be outsourced through a tender to be launched in 2009.

³⁶ Subsequently the EC sorted this technical problem and the MA was informed that the change in the title of Priority Axis 4 could actually happen.

Chapter 3 – Implementation by Priority

3.1 Achievement of targets and analysis of the progress by Priority Axis

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

As already indicated in other sections of this AIR, project implementation on the ground had not really advanced in 2008. Limited progress was registered in that respect since throughout 2008 the bulk of the projects were being evaluated by the PSC and those selected were mainly in the contracting stage, preparing tender dossiers, launching the tendering procedure and finalizing planning permission applications. The information on physical targets is given below. In this Malta has no annual targets and hence the 2008 target space is being marked as not applicable. The financial progress is provided in Table 2.2 of this report.

Table 3.1 – Physical Progress of the Priority Axes

3.1.1 Priority Axis 1 - Enhancing Knowledge and Innovation

Indicators		2007	2008	Total
Output Indicators				
Indicator 1: No of new/upgraded industrial zone projects by the end of 2013	Achievement	0	0	0
	Target	n/a	n/a	5
	Baseline	n/a	n/a	n/a
Indicator 2: No of upgraded crafts villages	Achievement	0	0	0
	Target	n/a	n/a	1
	Baseline	n/a	n/a	n/a
Indicator 3: No of SMEs receiving grants	Achievement	0	0	0
	Target	n/a	n/a	450

	Baseline	n/a	n/a	n/a
Indicator 4: No of RTDi projects (core indicator)	Achievement	0	0	0
	Target	n/a	n/a	10
	Baseline	n/a	n/a	n/a
Indicator 5: No of new/modernized specialized learning facilities constructed/refurbished	Achievement	0	0	0
	Target	n/a	n/a	22
	Baseline	n/a	n/a	n/a
Result Indicator				
Indicator 6: No of new enterprises (local and foreign)/expansions in sites upgraded	Achievement	0	0	0
	Target ³⁷	n/a	n/a	25
	Baseline ³⁸	n/a	n/a	n/a
Indicator 7: % increase in the number of tourists visiting the crafts villages	Achievement	0	0	0
	Target	n/a	n/a	37%

³⁷ The targets provided are for the whole programming period.

³⁸ The baseline data provided is not necessarily the data provided in 2008 but the year of the data as provided in OPI.

	Baseline	90,937 visitors	n/a	90,937 visitors
Indicator 8: No of start-up businesses supported (core indicator)	Achievement	0	0	0
	Target	n/a	n/a	35
	Baseline	n/a	n/a	n/a
Indicator 9: No of SMEs launching new or improved product or processes	Achievement	0	0	0
	Target	n/a	n/a	35
	Baseline	n/a	n/a	n/a
Indicator 10: No of SMEs improving their use of ICT for e-business	Achievement	0	0	0
	Target	n/a	n/a	49
	Baseline	n/a	n/a	n/a
Indicator 11: No of SMEs improving their market penetration efforts	Achievement	0	0	0
	Target	n/a	n/a	35
	Baseline	n/a	n/a	n/a
Indicator 12: No of SMEs assisted in	Achievement	0	0	0

environmentally sensitive technologies, operating systems and processes	Target	n/a	n/a	100
	Baseline	n/a	n/a	n/a
Indicator 13: No of enterprises involved in networking and new collaboration with other businesses and academia (core indicator)	Achievement	0	0	0
	Target	n/a	n/a	10
	Baseline	n/a	n/a	n/a
Indicator 14: % increase of students taking up S&T related studies at the vocational/higher education levels at targeted intervention institutions	Achievement	0	0	0
	Target	n/a	n/a	45%
	Baseline	3092	n/a	3092

3.1.2 Priority Axis 2 - Promoting Sustainable Tourism

Indicators		2007	2008	Total
Output Indicators				
Indicator 1: No of assisted tourism and cultural projects (core indicator)	Achievement	0	0	0
	Target	n/a	n/a	8
	Baseline	n/a	n/a	n/a
Indicator 2: No of new/upgraded beaches	Achievement	0	0	0
	Target	n/a	n/a	5
	Baseline	n/a	n/a	n/a
Indicator 3:	Achievement	0	0	0

Surface area of rampart elevation plan restored (m ²)	Target	n/a	n/a	135,000
	Baseline	n/a	n/a	n/a
Indicator 4: No of marketing measures to penetrate/develop new/established niche markets	Achievement	0	0	0
	Target	n/a	n/a	4
	Baseline	n/a	n/a	n/a
Indicator 5: No of projects implemented by NGOs/enterprises (core indicator)	Achievement	0	0	0
	Target	n/a	n/a	300
	Baseline	n/a	n/a	n/a
Result Indicators				
Indicator 6: % overall increase in the number of paying visitors at upgraded sites	Achievement	0	0	0
	Target	n/a	n/a	4% increase
	Baseline	154,000	n/a	154,000
Indicator 7: % of total tourists visiting upgraded cultural sites	Achievement	0	0	0
	Target	n/a	n/a	8% increase
	Baseline	62,333	n/a	62,333
Indicator 8: % average increase in tourist departures for the established niche segments	Achievement	0	0	0
	Target	n/a	n/a	3% increase
	Baseline	36.6%	n/a	36.6%
Indicator 9: No of enterprises/NGOs adopting new products and processes	Achievement	0	0	0
	Target	n/a	n/a	250

	Baseline	n/a	n/a	n/a
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3.1.3 Priority Axis 3 - Developing the TEN-T

Indicators		2007	2008	Total
Output Indicators				
Indicator 1: Kms of roads upgraded (core indicator)	Achievement	0	0	0
	Target	n/a	n/a	20 Kms
	Baseline	n/a	n/a	n/a
Indicator 2: Sq m of new/refurbished infrastructure	Achievement	0	0	0
	Target	n/a	n/a	76,200m ²
	Baseline	n/a	n/a	n/a
Indicator 3: Construction of new sea passenger terminal	Achievement	0	0	0
	Target	n/a	n/a	1
	Baseline	n/a	n/a	n/a
Result Indicators				
Indicator 4: % increase in satisfaction rate of transport operators/users	Achievement	0	0	0
	Target	n/a	n/a	10%
	Baseline	n/a	n/a	n/a
Indicator 5: Reduction in journey time (minutes)	Achievement	0	0	0
	Target	n/a	n/a	-5 mins

	Baseline	n/a	n/a	n/a
Indicator 6: % reduction in traffic accidents in the areas of intervention	Achievement	0	0	0
	Target	0	0	10% reduction
	Baseline	193	n/a	193
Indicator 7: % increase in cargo per annum	Achievement	0	0	0
	Target	n/a	n/a	2,0% increase
	Baseline	6,206,185	n/a	6,206,185
Indicator 8: % increase in sea passengers per annum	Achievement	0	0	0
	Target	n/a	n/a	2,5% increase
	Baseline	3,804,221 passengers	n/a	3,804,221 passengers

3.1.4 Priority Axis 4 - Upgrading Services of General Economic Interest

Indicators	2007	2008	Total
Output Indicators			
Indicator 1: No of boilers (generation plant) upgraded	Achievement	0	0
	Target	n/a	n/a
	Baseline	n/a	n/a
Indicator 2: Annual penetration rate of installed PV, micro-wind and solar (in kWpeak/annum or equivalent in energy saving) generating	Achievement	0	0
	Target	n/a	n/a
	Baseline	n/a	n/a

systems starting in 2008 (kWp/annum)				
Indicator 3: No of energy efficiency schemes	Achievement	0	0	0
	Target	n/a	n/a	2 - 3
	Baseline	n/a	n/a	n/a
Indicator 4: No of storm water management (risk prevention) projects (core indicator)	Achievement	0	0	0
	Target	n/a	n/a	1
	Baseline	n/a	n/a	n/a
Indicator 5: No of studies	Achievement	0	0	0
	Target	n/a	n/a	1
	Baseline	n/a	n/a	n/a
Result Indicators				
Indicator 6: Compliance with LN 329/2002 (Directive EC/80/2001)	Achievement	0	0	0
	Target	n/a	n/a	Full
	Baseline	In breach	n/a	In breach
Indicator 7: Total annual electricity generated from small scale PV and micro-wind installations (MWh/annum)	Achievement	0	0	0
	Target	n/a	n/a	3,000
	Baseline	n/a	n/a	n/a
Indicator 8: Total energy savings per year (MWh/annum)	Achievement	0	0	0
	Target	n/a	n/a	24,300
	Baseline	n/a	n/a	n/a

Indicator 9: M ³ of new rain water retention and storage capacity in catchment areas	Achievement	0	0	0
	Target	n/a	n/a	300,000
	Baseline	n/a	n/a	n/a
Indicator 10: Frequency of flooding within areas of intervention	Achievement	0	0	0
	Target	n/a	n/a	1 every 5 years
	Baseline	5 per year	n/a	5 per year

3.1.5 Priority Axis 5 - Sustaining the Environment

Indicators		2007	2008	Total
Output Indicators				
Indicator 1: No of solid waste treatment plants constructed	Achievement	0	0	0
	Target	n/a	n/a	2
	Baseline	n/a	n/a	n/a
Indicator 2: No of landfills rehabilitated	Achievement	0	0	0
	Target	n/a	n/a	1
	Baseline	n/a	n/a	n/a
Indicator 3: No of liquid waste treatment plants constructed	Achievement	0	0	0
	Target	n/a	n/a	1
	Baseline	n/a	n/a	n/a
Result Indicators				

Indicator 4: Landfill volumes saved on an annual basis as at 2015 (m ³)	Achievement	0	0	0
	Target	n/a	n/a	130,000 m ³ (110,000 tonnes)
	Baseline	290,000 tonnes	n/a	290,000 tonnes
Indicator 5: Total RES recovered from waste by 2015 (GWhrs/annum)	Achievement	0	0	0
	Target	n/a	n/a	17.0(GWhrs/annum)
	Baseline	n/a	n/a	n/a
Indicator 6: Sq m of rehabilitated land from landfills	Achievement	0	0	0
	Target	n/a	n/a	300,000m ²
	Baseline	n/a	n/a	n/a
Indicator 7: % decrease in national sewerage effluent discharge	Achievement	0	0	0
	Target	n/a	n/a	80%
	Baseline	n/a	n/a	n/a
Indicator 8: Status of coastal waters in the South of Malta (from Class 3)	Achievement	0	0	0
	Target	n/a	n/a	Class 1
	Baseline	Class 3	n/a	Class 3

3.1.6 Priority Axis 6 - Urban Regeneration and Improving the Quality of Life

Indicators	2007	2008	Total
Output Indicators			

Indicator 1: No of projects ensuring sustainability and improving the attractiveness of towns and cities (core indicator)	Achievement	0	0	0
	Target	n/a	n/a	3
	Baseline	n/a	n/a	n/a
Indicator 2: Km of upgraded roads (non TEN-T)	Achievement	0	0	0
	Target	n/a	n/a	7
	Baseline	n/a	n/a	n/a
Indicator 3: No of projects promoting Modal Shift	Achievement	0	0	0
	Target	n/a	n/a	2
	Baseline	n/a	n/a	n/a
Indicator 4: No of new e-services for the public and the business community	Achievement	0	0	0
	Target	n/a	n/a	4
	Baseline	58 e-services	n/a	58 e-services
Indicator 5: No of existing learning facilities refurbished (with new equipment)/constructed within intervention areas by 2013	Achievement	0	4	4
	Target	n/a	n/a	30
	Baseline	n/a	n/a	n/a
Indicator 6: No of new beds in health infrastructure (rehabilitation and neuro rehabilitation)	Achievement	0	0	0
	Target	n/a	n/a	218
	Baseline	n/a	n/a	n/a
Indicator 7:	Achievement	0	0	0

No of environmental monitoring projects	Target	n/a	n/a	4
	Baseline	n/a	n/a	n/a
Indicator 8: Sq m of modernized facilities refurbished (with new equipment/constructed within intervention areas by 2013)	Achievement	0	1,302.4	1,302.4
	Target	n/a	n/a	2,040
	Baseline	n/a	n/a	n/a
Result Indicators				
Indicator 9: Average % redevelopment of units in regeneration areas of total national regeneration	Achievement	0	0	0
	Target	n/a	n/a	1,27%
	Baseline	0,03%	n/a	0,03%
Indicator 10: Road surface condition of upgraded roads	Achievement	0	0	0
	Target	n/a	n/a	1,0 – 1,5
	Baseline	4.66	n/a	4.66
Indicator 11: % increase in use of non-car modes	Achievement	0	0	0
	Target	n/a	n/a	8%
	Baseline	29,745,123	n/a	29,745,123

Indicator 12: % increase in use of e-services	Achievement	0	0	0
	Target	n/a	n/a	20% increase
	Baseline	80,545	n/a	80,545
Indicator 13: Pupils/ students/ trainees benefiting from upgraded and modernized facilities/services (per annum) (core indicator)	Achievement	0	1,158	1,158
	Target	n/a	n/a	25,000
	Baseline	n/a	n/a	n/a
Indicator 14: % increase in rehabilitation occupied bed days and patients throughput	Achievement	0	0	0
	Target	n/a	n/a	300% increase and 150% increase respectively
	Baseline	occupied bed-days 21,462, patients throughput 965	n/a	occupied bed-days 21,462, patients throughput 965
Indicator 15: % increase in neuro rehabilitation occupied bed days and patients throughput	Achievement	0	0	0
	Target	n/a	n/a	100% increase and 75% increase respectively
	Baseline	occupied bed-days 4015, patients throughput 45	n/a	occupied bed-days 4015, patients throughput 45
Indicator 16: National environmental monitoring programmes established	Achievement	0	0	0
	Target	n/a	n/a	4

	Baseline	n/a	n/a	n/a
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3.2 Financial progress

Table 3.2 Expenditure table³⁹

Priority Axes	Total contribution	Financial progress			
		Commitments ⁴⁰	Payments	Commitments	Payments
	(a)	(b)	(c)	(b/a)	(c/a)
Priority Axis 1: Enhancing knowledge and innovation	€120,000,000	€ 84,897,311.86	€0.00	70.7%	0%
Priority Axis 2: Promoting sustainable tourism	€120,000,000	€73,179,647.53	€110,645.23	61%	0.09%
Priority Axis 3: Developing the trans-European network for transport	€169,038,258.8 2	€0.00	€0.00	0%	0%
Priority Axis 4: Upgrading services of general economic interest	€121,000,000	€23,155,808.05	€0.00	19.1%	0%
Priority Axis 5: Safeguarding the environment	€165,250,000	€0.00	€0.00	0%	0%
Priority Axis 6: Urban regeneration and improving the quality of life	€149,000,000	€59,975,968.19	€1,636,533.07	40.2%	1.1%
Priority Axis 7: Technical assistance	€12,327,095.29	€2,712,356.88	€195,825.78	22%	1.6%

³⁹ Quoted figures represent progress as at end 2008 and are expressed in total public eligible cost.

⁴⁰ The committed amounts include both the approved projects and the aid schemes.

As at end of 2008, the total commitments (including aid schemes approved by the MA but excluding all major projects) was €243,921,092.51 – all under the ERDF Axes - representing 46.7% of the ERDF Axes' allocation in the OP or 28.5% of the total OP allocation (including the CF Axes).

3.3 Qualitative Analysis

As already indicated under different sections of this report, the progress on the different Priority Axes during 2008, was mainly focused on commitments, i.e. selecting projects and committing the money. In fact, from information obtained from the EU 12, recently Malta had the highest commitment rate for all three funds amongst the EU 12.⁴¹ The following is an overview of the calls launched in 2008.

Table 3.3 – Information about calls

	Priority Axis	Focus Area	Launch Date	Closing Date	Financial Threshold	Proposals Submitted
Call 2 ⁴²	1	Enterprise Infrastructure	10 January 2008	22 February 2008	€15 million	4
	1	Investment in RTDi and RTDi-related Infrastructure and ICT			€10 million	9
	4	Energy			€15 million	15
	6	Urban Regeneration			€10 million	6
	6	E-Accessibility			€15 million	6
Call 3	2	Product Development	23 July 2008	16 September 2008	€7 million	5
		Niche Market Development and Branding				7
		Product Development and Niche Market Development and Branding				7

During the first half of 2008, the PSC met 41 times for the evaluation and selection process of the submitted projects proposals submitted under the Call 2. During the second half of 2008, the PSC met 14 times to evaluate and rank project proposals submitted under Call 3.

Priority Axes 3 and 5

In line with section 5.3.7 of the OP no public calls are issued under these Priority Axes. However, 2008 was mainly taken up with preparatory work concerning the major projects, including the mobilisation of JASPERS assistance by the MA. During 2008 preparatory studies were undertaken

⁴¹ As at 1 March 2009.

⁴² This was the first call in 2008 but the second (overall) for ERDF as the first call was issued in July 2007.

and application forms were drafted. Both of these activities were carried out with the assistance of JASPERS. Preparations were also ongoing (drafting of application forms and guidance to potential Beneficiaries as well as mobilisation of JASPERS) with regard to the non-major projects under both Axes. The call for Cohesion Fund non major-project was published in the first quarter of 2009. A more detailed analysis on major projects is provided in section 4 of this report.

Priority Axis 7

The qualitative analysis related to the TA is provided in section 5 of this report.

3.4 Significant problems encountered and measures taken to overcome them

In 2008, no significant problems in mobilising the Priority Axes have been encountered. As explained under section 2.3 above, overall, the main problem has been that the high rate of commitments is not reflected in contracting and payments on the ground. This is due to a number of reasons but mainly bottlenecks in various organisations, review of some major projects following the results of studies, lack of expertise (internal and external) to draft technical specifications, a lengthy appeals process in the public procurement domain, and delays in the planning permit process.

Minor problems and inconsistencies have been addressed through changes to the OP as described above and further changes are being proposed for the first half of 2009, mainly in relation to Axes 6 and 7. Moreover, as already stated in section 2.2, the MA transmitted a clarification letter to the Head within DG-REGIO on the eligibility of energy interventions in Network type projects to confirm the interpretation of the Regulations and to provide the necessary clearance for the continuation of the said project under Priority Axis 4.

Chapter 4 - ERDF/CF Programmes: Major Projects

According to Article 39 of Regulation 1083/2006, major projects are those whose total cost exceeds €25 million in the case of the environment and €50 million in other fields. Malta has identified 7 major projects under OPI. The following table represents the progress registered as at end 2008 with respect to the implementation of Malta's major projects.

Table 4.1 - ERDF/CF Programmes: 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)	An informal application package was submitted informally to the EC for comments. By end 2008, the EC presented the Beneficiary, ADT, with comments regarding their proposal but no comments were given in relation to the CBA submitted. ADT has also sought JASPERS assistance for the compilation of the CBA analysis. Furthermore, ADT has also submitted the first tender concerning works and the service management for all projects for DoC vetting.
	Improving the TEN-T Road Infrastructure (Phase 2)	Following the launch of the new transport policy a re-scoping process of the project was undertaken. Application for Phase 2 is still in its initial phase and no studies were carried out during 2008.
Priority Axis 4 Upgrading services of general economic interest (ERDF)	Modification of Boilers at Delimara Power Station to Reduce Emissions	Following the submission of the project fiche, JASPERS experts have sent comments on the CBA which as at end 2008 was still in draft format. The application is still being prepared by the Beneficiary, Enemalta Corporation. As at end 2008, the supply tender for Boiler Modification at Delimara Power Station was in the initial stages of vetting.
	An Integrated Water Management Approach to Flood Relief and Water Conservation	During 2008 a number of preliminary studies and discussions were carried out with the support of JASPERS. Following JASPERS recommendations, the project was re-dimensioned in scope and budget. The revised estimated value was reduced from €70million to €52.4million and the project is now more focused on flood relief. The tender for the CBA and EIA studies was launched during the last quarter of 2008 and the consultant should be in place by the 2nd quarter of 2009. In a change proposed to the MC in October 2008, the project was shifted from Axis 5 to Axis 4 and will now be funded by the ERDF.
Priority Axis 5 Safeguarding the	Mechanical Biological Treatment Plant	During 2008, the revised Waste Management Strategy was drafted. A change proposed to the MC in October 2008 allows for a

Environment (CF)		<p>clarification with regard to the Mechanical Biological Treatment Plant to include also the treatment of manure. During 2008, discussions were held with JASPERS experts in relation to the preparation for the CF Major Project Application. Specifically, JASPERS have recommended a revision of the time plan schedule and revised draft ToR for the Design Consultant.</p>
	<p>Rehabilitation and Restoration of Existing and Former Waste Dump Sites</p>	<p>During 2008 the Waste Management Strategy was drafted. JASPERS offered technical assistance on the kind of expertise required for the project, the scope of the project, issues related to the design of an Environmental Educational Centre, and vegetation. Two tenders were initiated through a negotiated procedure for the provision of Landfill Engineer Consultant and Design Expertise. Negotiations were held vis-à-vis both tenders but not concluded as at end 2008.</p>
	<p>Urban Waste Water Treatment Plant for the South of Malta</p>	<p>A second informal submission was transmitted to the EC for feedback on 27 August 2008. On recommendation of the EC, the Beneficiary, Water Services Corporation, has requested JASPERS assistance to revise the EC's comments on both the application form and the draft CBA. During 2008, 89% (€61,264,648.26) of the project has been contracted. These include tenders for civil works, project management services and the Transmission Gallery from Kalkara and Barkat l/o Xghajra. Actual works started towards the end of 2008 but no payments were processed as at end 2008.</p>

Chapter 5 – Technical Assistance

Throughout 2008, TA continued to support and facilitate the overall implementation of the OPI, optimising the Programme's quality and efficiency. TA has continued to finance costs relating to the purchase of expertise, monitoring, information and publicity, capacity building, equipment and other expenditure necessary in support of the implementation of the Programme.

The MC of 22 May 2008, apart from other matters, approved a set of OPI TA criteria. With regard to information and publicity, TA funds were primarily used to publicise calls for project proposals and information sessions, events such as the Information Festival and the publication of printed publicity material including promotional information items. TA funds were also used in support of programme management and monitoring including the setting up and functioning of the OPI unit as well as support in the setting up of dedicated units in other key stakeholders such as DoC, the CA and Treasury; costs associated with the organisation of the MCs and costs related to external expertise (e.g. launch of consultancy services).

In the case of capacity building measures, these consisted mainly of participation in training and conferences in Malta as well as abroad, including training sessions organised by the MA for Project Leaders as well as other personnel from Beneficiary organisations and other stakeholders.

With respect to monitoring, the main costs emanated from the organisation of two MCs. Other costs relating to the financing of expertise and consultation advice such as the consultancy services for the drafting of the MoP were also incurred by TA.

Officers working on OPI attended overseas training and conferences financed through TA. Other related costs included local training seminars organised by the MA the CBA seminar.

The insertion of TA payments through the SFD started taking place with many payments already being effected through the new system. Direct payments were made to numerous suppliers together with payments on a reimbursement basis.

As indicated under Table 2.2 of this document, in 2008, the amount actually paid amounted to €195,825.78 (which is all public eligible). This amounts to 0.02 % of the amount of Structural Funds contribution allocated to the OP.

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 are to increase visibility and awareness of OPI, to both potential beneficiaries and to 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 line with the obligations of the implementing Commission Regulation (1828/2006), during 2008 the MA has initiated the implementation of the Communication Plan following its official approval by the EC on 21 January 2008. The Plan comprises largely information and promotional measures using a number of tools which will be financed under OPI.

Following Article 7(2)(b) of EC Regulation 1828/2006, the MA issued a tender for contracting the planning, design and implementation of an Information Festival which was held on 21-22 November 2008 at City Gate, Valletta. The event consisted of a walk-through exhibition visually emphasising, in a coherent manner, the different priority areas of Malta's Cohesion Policy programmes. Apart from banners, lighting effects, coloured carpeting and gazebos wrapping up the overall location, the event was complemented with a concert stage area for live music performances by local popular singers and personalities. The entrance and exit of the event also provided information stands from where promotional material and publications related to Cohesion Policy were distributed to the general public. MA members of staff were present to give further information to the public on the progress of both Programmes. The event was launched through a press conference and was further supported with radio, print and outdoor advertising (please refer to Figure 6.1 below).

A number of other information and publicity measures to promote OPI were carried out during 2008. These included:

- Production of eco-friendly promotional items to be distributed to the general public during related events. These consist of posters, pens, magnifiers, planners, drawstring bags, and energy-saver bulbs complete with the necessary OPI and generic branding;
- Media relations and participation of PPCD staff on local radio and TV programmes to provide information on OPI to the general public;
- Regular networking of the Communications Unit with the INFORM network of DG REGIO for Information Officers in Managing Authorities;
- Launch of Calls for Project Proposals through various adverts and press releases on the local newspapers;
- Information sessions were organised for three separate calls for project proposals on 24 and 30 January, 1 and 5 August (NGOs only) for potential applicants. A total of 98 (January) and 66 (August) persons participated. The relevant adverts were published in the local newspapers in English and Maltese, and FAQs were drawn up and uploaded on the PPCD website following some of these sessions to provide additional guidance to Applicants (even those unable to attend the information session) in filling in the ERDF Application Form;
- Revamping of the MA's website www.ppcd.gov.mt which includes webpages dedicated to Cohesion Policy 2007-2013, OPI and its Priority Axes. Further general webpages on the same site provide access to links and downloadable documentation on OPI together with more general information required for the implementation of the programmes;

- Publication and updating of list of beneficiaries on the MA's website www.ppcd.gov.mt/op1 and linked to DG REGIO website;
- Received and processed of around 135 queries through the Email Helpdesk (info.ppcd@gov.mt) during 2008;
- Issue and uploading of guidelines and templates to provide guidance on the technical requirements for publicity on adverts and tender documents;
- Design, finalisation and circulation of the Visual Identity Guidelines for Cohesion Policy 2007-2013 as per Communication Plan for the OPs;
- Distribution of various publications on Cohesion Policy, including the OPs, during the various events (please refer to Figure 6.2 below);
- Display of the EU flag outside the MA's premises during the meeting starting 1 May 2008 (please refer to Figure 6.3 below).

Figure 6.1 - Information Festival



Figure 6.2 – Promotional Material



Figure 6.3 – EU Flag



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:

Table 6.1 Communications 2007: Operational Programme I - Indicators as per Communication Plan

Communications Measures	Output Indicators				Result Indicators			
	Target until 2015 ⁴³	Achieved 2007	Achieved 2008	Total Achieved 2007-08	Target until 2015	Achieved 2007	Achieved 2008	Total Achieved 2007-08
Media advertising								
Total no. of TV and radio spots created:	21 ⁴⁴	0	1	1	Coverage ratio: 25% of the population ***	0%	28.1%	28.1%
Total no. of spots aired on TV channels/radio stations:	375	0	0	0				
Total no. of adverts designed:	20	3	8	11	Coverage ratio: 45% of newspapers/magazines readers targeted ***	30% of the pop.	46% of the pop.	38% of the pop.
Total no. of adverts published on newspapers and magazines:	681	20	89	109				
Posters and Outdoor advertising								
Total no. of posters and outdoor adverts designed [including marquees, banners, billboards, bus-stop advertising, bus-wraps]:	43	1	12	13	Coverage ratio: 30% of localities [Malta and Gozo] targeted with outdoor adverts (#) ****	0%	+1.47% ⁴⁵	+1.47%
Total no. of posters/backdrops produced:	5,000	1	261	262				
Communications Measures	Output Indicators				Result Indicators			
	Target until	Achieved 2007	Achieved 2008	Total Achieved	Target until 2015	Achieved 2007	Achieved 2008	Total Achieved

⁴³ The output target indicators within the Communication Plan cover both OPI and OPII and thus values have been amended to cover OPI only unless otherwise marked with an (#)

⁴⁴ Typing error from AIR 2007. Half of 42 should read 21 not 24 to cover OPI only.

⁴⁵ (+) indicates that posters distributed in one locality also indirectly target other localities through members of the general public.

	2015 ⁴⁶			d 2007-08				d 2007-08
Branded promotional material								
Total no. of items created [including pens, folders, caps, mouse-mats, mugs and other branded items]:	30	1	5	6	Distribution ratio: 10% ⁴⁷ of the population ****	0.125%	2.125%	2.25%
Total no. of items produced:	50,000	500	8,000	8,500				
Informative publications and collateral materials								
Total no. of informative material/ publications created [including flyers, leaflets, postcards, booklets, presentations, key documents and reports]:	30	2	6	8	No. of informative publications downloaded: 25,000 (#) ****	N.A.	N.A. ⁴⁸	N.A.
Total no. of items printed:	210,000	610	0	610				
No. of informative material/publications uploaded:	30	1	6	7				
Audio-visual products								
No. of documentaries produced:	5	2	0	2	No. of featuring times: 35 ⁴⁹ ****	2 (1 each documentary)	2 (1 each documentary)	4 (2 each documentary)
No. of documentaries [on DVD] to be distributed:	250	2	0	2				
Communications Measures	Output Indicators				Result Indicators			

⁴⁶ The output target indicators within the Communication Plan cover both OPI and OPII and thus values have been amended to cover OPI only unless otherwise marked with an (#).

⁴⁷ Communication Plan reads 20% not 30%. The figure has been amended to cover OPI only.

⁴⁸ In 2007 web data statistics were not available - New website was re-launched in 2008. Downloading statistics still not available due to works and testing being carried out.

⁴⁹ The figure featuring in AIR 2007 covers both OPI and OPII. Thus it has been amended to cover OPI only.

	Target until 2015 ⁵⁰	Achieved 2007	Achieved 2008	Total Achieved 2007-08	Target until 2015	Achieved 2007	Achieved 2008	Total Achieved 2007-08
Media Relations								
Total no. of press releases issued:	28	7	8	15	Total no. of press releases published: 84 ⁵¹ ****	7*	8*	15*
					Coverage ratio: 15% per press release	35% ⁵²	7.5%	21.25%
Total no. of press conferences organised:	10 ⁵³	1	2	3	Total no. of newsrooms covering each event: 5	8	3	5.5 (average)
					Total no. of media mentions: 50 ⁵⁴ ****	12	6	18
					Coverage ratio: 25% of population ***	80%**	40%	60%
Total no. of media interviews/features:	18	3	3	6	No. of viewers/readers: 25% of population ***	23%	29%	26%
No. of articles and advertorials issued:	18	0	1	1	No. of viewers/readers: 25% of population ****	0%	3.13%	3.13%
No. of media queries answered:	18	3	6	9	Coverage ratio: 25% of population ***	53%	26.7%	39.85%
Communications Measures	Output Indicators				Result Indicators			
	Target until 2015⁵⁵	Achieved 2007	Achieved 2008	Total Achieved 2007-08	Target until 2015	Achieved 2007	Achieved 2008	Total Achieved 2007-08

⁵⁰ The output target indicators within the Communication Plan cover both OPI and OPII and thus values have been amended to cover OPI only unless otherwise marked with an (#)

⁵¹ The figure featuring in AIR 2007 covers both OPI and OPII. Thus it has been amended to cover OPI only.

⁵² High % reached due to the OP Launch which was followed by a very high % of local media agencies.

⁵³ The figure featuring in AIR 2007 covers both OPI and OPII. Thus it has been amended to cover OPI only.

⁵⁴ The figure featuring in AIR 2007 covers both OPI and OPII. Thus it has been amended to cover OPI only.

⁵⁵ The output target indicators within the Communication Plan cover both OPI and OPII and thus values have been amended to cover OPI only unless otherwise marked with an (#)

Information Events								
No. of information sessions [including information sessions, conferences, seminars] organised:	21	3	4	7	No. of participants: 1,400 ⁵⁶ participants	138	300	438
No. of days duration*: [*half day sessions are taken as 0.5 of a day]	21	1.5	2.0	3.5	Satisfaction rate of participants: 60% ^{***}	N.A. ⁵⁷	N.A. ¹²	N.A.
MA participation in events organised by others:	18 ⁵⁸	2	1	3				
Networks and Exchange of Experience								
Participation at EU level Network meetings:	2	1	2	3	No. of participants at EU level network meetings: 2 ^{***}	1	1	1
No. of Communications network meetings at project level:	4	0	0	0	No. of participants at local network meetings: 50 per session	0	0	0
Communications Measures	Output Indicators				Result Indicators			
	Target until 2015 ⁵⁹	Achieved 2007	Achieved 2008	Total Achieved 2007-08	Target until 2015	Achieved 2007	Achieved 2008	Total Achieved 2007-08
OP launch event ⁶⁰								

⁵⁶ The figure featuring in AIR 2007 covers both OPI and OPII. Thus it has been amended to cover OPI only.

⁵⁷ Data not available to date.

⁵⁸ Figure should read 18 not 17.5 as stated in AIR 2007. The 0.5 value is unrealistic value.

⁵⁹ The output target indicators within the Communication Plan cover both OPI and OPII and thus values have been amended to cover OPI only unless otherwise marked with an (#)

⁶⁰ Event took place in July 2007.

No. of newsrooms covering the launch:	10 (#)	5	5	5	No. of media publicizing event: 10	10	0	10
					No. of participants at launch: 250	10	0	250
No. of info seminars organised:	6 (#)	6	6	6	No. of participants at the info seminars: 300	300	0	300
Website and Helpdesk								
No. of website pages:	20 EN	8 EN	8 EN	16 EN	No. of page views: 1,500 per day	N.A.	2,100 ⁶²	2,100 (average)
	20 MT ⁶¹	N/A	4 MT	4 MT	No. of visitors' sessions: 100 per day	N.A.	182	182 (average)
					No. of queries: 150 per year ***	66	135	100.5 (average)
List of Projects and Beneficiaries	1 ⁶³	1	0	1				
* Conservative value. Includes press releases published on the DOI website through which media agencies extract official governmental press releases. Figure does not include press releases featured in the press itself.								
** We achieved 100% coverage however we have removed 20% for repeated viewers/readers.								
*** The percentage covers the average for the 7-yr period.								
**** The percentage covers the total for the 7-yr period.								
<i>Malta population taken as 400,000.</i>								

⁶¹ AIR 2007 did not cover the MT versions of the website. These are still in their setting-up stage.

⁶² Data extracted from the URCHIN website statistics available through the Malta Information Technology Agency Ltd. (MITA).

⁶³ The List of Projects and Beneficiaries is updated regularly every year on the same template used throughout the 7-yr period.

Chapter 7 - Concluding Remarks

By way of conclusion, it can be stated that 2008 presented a very challenging year for the Maltese Authorities. The second year of implementation of the new programming period saw re-newed efforts to build on the work accomplished during the previous year. The year 2008 was characterised by an increased focus on strengthening the initiation of implementation with continuing work on providing the *regulatory framework* and *support services* to enable the realisation of projects on the ground. In 2008 Malta continued with this parallel approach in order to gain as much time as possible. Most of the work in both these areas was largely carried out by PPCD as MA and overall co-ordinator of Cohesion Policy in Malta.

With regard to programme implementation, focus was on strengthening the project selection process and finalising the relevant framework for the launching of the state aid schemes in support of private enterprise. The MA launched a number of calls for projects. These calls were met with a good response from project promoters who showed interest both by attending the information sessions held and through the actual submission of project proposal. The year 2008 also saw the first approved projects kick start their implementation.

With regard to the *regulatory framework* and *support services*, the first half of the year was mainly dedicated to the drafting of the description of the management and control system (in line with Article 71 of EC Regulation 1083/2006) which was then forwarded to the AA for the compliance assessment exercise and subsequently submitted to the EC in June 2008 (and approved by EC also in 2008). Related to this work are a number of other activities including the finalisation of the MoP, the launching of electronic management information system (SFD) and the National Eligibility Rules. Other activities related to the support services included the finalisation of the Evaluation Plan 2007–2013; approval of the criteria for use of TA; the strengthening of the administrative capacity within the MA and other key stakeholders which included both the recruitment of additional staff as well as training for stakeholders.

This mix of activities has resulted in Malta having most of the *regulatory set-up* associated with the first phases of the programme cycle established and also approved by the EC. It has also resulted in Malta having one of the highest commitment rates in terms of ERDF projects approved. However, despite this state of affairs with regard to the *enabling work* at programme level, progress with regard to implementation of the individual projects on the ground remains slow and needs to be speeded up. In this regard already in 2008, the monitoring process has been strengthened to keep a close eye on projects at risk of severe delays.

Overall, one can conclude that the experience was generally positive. The target for 2009 is to consolidate and focus on the implementation and execution of the selected projects. It is important that contracting is speeded up and payments increased. In this regard the MA will focus its resources on strengthened monitoring process, also in the light of the financial crisis. In parallel the MA will continue to issue calls for proposals and it is planned that the IBs will launch the calls for projects under the different aid schemes (for private sector). The MA also plans to formally submit two major project applications to EC, under Priority Axes 3 and 5, *Improving the TEN-T Road Infrastructure (Phase 1)* and the *Malta South Sewage Treatment Infrastructure*, respectively.

Meanwhile, in terms of programme management, the first half of 2009 will focus on the verification/certification of expenditure-related activities so that the first request for interim payment can be submitted to the EC by the end of the second quarter of 2009. In parallel, the MA will be finalising the ToRs for the execution of the first round of evaluation exercises, building on experience gained from the 2004-2006 evaluation exercises. In terms of information and publicity it is expected that regulatory activities initiated in 2007 and 2008 will continue (updating of PPCD website and information on approved projects, publicity for calls, information sessions etc.), however the first half of 2009 will also see the launching of the tender for the information event of

2009, expected to be held in the last quarter of 2009 as well as more monitoring of the publicity activities at project level as part of the verification and on the spot checks.

In terms of administrative capacity, focus will be on the recruitment/contracting of the project management function at project level as well as further training to both existing Beneficiary organisations (for next stage of project cycle which includes the SFD, payments, control and audit).

In terms of financial control, focus will be on consolidating the financial control unit within the MA, which is responsible for monitoring first level of control as well strengthening capacity in the IBs, AA and CA. Further targets are to ensure the flow of payments, carry out documentary checks and on the spot checks on projects and produce (two) requests for reimbursement to the EC.