



OFFICE OF THE DEPUTY PRIME MINISTER
MINISTRY FOR EUROPEAN AFFAIRS

PARLIAMENTARY SECRETARIAT
FOR THE EU PRESIDENCY 2017 AND EU FUNDS

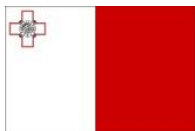
Operational Programme I

Cohesion Policy 2007-2013

Investing in Competitiveness for a Better Quality of Life

Annual Implementation Report

2013



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
AIR	Annual Implementation Report
BOV	Bank of Valletta
CA	Certifying Authority
CBA	Cost Benefit Analysis
CDRT	Centre for Development Research and Training
CION	European Commission
CIP	Competitiveness and Innovation Framework Programme
CF	Cohesion Fund
CO ₂	Carbon Dioxide
CSGs	Community Strategic Guidelines
DAS	Departmental Accounting System
DBO	Design-Build-Operate
DCS	Directorate for Corporate Services
DG	Director General
DG REGIO	Directorate-General Regional Policy
DNO	Development Notification Order
DoC	Department of Contracts
DOI	Department of Information

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DSWS	Department for Social Welfare Standards
EAFRD	European Agricultural Fund for Rural Development
EAP	Employment Aid Programme
EE	Energy Efficiency
EFF	European Fisheries Fund
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EIF	European Investment Fund
EIS	Environmental Impact Statement
ENEA - MA	European Network of Environmental Authorities and Managing Authorities
EPCM	Engineering, Procurement, and Construction Management
EPD	Environment Protection Directorate (MEPA)
ERDF	European Regional Development Fund
ESF	European Social Fund
ETC	Employment and Training Corporation
ETC	European Territorial Co-operation
EU	European Union
FA	Focus Area
FAQ	Frequently Asked Questions
FEI	Financial Engineering Instrument
FI	Financial Intermediary

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FIT	Feed-in Tariff
FLPG	First Loss Portfolio Guarantee
FP7	7 th Framework Programme for R&D
FTE	Full Time Employee
GA	Grant Agreement
GAW	Global Atmospheric Watch
GCC	General Contracts Committee
GRTU	General Retailers Trade Union
IAID	Internal Audit Investigation Department
IB	Intermediate Body
ICT	Information and Communication Technologies
IIFY	Investing in Your Future
IMCC	Inter- Ministerial Co-ordination Committee
IMT	Innovation Management Techniques
IEE	Intelligent Energy Europe
IPPC	Integrated Pollution Prevention and Control
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
KNPD	Kunsill Nazzjonali Persuni b'Dizabilita
LIIP	Local Informal Information and Publicity Network

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LM	Line Ministry
MA	Managing Authority
MBT	Mechanica I Biological Treatment
MC	Monitoring Committee
MCAST	Malta College of Arts, Science and Technology
MCCAA	Malta Competition & Consumer Affairs Authority
MCST	Malta Council for Science and Technology
ME	Malta Enterprise
MEAT	Most Economically Advantageous Tender
MEDC	Ministry for Education, Culture, Youth and Sport
MEEF	Ministry for Education, Employment and the Family
MEPA	Malta Environment and Planning Authority
MEUSAC	Malta EU Steering and Action Committee
MFEI	Ministry of Finance, the Economy and Investments
MIEMA	Malta Intelligent Energy Management Agency
MITA	Malta Information Technology Agency
MIP	Malta Industrial Parks Ltd
MHECC	Ministry for Health, the Elderly and Community Care
MJDF	Ministry for Justice, Dialogue and the Family
MoP	Manual of Procedures
MPSC	Ministerial Project Steering Committee

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MRA	Malta Resources Authority
MARRA	Ministry for Resources and Rural Affairs
MSOC	Ministry for Social Policy
MSW	Municipal Solid Waste
MTA	Malta Tourism Authority
NA	Not Applicable
NAO	National Audit Office
NCPD	National Commission for Persons with Disability
NCPE	National Commission for the Promotion of Equality
NFRP	National Flood Relief Project
NGO	Non-Governmental Organisation
NREAP	National Renewable Action Plan
NRP	National Reform Programme
NSRF	National Strategic Reference Framework
OP	Operational Programme
OPI	Operational Programme I
OPII	Operational Programme II
OPM	Office of the Prime Minister
OTS	On – the – spot
PA	Priority Axis
PAHRO	Public Administration Human Resource Office

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PCRB	Public Contracts Review Board
PDS	Project Description Statement
PPCD	Planning and Priorities Co-ordination Division
PPR	Project Progress Report
PPP	Public Private Partnership
PPS	Principal Permanent Secretary
PSAB	Project Selection Appeals Board
PSC	Project Selection Committee
PVs	Photovoltaics
R&D	Research and Development
RDP	Rural Development Programme
RES	Renewable Energy Sources
RTDi	Research, Technological Development and Innovation
SAMB	State Aid Monitoring Board
SEA	Strategic Environmental Assessment
SFC	Structural Funds Common Database
SFD	Structural Funds Database 2007-2013
SME	Small and Medium sized Enterprises
SOE	Statement of Expenditure
SWH	Solar Water Heater
SWOT	Strengths Weaknesses Opportunities Threats

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S&T	Science and Technology
TA	Technical Assistance
TAF	Training Aid Framework
TEN-E	Trans-European transport network Energy
TEN-T	Trans-European transport network Transport
TFEU	Treaty of the Functioning of the European Union
ToRs	Terms of Reference
TSDU	Tourism and Sustainable Development Unit
UoM	University of Malta
VAT	Value Added Tax
VO	Voluntary Organisation

01. Identification

OPERATIONAL PROGRAMME	Objective Concerned: Convergence
	Eligible Area Covered: 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: 2013
	Date of approval of the Annual Report by the Monitoring Committee: 3 rd June 2014

02. Overview of the Implementation

02.1 Achievement and Analysis of the Progress

In 2013 final disbursements were recorded for nineteen (19) projects,¹ so that by end of 2013 the total number of closed projects had increased to fifty-two (52),² while another fourteen (14) projects³ were close to completion by the end of the year. Fourteen (14) new projects⁴ were approved under the European Regional Development Fund (ERDF) following five (5) calls for Proposals. Under the Cohesion Fund (CF), the Commission approved the last remaining three (3) CF Major Projects⁵ listed in the Operational Programme I (OPI). As a result, the number of projects continued to increase from 110 in 2012 to 123 as at end 2013.⁶ The total number of projects approved under the Aid Schemes (Article 107 of the Treaty), including both ongoing and complete, stood at 574 in 2013. This includes four (4)⁷ new Grant Agreements signed in 2013 and is net of all withdrawn projects. By end 2013, the total commitment for OPI stood at €832,416,721, which represents 97% of the total OP allocation⁸ and represents an increase of 10% over the 2012 commitment level.⁹

Overall contracting and disbursement increased substantially in 2013, with a 35%¹⁰ and 39%¹¹ increase over 2012, respectively. Certification of funds continued to increase over 2012 with a 62% increase,¹² reflecting the huge efforts that all stakeholders vested in the achievement of the challenging N+3/2 targets for 2013.

Even though new projects continued to be approved, the year was also characterised by steady progress in the implementation of projects, with the disbursement under the ERDF in 2013 alone amounting to €89,829,138, an increase of over €25 million from what was actually disbursed under ERDF in 2012 (€63,924,711). This brought the total amount paid under ERDF to €281,306,598 which represents 53% of the total ERDF allocation.¹³ Disbursements in 2013 under the CF amounted to €35,490,097. This brought

¹ ERDF 047, 064, 087, 142, 147, 183, 189, 212, 229, 230, 236, 238, 243, 268, 275, 276, 279, 280, 285.

² In addition to the above, the following were completed: ERDF 011, 012, 018, 022, 024, 045, 048, 054, 056, 057, 058, 062, 065, 066, 072, 076, 077, 078, 079, 080, 081, 082, 083, 101, 102, 109, 114, 155, 192, 193, 234, 239 and CF 116.

³ ERDF 017, 031, 068, 140, 156, 205, 213, 221, 228, 235 and CF 117, 198, 124, 266.

⁴ Call 14 (PA4): ERDF 288, 297 and 304; Call 15 (PA1): ERDF 305, 307, 309, 310 and 311; Call 16 (PA6): ERDF 314, 317 and 319; Call 17 (PA1): ERDF 327 and 331 and Call 19 (PA6): ERDF 332.

⁵ CF 119 (PA5), CF 120 (PA5) and CF 125 (PA3).

⁶ Including nine (9) Aid Schemes implemented under Article 107 of the Treaty, JEREMIE, TA and the seven (7) Major Projects. It is to be noted that the figure reported for 2012 included one (1) PA4 project (ERDF 272) which was withdrawn in early 2013. The CF projects approved by the Commission had already been approved by the MA.

⁷ ERDF 133: one (1); ERDF 127: one (1); ERDF 134: one (1) and ERDF 130: one (1).

⁸ €856,615,355.

⁹ €832,416,721 - €754,944,479 / €754,944,479.

¹⁰ €660,658,629 - €486,788,033 / €486,788,033.

¹¹ €443,906,169 - €318,586,933 / €318,586,933.

¹² €423,996,147 - €260,450,806 / €260,450,806.

¹³ €522,327,095.

the total amount paid under the CF to €162,599,571, which represents 48% of the total CF allocation.¹⁴ This means that by end 2013, disbursements under OPI amounted to €443,906,169 representing 51% of the total OPI allocation.

The activity related to first level of control by the Managing Authority (MA) has been impressive. In fact the amounts verified by 2013 stood at more than 60% over what was verified between 2007 and 2012.¹⁵ In 2013 alone, a total expenditure amounting to €163,545,341 consisting of €109,679,711 (ERDF) and € 53,865,630 (CF) was verified by the MA and certified by the Certifying Authority (CA). This brought the certified total public eligible amount for both ERDF and CF to €423,996,147, representing 49%¹⁶ of the total OP allocation.

The following sections and Chapter 3 shall provide more details on the physical and the financial progress under OPI in 2013.

02.1.1 Information on the Physical Progress of the Operational Programme

Project Selection Process

Calls for Project Proposals

In addition to calls launched in 2012 which were still under evaluation by the end of that year, 2013 saw the launch of a further three (3) calls as summarised in the table below:

Table 1 Breakdown of Proposals Submitted in 2013

Call	Priority Axis	Focus Area	Indicative Budget	Target Audience	Proposals submitted
ERDF Call 17	PA1 – Enhancing Knowledge and Innovation	Enterprise Infrastructure	€8m	Public Sector Organisations and Local Councils	5
ERDF Call 18	PA4 – Climate Change and Resource Efficiency	Energy and Resource Efficiency	€25m	Public Entities	21
ERDF Call 19	PA6 – Urban Regeneration and Improving the Quality of Life	Education, Social and Health Related Infrastructure	€17m	Public Entities	2

¹⁴ €334,288,259.

¹⁵ €423,996,147 - €260,450,806 / €260,450,806.

¹⁶ Total ERDF certified €265,054,917; total CF certified €158,941,230. Total ERDF and CF €423,996,147.

This brings the total number of calls issued under OPI to twenty-three (23) by the end of 2013: nineteen (19) under ERDF and four (4) calls under CF.

All calls¹⁷ are published via a press release and press adverts in local newspapers (including the Government Gazette), the MA website, the MA social networking page and on the Malta-EU Steering & Action Committee (MEUSAC) website. All documentation related to the calls for proposals is made available through the MA's website to allow easier access to information to potential applicants.

The publication of ERDF calls is also accompanied by information sessions undertaken by the MA. Information sessions also include the participation of other stakeholders, namely the Department of Contracts (DoC), the State Aid Monitoring Board (SAMB), the Malta Environment and Planning Authority (MEPA) and the National Council for the Promotion of Equality (NCPE). Such sessions are intended to explain and guide applicants on what is expected from them when the application is being prepared, how the application will be assessed and with whom they are expected to consult during the preparatory stage.

Project Selection Outcome

During 2013, the PSC met twenty-one (21) times.¹⁸ In cases where the selection could not proceed because of lack of clarity on some of the activities being proposed, or due to eligibility issues, a request for further clarifications was made in writing. A total of twelve (12) approval letters were issued by the MA in relation to Non Major Call 4,¹⁹ Call 14, Call 15, Call 17 and Call 19,²⁰ while unsuccessful applicants were informed through a rejection letter and were given the right of appeal. During 2013, five (5) applicants²¹ lodged an appeal with the Project Selection Appeals Board (PSAB) out of which, three (3) were rejected by the board, one (1) was upheld, and one (1) was of a clarification nature rather than an appeal to the decision taken by the evaluation board. The rejections were mainly based on the failure to elaborate in detail a number of key areas that had a bearing on the assessment criteria or that were deemed ineligible under the chosen focus area.

Progress in Programme Implementation

Territorial Earmarking: Progress on Implementation of the 10% Commitment for Gozo

As reported in preceding reports, Government has a territorial commitment to spend 10% of the Funds on projects that contribute directly to Gozo's socio-economic development. The calls for project proposals issued in 2013 targeted both Malta and Gozo. As at end 2013, there were twenty-three (23) Gozo-based projects: twenty-two (22) ERDF projects and one (1) CF project, which together contribute to a direct

¹⁷ This is not applicable in the case of CF Non-Major Calls since projects under the CF are inherent to a limited number of entities within the public sector, and thus calls are issued through a restricted procedure.

¹⁸ Once for Non Major call 4, twice for Call 14, nine (9) times for Call 16, four (4) times for Call 17, three (3) times for Call 18 and twice for Call 19. As at end 2013, the PSC for Call 18 was still ongoing.

¹⁹ This project was later withdrawn.

²⁰ The PSC for Call 18 was not concluded in 2013, thus no approvals were issued by end of year.

²¹ Including 3 appeals in relation to Call 16 which closed in 2012

investment of €47,572,303 in public eligible costs.²² In addition, as at end 2013, there were a further nineteen (19) projects: seventeen (17) ERDF projects and two (2) CF projects, which had a component targeting Gozo, with an estimated investment of €33,560,204²³ (public eligible). Moreover, as at end 2013, fifty-six (56) Gozo-based enterprises were benefitting from grants amounting to €3,698,909 (public eligible). The JEREMIE instrument also contributes to the Gozo dimension. To date forty-four (44) Gozitan SMEs took forty-six (46) loans under the JEREMIE initiative for an estimated value of €2.8 million and contributing to €4 million of private investments in Gozo.

By way of summary, as at end of the year, the total commitment for Gozo (including Aid Schemes but excluding JEREMIE) was €84,831,416 equivalent to 9.9% of the total OP allocation.²⁴ The 10% target was achieved in 2014 with the approval of projects under Call 18 which also contribute to the Gozo dimension.

Changes to the OP

Since the last approved version of the OP (of May 2012) and during the course of 2013, the Managing Authority proposed a number of OP changes for the endorsement of the Monitoring Committee and subsequently for the approval of the Commission within the context of Article 33 of EC/1083/2006, subparagraph 1(d). The changes were mainly triggered by the need to address implementation difficulties under Priority Axis 4 – Climate Change and Resource Efficiency.

The principal reasons for the change were the shift of a budget allocation from PA4 – Climate Change and Resource Efficiency to PA6 – Urban Regeneration and Improving the Quality of Life. This change was triggered by challenges faced in the implementation of PA4, namely: the fragmented nature of the projects being implemented; the value of the Public Eligible expenditure committed to approved projects when considering revenue generation and savings; and state aid issues, which led to a lower commitment of the PA than expected. It was also necessary to align the priority themes, category intervention activities, and indicators with the projects and activities approved so far. Whilst carrying out these changes, other general updates were also required; for instance: the alignment of statistical data; text reflecting the current status; baselines reflecting more recent data; updates in policy documents and targets; changes in procurement laws; and, changes in details such as addresses of implementing bodies.

In detail, the proposed changes included: further alignment of the Priority Themes with projects and activities approved so far; taking into consideration the calls that were launched and/or planned; an increase in the allocation of the Form of Finance related to JEREMIE; further alignment of the Economic Activity codes with projects and activities approved so far and envisaged new projects; the inclusion of new

²² When compared to AIR 2012, the number of projects increased by 1 (ERDF 317) and the total amount of eligible costs increased by €2,876,860. ERDF 317 was approved under Call 16 with a public eligible value of €4,240,844.

²³ When compared to AIR 2012, the number of projects increased by five (5) (ERDF 331 under PA1, ERDF 288 and ERDF 304 under PA4, ERDF 332 and ERDF 256 under PA6) and the total amount of eligible costs increased by €9,364,910.

²⁴ €856,615,355

Economic Activity codes (code 12: construction and code 16: real estate, renting and business activities) to better report the commitments under the Operational Programme during the annual and the final report.

Under Priority Axis 1 of the OP, the proposed amendments include the revision of the Financial Engineering focus area to reflect the €2 million top-up and the revision to the output and result indicators. The indicators related to the financial engineering instrument have been increased to reflect the additional JEREMIE budget allocation, while the indicators related to the Beneficiaries of Aid Schemes have been decreased to reflect the state of play on the ground and also to reflect the approximate €10 million that had been cancelled under the Aid Schemes and reverted back to the Programme and committed to mainstream projects.

Under PA2 and 3, only minor changes were proposed and these were mainly linked to the indicators and minor changes to the text to reflect actual implementation on the ground.

With the fragmentation of projects (especially those implemented by NGOs and VOs), revenue generation and cost savings obligations and State Aid issues, the commitment of PA4 has remained lower than expected notwithstanding the significant total investment stimulated by PA4 approved projects. It is for these reasons that one of the main revisions of the OP in 2013 was the shift of €16 million from PA4 to PA6. This meant that the Financial Allocation of Priority Axis 4 changed from €121 million (of which €102,850,000 Community Funding) to €105 million (of which €89,250,000 Community Funding). Notwithstanding this decrease, a number of energy-related indicators have been revised upwards. In fact, the expected penetration rate from the installation of photovoltaic systems and the respective MWh of electricity generated from renewable sources have been boosted. Similarly, the reduction in the emissions from greenhouse gases has been increased in view of the projected achievements with remaining funds available under the Axis. Lastly, and considering the approval by the Monitoring Committee to ring fence part of the allocation of Call 18 for study projects, the target for the number of studies has also been increased to reflect the potential studies that can be approved for co-financing.

The text of Priority Axis 5 has also been updated to reflect the removal of references to Hazardous Waste from both the Focus Area (Solid Waste) and from the Summary List of Potential Interventions (including potential interventions linked to non-hazardous waste) following the withdrawal of the previously approved project. Moreover, the text of the Focus Area (Water) has been amended to allow for the possibility of financing water-related infrastructure. Whilst one (1) indicator (solid waste projects) was removed to avoid double counting of the same achievement under the core indicator (waste projects), other output and result indicators have been revised mainly to reflect the activities on the ground and to reflect the potential interventions that could be carried out with the available funds under the Axis. As stated above, the modification of the water Focus Area has also seen the introduction of four (4) new indicators as follows: Number of water projects (1); Compliance of Reverse Osmosis desalination plants with the Drinking Water Quality Directive (full); Power consumption reduction (600,000 KWhrs/annum) and Population affected by improved water networks (30,000) in relation to both sewage and potable water.

Education remains a priority for the Maltese Government in order to encourage and support people to realise their potential in order to contribute to Malta's socio-economic growth. Given that human resources are Malta's premier resource, knowledge and higher educational attainment levels are critical contributors to Malta's economic growth and the improvement of the standard of living of its citizens. Indeed a highly-skilled workforce is the product of lifelong education, starting from early childhood, through effective primary and secondary schooling, moving onto vocational and tertiary education and beyond. This PA takes a holistic approach to the much needed modernization and expansion of the educational institutions at different levels. In order to achieve this, additional investment is needed towards the expansion and upgrading of schools and in related equipment, information systems and other resources. An increase in funds under PA6, especially targeted at educational infrastructure, will address the holistic development of all learners and advocates a quality education for all, in line with the long-term vision for the educational entitlement of all learners, in pre-school and compulsory education in Malta and Gozo, within a wider lifelong learning perspective. Moreover, the overall objective of increasing the participation rate in upper secondary education level has to be coupled with an increased investment in educational infrastructure in these institutions, both in Malta and in Gozo. This was only attainable through the proposed transfer of €16 million from Priority Axis 4 to Priority Axis 6 which led to the Financial Allocation of PA6 to be revised from €149 million (of which €126,650,000 Community Funding) to €165 million (of which €140,250,000 Community Funding). The increase in the Axis allocation was reflected in an equivalent increase in target indicators. In fact the indicators linked to the training and/or learning facilities and those related to health were increased.

Finally, three (3) of the impact indicators (R&D expenditure, manufactured exports and the environment weighted average) have also been slightly aligned to reflect the available statistical data to ensure better reporting within the annual and the final report.

All the above changes were subject to a screening exercise to assess whether a Strategic Environment Assessment was required. The screening exercise concluded that a SEA was not required because the proposed changes and the planned interventions are not anticipated to generate significant environmental effects on a national scale even if they would have temporary localised impacts.

The proposed changes to the OP were circulated to the members of the Monitoring Committee on 1st November 2013 in advance of the meeting and were adopted during the November Monitoring Committee. Subsequently and following the finalisation of the SEA screening, the MA uploaded the documentation related to the OP change via the SFC on 17th December 2013.²⁵ The revised list of OP indicators was submitted on 19th December 2013.

²⁵ The Commission approved the OP changes through Decision C (2014) 1253 of 4th March 2014.

Impact and Core Indicators

Table 2 gives an overview of the achievements accomplished on Impact and Core Indicators by 2013 under OPI. An increase continued to be recorded on Impact Indicators *Number of direct jobs created* (Imp04) and *CO₂ equivalent emissions* (Imp08). In 2013 Imp04 continued to increase with the addition of 140 FTE jobs²⁶ created, bringing the total number of direct jobs created by operations financed through the OP to 324 FTE jobs by end of 2013 (out of the 1400 FTE jobs targeted in the OP). Although in 2013 there was a substantial increase of FTE jobs, the gap between the target and the achievement is still large. This is mainly because the impact indicator will not, at this stage, capture the full employment impacts that projects under OPI are likely to deliver. However, this gap is expected to narrow down during the next two years when remaining projects are completed. In fact when one adds the target of the individual projects approved so far, the achievement reaches 1073. A substantial achievement can be noticed for indicator Imp08 with an increase of 23,225 tonnes of carbon dioxide (CO₂) reduced from being emitted into the atmosphere. Amongst the major contributors towards this indicator are ERDF 088 and ERDF 288 which are the domestic energy schemes and ERDF 133 which is the energy scheme for enterprises. Other projects implemented by VOs and Local Councils are also contributing to the reduction in CO₂ emissions. As regards the weighted impact indicators, these are gradually registering an increase; however these indicators will be calculated at the end of the programme. The other impact indicators did not register an achievement from that reported in 2012.

Achievement is also being registered under the core indicators. When compared to the previous year, an increase of five (5) new projects was registered under the core indicator *No. of start-up businesses supported* (A1R03). These were selected under the ERDF 127 Small Start up Grant Scheme. In 2013, four (4) new RTDi projects ERDF305; ERDF 307; ERDF 309 and ERDF 310 were approved, increasing the indicator *Number of RTDi projects* (A1O04) from eleven (11) in 2012 to fifteen (15) in 2013. A slight increase in *Km of TEN -T roads upgraded* (A3O01) was registered in 2013. The sole contributor to this indicator remained CF 117 – Improvement of the TEN – T Road Infrastructure (Phase I). The *No. of waste projects* (A5O05) which was introduced with the approval of the OP change in May 2012, increased by a further two (2) projects, while with the approval of ERDF 314; ERDF 317 and ERDF 319 in 2013, the indicator *No of projects (Health)* (A6O06) increased by three (3). Further increase was also registered for the indicator *Areas Rehabilitated (Km²)* (A5R03) and *Pupils/students/trainees benefitting from upgraded and modernised facilities/services (per annum)* (A6R05). In order to avoid double-counting the two (2) domestic schemes ERDF 088 and ERDF 288 under PA4 were removed from *No. of RES Projects* (A4O08) and will only be registered under PA4 Output Indicator *No. of EE/RES Schemes* (A4O03). Hence the indicator *No. of RES Projects* (A4O08) registered a decrease of two (2) projects when compared to the previous year. All the other core indicators remained steady since December 2012 and no achievement is being reported for 2013.

²⁶ ERDF017 - 18 jobs; ERDF127 – 19; ERDF134 – 14; ERDF033 – 52; ERDF057 – 1; ERDF062 – 1; ERDF065 – 1; ERDF068 – 2; ERDF136 – 24; ERDF183 – 8.

Table 2 Physical Progress of the OP for Each Quantified Impact and Core Indicator

Impact Indicators		2007	2008	2009	2010	2011	2012	2013	Total
% Increase in RTDi expenditure as a percentage of GDP [Imp01]	Achievement	0	0	0	0.2746	0.48	0.55	0.55	0.55
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.45 ²⁷
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.3
% Increase of earnings from tourism [Imp02]	Achievement	0	0	0	0	0 ²⁸	0	0	0
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.0
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
% Increase of manufactured export earnings [Imp03]	Achievement	0	0	0	0	0	0	0	0
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.5 % ²⁹
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.7%
Number of direct jobs created(FTEs) [Imp04]	Achievement	0	0	16	36	109	186	324	324
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,400 FTEs
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Transport weighted average [Imp05]	Achievement	0	0	0	0	0	0	0	0
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	75% increase
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Environment weighted average [Imp06]	Achievement	0	0	0	0	0	0	0	0
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	500% increase
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Quality of Life Weighted Average [Imp07]	Achievement	0	0	0	0	0	0	0	0
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	150% increase
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

²⁷ Target including baseline amounts to 0.75%.²⁸ An increase of 0.00013% has been achieved by means of ERDF 155.²⁹ Target including baseline amounts to 3.2%.

CO ₂ equivalent emissions [Imp08]	Achievement	0	0	0	1,537 tonnes of CO ₂	4,700 tonnes of CO ₂	12,580 tonnes of CO ₂	35,805 tonnes of CO ₂	35,805 tonnes of CO ₂
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Low carbon with the ultimate aim of achieving carbon neutrality
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Core Indicators									
Indicators		2007	2008	2009	2010	2011	2012	2013	Total
No of start-up businesses supported (core indicator number 8) [A1R03]	Achievement	0	0	0	0	3	12	17	17
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	40
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
No of enterprises involved in networking and new collaboration with other businesses and academia (core indicator number 5) [A1R08]	Achievement	0	0	0	11	13	28	28	28
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	10
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
No of RTDi projects (core indicator number 4) [A1O04]	Achievement	0	10	11	11	11	11	15	15
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	15
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

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No of assisted tourism and cultural projects (core indicator number 34) [A2O01]	Achievement	0	5	11	11	16	20	20	20
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	20
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Kms of (<i>TEN T</i>) roads upgraded (core indicator number 16) [A3O01]	Achievement	0	0	0	0	0	9.31	11.41	11.41
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	20
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
No. RES Projects (core indicator number 23) [A4O08]	Achievement	n/a	3	3	5	14	30	28	28
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	30
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Reduction greenhouse emissions (CO ₂ and equivalent, kt) (core indicator number 30) [A4R07]	Achievement	n/a	n/a	n/a	n/a	n/a	0	0	0
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Number of Waste Projects (core indicator number 27) [A5O05]	Achievement	n/a	n/a	n/a	n/a	n/a	1	3	3
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
No of storm water management (risk prevention) projects (core indicator number 31) [A5O04]	Achievement	0	0	0	1	1	1	1	1
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Areas Rehabilitated (Km ²) (core indicator number 29) [A5R03]	Achievement	n/a	n/a	n/a	n/a	n/a	0.113	0.16	0.16
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.3
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Pupils/ students/ trainees benefiting from upgraded and modernized facilities/services (per annum) (core indicator number 37) [A6R05]	Achievement	0	1,158	1,606	7541	18,752	56,634	59,841	59,841
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	56,000
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
No of projects ensuring sustainability and improving the attractiveness of towns and cities (core indicator number 39) [A6O01]	Achievement	0	0	0	1	1	1	1	1
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
No of projects [health] (core indicator number 38) [A6O06]	Achievement	0	1	1	2	2	2	5	5
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Audits performed on the OP

Performance Audit by the European Court of Auditors (27th May – 5th June, 2013)

On 15th October 2012, and pursuant to Article 287 of the Treaty on the Functioning of the European Union, the European Court of Auditors (ECA) notified that it was carrying out a performance audit on the use of the EU's ERDF and Cohesion Fund for renewable energy (RES) measures in the EU Member States, entitled: *Have the ERDF and Cohesion Fund projects investing in renewable energy production achieved good results?* The audit focussed on the economy, efficiency and effectiveness of selected projects investing in RES energy production capacity. In preparation for the audit, the audit team conducted an analysis of the relevant Operational Programmes and launched a survey among the Managing Authorities who had planned funding for RES activities (expenditure codes 39 to 42 in accordance with the Commission's classification system) in their OPs 2007-2013. Subsequently, the audit targeted twenty-five (25) projects in five (5) Member States (Austria, Finland, Malta, Poland and United Kingdom). The two-week audit missions were planned between December 2012 and May 2013 and the audits were planned to be in the form of meetings with the Managing Authorities, national authorities, Beneficiaries and recipients.

The ECA Audit focused on two (2) completed projects (ERDF 101 – Installation of Renewable Energy Sources at MCAST, MCAST and ERDF 102 – Energy-Smart Authority, Housing Authority), and two schemes: the domestic scheme ERDF 088 – Promotion of Renewable Energy Sources in the Domestic Sector, MRA and the enterprise Aid Scheme ERDF 133 – ERDF Energy Grant Scheme, Malta Enterprise. For both schemes, a household recipient and a private Beneficiary had to be identified to be interviewed as well.

All four (4) Beneficiaries and IAID were informed of the audit mission dates in February 2013. The performance audit mission took place between 27th May and 5th June 2013.

On 26th July 2013, the MA received a copy of the Statement of Preliminary Findings (SPF). On 9th October 2013, the Maltese authorities transmitted the draft replies to the ECA Preliminary Audit Findings with the final version being sent on 11th October. On 11th November 2013, the ECA transmitted the analysis of the comments made by the Maltese authorities. As at end 2013, the final performance report had still not been issued.

European Court of Auditors Mission

In December 2012 and February 2013, the European Court of Auditors carried out an audit mission which had the objective of obtaining reasonable assurance that the work carried out by the Maltese Audit Authority was compliant with the requirements of Council Regulation (EC) No 1083/2006. The results of the audit mission are included in the Annual Report concerning the financial year 2012 on the Implementation of the Budget.

The Annual Report was adopted during the 5th September 2013 Court of Auditors of the European Union meeting. Annex 5.2 of the Report contains the results of the individual key requirements tested and the overall assessment of the Maltese Audit Authority. The Court found that organisational arrangements generally complied with EU regulations. However, the Court identified areas where the Audit Authority needed to be strengthened. In view of the above, the Court assessed the Maltese Audit Authority to be 'partially effective'.

Annual Control Report

The 2013 Annual Control Report (ACR) for both Programmes (OPI and OPII), is based on systems audits and audits on operations that had expenditure declared to the Commission in 2012. The ACR, was submitted by IAID (the sole audit authority responsible to carry out the audits) on 30th December 2013 via SFC, in terms of Article 62 (1) (d) (i) of Council Regulation EC/1083/2006 and Article 18 (2) of Commission Regulation EC/1828/2006.

During the year under review, four (4) systems audits were carried out. These include the Department for Social Welfare Standards (IB) and Malta Enterprise (ERDF e-Business Development Grant Scheme and ERDF Energy Grant Scheme). A follow up on the Certifying Authority was also carried out. In addition forty-six (46) payment claims were selected from Operational Programme I from a total of 198 periodic payment claims certified in 2012. These claims were related to twenty-four (24) operations. The operations selected statistically for auditing covered different types of operations, different types of Beneficiaries, including Beneficiaries of Aid Schemes. In the second half of the year, the Audit Authority were forwarding draft audit reports to the Managing Authority and requesting a written reply within a given time-limit. The Managing Authority, in consultation with the Beneficiary, provided the Audit Authority with the required clarifications to the noted findings as part of the Contradictory Procedure. The final Audit on Operations Report then followed.

The Annual Control Report includes also ineligible amounts detected by the Audit Authority during the systems audits and audits of operations carried out during year ending 2013. Ineligible amounts detected under OPI during the audits of operations amount to €78,087 out of €41,905,918 of audited expenditure. Having said that, the Annual Control Report confirms that the irregularities detected during the audits of operations were not of a systemic character and thus no additional financial corrections were necessary.

With reference to the systems audits carried out the following table includes an analysis of the irregular expenditure detected.

Table 3 Analyses of irregular expenditure detected

	Problems of systemic character and measures taken	Estimated financial impact (if applicable)
Certifying Authority	No problems of systemic character were detected.	Not applicable
Department for Social Welfare Standards	No problems of systemic character were detected.	€6,018
Malta Enterprise – ERDF129	Problems of systemic character were detected and measures were taken.	€11,129.96 and 10% flat rate financial correction of €61,848.35 (on Call 1 and Call 2 Beneficiaries)
Malta Enterprise – ERDF133	No further certifications with respect to Energy Efficiency operations including solar water heating due to possible systemic deficiency.	€23,441

Except for the systems audit carried out at Malta Enterprise (related to schemes – ERDF129 and ERDF133), an unqualified audit opinion in terms of Article 62 (1) (d) (ii) of EC/1083/2006 which confirms that the management and control systems of the Operational Programme functions well and provides a level of assurance as derived from the systems audits and audits of operations.

02.1.2 Financial Information

Advance Payments

No further advance payments were due to Malta in 2013. The total amount of advance payments received under ERDF and CF remained unchanged, namely €39,958,023 and €29,835,227 respectively (both expressed in EU share only).

Interim Payments

Interim payments received in 2013 amounted to €99,705,393,³⁰ accounting for 32% of all interim payments received by the end of the year for Operational Programme I.³¹ The MA launched the Statement of Expenditure (SoE) process on six (6) separate occasions in 2013: March, May, July, September, November, and December. Table 4 below indicates the total public share (EU + MT) that was verified by the MA, the amounts certified by the CA (public share) and the funds received from the EC during 2013.

³⁰ €49,169,981 refer to ERDF while €50,535,412 refer to CF.

³¹ €307,824,392 divided as follows: €172,724,347 (ERDF) and €135,100,045 (CF).

Table 4 Summary of Verified, Certified and Received Amounts

Summary - Verified, Certified and Received	Verified by MA in 2013	Certified by CA in 2013	Received from EC in 2013
	(public share, €)	(public share, €)	(EU share, €)
ERDF October 2012	€-	€-	€8,514,639 ³²
November 2012	€4,150,501	€8,346,267	€7,094,327 ³³
March	€15,382,028	€15,382,028	€13,074,724 ³⁴
May	€13,482,385	€13,482,385	€11,460,027 ³⁵
July	€10,619,228	€10,619,228	€9,026,344 ³⁶
September	€34,079,721	€34,079,721	€-
November	€23,632,688	€23,632,688	€-
December	€4,137,394	€4,137,394	€-
ERDF Total	€105,483,945	€109,679,711	€49,169,981
CF October 2012	€-	€ -	€4,749,626 ³⁷
November 2012	€4,087,356	€4,087,356	€3,474,253 ³⁸
March	€9,973,312	€9,973,312	€8,477,316 ³⁹
May	€6,057,076	€6,057,076	€5,148,515 ⁴⁰
July	€13,774,820	€13,774,820	€11,708,597 ⁴¹
September	€6,905,491	€6,905,491	€-
November	€8,908,760	€8,908,760	€5,869,667 ⁴²
December	€4,158,814	€4,158,814	€11,107,438 ⁴³
CF Total	€53,865,630	€53,865,630	€50,535,412
Total	€159,349,575	€163,545,341	€82,728,288

³² €8,388,440 received from the EC on 6th February 2013 and €126,199 received from the EC on 26th February 2013.

³³ and €7,094,327 received from the EC on 8th May 2013.

³⁴ Amount was received from the EC on 2nd July 2013.

³⁵ Amount was received from the EC on 19th September 2013.

³⁶ Amount was received from the EC on 4th November 2013.

³⁷ Amount was received from the EC on 7th February 2013.

³⁸ Amount was received from the EC on 9th May 2013.

³⁹ Amount was received from the EC on 27th June 2013.

⁴⁰ Amount was received from the EC on 9th July 2013.

⁴¹ Amount was received from the EC on 11th October 2013.

⁴² Amount was received from the EC on 10th February 2014

⁴³ €7,572,446 received from the EC on 10th February 2014 and €3,534,992 received from the EC on 11th February 2014

Table 5 Financial Information per PA

	Total funding of operational programme (Union and national)	Basis for calculating Union contribution (Public or Total cost)	Total amount of certified eligible expenditure paid by Beneficiaries ⁴⁴	Corresponding public contribution ⁴⁵ (Certified only)	Implementation rate in %
	a	B	c	d	e = c/a if T or e = d/a if P
Priority Axis 1 – Enhancing Knowledge and Innovation (ERDF)	€120,000,000	P	€69,249,970	€69,249,970	58%
Priority Axis 2 - Promoting Sustainable Tourism (ERDF)	€120,000,000	P	€60,255,382	€60,255,382	50%
Priority Axis 3 - Developing the TEN-T (CF)	€145,000,000	P	€56,387,946	€56,387,946	39%
Priority Axis 4 - Mitigation and Adaptation to Climate Change (ERDF)	€121,000,000	P	€31,249,167	€31,249,167	26%
Priority Axis 5 - Safeguarding the Environment (CF)	€189,288,259	P	€102,553,284	€102,553,284	54%
Priority Axis 6 - Urban Regeneration and Improving the Quality of Life (ERDF)	€149,000,000	P	€99,557,581	€99,557,581	67%
Priority Axis 7 - Technical Assistance (ERDF)	€12,327,096	P	€4,742,817	€4,742,817	38%
Grand total	€856,615,355	P	€423,996,147	€423,996,147	49%

⁴⁴ Includes public only, certified by CA, article 53 (1), EC 1083/2006.

⁴⁵ Cumulative certified public.

02.1.3 Information about the Breakdown of Use of the Funds

The revised breakdown including the categories by code of intervention is listed under Chapter 3 of the OP. As reported in the previous sections, during the November 2013 MC, an amendment to the '*Categorisation of Intervention by Priority Theme*' (Table 3.3. of the OP) was proposed in order to align the categories of interventions to the changes carried out to reflect the dynamic nature of the OP. The total EU share committed by the end of 2013 amounted to €707,553,883. This was an increase of €65.9 million over the figures reported in 2012. The commitments per priority theme, economic activity and location are provided in Annex II.

The Commitments per Priority Theme

This section includes a summary of the OP changes included in the categorisation of intervention by Priority Theme at a Programme Level (% amount of OPI's total EU Financial allocation) as proposed to the Monitoring Committee in November 2013⁴⁶. This is then followed by a detailed comparison between the categories listed in the AIR for 2012 and the same data as at end 2013 from a project commitment point of view. From the comparison presented below, both increases and decreases in Priority Theme commitments have been registered. The two (2) main justifications for increases in commitment generally included newly approved projects⁴⁷ or an increase in the budget allocation of a project.⁴⁸ On the other hand, the three (3) main reasons for decreases include the fact that some of the approved projects which are now completed had some savings releasing funds that were previously committed to priority themes, actual contracted amounts being less than originally forecasted directly impacting on the priority themes and the project value, and financial reductions resulting in an automatic reduction of the project allocation resulting in a decrease in the priority theme the project contributes to.

⁴⁶ Approved by the CION in March 2014

⁴⁷ ERDF 288, 297, 304, 305, 307, 309, 310, 311, 314, 317, 319, 327, 331 and 332.

⁴⁸ ERDF 039, 068, 199, 164, 200, 246, 261, 262, 284, CF119, 266.

Research and Technological Development (RTD), Innovation and Entrepreneurship (Priority Theme Codes 1, 2, 3, 4, 5, 6, 7, 8, 9)

Table 6 Priority Theme Codes 1, 2, 3, 4, 5, 6, 7, 8, 9

Priority Theme Code	% amount of OPI's total EU financial allocation as proposed to the Monitoring Committee in November 2013	
1	From: 0.85	To: 0.04
2	From: 4.78	To: 5.36
3	From:0.17	To: 0.50
4	From: 0.69	To: 0.51
5	From: 1.78	To: 2.56
6	From:0.35	To:0.25
7	From: 0.82	To: 0.58
8	From: 0.58	To: 0.72
9	From:1.63	To: 1.44
TOTAL	11.65	11.96

The proposed OP change will result in an overall increase of 0.31% of OPI's total EU financial allocation towards Research and Technological Development (RTD), Innovation and Entrepreneurship.

When comparing the categories listed in the AIR for 2012 and the same data as at end 2013 from a project commitment point of view by the end of 2013, an overall **increase of €12.7 million (EU Share)** was registered towards these codes. The main projects and factors contributing towards the overall increase in this group of themes include:

- Priority Theme 1 – an overall decrease of approximately €28,000 due to savings and financial reductions registered under ERDF 083.
- Priority Theme 2 – an overall increase of approximately €11.5 million as a result of the following:
 - Decreases due to savings under ERDF 017, 077, 079, 081 and financial reductions registered under ERDF 011, 017 amounting to €2.07 million;
 - Newly approved projects amounting to €13.6 million which include ERDF 311, 305, 307, 309, 310.
- Priority Theme 3 – an overall increase of approximately €0.7 million as a result of the following activities:

- Reduction of approximately €28,000 due to savings and financial reductions under ERDF 083;
- Newly approved project ERDF 327 contributing approximately €765,000 towards this theme.
- Priority Theme 4 – an overall decrease of approximately €1.4 million due to savings and financial reductions incurred under ERDF 130.
- Priority Theme 5 – an overall increase of €3.6 million as a result of the following activities:
 - Newly approved projects ERDF 327 and ERDF 331 contributing an approximate €3.6 million;
 - Reduction of approximately €61,000 under ERDF 087 due to saving released following completion of project activities during 2013.
- Priority Theme 6 – an overall decrease of €0.7 million due to savings and financial reductions under ERDF 128.
- Priority Theme 7 – an overall decrease of €1.6 million due to savings and financial reductions under ERDF 128.
- Priority theme 8 – an overall increase of approximately €1 million due to the following activities:
 - Increase in the ERDF 200 allocation by a further €825,000;
 - Approval of a new project, ERDF 327 which is contributing €153,000 towards this theme.
- Priority theme 9 – an overall decrease of €0.4 million due to the following activities:
 - savings and financial reductions registered under ERDF 127 and ERDF 134 amounting to approximately €3.1 million;
 - increase in the ERDF 200 allocation by a further €825,000;
 - newly approved project ERDF 331 which is contributing €1,870,000 towards this theme.

Information Society (Priority Theme Codes 10, 13, 15)

Table 7 Priority Theme Codes 10, 13, 15

Priority Theme Code	% amount of OPI's total EU financial allocation as proposed to the Monitoring Committee in November 2013	
13	From: 3.43	To: 2.06
15	From: 0.41	To: 0.26
TOTAL	3.84	2.32

The proposed OP change will result in an overall decrease of 1.52% of OPI's total EU financial allocation towards Information Society.

When comparing the categories listed in the AIR for 2012 and the same data as at end 2013 from a project commitment point of view by the end of 2013, an overall **decrease of €1.1 million (EU Share)** was registered towards these codes. The main projects and factors contributing towards the overall increase in this group of themes include:

- Priority Theme 13 – an overall decrease of €0.1 million due to savings and financial reductions registered under ERDF 109, ERDF 114 and ERDF 159.
- Priority Theme 15 - an overall decrease of €1 million due to savings and financial reductions registered under ERDF 129.

Transport (Priority Theme Codes 21, 22, 23, 24, 26, 28, 30)

Table 8 Priority Theme Codes 21, 22, 23, 24, 26, 28, 30

Priority Theme Code	% amount of OPI's total EU financial allocation	
21	From: 11.43	To: 10.94
22	From: 2.10	To: 1.92
23	From: 1.03	To: 1.05
24	From: 0.06	To: 0.30
26	From: 0.66	To: 0.66
28	From: 0.79	To: 0.79
30	From: 5.49	To: 4.66
TOTAL	21.56	20.32

The proposed OP change will result in an overall decrease of 1.24% of OPI's total EU financial allocation towards Transport.

When comparing the categories listed in the AIR for 2012 and the same data as at end 2013 from a project commitment point of view by the end of 2013, an overall **decrease of €0.5 million (EU Share)** was registered towards these codes in the year under review. The main projects and factors contributing towards the overall increase in this group of themes include:

- Priority Theme 21 – overall approximate decrease of €2.1 million. The reasons for this decrease include:
 - A change in priority theme percentage from 100% to 94.9% in CF 125 resulting in a decrease of approximately €2.16 million.
- Priority Theme 22 – overall approximate decrease of €1 million. This is due to a decrease of €1,012,019.35 registered under a project that has completed its activities during 2013 (ERDF 047).
- Priority Theme 23 – no changes registered.
- Priority Theme 24 – an overall increase of €2.16 million. This is the result of the shift of 5.1% from priority theme 21 towards priority theme 24 under CF125.
- Priority Theme 26 – a decrease of approximately €72,000 was registered as a result of a financial reduction (€6,162.82 EU Share) and savings released following completion of project activities under ERDF 183.
- Priority Theme 28 - no changes registered.
- Priority Theme 30 – no changes registered.

Energy (Priority Theme Codes 33, 39, 40, 41, 43)

Table 9 Priority Theme Codes 33, 39, 40, 41, 43

Priority Theme Code	% amount of OPI's total EU financial allocation as proposed to the Monitoring Committee in November 2013	
33	From: 0.01	To: 0.00
39	From: 2.58	To: 0.01
40	From: 7.22	To: 7.56
41	From: 0.95	To: 0.00
43	From: 1.72	To: 2.54
TOTAL	12.48	10.11

The proposed OP change will result in the removal of codes 33 and 41 given that none of the currently approved projects target such categories and the OP is not expected to contribute to the categories through any of the approved projects. The overall change has resulted in a decrease of 2.37% of the financial allocation towards Energy following the OP change for reasons highlighted above.

When comparing the categories listed in the AIR for 2012 and the same data as at end 2013 from a project commitment point of view by the end of 2013, an overall **increase of €13.7 million (EU Share)** was registered towards these codes. The main projects and factors contributing towards the overall increase in this group of themes include:

- Priority 39 – overall minor decrease of approximately €6,384 due to savings and financial reductions under ERDF 133 and ERDF 077.
- Priority 40 – overall increase of approximately €10.6 million. This is the result of:
 - Increase of approximately €18.2 million following the newly approved project ERDF 288;
 - Reduction of approximately €5.42 million amounts committed under the Aid Scheme ERDF 133;
 - Reduction of approximately €2.62 million from savings released from completed projects during 2013 (ERDF 285, 280, 279, 276, 243, 238, 236, 229, 183) and 2012 (ERDF 234), savings registered from ongoing projects (ERDF 284, ERDF 271, ERDF 262, ERDF 239, ERDF 230) and financial reductions (ERDF 221, 183, 088);
 - Increase in budget for ongoing project ERDF 261 of €205,848.75;
 - Withdrawal of project ERDF 272 which resulted in a decrease of €156,230.94.
- Priority 43 – overall increase of approximately €3.1 million as a result of:
 - Decrease of €51,305.41 due to financial reductions (ERDF 088) and savings from completed projects (ERDF 276);
 - Withdrawal of project ERDF 272 which resulted in a decrease of €66,956.12;
 - Increase of €3.9 million following the approval of ERDF 297 in 2013;
 - Decrease of approximately €0.9 million under the contracted amount due to savings and financial reductions for Aid Scheme ERDF 133.

Environmental Protection and Risk Prevention (Priority Theme Codes 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54)

Table 10 Priority Theme Codes 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54

Priority Theme Code	% amount of OPI's total EU financial allocation	
44	From: 4.39	To: 4.87
45	From: 0.01	To: 0.88
46	From: 9.68	To: 9.86
47	From:0.02	To: 0.00
48	From: 0.01	To: 0.00
49	From:0.14	To: 0.00
50	From:4.08	To: 4.06
51	From:0.01	To:0.00
52	From: 0.01	To: 0.00
53	From:5.28	To: 5.00
54	From:0.56	To: 0.51
Total:	24.19	25.18

The proposed OP change will result in the removal of allocation towards Priority Theme Codes 47, 48, 49, 51, 52 given that none of the currently approved projects target such categories. The overall change as proposed will result in an overall increase of 0.99% towards Environmental Protection and Risk Prevention.

When comparing the categories listed in the AIR for 2012 and the same data as at end 2013 from a project commitment point of view by the end of 2013, an overall **increase of €5.5 million (EU Share)** was registered towards these codes. The main projects and factors contributing towards the overall increase in this group of themes include:

- Priority Theme 44 – During the year under review, the contribution by CF 266 was increased by a further €0.483 million. However, one of the projects contributing to this priority theme registered a reduction in contracting.
- Priority theme 45 – no projects currently contribute towards this theme.
- Priority Theme 46 – increase of approximately 13.9 million as a result of the newly approved project ERDF 304.
- Priority Theme 50 – increase of approximately €0.306 million as a result of the newly approved project ERDF 327.

- Priority Them 53 – decrease of approximately €8.4 million from CF 120 as a result of savings reverted back to the Programme.
- Priority Theme 54 - decrease of €49,773.45 due to ERDF 156 savings.

Tourism (Priority Theme Codes 55, 56, 57)

Table 11 Priority Theme Codes 55, 56, 57

Priority Theme Code	% amount of OPI's total EU financial allocation as proposed to the Monitoring Committee in November 2013	
55 – Promotion of natural assets	From: 0.05	To: 0.04
56 – Protection and development of natural heritage	From: 0.27	To: 0.28
57 – Other assistance to improve tourist services	From: 3.43	To: 3.95
Total:	3.75	4.27

The proposed OP change will results in an overall increase of 0.52% of OPI's total EU financial allocation towards Tourism.

When comparing the categories listed in the AIR for 2012 and the same data as at end 2013 from a project commitment point of view by the end of 2013, an overall **increase of €0.5 million (EU Share)** was registered towards these codes. The main projects and factors contributing towards the overall increase in this group of themes include:

No changes were recorded during 2013 Priority Themes 55 and 56. It is pertinent to note that these themes are targeting interventions⁴⁹ towards Gozo and Comino (MT002).

- Priority Theme 57 – overall increase of €0.593 million was registered over 2012 commitments. This overall increase was the result of the following activities:
 - an increase in the priority theme allocation under ERDF 245 (from 16% to 22.7% of the project value) resulting in an increase of approximately €0.569 million following adjustments to the project to reflect actual contracting;
 - an increase of €0.136 million towards this theme following the approval of additional activities under ERDF 039;

⁴⁹ ERDF 022 is the only project contributing towards Code 55. ERDF 022, 024 and 249 are contributing towards Code 56.

- By the end of 2013 the approved projects ERDF 212 was completed and the ongoing project ERDF 221 generated savings releasing funds that were previously committed to this priority theme. Financial reductions incurred by ERDF 221 also resulted in an automatic reduction to the project allocation. The overall decrease amounted to approximately €0.112 million.

Culture (Priority Theme Codes 58, 59, 60)

Table 12 Priority Theme Codes 58, 59, 60

Priority Theme Code	% amount of OPI's total EU financial allocation as proposed to the Monitoring Committee in November 2013	
58 – Protection and preservation of cultural heritage	From: 8.13	To: 7.23
59 – Development of cultural infrastructure	From: 1.51	To: 1.84
60 – Other assistance to improve cultural services	From: 0.55	To: 0.44
Total:	10.19	9.51

The proposed OP change will result in an overall decrease of 0.68% of OPI's total EU financial allocation towards Culture.

When comparing the categories listed in the AIR for 2012 and the same data as at end 2013 from a project commitment point of view by the end of 2013, an overall **decrease of €5 million (EU Share)** was registered towards these codes. The main projects and factors contributing towards the overall increase in this group of themes include:

- Priority Theme 58 – an overall increase of approximately €0.27 million. This was the result of:
 - An increase of approximately €714,000 from ERDF 039 and €178,000 from ERDF 246;
 - A decrease of approximately €136,000 from ERDF 032 and €476,000 from ERDF 245 as a result of savings generated.
- Priority Theme 59 – a decrease of approximately €1.001 million as a result of savings released from ERDF 245⁵⁰ which amounted to approximately €0.796 million together with a decrease registered in ERDF 221 for approximately €0.004 million and ERDF032 for approximately €0.188 million (EU Share) as a result of savings generated.
- Priority Theme 60 – no changes registered.

⁵⁰ ERDF 245 registered €850,000 (EU Share) savings in 2013, €796,169.50 were from category 59.

Urban and Rural Regeneration (Priority Theme Code 61)

Table 13 Priority Theme Code 61

Priority Theme Code	% amount of OPI's total EU financial allocation	
61 – Integrated projects for urban and rural regeneration	From: 0.84	To: 0.87
Total:	0.84	0.87

The proposed OP change will result in an overall increase of 0.03% of OPI's total EU financial allocation towards Urban and Rural Regeneration.

When comparing the categories listed in the AIR for 2012 and the same data as at end 2013 from a project commitment point of view by the end of 2013, no changes were recorded.

Investment in Social Infrastructure (Priority Theme Codes 75, 76, 77, 78, 79)

Table 14 Priority Theme Codes 75, 76, 77, 78, 79

Priority Theme Code	% amount of OPI's total EU financial allocation as proposed to the Monitoring Committee in November 2013	
75 – Education Infrastructure	From: 3.28	To: 6.24
76 – Health Infrastructure	From: 6.33	To: 7.48
77 – Childcare Infrastructure	From: 0.18	To: 0.17
78 – Housing Infrastructure	From: 0.12	To: 0.13
79 – Other Social infrastructure	From: 0.06	To: 0.04
Total	9.97	14.06

The proposed OP change will result in an overall increase of 4.09% of the OPI's total EU financial allocation towards the Investment in Social Infrastructure.

When comparing the categories listed in the AIR for 2012 and the same data as at end 2013 from a project commitment point of view by the end of 2013, an overall **increase of €36.5 million (EU Share)** was registered towards these codes. The main projects and factors contributing towards the overall increase in this group of themes include:

- Priority Theme 75 – overall increase of approximately €14 million from the newly approved project ERDF 332⁵¹ from ERDF Call 19 and €8.8 million increase in ERDF 164⁵². Minor decrease of €9,474 registered from savings released together with a financial reduction from ERDF 064 and €16,382.90 from ERDF 189 following completion of projects activities during 2013;
- Priority Theme 76 – increase of approximately €13.7 million as a result of newly approved projects ERDF 314,⁵³ ERDF 317⁵⁴ and ERDF 319⁵⁵ from ERDF Call 16;
- Priority Theme 77 – decrease of approximately €0.0012 million (EU Share) as a result of savings and financial reductions;⁵⁶
- Priority Theme 78 and 79 – no further changes recorded in 2013.

⁵¹ ERDF 332 amounts to €14,047,757.05 (EU Share).

⁵² ERDF 164 was increased by a further €8,834,566.80 in 2013 to result in a total EU Share of €17,041,310.

⁵³ ERDF 314 amounts to €2,932,716.84 (EU Share).

⁵⁴ ERDF 317 amounts to €3,604,717.40 (EU Share).

⁵⁵ ERDF 319 amounts to €7,168,163.90 (EU Share).

⁵⁶ ERDF 136 decreased by €19,014.50 in 2013.

Strengthening Institutional Capacity at National, Regional and Local Level (Priority Theme 81) and Technical Assistance (Priority Theme Codes 85 and 86)

Table 15 Priority Theme Codes 85 and 86

Priority Theme Code	% amount of OPI's total EU financial allocation as proposed to the Monitoring Committee in November 2013	
81	From: 0.27	To: 0.08
85	From: 0.53	To: 1.03
86	From: 0.64	To: 0.33
Total	1.44	1.44

At OP level, with the proposed OP changes, the % amount of OPI's total EU financial allocation was changed as per the Table above. This change was proposed to reflect proposed to reflect the current status of the programme activities.

As at end 2013, Priority Theme 81 included a total of €0.578 million, Priority Theme 85 has been earmarked with a total of €7.52 million and Priority Theme 86 with a total €2.37 million.⁵⁷

Table 16 Commitments per Economic Activity – changes proposed

Economic Activity	% amount of OPI's total EU financial allocation as proposed to the Monitoring Committee in November 2013	
03	From: 0.03	To: 0.19
04	From: 0.03	To: 0.01
05	From: 0.03	To: 0.08
06	From: 5.89	To: 6.19
08	From: 14.34	To: 6.73
09	From: 9.82	To: 10.74
10	From: 3.71	To: 0.12
11	From: 21.97	To: 19.75
12	-	To: 0.11

⁵⁷ In AIR 2012 the figures for Priority Theme 81, 85 and 86 were reported incorrectly.

13	From:0.29	To:0.50
14	From: 0.47	To:0.65
15	From: 1.17	To:1.40
16	-	To:0.09
17	From:0.14	To:2.00
18	From: 6.75	To:11.74
19	From: 6.09	To:7.58
20	From: 0.64	To:0.28
21	From:16.27	To:16.39
22	From:12.36	To: 15.44
Total	100	100

The table above summaries the proposed changes to economic codes as proposed during the OP changes presented to the Monitoring Committee in November 2013.⁵⁸

Commitments per Economic Activity⁵⁹

When comparing the economic activity codes listed in the AIR for 2012 and the same data as at end 2013, an overall increase of €65.8 million was recorded as summarised below:

An overall increase of approximately €118.1 million (EU Share) in economic codes 05, 06, 08, 09, 11, 15, 18, 19;

An overall decrease of approximately €52.3 million (EU Share) in economic codes 12, 13, 17, 20, 21 and 22.

The main reasons for the decrease can be grouped in the following categories:

- Shift in codes to better align the projects to the economic activity e.g. CF 125 shifted from code 12 (100%) to code 11 (100%). This resulted in a decrease of approximately €41.5 million from code 12 which was then absorbed by code 11;

⁵⁸ The revised version of the Operational Programme I, included these proposed changes was approved in March 2014.

⁵⁹ This analysis was carried out on data which did not take into account the OP changes proposed to the Monitoring Committee in November 2013 and subsequently approved by the CION in March 2014.

- Actual contracted amounts less than originally forecasted resulting in a decrease in the commitment of economic e.g. code 17 (ERDF 159 reduction of €107,664), code 21 (CF 120, CF 123, ERDF 156), code 22 (ERDF 32, 245);
- Financial reductions and the application of the funding gap resulted in a reduction in the project allocation and a decrease in economic e.g. code 22 (ERDF 032);
- Savings and financial reductions incurred by Aid Schemes e.g. code 13 (ERDF 127), code 8 (ERDF 133) and code 22 (ERDF 128, 129, 130, 135,);
- Some of the approved projects which are now complete registered savings at closure stage e.g. code 21 (ERDF 183).

Commitments per Location

Out of the total amount committed of €707,553,883 (EU share), €72,106,704 (EU Share) are being invested in Gozo and Comino⁶⁰ (MT002), representing more than an approximate 10.2% of contributions by category. This is an increase of €9,827,502⁶¹ registered in the year under review. The overall increase was the result of various factors:

- Increase of €9.5 million (EU share) as a result of the newly approved projects in 2013⁶² towards commitments contributing towards this dimension (Gozo);
- Increase by approximately €3.1 million (EU Share) in the allocation of previously approved projects⁶³ contributing towards this dimension (Gozo);
- Decrease in approximately €0.578 million (EU share) contracted amounts for Schemes and financial corrections resulting in an automatic reduction in project allocation contributing towards this location (Gozo);⁶⁴
- Decrease by approximately €2.2 million (EU share) as a result of previously approved projects which are now completed and have some savings releasing funds that were previously committed, actual contracted amounts being less than originally forecasted and financial corrections resulting in an automatic reduction to the project allocation.

⁶⁰ No funds are being attributed to Comino.

⁶¹ In 2012, EU share for MT002 was €62,279,202 (Source: AIR2012).

⁶² ERDF 288, ERDF 304, ERDF 317, ERDF 331, ERDF 332 amounted to €9,523,454.40. ERDF 317 is 100% Gozo; the rest are partly Gozo.

⁶³ ERDF 001, ERDF 068, CF117, ERDF 246, ERDF 256, ERDF 261, ERDF 262.

⁶⁴ Under Schemes the exact eligible amount for Gozo is not available given that this depends on the uptake of the Scheme. The amount quoted refers to the amount specially contracted to Gozo applicants by the end of the year under review.

02.1.4 Assistance by Target Group

Not applicable.

02.1.5 Assistance Repaid or Re-used

In the year under review, financial corrections amounting to €620,910 were made to amounts already certified under ERDF (i.e. assistance repaid or re-used following cancellation of assistance as referred to in Article 57 and 98 [2] of the Regulation [EC] No 1083/2006). These amounts were deducted from requests for payments made to the Commission during 2013. The amounts cancelled have been returned to the Programme and used for new calls for proposals issued under various Priority Axes. No contribution was cancelled under CF during the year under review.

02.1.6 Qualitative Analysis

As in previous years, 2013 was characterised by further calls for proposals, approval of new projects, finalisation of Grant Agreements, publication of tenders and the actual implementation of projects on the ground. This process included not only the continued effort of the MA and of the IBs (in case of Aid Schemes under Article 107 of the Treaty) but also of other stakeholders, in particular the DoC, the Line Ministries, the Treasury Department and the Beneficiaries themselves, resulting in further quantifiable progress in the implementation of the Programme.

As at end 2013, a total of 123⁶⁵ operations were approved under OPI with a total public eligible amount of €832,416,721. This amount totals to 97% of the OP allocation and represents an increase of 10%⁶⁶ on 2012 commitments. An analysis of the status of the projects as at end of year shows increased momentum in the actual implementation of the projects. In fact out of the 113 mainstream projects (excluding the nine (9) Aid Schemes and Technical Assistance), thirteen (13) projects were at the initial stages of implementation, thirteen (13) projects were still at procurement or contracting stage, twenty-one (21) operations were mid-way into their implementation, fourteen (14) were close to completion and another fifty-two (52) were completed, of which twenty-one (21) completely closed with the Project Closure Report signed.

⁶⁵ Including the 102 operations under ERDF (including the approved Major Project ERDF 196 and JEREMIE), Technical Assistance, the eleven (11) approved CF projects (including the six (6) approved Major Projects CF 116, CF 117, CF 118, CF 119, CF 120 and CF 125) and the nine (9) Aid Schemes.

⁶⁶ €832,416,721 - €754,944,478 / €754,944,478

The progress in the implementation of projects resulted in further payments being processed and paid by Treasury, with €125,319,235.73⁶⁷ (public eligible) processed during 2013 alone, bringing the total paid amount by end 2013 to €443,906,169 representing 51% of the total OPI allocation. In 2013 alone, the MA verified €151,111,718.01 which has been certified to the CION, bringing the total certified amount by end 2013 to €423,996,147 representing 49% of the total OPI allocation. This clearly shows that despite the usual problems that continue to persist, the system still managed to achieve results on the ground.

In terms of performance, results continued to be achieved in steady terms. Indicators under all PAs are being reached, and in some cases, even overachieved. An analysis of the achievements per Priority Axis will be provided in Chapter 3, while a general overview of the Impact and Core Indicators was presented in Table 2 of this Chapter.

Operational Programme Towards the Lisbon Objectives

Although, in line with the Conclusion of the European Council of December 2005, Malta was not bound by the targets of earmarking, Malta has always been committed to making an effort towards earmarking categories of intervention.

The indicative Community allocation from OPI to the earmarking categories by the end of the year under review add up to €337.41 million⁶⁸ which is approximately equivalent to 46% of the NSRF's Community funds.

During the year under review the MA identified the Priority theme categories that did not register a commitment of funds or remained untapped. The codes that remained untapped included three (3) Lisbon-related categories. These are code 33 (*Electricity*), code 41 (*Renewable energy: biomass*) and code 51 (*Promotion of biodiversity and nature protection including Natura 2000*). Hence, the MA proposed the removal of such Priority Theme codes from the categorisation of funds assistance⁶⁹ (Table 3.3 of the OP).

The contribution of approved operations (including the Aid Schemes) towards earmarking by December 2013 amount to €286.76 million (85% of the Programme's earmarking target mentioned above). This is an increase of €22.99 million⁷⁰ under the year under review.

To further link the approved projects with the Lisbon objectives, all projects are expected to contribute to both the Community Strategic Guidelines (CSGs) and National Reform Programme (NRP) Themes. The

⁶⁷ €89,829,138.31 disbursed under ERDF and €35,490,097.42 disbursed under CF.

⁶⁸ 46.34% of amount of OPI's total EU financial allocation is earmarked categories (Source: Operational Programme I, dated May 2012, Table 3.3). The total Community Funding for OPI is €728,123,051 (Source: Operational Programme I, dated May 2012, Table 6.2)

⁶⁹ This change was proposed during the November 2013 Monitoring Committee. The revised version of Operational Programme I was approved in March 2014.

⁷⁰ In 2012, the contribution by the approved operations for earmarking categories amounted to €263,769,301 (Source: AIR 2012; section 2.1.6 pg 30).

below table provides a snapshot of the project approved⁷⁴/endorsed by the CION⁷² or the Project Section Committee in 2013 and the relative CSGs and NRP Themes.

Table 17 Projects approved/endorsed by CION or PSC in 2013

PA Number	Project Reference	Project Title	Community Strategic Guidelines	National Programme Reform Strategic Themes
5	CF 119	Setting up of a Mechanical and Biological Treatment Plant in the North of Malta	Strengthen the synergies between the environment protection and growth	Environment
5	CF 120	National Flood Relief Project	Strengthen the synergies between the environment protection and growth	Environment
3	CF 125	Improvement of the TEN-T Road Infrastructure (PHASE II)	Expansion and improvement of transport infrastructure	Competitiveness
4	ERDF 288	Promotion of Renewable Energy Sources in the Domestic Sector	Address Europe's intensive use of traditional energy sources	Energy
4	ERDF 297	Rendering Plant (Autoclave) for Animal Waste in the Maltese Islands	Address Europe's intensive use of traditional energy sources	Energy
1	ERDF 304	Use of Highly Polished Reclaimed Water in the Maltese Islands	Strengthen the synergies between environmental protection and growth Address Europe's intensive use of traditional energy sources	Energy
1	ERDF 305	An Electronic System Prototyping Facility at the University of Malta	Increase and improve investment in RTD	R&D; Education
1	ERDF	MEMS Characterisation	Increase and improve	R&D; Education

⁷¹ Call 14: three (3) projects under PA4 (ERDF 304; ERDF 288; ERDF 297); Call 15: five (5) projects under PA 1 (ERDF 311; ERDF 305; ERDF 310; ERDF 307; ERDF 309); Call16: three (3) projects under PA6 (ERDF 317; ERDF, 314; ERDF 319); Call 17: two (2) projects (ERDF 327; ERDF 331) under PA1; one (1) project (ERDF 332) under PA6.

⁷² CF119, CF120, CF125.

	307	Facilities	investment in RTD. Facilitate innovation and promote entrepreneurship	
1	ERDF 309	Strengthening of the Organic, Inorganic, Physical Chemistry Facilities	Increase and improve investment in RTD. Facilitate innovation and promote entrepreneurship	R&D; Education; Employment
1	ERDF 310	Expanding the Physics and Applied Interdisciplinary Research Activities at the Faculty of Science	Increase and improve investment in RTD	R&D; Education
1	ERDF 311	National Interactive Science Centre (NISC)	Increase and improve investment in RTD	R&D; Education
1	ERDF 314	Development in Screening and Radiological Modalities in Health	Help maintain a healthy labour force	Poverty
1	ERDF 317	Upgrading of Services at Gozo General Hospital	Help maintain a healthy labour force	Poverty
6	ERDF 319	Setting up of a Medical Assessment Unit at Mater Dei	Attract and retain more people in employment and modernise social protection systems Help maintain a healthy labour force	Poverty
6	ERDF 327	Development at Safi Aviation Park	Expand and improve transport infrastructures Facilitate innovation and promote entrepreneurship	Employment
6	ERDF 331	Development of a Digital Gaming Hub	Facilitate innovation and promote entrepreneurship	Employment
6	ERDF 332	Quality Education for the Society of Tomorrow	Address Europe's intensive use of traditional energy sources Increase investment in human capital through better education and skills	Energy; Education

Sustainable Development

This horizontal theme remained one of the priorities on the Maltese Government's agenda and all projects submitted for consideration to the Project Selection Committee continued to be assessed against the criterion as approved by the Monitoring Committee.

A comprehensive analysis of all projects selected for implementation in 2013,⁷³ shows that all the newly approved projects focus their actions on implementing a number of (i) energy efficient technologies such as lighting, presence sensors, energy saving air-conditioning and lift service, (ii) maximisation of natural lighting, (iii) construction of reservoirs to catch rainwater, (iv) water consumption reduction measures such as second-class water flushing systems, (v) waste minimisation.⁷⁴ The projects approved in 2013 under PA4 will mainly focus on reducing tons of GHG emissions through improved incineration and water polishing processes. Moreover, apart from the PV domestic scheme, which is approved under PA4, a number of other projects approved in 2013 will invest in RES through their own sources as part of the projects' extended activities.

As regards the approved Major Projects, all three (3) projects will positively contribute towards a sustained development with due regard to environmental sustainability. CF 120 will contribute towards the better management of the water courses in valleys and the ecosystems that these support. The project shall also include a pilot project to attest the viability of water conservation from urban storm-water runoff. This will be achieved by the construction of a soak-away reservoir which will potentially retain and conserve around 600,000 m³ annually. The project will also contribute to mitigate against problems of pollution to the marine environment which is caused by run-off water that currently discharges in an uncontrolled fashion. CF 125 will include LED light fittings and reservoirs for water catchment. Most importantly, the new road stretches will contribute to reduced CO₂ emissions from transport activities due to the expected reduced journey times of vehicles. Finally, CF 119 will reduce the waste that is land-filled and will provide an alternative energy source through the generation of biogas from waste activities.

Equal Opportunities

Equal Opportunities are amongst the horizontal objectives within Malta's OP that continue to be encouraged in every project being implemented through Cohesion Policy. During the project selection process, additional marks were awarded to projects that incorporated active measures (going beyond what is legally required) in the project design and at the various stages of the project implementation.

In order to guide applicants on how to integrate equal opportunities within the project application, the MA has identified a direct contact point at both the National Commission for Persons with Disability (NCPD) and the National Commission for the Promotion of Equality (NCPE). The details are provided within published

⁷³ Fourteen (14) projects were approved in 2013: three (3) under Call 14 (PA4), five (5) under Call 15 (PA1), three (3) under Call 16 (PA6), two (2) under Call 17 (PA1) and one (1) under Call 19 (PA6). In addition, three (3) Major Projects (CF 119, CF 120 and CF 125) have been approved by the Commission during the year under review.

⁷⁴ These measures were proposed by projects other than those approved under Priority Axis 4 which specifically target climate change and resource efficiency.

guidelines for calls issued with applicants encouraged to contact both entities. The University of Malta projects approved in 2013 have included active equal opportunities measures to ensure accessible educational facilities (through ramps, widened corridors, height-adjustable benches), as well as practices to allow flexibility to students, who may have special domestic responsibilities (such as parenting), to make use of the facilities outside official lecturing hours (supervised by staff). One activity that stood out from the rest was proposed by ERDF 311 which will provide accessible display and exhibition contents through tools such as Braille for the visually impaired. The health-related approved projects in 2013 will decrease the gap between the healthcare services offered in Malta and Gozo. The new services that will eventually be offered in Gozo will facilitate the provision of health services to persons having mobility problems and those that are potentially socially excluded such as the elderly.

By end 2013, there were a total of twenty-eight (28) projects being implemented by non-governmental and voluntary organisations, the majority of which under PA4, which benefitted from the availability of ERDF funds. The granting of the co-financing to implement projects in line with the national priorities will in turn allow these organisations to focus on the social dimension of their mandate (such as offering free music tuition and offering free youth activities).

Partnership

As in previous years, and in line with the provisions of Article 11 of Regulation EC/1083/2006, the Maltese authorities have continued to work in partnership with different stakeholders in the different phases of the Programme cycle. From a monitoring perspective, social and economic partners continue to be represented within the MC with a view to monitor and assess the implementation and efficient spending of the funds under OPI as well as to provide the business and civil society sectors' dimension to the process. During the implementation process, efforts are being made to include various levels of governance in the implementation of projects with calls that can be earmarked for specific types of Beneficiaries (such as Voluntary Organisations and Social Partners).

A significant number of projects from partner organisations as well as NGOs are currently under implementation and include various sectors, such as cultural/heritage foundations, religious, educational and social organisations (mostly under the Tourism and the Energy Priority Axis).

In 2013 the Private and Public Partnership (PPP) project for the construction of a public aquarium attraction was completed.

A number of other projects being implemented under OPI exhibit the involvement of local partners for the successful execution of the projects such as the involvement of the Local Councils (ERDF 159 and ERDF 246) and the involvement of expert entities in the cultural and educational sectors (ERDF 244, ERDF 246, ERDF 164 and ERDF 331).

02.2 Compliance with Community Law

02.2.1 State Aid (Article 107 of the Treaty)

The Treaty on the Functioning of the European Union establishes in Article 107(1) of the Chapter, Rules on Competition, dealing with Aids granted by States that: *'any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market.'* The applicability of this rule applies both to aid granted by Member States using National Funds as well as EU Funds (Structural Funds).

Operational Programme I under the 2007-2013 programming period established the methods of disbursement of EU Funds. These envisage two (2) types of funded measures: those that do not involve State Aid and those that are granted under State Aid Schemes in line with the applicable State Aid rules. Prior to the Managing Authority's approval of project proposals following call for projects, projects are screened for compliance with State Aid rules by the State Aid Monitoring Board (SAMB), this being the competent authority responsible for State Aid in Malta.

During 2013, the SAMB gave its State Aid opinion on a number of project proposals to potential Beneficiaries interested in applying for funding following one of the calls issued under both the European Regional Development Fund and the Cohesion Fund. The Board also carried out final screening of project applications approved by the Project Selection Committee before the Grant Agreements were signed.

Besides its involvement with calls issued by the MA, the SAMB is also in close collaboration with Intermediate Bodies administering State Aid Schemes financed through the Operational Programme. These include consultations with Malta Enterprise, the Social Welfare Department and the Tourism and Sustainable Development Unit in the implementation of their schemes. The schemes administered by the Intermediate Bodies are being implemented under different State Aid regimes, including the General Block Exemption Regulation; the *De Minimis* Regulation and the Framework for Research, Development and Innovation. All schemes were notified to the SAMB by the State Aid grantor (Intermediate Bodies) prior to the launch of such schemes in line with the provisions set out in the State Aid Monitoring Regulations (LN 210 of 2004). The SAMB assessed the notified proposed schemes and guided the Intermediate Bodies with regard to the applicable State Aid *acquis* that was to be followed in the implementation of such schemes. The European Commission was duly notified of these schemes, where applicable and as required by the rules of procedure.

Most of the above indicated State Aid schemes had a validity in duration until December 2013 and did not require any additional notifications.

2013 also saw the Board actively involved in the unfolding of a Major Project related to Waste which consisted in the investment in a Biological and Treatment Plant by a Government-owned entity. This specific project, given its nature, was considered by the Board to constitute a service in the general economic interest in line with '*Commission Decision of 20th December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State Aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest.*' The necessary representations were carried out with DG Competition officials in connection with the implementation of this project in line with the said SGEI Decision.

During the unfolding of the 2007-2013 programming period, the SAMB noted positive developments in the area of State Aid concerning EU funded projects as potential applicants tend to approach the Board for guidance at a comparatively early stage. This is partly a reflection of the importance underlined during information sessions organised by the Managing Authority as well as a greater general awareness among different economic operators. In this regard a number of meetings have been requested by interested applicants for EU funds. Such preliminary meetings help to ensure that a proposed project is, from its inception, given an indication on whether State Aid could possibly be involved and hence the applicable rules.

02.2.2 Public Procurement

The Department of Contracts (DoC) is the competent authority on public procurement matters in Malta and assists the MA and Beneficiaries on a regular basis through the provision of expert advice on procurement. In this respect the MA continued the weekly meetings with the Department's top management to ensure timely and quick response to tenders and tender issues that impinged on the timely disbursement and implementation of projects. The responsibility of the Director of Contracts is to vet and publish tenders, vet tender evaluation reports prior to submission for consideration to the General Contracts Committee (GCC), as well as the drawing up of the actual contract, the signing of the contract on behalf of the Contracting Authority and the vetting of any post-contract modifications to the contract.

The year 2013 proved to be an extremely challenging year since the Department of Contracts has continued with the deployment of the Electronic Procurement platform. Nearly all new tenders that have been published by the DoC during 2013 have used this platform. Furthermore, numerous Contracting Authorities have even started using this platform for tenders which have an estimated value of less than €120,000.

Despite the efficiencies brought by the deployment of the E-procurement platform, it has been noted that bidders and Government entities were still experiencing difficulties in adapting to this new medium of procurement. In order to address the various issues that arose, the DoC has upgraded the system by

including numerous enhancements intended to improve the friendliness of the E-procurement platform without affecting the efficiency gains it brought with it.

The DoC retained the rectification process, in respect to errors which do not have an effect on the technical and financial proposal, introduced in previous years, and in February 2013, the Public Procurement Regulations were amended and changed the way the appeal from the decision of the Public Contracts Review Board (PCRB) is lodged. Now appeals from the PCRB are lodged in front of the Court of Appeal Superior Jurisdiction as opposed to the previous situation where the appeal would have been heard by the Court of Appeal Inferior Jurisdiction. Furthermore an appeal in front of the Court of Appeal stops the award proceedings too as opposed to the previous situation where an appeal from a decision of the Public Contracts Review Board would not have stopped the award process.

The MA continued to provide guidance to those entities that do not fall under the remit of the DoC through various means. In 2013, the MA issued recommendations and brought to the attention of these entities (such as voluntary organisations), circulars and important updates transmitted from time to time, such as the guidelines on financial corrections, the details to be included in evaluation reports, the arithmetical corrections to be noted during evaluations, the eligibility rules, templates for contract preparation, recommendations issued in relation to stringent tender specifications and the cautiousness to be applied when determining technical specifications. This information was also coupled with training provided to voluntary organisations and local councils carried out in February 2013.

02.2.3 Environmental Legislation

The MA - together with its IBs - rely on the advice and decisions taken by the Malta Environment and Planning Authority (MEPA) on all matters related to Environmental Impact Assessment (EIA) as well as environmental and planning permits. MEPA has sustained its assistance both to prospective applicants as well as to the MA in terms of providing information on the screening, planning and environmental permitting related activities for operations submitted and/or approved under OPI. In order to ascertain the smooth implementation of the operations, the MA is constantly in contact with MEPA with a view to monitor and track the progress of applications for environmental studies and planning permits as well as operational permits.

02.2.4 Strategic Environmental Assessment (SEA) Regulations

As explained in the previous Annual Implementation Report (2012), the Environment Committee agreed to segment the Programming Period for monitoring purposes as follows in view of the complexity and different nature of the projects pertaining to the OPI:

- First monitoring period between 2007 and 2010
- Second monitoring period between 2011 and 2012
- Third monitoring period between 2013 and 2015.

During the first half of the year under review, the Environmental Committee adopted the report prepared for the first monitoring period between 2007 and 2010. The findings of this report have already been outlined in the Annual Implementation Report for 2012.

During the second half of the year under review, the MA focused on the preparatory work for the second monitoring period which will cover the period 2011 to 2012. The Environmental Committee will be meeting during the first half of 2014 and it is envisaged that the report shall be adopted during the same year. This second report will be a follow-up on the 2007-2010 report and will also be identifying other issues that may have emerged.

02.2.5 SEA Screening of the Proposed OP Changes

In view of the OP changes proposed by the MA, a procurement process was launched for the provision of Technical Expertise for the SEA screening of the proposed change to OPI during the second half of 2013 to determine whether the proposed changes required a new SEA.

The preliminary outcome of this screening exercise, presented to the MC in November 2013, concluded that a SEA was not required given that the proposed changes to the OP were unlikely to have any significant environmental effects. The MA informed the SEA Focal Point, stakeholders and to the general public by the end of 2013.⁷⁵

⁷⁵ As per Information Note by the Commission dated 7th December 2011

02.3 Significant Problems Encountered and Measures Taken to Overcome Them

The biggest challenges facing the Maltese administration, in the implementation of the Programme during 2013 remained more or less the same as in previous years, namely the very time-consuming project selection process, bottlenecks in procurement and delays arising from the very complex planning and environmental permitting processes. This section of the report will seek to highlight the main bottlenecks that occurred throughout the implementation of OPI during 2012 and the measures taken by the MA or other stakeholders to address them as part of the continuous efforts to improve programme efficiency.

02.3.1 Project Selection Process

In 2013, three (3) calls were issued which resulted in the assessment by the Project Selection Committee of twenty-eight (28) proposals. These gave rise to an extensive workload for the Project Selection Committee who apart from evaluating these new proposals also had to finalise the evaluations of calls spilling over from 2012.

The selection process is a time-consuming procedure often compounded by the fragmentation of submitted proposals. Most of the delays in the process are related to the quality of submissions received, which inevitably lead to delays in the evaluation. Moreover, considering that submissions must be compliant with community legislations and must obtain clearance from SAMB, delays in the selections process are also linked to procedural issues linked to the process.

02.3.2 Public Procurement Process

Notwithstanding the experience acquired in the last years, public procurement remains a major bottleneck and takes a substantial toll on the implementation of the Programme. The centralisation of the procurement process, albeit providing quality assurance, inevitably causes delays to the implementation of the programme on the ground. To mitigate against this, an EU-funded projects Unit has been set up to prioritise the vetting of the tenders that have a stake in contributing towards the N+ targets.

The problems faced by the Department of Contracts in 2013 were mainly related to the deployment of the Electronic Procurement platform which was new for both the Department and the Beneficiaries. Nearly all the tenders that were published by the Department of Contracts during 2013 used this platform.

Notwithstanding the roll-out problems posed by the electronic platform, the overall experience has been positive and this is further illustrated by the fact that numerous Contracting Authorities have started using this platform even in respect to tenders which have an estimated value of less than €120,000 (those non-EU funded tenders considered as departmental tenders).

Over and above the technical problems of the electronic platform that had to be addressed in a swift manner, the central contracting authority also had to face the increasing workload not only as a result of the two overlapping programming periods 2007-2013 and 2014-2020 but also in view of the transposition into local legislation of three (3) EU Directives related to Procurement, chiefly, the Public Sector Directive, the Utilities Directive and the Directive on Concessions.

In order to mitigate the impact of this, the DoC is going through a capacity building process which is intended to ensure that the resources are in place to deal with the challenges ahead.

02.3.3 Planning and Environmental Permitting Process

The bottlenecks and difficulties reported in previous years continued to be faced throughout 2013. The planning process of large scale infrastructure necessitates a number of studies – in particular an *EIA* and a *Traffic Impact Statement* (amongst the most common) – and consultations with stakeholders, including civil society stakeholders and citizens at large. In Malta the complexity of this process is compounded by its territorial profile and constraints with most planning procedures (even those which are not considered of national importance) often contested by various stakeholders and which, at times, end up becoming highly controversial issues. This contestation results in additional delays in the planning and environmental permitting process with a direct impact on the progress on the ground since in most cases it results in delays in the procurement process (given that tenders cannot be published without an approved planning permit).⁷⁶

In order to mitigate against any potential delays, in certain instances, the Beneficiary seeks to pre-empt problems by holding consultations with the relevant stakeholders *a priori*, undertaking required changes to the plans before the start of the official consultation process.

Finally, as in previous years, MEPA continued its co-operation with various Government Departments and Authorities and other organisations, also through participation in the High Level monitoring

⁷⁶ Few exceptions have been made with the provision of a no objection letter in principle.

meetings in order to help the MA monitor implementation as well as to provide guidance to Beneficiaries to speed up the process when possible.

02.3.4 The Payment Process

The Treasury is the final stakeholder in the whole payment process. Even though the payment process is a time-consuming procedure it is not considered a major cause for delay in the implementation of the projects. As in all procedures, difficulties are encountered and both the Managing Authority and Treasury came up with measures to counteract these problems.

One of the problems encountered in this process is that delayed payments were closely linked to the delays experienced at Department of Contracts (DoC) in the signature of awarded contracts. Such delays have an impact on the timely processing of initial payments. As a mitigation measure, the MA brings such issues to the attention of the Director General (Contracts) during weekly meetings which are held with DoC to discuss any pending issues on DoC contracts.

The Technical Assistance (TA) payments continued to be of a very fragmented nature creating an administrative burden to both the MA and other stakeholders involved in the implementation of the TA. The MA together with the Treasury came up with a solution whereby salary reimbursement requests were grouped into one payment request per entity. This solution reduced the administrative burden of all stakeholders involved and facilitated the payment process.

In September 2013, through an agreement with the Treasury Department, the MA developed an Adjustment Checklist with the intention to hasten the payment process of stakeholders' salary claims, besides also being a tool to minimise the to-ing and fro-ing between the TA Manager and the different stakeholder representatives. The Treasury also started using the Adjustment Checklist for all Cohesion Policy projects within the same time period, therefore facilitating the payment process by broadly reducing the rejection of payments.

In order to strengthen the department and further enhance the payment process Treasury started a capacity building exercise in 2012, with employment contracts signed in 2013 and more people to be employed in 2014. Overall the Treasury has continued to provide pragmatic guidance to Beneficiaries and stakeholders alike.

02.3.5 The Aid Schemes

Further to the internal note 01/2012, whereby guidance was issued on the difficulties identified by the Managing Authority and Intermediate Bodies in the procurement of works, services and supplies under Aid Schemes co-financed by Structural Funds and private funds, a further internal note 01/2013 was issued as a balanced guidance to address claims idle in the system. Considering that for all past calls, the systems adopted by the IBs was based on the three quotations principle as a simple way of procurement through which a basic snapshot of the market had to be obtained, the MA emphasised that the procurement had to follow three obligations:

- A minimum of three quotations;
- Grant pegged with the “cheapest” quotation; and
- Quotations not obtained from “related” suppliers.

The MA was aware of a number of instances from earlier calls for projects wherein IBs were finding it difficult to process claims for payment by Beneficiaries (or the MA not recommending paid claims for certification) because of non-adherence to the aforementioned obligations. A recommended “mitigation measure” for each instance was included in the guidance note 01/2013. An update on the internal note was issued in the form of internal note 02/2013 to reflect a number of amendments following recommendations and findings from the national Audit Authority, Commission Auditors and European Court of Auditors. In every instance, the guidance issued by the MA was not deemed to be exclusive, but sought to preserve the main principles of good governance.

Claims which were rejected during an SOE, or kept from being raised in an SOE by ME, were listed in an excel sheet for discussion.⁷⁷ Where necessary, meetings were held between the MA and the IB to agree on a way forward in line with the issued guidance notes.

⁷⁷ The excel sheet was formalised and called 'Issues template'.

02.4 Changes in the Context of the Operational Programme Implementation

As reported earlier in the Chapter under the '**Changes to the OP**' section, the main contextual change that has been required during the implementation of the OP during 2013 concerned the shift of €16 million budget allocation from PA4 – Climate Change and Resource Efficiency, to PA6 – Urban Regeneration and Improving the Quality of Life. As explained earlier, as a result of the fragmented nature of project under PA4, the revenue generation or/and savings and state aid issues, led to a lower commitment of Axis 4 than expected. Subsequently it was felt that considering that PA4 indicators had been achieved, it was deemed more appropriate for the OP to invest more in infrastructure that can strengthen Malta's sole natural resource which is the Human Capital i.e. PA6 type of interventions.

Further measures to counteract the long-term impacts of the financial crisis continued throughout 2013, with continuous efforts targeted towards ensuring the best possible success through the JEREMIE initiative. Under Priority Axis 1 of the OP, the proposed amendments included also the revision of the Financial Engineering focus area to reflect a further top-up of €2 million.

As regards the implementation of Axis 5, the context of the OP changed to also allow for the possible financing of water-related infrastructure with the aim of complying with the Drinking Water Quality Directive while at the same time serving an additional population with improved drinking water and waste water networks.

02.5 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 the General Regulation EC/1083/2006.

02.6 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) and of other existing financial instruments. In particular, OPI (ERDF and CF) is complemented by investments under OPII (ESF), primarily those areas addressing education and social related infrastructure, research and enterprise support. Although the PPCD no longer coordinates funding under the European Territorial Co-operation (ETC) programmes or bilateral instruments, close cooperation is maintained with the relevant Division within the Ministry for European Affairs and Implementation of the Electoral Manifesto (MEAIM) responsible for such funds. In fact, the MA for OPI and the Division for the ETC and bilateral instruments are housed within the same building and fall under the same structure (Permanent Secretariat).

02.6.1 Structures

In order to ensure that no double-financing occurs and in order to enhance complementarity between the various funding mechanisms, the MA organises the Inter-Ministerial Co-ordination Committee (IMCC) meetings covering EU infrastructure and Productive Funding Programmes. Such assurances are obtained through the checks carried out on the list of approved projects which is circulated to all committee members prior to each meeting.

In 2013, the IMCC meeting was held on 15th May 2013, wherein the importance of the checks on potential double-funded activities/items was brought to all stakeholders' attention. The meeting served as an opportunity for the committee members to explain the procedure they apply to arrive to the conclusion that there are no overlaps. Additionally, the members of the committee were instructed to go through the updated list and check for any potential overlaps. Once checks were terminated, the MA had to be informed of the outcome. During the meeting, a presentation was delivered on the General Programme Solidarity and Management of Migration flows (Solid Funds). The presentation delved into the four (4) funds which fall under the remit of this programme. It also identified the end Beneficiaries and the eligible activities that fall under each respective fund.

02.6.2 Complementarity and Consistency between Funds and Financial Instruments

ERDF and CF

The synthesis reported in AIR 2012 remained valid for the 2013 reporting period.

ERDF and ESF

The synthesis reported in AIR 2012 remained valid for the 2013 reporting period.

ERDF and EAFRD/EFF

To further ensure maximum co-ordination, the MA participates in the MCs which are organized by EFF and EAFRD. During 2013, the MA attended the EFF MC on 18th April 2013 and the Rural Development Programme MC on 24th May 2013. In return, EAFRD and EFF are represented by MSDEC and FPD as members of the MC for OPI. Both Funds are also members on the IMCC and invited as observers at the IB Network. The synthesis reported in AIR 2012 remained valid for the 2013 reporting period.

ERDF and FP7, CIP, LIFE+, URBACT, Marco Polo II

The synthesis reported in AIR 2012 remained valid for the 2013 reporting period.

OPI and EIB

The synthesis reported in AIR 2012 remained valid for the 2013 reporting period.

ERDF and other Financial Instruments

The synthesis reported in AIR 2012 remained valid for the 2013 reporting period.

ERDF and other forms of Co-operations

The synthesis reported in AIR 2012 remained valid for the 2013 reporting period.

02.7 Monitoring, Reporting and Evaluation

02.7.1 Monitoring and Reporting by the MA

In order to ensure adequate implementation of the OPs, an effective and efficient monitoring system has been set up and maintained throughout the years. The MA has designed a monitoring system which ensures the quality of the implementation of the OP, in line with Article 66 of Council Regulation EC/1083/2006. Furthermore, the MA also carries out close monitoring of financial indicators and other indicators referred to in Article 37 (1) (c) of the same Regulation. Some of the monitoring structures/resources currently in place include:

Structural Funds Database 07 – 13

During the year under review, the MA continued to improve and upgrade the national information management system whilst at the same time providing efficient user support.

Some of the main enhancements which took place in 2013 include:

- CDR Connection – to obtain personal information from the National Common Database System in order to facilitate access to personal info through the simple inputting of ID code;
- An enhancement of existent validations in relation to the payment routine in order to prevent processing of payments which are not in line with National and EU regulations;
- Forecast and Advance payment – to capture and record in the system the forecasting and the actual advance payment;
- The creation of a report collating general data on projects usually required by Beneficiaries for SOE checks;
- An enhancement to the EU payment request module;
- ISC and financial Plan Budget – improving user experience in relation to financial budgets at all levels within the operation;
- An enhancement to the Financial Components Identification for reporting purposes;
- An enhancement to the SFD email generation to enable personalisation of email contents;
- Included the facility to record Management Verifications and Audit checks executed by the respective Line Ministries;
- An enhancement to the Debtor Ledger;
- Enhancements to the contract module;
- An enhancement to the Management Verification and Audit report adding another field to record the last uploaded date;
- A number of enhancements to the statement of accounts report.
- Introduced the possibility of partially certifying invoices on which a partial claim is required;

- An enhancement in relation to Annex XXIII reporting data on participants;
- An enhancement to the system to ensure compliance with the SEPA requirements;
- An enhancement on reports in relation to Partial Claims; and
- The introduction of the password expiry notification mechanism.

By the end of year, the system had over 600 active users whilst regular monitoring of user accounts ensured that unnecessary accounts were deactivated. In addition, user's guides, notes and related system documentation were kept up to date with the latest enhancements and bug fixes. The documents are retrievable from the PPCD website and are also used for the Train-the-Trainer programme. Sixteen (16) training sessions, dedicated to the use of SFD, were held throughout the year during which a total of 176 participants⁷⁸ attended the sessions.

Day-to-Day

Considering that 2013 was an important year for the achievement of the N+3/2 targets, the MA has put substantial emphasis on day-to-day monitoring. The table below summarizes the data in relation to verification checks;

Table 18 Verification Checks Details

Check Type	Number of Visits	Number of Hours
Documentary Checks	267	1,336
Physical Management Verification Checks	37	117
Total	304	1,453

These figures indicate that the documentary checks carried out in the year under review tripled as opposed to 2012. This is largely due to the increased effort expressed by all officers within the Managing Authority in order to reach the annual targets in line with N+3/2 commitments. All this involved the mobilisation of twenty-three (23) MA officers dedicating a total of 1,453 hours for the completion of Article 13 checks.

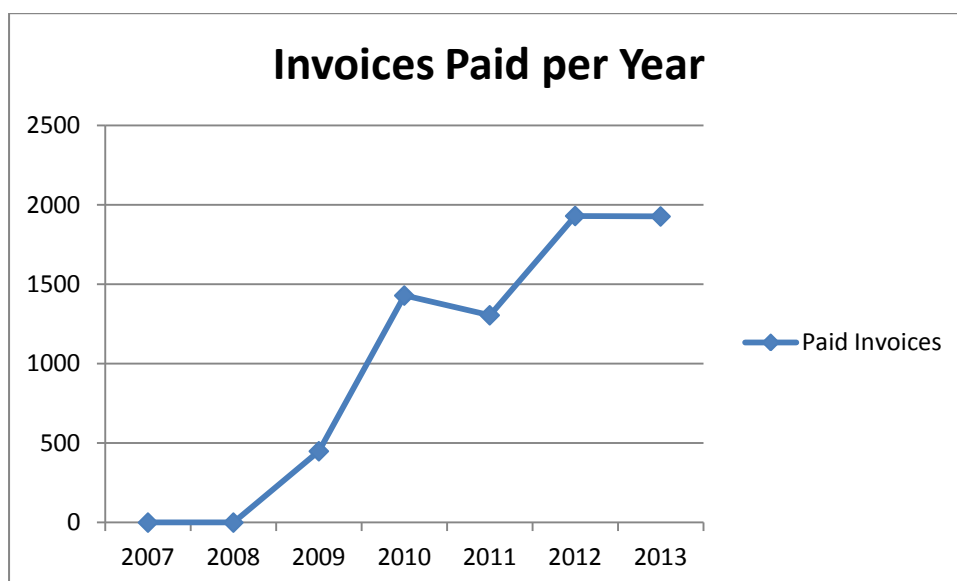
Daily monitoring is also carried out through other formal and informal means such as email communications, phone calls and regular meetings with Project Leaders and stakeholders. The combination of these actions have allowed constant monitoring and reporting during each and every

⁷⁸ Amongst the attendees there were representatives from Beneficiary organisations and from the MA.

stage of implementation, leaving room to resolve issues as soon as they arise as well as taking timely follow-up actions.

Figure 1 below illustrates the number of invoices processed through SFD from the start of the programme until 2013, showing a steady processing of payments between 2012 and 2013.

Figure 1 Invoices Paid per Year



Project Progress Reporting

During 2013, Beneficiaries and IBs submitted a Project Progress Report (PPR) to the MA at two (2) intervals.⁷⁹ The PPR, endorsed by the Line Ministry,⁸⁰ is an essential monitoring tool which measures progress achieved during a particular reporting period vis-à-vis the obligations of the Grant Agreement. Mainly, it requires updated information on the physical progress, implementation of project activities, contracting, disbursements, pending payments, and performance indicators amongst others. These reports provide an overall assessment of the project during the reporting period in question in order to allow for mitigation measures following the reporting period.

Ministerial Project Steering Committee (MPSC)

During 2013, the Ministerial Project Steering Committee within each Line Ministry continued to monitor projects under the respective portfolio. A total of eighteen (18)⁸¹ MPSC meetings were held

⁷⁹ The reporting periods are at the closure of the first semester (1st Jan – 30th June) and end of the second semester (1st July – 31st December). Until 2010 these reports were compiled on a trimester basis.

⁸⁰ In case of VOs and Church entities these are not endorsed by LM and are reviewed by the MA.

⁸¹ MEDE = three (3) sessions, MFH = one (1) session, MFEI = one (1) session, MRRR = two (2) sessions, OPM = one (1) session, MTI = five (5) sessions, MOT = three (3) sessions, MGOZ = one (1) session, MFSS = one (1) session

in 2013 during which sessions representatives from the MA were present. In this context, the MA constantly encourages Line Ministries to hold regular meetings in order to track project progress more closely and deal with arising issues that might be hindering project implementation. This monitoring, in turn, also continues to facilitate the programme management at MA level.

Intermediate Bodies Steering Committees

Steering Committees, one for each IB, were set up in the past as per Article 11.2 of the Covenants signed for each Aid Scheme between the MA and the different IBs. The objective of these Committees is to give the MA and IBs yet another opportunity to catch up on issues related to the schemes. Both the MA and the Line Ministries are invited as observers to the Committee in order to support the IBs on any problematic issues raised.

The IBSC meetings held in 2013 are summarised in the table below:

Table 19 IBSC Meetings held in 2013

Intermediate Body	Dates of Meetings
TSDU	19 th July 2013
	20 th September 2013
	29 th October 2013
DSWS	29 th May 2013
	4 th November 2013
Malta Enterprise	16 th May 2013
	14 th November 2013

In 2013, TSDU held three (3) IBSC meetings, during which, stakeholders discussed general matters in relation to the implementation of the scheme. Discussions also concerned the disbursement challenges, linked to the programme's N+3/2 commitments.

DSWS organized two (2) IBSC meetings, during which general discussions on the project were held. Once again during these meetings disbursement commitments were at the centre of discussions.

Similarly, Malta Enterprise held two (2) IBSC meetings whereby a status update on the schemes was provided. During these meetings, problematic issues were discussed and recommendations for improvement were put forward. Timeframes for implementation were agreed upon and disbursement was planned for future months.

Project Progress Meetings

During 2013 a total of eighteen (18) Project Progress Meetings were held, during which delays in the implementation and disbursement issues were brought to the forefront of discussions. The MA is responsible to set the agenda and present project issues to the Parliamentary Secretary for EU Presidency 2017 and EU Funds who chairs these meetings. During 2013, multiple meetings were scheduled per month⁸² during which a total of 170⁸³ projects were reviewed, with some projects being reviewed more than once. An average of nine (9)⁸⁴ projects were discussed during each meeting, as opposed to the sixteen (16) of last year. This allowed for a more focused approach whereby individual projects could be discussed in depth and recommendations for improvement were put forward. Apart from representatives of the MA, these meetings are generally attended by the Project Leader (PL) and other representatives of the Beneficiaries (including Ministerial representatives), a contact person from the Malta Environment and Planning Authority (MEPA), representatives from the Department of Contracts (DoC) and the Treasury.

Given that Voluntary Organisations (VOs) and Local Councils do not fall under a Ministerial portfolio, a separate bilateral meeting was held in May 2013.

02.7.2 Monitoring Committee

In the course of 2013, the MC was convened twice: on 19th April and 15th November. The items discussed during the April MC meeting included:

- The adoption of the revised Terms of Reference;
- A presentation on the AIR for 2012 which was approved during the same meeting;
- An overview of the progress achieved in the implementation of the programme in 2013 (giving an update of information available up to the date of the meeting);
- A presentation on the thematic evaluation for OPI; and
- An overview of the Annual Control Report and the unqualified opinion which accompanied the Annual Control Report.

The Annual Implementation Report was submitted to the CION via the SFC on 13th June. In view of the need to amend the list of indicators available on the SFC, the report was returned on 16th September 2013 and after the amendments to the indicators, the report was re-submitted on the same day. Following appraisal by the CION Services, the report was deemed to be in line with the requirements of Article 67 (2) of Council Regulation EC/1083/2006 on 16th September 2013 and was made available to the public on the PPCD website.

⁸² With the exception of June, September, November and December

⁸³ Both OPI and OPII

⁸⁴ Both OPI and OPII

The second meeting of the MC, which was held on 15th November 2013, presented:

- The proposed changes to the Operational Programme I including an overview of the SEA screening exercise; and
- An update on physical and financial progress of the Programme.

A detailed analysis of the proposed changes to the OP can be found in this Chapter. As in the previous years, the MC meetings were well attended in 2013 and they served as a good basis not only to discuss the formal business but also to provide participating organisations with other information related to the implementation of the OP, especially the challenging N+3/2 targets that had to be reached by year end. All the presentations delivered during both MCs are available on: <https://eufunds.gov.mt/en/Operational%20Programmes/Monitoring%20Committees/Pages/Monitoring-Committees.aspx>.

In parallel to the convening of the MC meetings, the members of the committee were also invited to comment on a number of implementing issues via written procedure. In fact during the course of 2013, the MA proposed changes to the Major Projects CF 117 – *Improvement of the TEN-T Road Infrastructure (PHASE I)*⁸⁵ and CF 118 – *Rehabilitation and Restoration of Closed Landfills*⁸⁶ on 22nd May and 13th June, respectively. On 8th July, the MC was informed of the proposals in relation to Aid Schemes⁸⁷ and to the JEREMIE initiative while on 7th August, the MA proposed changes to Call 18.⁸⁸ Lastly the MA proposed a shift in TA components on 21st October. All proposals were scrutinised via a ten-working day written procedure and all were approved with no objections.

02.7.3 Annual Review Meeting

Back-to-back with the November MC meeting (of 15th November), an Annual Review Meeting was held in accordance with Article 68 of EC/1083/2006. Given there were no particular major issues, the meeting took the form of a discussion on the potential double counting of the core indicator of Priority Axis 6 regarding the pupils/students/trainees benefitting from upgraded and modernised facilities/services per annum. The discussion also ensued on the tentative timeframes for the uploading of the OP changes via SFC.

⁸⁵ To consider land purchase as an eligible cost.

⁸⁶ To consider an extension and approval of funds for complementary work activities.

⁸⁷ To consider the ranking methodology.

⁸⁸ To consider an earmarked allocation for studies.

02.7.4 Evaluation

Thematic Evaluation

After the approval of the Inception Report in February 2013, London Economics organised an information session on 28th March 2013. The primary aim was for all stakeholders to understand the nature of the thematic evaluation, understand the need for their contribution and importance of their role in formalising this study, familiarise themselves with the Terms of Reference, and get to know better how the project (thematic evaluation study) will evolve. The methodology, deliverables and timeline were also explained.

In July 2013, an online survey was circulated to all Project Leaders by London Economics in order to obtain further information on the ERDF/CF-funded projects, their impact on competitiveness, quality of life, and their contribution to the horizontal priorities. The response rate was rather positive since 92 out of 105 Beneficiaries responded to the questionnaire.

Three (3) separate group meetings were held on 1st August in order for Project Leaders and stakeholders to provide their input to this evaluation and allow London Economics to obtain a number of different perspectives on OPI in line with the objectives of this Thematic Evaluation. The first group meeting covered Theme 1: Enterprise Infrastructure, Investment and Competitiveness of SMEs; the second group meeting covered Theme 2: National Capacity for Research, Technological Development (RTDi), Science and Technology (S&T) and Information and Communication Technologies (ICT) and Theme 7 – Education, Social and Health Infrastructure and E-Accessibility; whilst the third group covered Theme 3 – Improvement in the Tourism, Theme 4 – Transport, and Theme 6 – Environment and Risk Prevention. London Economics also took the opportunity to justify and discuss some findings from initial analysis of data from new primary survey data.

Furthermore, a focus group meeting related to the horizontal priorities of environmental sustainability and equal opportunities was held on 25th September. During this meeting, members from the National Commission for the Promotion of Equality, the National Commission for Persons with Disability and the Ministry for the Environment and Sustainable Development were present. The issues discussed centred around priority issues to address in the ambit of the horizontal priorities over the coming years in light of the draft legislative package for the new programming period 2014-2020; approaches on how the integration of the Horizontal Priorities can be strengthened without a disproportionate increase in administrative burden and resources, and taking into account the specificities of the Maltese territory; and approaches to generate effective and efficient synergies between the two thematic aspects.

Following London Economics' primary and secondary research, the first draft Thematic Evaluation report was submitted to the Managing Authority in Q4 2013. The report is expected to be concluded in the first half of 2014.

External Evaluations

Study on Sustainability of Structural Funds and Article 57 of Regulation 1083/2006:

In February 2013, the Managing Authority received an online survey from Blomeyer & Sanz on behalf of the European Parliament on sustainability of Structural Funds support for businesses (sustainability in terms of the continuation of the supported operation following the end of the Structural Funds support) and the application of Article 57 on durability of operations. Feedback was submitted on 4th March 2013.

Benchmarking the Procurement System of Member States' Survey:

In January 2013, the Managing Authority received a questionnaire from PricewaterhouseCoopers on behalf of the European Commission Anti-Fraud Office. This study primarily focused on identifying and reducing cost of corruption in public procurement involving EU Funds. The objective was to identify negative procurement practices which contribute to the increase in costs (as a result of corrupt practices), as well as positive/best practices that lead to prevention of corruption and to lower costs in the whole tender/grant cycle (preparation, selection, and implementation).

The Managing Authority liaised with other entities such as the Department of Contracts (DoC), Public Administration Human Resources Office (PAHRO), and the Internal Audit and Investigations Department (IAID) in order to submit the necessary feedback. The completed questionnaire was submitted to the EU Secretariat in March 2013.

Expert Evaluation Network:

The Managing Authority was contacted in February 2013 by E-cubed, which had been sub-contracted by Applica and Ismeri Europa, on behalf of DG REGIO in order to further analyse the 'number of jobs created' impact indicator. In this regard E-cubed undertook two (2) interviews with the Managing Authority. The Managing Authority also gave its feedback on the country report in April 2013 to E-cubed and in June 2013 to the European Commission. Further to this specific task, additional clarifications in view of previous AIRs were submitted to the MA by E-cubed throughout July, October and November.

The use of ERDF/Cohesion Fund for co-financing of salaries/bonuses/top-ups under technical assistance for the programme period 2007-2013:

Metis GmbH, on behalf of DG REGIO, carried out a survey on the situation on the ground of co-financing salaries/bonuses/top-ups by ERDF/Cohesion Fund to strengthen the administrative capacity in the current programming period. The purpose of this assessment was to identify the extent and

modalities of the use of Technical Assistance by Member States for different forms of salary support and to identify good practices and recommendations that could help Member States during the design of the next programming period. The Managing Authority provided its feedback on 20th September and following additional queries from the evaluators, more feedback was submitted in October 2013.

Ex-post evaluation of European Public-Private Partnership (PPP) Expertise Centre (EPEC):

PricewaterhouseCoopers, on behalf of the European Commission (DG Mobility and Transport), carried out an online survey on an ex-post evaluation of the European Public-Private Partnership Expertise Centre (EPEC) which is a jointly established undertaking between the European Commission and the European Investment Bank in order to support the Public-Private Partnership units within the Member States, the Managing Authorities and other procuring authorities on the PPP procurement aspects. The overall purpose was to analyse the support provided by EPEC to the relevant stakeholders on PPP procurement aspects, as well as to assess the relevance and the effects of EPEC on its contribution to the European policies in the fields of the trans-European Transport Networks (TEN-T) and Cohesion Policy. The Managing Authority was contacted on 10th September 2013 and submitted feedback in October 2013.

03. Implementation by Priority

03.1 Priority Axis 1 - Enhancing Knowledge and Innovation

03.1.1 Achievement of Targets and Analysis of the Progress

Priority Axis (PA) 1 contributes towards the achievement of the Lisbon objectives of economic growth and job creation, by promoting and strengthening high value added economic activity, supporting the re-structuring process of the local industry (also through the undertaking of a number of *smart investments*), supporting S&T related investments in the formal and informal education streams, undertaking research projects within upgraded and/or new facilities as well as facilitating access to finance through the JEREMIE instrument.

The total financial allocation of this Axis is €120,000,000 (of which €102,000,000 represent Community Funding), and this has contributed, or is still contributing, to the implementation of twenty-two (22) mainstream projects⁸⁹, one (1) financial engineering instrument (FEI)⁹⁰ and six (6) Aid Schemes⁹¹.

The beneficiaries of the mainstream projects under PA1 are the University of Malta (UoM), with fifteen (15) projects, and the Malta Council for Science and Technology (MCST) with two (2) projects under the focus area of *Investment in RTDi and RTDi-related infrastructure and ICT*, as well as the Malta Competition and Consumer Affairs Authority (MCCAA) and Malta Enterprise/Malta Industrial Parks with one (1) and four (4) projects respectively being implemented under the focus area *Enterprise Infrastructure*. Furthermore, Malta Enterprise also acts as the IB for the *Aid Schemes* being implemented under PA1.

Investment in RTDi and RTDi related Infrastructure and ICT

The contribution of this focus area towards the attainment of the abovementioned Lisbon Objectives (now the EU 2020 objectives) is that of enabling the undertaking of active measures, in order to invest in educational infrastructure to provide a supply of knowledgeable workers for the country. Such infrastructural investments include permanent specialised learning facilities and laboratory space at tertiary educational levels to support a knowledge-based economy, as well as specialised investments

⁸⁹ ERDF 001, 011, 012, 017, 018, 076, 077, 078, 079, 080, 081, 082, 083, 087, 199, 305, 307, 309, 310, 311, 327 and 331.

⁹⁰ ERDF 200.

⁹¹ ERDF 127, 128a, 128b, 129, 130 and 134.

targeting students in their initial schooling years (prior to the choice of particular subjects as areas of specialization) in order to attract them towards S&T subjects.

The latter aim is envisaged to be achieved by means of *ERDF 311 – National Interactive Science Centre*, which will establish a science park to serve as an interactive centre for pupils, students, and their families in order to facilitate student take-up of S&T subjects at school and subsequently at University or MCAST. All other interventions aimed at the construction and/or upgrade of research and ICT related facilities were/are being implemented by the University of Malta. Further to the projects reported to have been concluded in previous years during the year under review, *ERDF 017 - Construction, Finishing and Equipping of ICT Faculty Building* was concluded whilst all new projects approved in 2013 were in their initial phases. This includes, *ERDF 305 - An Electronic System Prototyping Facility at the University of Malta*, *ERDF 307 - MEMS Characterisation Facilities*, *ERDF 309 - Strengthening of the Organic, Inorganic, Physical Chemistry Facilities* and *ERDF 310 - Expanding the Physics and applied interdisciplinary research capabilities at the Faculty of Science*. All other projects, namely, ten (10)⁹² projects implemented by UoM under this PA and *ERDF 083 – Manufacturing Research Platform*, implemented by the Malta Council for Science and Technology, were concluded prior to 2013.

Enterprise Infrastructure

The main objective behind the interventions under this focus area is that of attracting FDI through the availability of physical enterprise infrastructure. In fact, the projects financed under this focus area, namely *ERDF 001 - Upgrading and Embellishment of Industrial Estates*, *ERDF 199 - BioMalta - Setting-up a Life Sciences Centre*, *ERDF 327 - The Development of the Safi Aviation Park* and *ERDF 331 - The Development of a Digital Hub*, provide for the creation of physical space to enable the positive growth of existing facilities and the introduction of new facilities for further, innovative and research-based investment on the island. On the other hand, *ERDF 087 - Developing National Metrology Capacity in Support of Industry* (now closed) provides more focused support through the setting up of new national measurement standards in the areas of pressure, electricity, time, and frequency as part of the national measurement system.

Progress on the ongoing projects under both focus areas is reported in Section 03.1.2.

⁹² ERDF 011, ERDF 012, ERDF 018, ERDF 076, ERDF 077, ERDF 078, ERDF 079, ERDF 080, ERDF 081, ERDF 082.

Aid Schemes

The six (6) Aid Schemes being implemented, under different state aid regimes, under this Priority Axis are:

- ERDF 127 “*Small start-up grant scheme*” – twenty-three (23) private enterprises assisted in 2013;
- ERDF 128a “*Innovation Actions Grant Scheme (Innovation)*” - sixty-eight (68) private enterprises assisted in 2013;
- ERDF 128b “*Innovation Actions Grant Scheme (Environment)*” – fifteen (15) private enterprises assisted in 2013;
- ERDF 129 “*e-Business Development Grant Scheme*” – sixty-three (63) private enterprises assisted in 2013;
- ERDF 130 “*Research & Development Grant Scheme*” – twenty-five (25) private enterprises assisted in 2013;
- ERDF 134 “*International Competitiveness Grant Scheme*” – sixty-five (65) private enterprises assisted in 2013.

As at end 2013 the total GAs stood at a total of 259.⁹³ **Error! Reference source not found.**²⁰ shows a breakdown of the signatories of the GAs under each scheme divided by size of Enterprise and territory (Gozo and Malta). Out of the 259 Beneficiaries, seventeen (17) were comprised of companies based in Gozo.

Table 20 Total GAs Signed Between ME and Beneficiaries as at end 2013

Reference:	Scope:	Maltese Entities:					Gozitan Entities:					Total:
		MI ⁹⁴	SM	ME	LR	T	MI	SM	ME	LR	T	
ERDF 127	Small Start-ups	17	5	N ⁹⁵	N	22	1	N	N	N	1	23
ERDF 128a	Innovation	20	25	14	N	59	7	N	2	N	9	68
ERDF 128b	Environment	5	5	1	N	11	2	1	1	N	4	15
ERDF 129	E-Business	26	18	19	N	63	N	N	N	N	N	63
ERDF 130	R&D	4	14	4	3	25	N	N	N	N	N	25
ERDF 134	International Competitiveness	19	27	13	3	62	1	N	2	N	3	65
Totals:		242 (93%)					17 (7%)					259

⁹³ The total number of active grant agreements decreased due to a number being withdrawn and revoked along with the GAs signed following Call 4 moderation exercise.

⁹⁴ Legend: “MI” – Micro enterprises; “SM” – Small enterprises; “ME” – Medium enterprises; “LR” – Large enterprises; “T” – Total.

⁹⁵ Legend: “N” – Not eligible.

Financial Engineering

PA1 continued to strengthen SME support structures in 2013 under this Focus Area by facilitating SME access to financing through an extension of the financial engineering instrument, *First Loss Portfolio Guarantee* (FLPG), being implemented under this focus area. This instrument is implemented by EIF as the Holding Fund manager under the JEREMIE initiative with Bank of Valletta (BoV) acting as the Financial Intermediary (FI).

The unprecedented success of this instrument led to the decision to increase the amount from the OP earmarked for this instrument from €10,000,000 to €12,000,000 by means of an addendum signed on the 19th September 2013. By means of this addendum, the portfolio to be created in eligible loans⁹⁶ was increased from €51million to €62.6million. The progress registered under JEREMIE as at end 2013 is presented in Table 21.

Table 21 Progress under JEREMIE

Loan Transactions	SMEs involved in Loan Transactions	Amounts Committed to date	Amounts Disbursed to date	% Commitment of Total Loan Portfolio
665	583	€54,000,000	€43,000,000	86

Table 22 below provides a general overview of all the projects falling under Priority Axis 1, and their financial progress

Table 22 Projects falling under PA1

Project Reference	Project Name	Committed	Contracted	Disbursed as at end 2013
Enterprise Infrastructure				
ERDF 001	Upgrading and Embellishment of Industrial Estates	€ 16,568,200	€ 15,666,915	€11,955,467
ERDF 087	Developing National Metrology Capacity in Support of Industry	€ 695,412	€ 695,412	€695,412

⁹⁶ According to the Operational Agreement, transactions under JEREMIE are only eligible if they fulfil the following requirements: the transaction is towards an SME which is not in financial difficulty; the transaction does not have substantial focus on one or more restricted sectors as defined in the same Agreement; and the transaction is towards an SME which is established, registered and operating in the JEREMIE jurisdiction.

ERDF 199	Setting-up a Life Sciences Centre	€ 22,003,226	€ 18,660,673	€8,211,986
ERDF 327	Development at Safi Aviation Park	€ 3,600,000	€ 0	€0
ERDF 331	Development of a Digital Gaming Hub	€ 4,400,000	€ 2,564,996	€1,439,832
Financial Engineering				
ERDF 200	JEREMIE	€12,000,000	€12,000,000	€12,000,000
Investment in RTDi and RTDi related Infrastructure and ICT				
ERDF 011	Furnishing & Equipping of Chemistry & Biology Building Extensions	€ 774,812	€ 774,812	€774,812
ERDF 012	Developing an Interdisciplinary Material Testing & Rapid Prototyping R&D Facility	€ 4,336,401	€ 4,336,401	€4,336,386
ERDF 017	Construction, Finishing & Equipping of ICT Faculty Building	€ 15,058,131	€ 14,652,490	€14,652,490
ERDF 018	Strengthening of Analytical Chemistry, Biomedical Engineering and Electromagnetics RTDI Facilities	€ 1,540,411	€ 1,540,411	€1,540,384
ERDF 076	Refurbishing the Signal Processing Laboratory within the Department of CCE	€ 461,622	€ 461,622	€461,622
ERDF 077	Electrical Energy and Efficiency Laboratory for the University of Malta	€ 608,569	€ 608,569	€608,569
ERDF 078	Upgrading of Giordan Lighthouse global Atmospheric Watch (GAW) Research Station	€ 444,824	€ 444,824	€444,734

ERDF 079	Setting up of Mechanical Engineering Computer Modelling and Simulation	€ 385,431	€ 385,431	€385,431
ERDF 080	A Super Computer Laboratory for the University of Malta	€ 468,983	€ 468,983	€468,983
ERDF 081	Enhancing the Health Biotechnology facilities at the University	€ 3,963,153	€ 3,963,153	€3,963,153
ERDF 082	Modernizing the University of Malta's Control Systems Engineering Laboratory	€ 528,883	€ 528,883	€527,934
ERDF 083	Manufacturing Research Platform	€ 642,771	€ 642,771	€642,771
ERDF 305	An Electronic System Prototyping Facility at the University of Malta	€ 724,460	€ 27,584	€3,885
ERDF 307	MEMS Characterisation Facilities	€ 973,000	€ 23,000	€0
ERDF 309	Strengthening of the Organic, Inorganic, Physical Chemistry Facilities.	€ 724,500	€ 23,000	€0
ERDF 310	Expanding the Physics and Applied Interdisciplinary Research Activities at the Faculty of Science	€ 1,618,632	€ 15,335	€0
ERDF 311	National Interactive Science Centre	€ 12,000,000	€ 106,871	€78,076
Aid Schemes				
ERDF 127	ERDF Small Start-up Grant Scheme	€1,379,701	€1,110,100	€890,146
ERDF 128a	ERDF Innovation Actions Grant Scheme (Innovation)	€6,152,127	€5,140,076	€4,443,869

ERDF 128b	ERDF Innovation Actions Grant Scheme (Environment)	€1,012,151	€927,086	€746,226
ERDF 129	ERDF e-Business Development Grant Scheme	€2,247,839	€2,138,294	€1,931,522
ERDF 130	Research & Development Grant Scheme	€2,813,728	€2,681,496	€1,006,645
ERDF 134	ERDF International Competitiveness Grant Scheme	€3,905,971	€3,226,074	€1,819,053

From the projects listed above, seven (7) were approved for funding in 2013, as per Table 23 below.

Table 23 Projects falling under PA1 approved in 2013

Project Reference	Project Name	Public Eligible Value	Focus Area
ERDF 327	Development at Safi Aviation Park	€ 3,600,000	EI
ERDF 331	Development of a Digital Gaming Hub	€ 4,400,000	EI
ERDF 305	An Electronic System Prototyping Facility at the University of Malta	€ 724,460	RTDi
ERDF 307	MEMS Characterisation Facilities	€ 973,000	RTDi
ERDF 309	Strengthening of the Organic, Inorganic, Physical Chemistry Facilities	€ 724,500	RTDi
ERDF 310	Expanding the Physics and Applied Interdisciplinary Research Activities at the Faculty of Science	€ 1,618,632	RTDi
ERDF 311	National Interactive Science Centre	€ 12,000,000	RTDi

03.1.2 Information on the Physical Progress

Ongoing Projects

ERDF 001 - Upgrading and Embellishment of Industrial Estates

The upgrading and embellishment of industrial estates under ERDF 001 continued, with substantial progress registered on the ground throughout the year. In 2013, the last two (2) remaining DoC contracts were signed, both in relation to works to be carried out in Xewkija. The Bulebel and Hal Far Industrial Estates, as well as the Mosta Child Care Centre, are nearing completion. Furthermore, substantial physical progress was also observed at the Kordin and Xewkija Industrial Estates and the Child Care Centres located there.

ERDF 199 - Setting-up a Life Sciences Centre and ERDF 331 - The Development of a Digital Hub

The physical scope of this project was subject to a re-dimension following the change in Administration in 2013 and the ensuing changes in policy. Due to such changes, it was in fact decided that the project was to be downsized to 71% of its original scale, therefore reserving only two of the original buildings (namely LS1 and LS2) for ERDF 199. However, due to changes in the Funding Gap rate, the public eligible cost did not undergo any changes, and thus still amounts to €22,003,226. Physical works are progressing, and the structural works on both buildings are in an advanced stage, thus enabling the Mechanical and Engineering Works, as well as Finishes, to commence in early 2014. By end 2014, it is expected that all works, except for the final snagging works, will be completed.

ERDF 200 – JEREMIE

The progress on the JEREMIE initiative has been reported in earlier sections of this chapter.

ERDF305 - An Electronic system Prototyping Facility at the University of Malta

This project involves the investment in the electronic prototyping facility at The Department of Electronic Systems Engineering at the University of Malta. This facility is planned to enable the complete exercise of the process of electronic development – i.e. electronic simulation and prototyping, printed circuit board fabrication, electronic component mounting and assembly and

electronic test and measurement. Thus, students will be provided with a hands-on approach on electronic design whilst ensuring a more effective transfer of knowledge between academics and students, consequently resulting in further research opportunities.

ERDF307 - MEMS Characterisation Facilities

This project entails the setting up of MEMS Characterisation Facilities at the University of Malta. Through the development of MEMS (Micro-Electrical-Mechanical Systems) and the corresponding design of micro and nanoelectronic application specific integrated circuits (ASICs), the Department will be able to train both undergraduate and postgraduate students in the design and testing of MEMS and ASICs. This will allow further expansion in the infrastructure to respond to the fast growing industry of MEMS and provide students with equipment, which would enable them to test their MEMS designs and improve on future designs.

ERDF 309 - Strengthening of the Organic, Inorganic, Physical Chemistry Facilities

The equipment bought through this project will serve for undergraduate and post-graduate research and research training in the remaining cornerstone fields of Chemistry. It will also assist local academic chemists to collaborate with the emerging pharmaceutical industry and international colleagues as well as put them in a position to attract European research grants through local, as well as various European Union, programmes.

ERDF310 Expanding the Physics and Applied Interdisciplinary Research Capabilities at the Faculty of Science

This involves the setting up of four (4) new research laboratories and the purchase of equipment and measurement instruments. The aim is to enhance and expand the capabilities of the existing Electromagnetics Laboratory to meet the increasing research demands and to collaborate with industry, the Ministry for Health and the Occupational Health and Safety Authority.

The four (4) projects mentioned above, all implemented by the University of Malta, were approved in late Q3 2013 and there is thus no physical progress to report as at end 2013. The majority of the tenders were either at drafting /vetting, publication or evaluation stage by year end, with fifteen (15) tenders under evaluation and six (6) tenders at publication stage. Out of these tenders, it was decided that two (2) would need to be re-issued, since no potential bids were received. Furthermore, another four (4) tenders, under ERDF310, were still at drafting /vetting stage by end December.

ERDF 311 – National Interactive Science Centre

2013 saw the first disbursement under the *ERDF 311 – National Interactive Science Centre* project which is being implemented by the Malta Council for Science and Technology (MCST). The works contract was planned to be signed by the end of 2013, however, due to delays in the evaluation process this procedure was not concluded in 2013. All the contracts in relation to this project should be signed in 2014.

ERDF 327 - The Development of the Safi Aviation Park

The Development of the Safi Aviation Project which is being implemented by Malta Industrial Parks was approved in November 2013. The project will see the development of basic infrastructure, namely taxiways, aprons and service infrastructure, as well as three hangers which will be implemented under the focus area of enterprise infrastructure. As at end 2013, the project was still at the early stages of procurement, with the necessary tenders being drafted to be sent for vetting to the Department of Contracts.

ERDF331 – The Development of a Digital Hub

This project was approved in November 2013 and involves part of the physical space that was originally envisaged to fall under ERDF 199. The implementation of the works during 2013 on the ground progressed at a steady pace and this project is thus also well underway.

Closed/Completed Projects

Prior to 2013, twelve (12) projects were completed under this PA and there is thus no physical progress to report for 2013. Out of these projects, ten (10) were managed by the UoM as the beneficiary,⁹⁷ one (1) was managed by MCST⁹⁸ and one (1) by the Malta Competition and Consumer Affairs Authority.⁹⁹

⁹⁷ ERDF 011 - Furnishing & Equipping of Chemistry & Biology Building Extensions – completed in 2011; ERDF 012 - Developing an Interdisciplinary Material Testing & Rapid Prototyping R&D Facility– completed in 2011; ERDF 018 - Strengthening of Analytical Chemistry, Biomedical Engineering and Electromagnetics RTDI Facilities – completed in 2011; ERDF 076 - Refurbishing the Signal Processing Laboratory within the Department of CCE – completed in 2010; ERDF 077 - Electrical Energy and Efficiency Laboratory for the University of Malta – completed in 2011; ERDF 078 - Upgrading of Giordan Lighthouse global Atmospheric Watch (GAW) Research Station – completed in 2011; ERDF 079 - Setting up of Mechanical Engineering Computer Modelling and Simulation – completed in 2011; ERDF 080 - A Super-Computing Laboratory for the University of Malta – completed in 2010; ERDF 081 - Enhancing Health Biotechnology Facilities at the University – completed in 2012; ERDF 082 - Modernizing the University of Malta's Control Systems Engineering Laboratory – completed in 2011.

⁹⁸ ERDF 083 - Manufacturing Research Platform – completed in 2012.

⁹⁹ ERDF 087 - Developing National Metrology Capacity in Support of Industry – completed in 2013.

The main works under ERDF 017 – Construction, Finishing and Equipping of ICT Faculty Building were completed during the year under review with the Faculty receiving students for the academic year 2013/2014. The project will be formally concluded in 2014.

Aid Schemes

During the year under review the main work on Aid Schemes was mostly linked to the reimbursement of payment claims to beneficiaries that had an approved project approved by Malta Enterprise. In addition, significant work was ongoing on the verification of expenditure paid for this to be included in a payment claim to the Commission. This work is expected to go on into 2014. During the year under review significant savings/decommitment were registered and the amount committed through the Aid Schemes under PA1 went down from €20,968,349 to €15,223,125 by year end.

Progress on Indicators

Table 24 Priority Axis 1 Indicators

Indicators		2007 - 2012	2013	Total
Output Indicators				
No of new/upgraded industrial zone projects by the end of 2013 [A1O01]	Achievement	6	7	7
	Target	n/a	n/a	5 ¹⁰⁰
	Baseline	n/a	n/a	n/a
No of projects (Direct Investment aid to SME) [A1O07]	Achievement	356	326	326
	Target	n/a	n/a	450
	Baseline	n/a	n/a	n/a
No of RTDi projects (core indicator) [A1O04]	Achievement	11	15	15 ¹⁰¹
	Target	n/a	n/a	15
	Baseline	n/a	n/a	n/a

¹⁰⁰ In view of the existing overachievement of this indicator, and of the additional increase in the targeted industrial estates in Malta and Gozo, an increase of the proposed target to seven (7) was proposed in the revised version of Operational Programme I approved in March 2014. This OP change was accepted by the Monitoring Committee in November 2013.

¹⁰¹ The operations contributing the achievement of this indicator are ERDF 012, ERDF 017, ERDF 018, ERDF 076, ERDF 077, ERDF 078, ERDF 079, ERDF 080, ERDF 081, ERDF 082, ERDF 083, ERDF 305, ERDF 307, ERDF 309 and ERDF 310.

No of new/modernized specialized learning facilities constructed/refurbished [A1O05]	Achievement	22	23	23 ¹⁰²
	Target	n/a	n/a	22
	Baseline	n/a	n/a	n/a
No of SMEs benefiting from JEREMIE Financial Instrument [A1O06]	Achievement	434	583	583
	Target	n/a	n/a	500 ¹⁰³
	Baseline	n/a	n/a	n/a
No of enterprises assisted (Non-SMEs) [A1O07]	Achievement	0	0	6
	Target	n/a	n/a	9
	Baseline	n/a	n/a	n/a
Result Indicators				
No of new enterprises (local and foreign)/expansions in sites upgraded [A1R01]	Achievement	0	0	0
	Target	n/a	n/a	25 ¹⁰⁴
	Baseline	n/a	n/a	n/a
No of start-up businesses supported (core indicator) [A1R03]	Achievement	12	17	17
	Target	n/a	n/a	40 ¹⁰⁵
	Baseline	n/a	n/a	n/a
No of SMEs launching new or improved product or processes [A1R04]	Achievement	49	62	62
	Target	n/a	n/a	40
	Baseline	n/a	n/a	n/a
No of SMEs improving their use of ICT for e-business [A1R05]	Achievement	38	62	62
	Target	n/a	n/a	49
	Baseline	n/a	n/a	n/a

¹⁰² The operations contributing towards this indicator are: one (1) each under ERDF017, 076, 077, 078, 079, 080, 082 and 311; two (2) each under ERDF 011, 012, and 087; three (3) under ERDF 018, and six (6) under ERDF 081.

¹⁰³ In view of the existing overachievement of this indicator, and of the top-up of €2 million to the allocation for JEREMIE, an increase of the target to 600 was proposed in the revised version of Operational Programme I approved in March 2014. This OP change was accepted by the Monitoring Committee in November 2013.

¹⁰⁴ All relevant projects are still ongoing (ERDF 001,199, 327 and 331).

¹⁰⁵ In view of the existing underachievement of this indicator, a decrease of the target to twenty (20) was proposed in the revised version of Operational Programme I approved in March 2014. This OP change was accepted by the Monitoring Committee in November 2013.

No of SMEs improving their market penetration efforts [A1R06]	Achievement	49	63	63
	Target	n/a	n/a	55
	Baseline	n/a	n/a	n/a
No of SMEs assisted in environmentally sensitive technologies, operating systems and processes [A1R07]	Achievement	16	19	19
	Target	n/a	n/a	35 ¹⁰⁶
	Baseline	n/a	n/a	n/a
No of enterprises involved in networking and new collaboration with other businesses and academia (core indicator) [A1R08]	Achievement	28	28	28
	Target	n/a	n/a	10 ¹⁰⁷
	Baseline	n/a	n/a	n/a
% increase of students taking up S&T related studies at the Vocational / higher education levels at targeted intervention Institutions [A1R09]	Achievement	31.63 ¹⁰⁸	41.87	41.87
	Target	n/a	n/a	45%
	Baseline	n/a	n/a	3,092
% increase of students registrations of S&T related studies at Secondary Level by 2015 [A1R10]	Achievement	0	0	0
	Target	n/a	n/a	10
	Baseline	n/a	n/a	n/a
Investment induced through JEREMIE Financial Instrument [A1R11]	Achievement	27.08	€54 m	€54 m ¹⁰⁹
	Target	n/a	n/a	€40 million
	Baseline	n/a	n/a	n/a

As can be seen from Table 24 **Error! Reference source not found.**, the MA is reporting a general increase in the achievement of PA indicators for the year under review. In the case of the *No of RTDi projects*, the target has already been reached through the completed and ongoing projects

¹⁰⁶ In view of the existing underachievement of this indicator, a decrease of the target to fifteen (15) was proposed in the revised version of Operational Programme I approved in March 2014. This OP change was accepted by the Monitoring Committee in November 2013.

¹⁰⁷ In view of the existing overachievement of this indicator, and of envisaged increase in such networking, an increase of the target to thirty (30) was proposed in the revised version of Operational Programme I approved in March 2014. This OP change was accepted by the Monitoring Committee in November 2013.

¹⁰⁸ Corrigendum: AIR2010 reported 1.075

¹⁰⁹ In view of the existing overachievement of this indicator, and of the top-up of €2 million to the allocation for JEREMIE, an increase of the target to €51.5 million was proposed in the revised version of Operational Programme I approved in March 2014. This OP change was accepted by the Monitoring Committee in November 2013..

implemented by UoM and MCST. In other instances, the target has not only been reached but also surpassed, such as in the case of

- Number of new/upgraded industrial zone projects by the end of 2013;
- New/modernized specialized learning facilities constructed/refurbished;
- Number of SMEs benefiting from JEREMIE Financial Instrument;
- No of SMEs launching new or improved product or processes [A1R04]
- No of SMEs improving their use of ICT for e-business [A1R05]
- No of SMEs improving their market penetration efforts [A1R06]
- Number of enterprises involved in networking and new collaboration with other businesses and academia¹¹⁰; and
- Investment induced through JEREMIE Financial Instrument.

On the other hand, a decrease was registered with regard to *No of projects (Direct Investment aid to SME)* in view of savings registered and the decommitment of funds allocated to schemes. The change in the indicators is also reflected in the decreased commitment to the Aid Schemes allocated under PA1.

From the indicators that have still not been achieved, No of new enterprises (local and foreign)/expansions in sites upgraded and % increase of students registrations of S&T related studies at Secondary Level by 2015 are expected to be reached once the projects that are targeting them¹¹¹ reach completion. On the other hand, the unachieved indicators that are targeted by the Aid Schemes, namely No of projects (Direct Investment aid to SME) and No of enterprises assisted (Non-SMEs) are not expected to be reached in view of the reasons explained above.

In order to better reflect the current status of the Programme and the increase in budget allocation for JEREMIE initiative, and in order to better reflect the indicators linked to the projects approved under Call 15 and 17, the indicators under PA1 were revised during the change to the Operational Programme undertaken in 2013. This change was approved in early 2014 and resulted in a number of targets being increased such as the *No. of new/upgraded industrial zone projects by end of 2015*, *No. of SMEs benefitting from JEREMIE Financial Instruments*, *No. of enterprises involved in networking and new collaboration with other businesses and academia*, and *Investment induced through JEREMIE Financial Instruments*. The targets of other indicators, on the other hand, were decreased (also to reflect the current status of the Programme), such as *No. of start-up businesses supported* and *No. of SMEs assisted in environmentally sensitive technologies, operating systems and processes*. The decrease in the latter indicators, which are both targeted by the Aid Schemes, was carried out for reasons mentioned above.

¹¹⁰ Even though this target has been overachieved, a decrease of 5 is being reported from 2011. This is due to the fact that the tweaking of the reporting system indicated that there was a double count of 5 which had not been inputted cumulatively.

¹¹¹ ERDF 001, ERDF 199 and ERDF 311.

03.1.3 Financial Analysis

Table 25 Priority Axis 1 - Financial Progress

Priority Axis	Total contribution	Financial Progress			
		Commitments ¹¹²	Payments	Commitments %	Payments %
	(a)	(b)	(c)	(b/a)	(c/a)
Priority Axis 1 (ERDF) Enhancing Knowledge and Innovation	€120,000,000	€122,032,940	€74,029,388	102%	62%

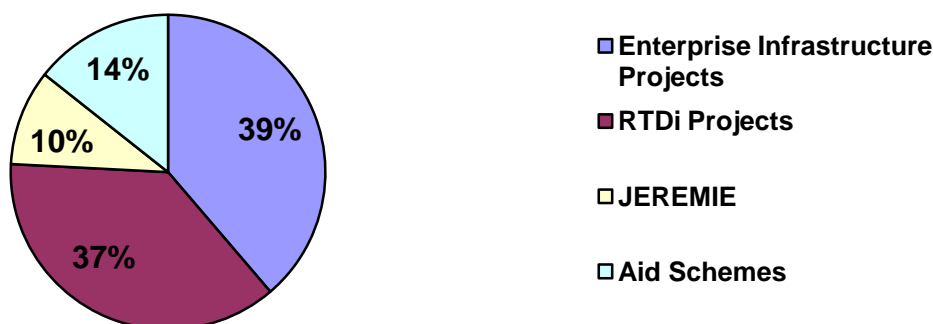
03.1.4 Qualitative Analysis

By the end of 2013, the amount committed under this Axis was €122,032,940 (or 102% of the allocation under PA1). The decision to over-commit by slightly more than €2million was taken to ensure that following revisions resulting from savings, irregularities and contingencies, the programme allocation to this Axis can still be fully absorbed. In fact, as a result of savings, irregularities, as well as amounts released to the programme from the allocation towards Aid Schemes, the increase in commitment over that of 2012 (€108,061.968) is of €13,970,972, even though the actual total project value of the accepted projects in 2013 (through Calls 15 and 17) amounts to €24,040,592.

Figure 2 shows the split between the different interventions being undertaken through Axis 1.

¹¹² The PA has been overcommitted by ca €2million in order to ensure total absorption of the funds at this stage of the implementation of the Programme. The committed amounts include both the projects approved by the MA as well as the commitments made by the MA to the IB with regard to the Aid Schemes and JEREMIE. In terms of Aid Schemes, the amounts committed through grant agreements by the IB to the beneficiaries (enterprises) are being described as amounts contracted and amount to €16,663,460 as at end 2013. The amount committed is taken to be €17,511,517.

Figure 2 Priority Axis 1 Commitments



In terms of implementation, by the end of 2013, the total value of the thirteen (13) projects concluded amounted to €29,909,404 or almost 25% of the total committed amount.

With regard to contracting, the total amount contracted under PA1, when including the contracting (in terms of signed Grant Agreements) carried out under the Aid Schemes, as well as the JEREMIE¹¹³ allocation, is €93,815,261 or 77% of the committed amount. The contracted amount at end 2013 totals €2,067,203 (a 2% increase from the figure reported as at end 2012). However, it is important to note that this amount excludes the €5,745,224 that were contracted under the Aid Schemes and then reverted back to the programme during the year. The committed amount that still needs to be contracted (23%) reflects the final contract to be signed under ERDF 199, and the tenders still to be launched or evaluated under the projects selected for co-financing in 2013. It is envisaged that most, if not all, of the remaining contracts to be co-financed under this PA will be contracted in 2014.

The total amount disbursed in 2013 was €13,486,602, an increase in disbursement of 22%, which brings the total amount disbursed by the end of 2013 to €74,029,388, or 79% of the total contracted amount. The main contributor to the payments in 2013 was ERDF 199, with a value of €2,512,811.37 being disbursed in 2013, followed by ERDF 001, with a disbursed amount of €2,213,861.85.

¹¹³ For the purposes of calculating the “contracted” amounts, JEREMIE is taken as €12,000,000 and Aid Schemes €16,663,460. The commitment, disbursement and certified amounts under JEREMIE are €12,000,000.

Certification amounted, by the end of 2013, amounted to €69,249,970, representing 94% of the total amount disbursed under this Axis. Certification in 2013 alone amounted to €21,115,851, an increase of 44% from the certified amounts in 2012.

A complete picture of the financial progress incurred under PA1, divided per Focus Area can be seen in the Table below.

Table 26 Financial Progress under PA1 as at End of 2013

	Enterprise Infrastructure	Investment in RTDi and RTDi related Infrastructure and ICT	JEREMIE	Aid Schemes	Total PA1
Allocation	N/A	N/A	N/A	N/A	€120,000,000
Committed	€47,266,838	€45,254,583	€12,000,000	€17,511,517	€122,032,940
Contracted	€37,587,996	€29,004,140	€12,000,000	€15,223,125	€93,815,261
Disbursed	€22,302,697	€28,889,230	€12,000,000	€10,837,461	€74,029,388
Certified	€19,312,760	€28,411,940	€12,000,000	€9,525,270	€69,249,970

Further details on Aid Schemes

The breakdown of the progress registered on each scheme, in terms of contracting as a percentage of the amount allocated, is shown in the table below. As already explained earlier in this chapter, €5,745,224 were decreased from the contracted amount (as at end 2013), resulting in a cumulative total of €15,223,125 contracted under all six (6) Aid Schemes by the end of year, representing 87% of the €17,511,517 still allocated to Aid Schemes under this Axis.

Table 27 Financial Summary of Approved Grants

Reference	Scope	Allocation	Contracted	% contracted	Remaining:	% remaining
ERDF 127	Small Start-ups	€1,379,701	€1,110,100	80%	€269,602	20%

ERDF 128a	Innovation	€6,152,127	€5,140,076	84%	€1,012,051	16%
ERDF 128b	Environment	€1,012,151	€927,086	92%	€85,065	8%
ERDF 129	E-Business	€2,247,839	€2,138,294	95%	€109,544	5%
ERDF 130	R&D	€2,813,728	€2,681,496	95%	€132,233	5%
ERDF 134	International Competitiveness	€3,905,971	€3,226,074	83%	€679,898	17%
Totals:		€17,511,517	€15,223,125	87%	€2,288,392	13%

Total payments under the six (6) Aid Schemes during 2013 alone amounted to €3,512,995,¹¹⁴ bringing the total cumulative amount disbursed under the Aid Schemes as at 31st December 2013 to €10,837,461. This increased IB activity is also visible in the number of spot checks, totalling forty-eight (48)¹¹⁵ in 2013. In 2013 €4,270,441 were certified as per Table 28 below.

Table 28 Certified Amounts Under the Aid Schemes

Reference	Certified in 2013 Only	Cumulative Certification by End 2013
ERDF 127	€500,388	€890,146
ERDF 128 (A)	€1,638,419	€5,060,025
ERDF 128 (B)		
ERDF 129	€730,935	€1,321,192
ERDF 130	€427,361	€844,596
ERDF 134	€973,337	€1,409,310
Total	€4,270,441	€9,525,270

¹¹⁴ Disbursement in 2013 was as follows: €241,057.09 under ERDF 127; €1,203,433.27 under ERDF 128a and 128b; €656,871.96 under ERDF 129; €380,921.10 under ERDF 130; and €1,030,711.41 under ERDF 134. A total of €278,065.49, representing the projects paid, that benefitted from a grant following Call 4 moderation exercise; namely €249,377.99 under ERDF 128a and €28,687.50 under ERDF 128b was decreased from the total paid amount.

¹¹⁵ One (1) verification was carried out under ERDF 127, twenty-two (22) under ERDF 128a and ERDF 128b, seven (7) under 129, two (2) under ERDF 130 and sixteen (16) under ERDF 134.

03.1.5 Significant Problems Encountered and Measures Taken to Overcome Them

The main difficulties faced during the implementation of PA1 projects throughout 2013 were essentially similar to those faced in previous years, namely delays in the procurement process (the design of tenders and the vetting of the tender dossiers as well as delay in the evaluation and the preparation of contracts for signature), delays ensuing during the implementation and execution of works, as well as unexpected obstacles faced during the works leading to delays in post contracts activities.

As far as Aid Schemes are concerned, the problems encountered in 2013 are referred to specifically in the previous Chapter under Section 2.3.5.

03.2 Priority Axis 2 – Promoting Sustainable Tourism

03.2.1 Achievement of Targets and Analysis of the Progress

Priority Axis 2 aims to promote a sustainable and competitive tourism industry which is able to achieve its potential for growth and re-affirm its central role in Malta's economic activity.

The financial allocation for PA2 amounts to €120,000,000, under the European Regional Development Fund, with €102,000,000 being the Community contribution to the Priority Axis. The main operational objectives, in line with national strategies in the relevant sectors, are:

- to support the upgrading of the tourism product, particularly its cultural assets;
- to promote the Maltese Islands as a prime and diverse tourist destination beyond sun and sea niche segments;
- to improve the competitiveness of tourism and culture operators.

Product Development

This focus area aims at increasing Malta's tourism sector by striving to dispel destination fatigue and ensuring vibrancy of the Maltese tourism product. History and culture are found to be primary motivators for tourists choosing Malta as their tourism destination, over and above weather and recreational considerations, and hence it follows that competitive product development greatly depends on focused investment that ensures that the physical environment is in line with the high standard hotel and tourist facilities available in the country. Consequently, there is a huge need to conserve and protect the environment, not only as an end in itself, but also in view of its strong linkages between environment and competitiveness, particularly sustainable tourism. This objective is targeted by all mainstream projects co-financed under this axis¹¹⁶, which total twenty (20) out of which thirteen (13) are ongoing while seven (7) are completed¹¹⁷.

Niche Market Development

Besides investing in the development of its tourism product, Malta also strives to change its strategy of marketing Malta as an island of "sun, sand and sea destination" and to give itself a new image which promotes the various niches that the country is able to offer. This Focus Area is aimed towards allowing Malta to penetrate the tourism market in a number of segments in order to encourage tourists

¹¹⁶ ERDF 022, 024, 031, 032, 033, 039, 140, 142, 147, 151, 155, 205, 212, 213, 221, 226, 244, 245, 246, and 249.

¹¹⁷ ERDF 022, 024, 142, 147, 155, 212 and 221.

to choose Malta for different motivations. Even though all the twenty (20) projects funded under PA2 target focus area Product Development, thirteen (13) of them are also contributing to achieve the objectives of this Niche Market Development. Nine (9) of these projects are still ongoing¹¹⁸, while four (4) are completed¹¹⁹.

Out of the concluded projects falling under PA2, ERDF 142, 147, 212, and 221 were concluded in 2013.

Progress on the ongoing projects under both focus areas is reported in Section 03.2.2.

Aid Schemes to Tourism/Cultural Undertakings

Under this Priority Axis, one Aid Scheme is being implemented (ERDF 135) which focuses on targeting aid to enterprises implementing a tourism project, with the aim of enhancing the development of the sector and increasing the destination's competitiveness. As at end 2013, one hundred (100) enterprises were helped in order to support the upgrade in the tourism product whilst using environmentally friendly measures.

Further financial details on the actions being implemented under this Priority Axis can be found in the table below:

Table 29 Projects falling under PA2

Project Reference	Project Name	Public Eligible Value	Contracted	Disbursed
Product Development and Niche Market Development				
ERDF 022	Wied il-Mielah – Towards an Ecologically and Culturally Sensitive Sustainable Tourism	€566,789	€566,789	€566,789
ERDF 024	Upgrading of Villa Rundle Gardens	€1,951,562	€1,951,561	€1,951,561
ERDF 031	Upgrading of Zewwieqa Waterfront	€3,947,841	€3,842,268	€3,725,855

¹¹⁸ ERDF 31 32, 33 39 205 226 244 245 249

¹¹⁹ ERDF 22, 142 155 212

ERDF 032	Archaeological Heritage Conservation Project	€9,498,461	€8,921,569	€4,701,837
ERDF 033	Tourism Zone Upgrade with landscaped urban spaces and other facilities	€14,004,464	€13,716,483	€13,683,740
ERDF 039	Restoration and Rehabilitation of Historic Fortifications of Malta and Gozo	€33,268,510	€29,554,035	€24,284,972
ERDF 140	Discovering Cultural & Religious Tourism in Gozo (Ta' Pinu Shrine)	€344,092	€306,206	€280,416
ERDF 142	The Making of a People (Fondazzjoni Belt Victoria)	€910,400	€863,600	€858,638
ERDF 147	Restoration of St Lawrenz Church	€331,685	€318,829	€318,765
ESDF 151	Renewed Visitors Venue (RE.VI.VE)	€1,993,189	€1,303,093	€1,217,679
ERDF 155	Construction of main exhibition hanger and runoff water reservoir	€292,729	€292,729	€292,729
ERDF 205	Regenerating Balzan Square and implementing a Tourist Heritage Trail	€484,793	€457,734	€320,922
ERDF 212	The Regeneration of the Tourism Market in Marsaskala	€244,539	€244,538	€244,538
ERDF 213	Sustainable Tourism in a Village of Culture and Heritage	€356,318	€345,827	€281,579
ERDF 221	Heritage route: Discovering our past by uncovering historical gems	€433,359	€383,370	€323,621

ERDF 226	Peacock Gardens - Cultural Urban Landscapes for Tourism Sustainability	€855,721	€829,267	€233,513
ERDF 244	Fort St Elmo Heritage Experience – Museum and Rampart Walk	€15,345,000	€11,497,180	€3,278,218
ERDF 245	Fort St Angelo Heritage Experience	€12,390,000	€4,391,961	€945,362
ERDF 246	Implementation of the Cittadella Masterplan recommendations - Gozo	€12,169,586	€107,265	€107,265
ERDF 249	Setting an Integrated Cultural, Archaeological and Historical Trail in Victoria	€1,305,000	€327,125	€6,903
Aid Scheme				
ERDF 135	Grant Scheme for Sustainable Tourism Projects by Enterprises	€8,945,209	€7,118,230	€7,085,821

During the year 2013 no new projects have been selected under this Priority Axis.

03.2.2 Information on the Physical Progress

Ongoing Projects

ERDF 031 – Upgrading of Zewwieqa Waterfront

The project, which is being implemented by the Ministry for Gozo registered significant progress during the year under review. By end 2013, all works and service contracts were fully implemented and disbursed, except for the works *Tender for the Construction and Installation of a Lightweight Structure* which had to be issued four (4) times following failed procurement procedures due to no bids or technically non-compliant bids being submitted. The project was planned to be completed by

second quarter 2013, however due to delays in the said procurement, the date of completion was further extended with the project expected to be completed in 2014.

ERDF 032 – Archaeological Heritage Conservation Project

The project, implemented by Heritage Malta, also registered significant progress. Major works on the Interpretation Centre at Ggantija Temples Gozo and surrounding landscape have been concluded and the centre was inaugurated in October. Works on the interpretation centre at St Paul's Catacombs in Rabat have started and most of the work was being manufactured. The contract for the *Protective Shelter at Tarxien Megalithic Temple* was awarded after a long tendering procedure which, together with other implementation hitches, resulted in two extensions to the project's original closing date. The project is now set to conclude in March 2015 (original completion date was March 2013).

ERDF 033 – Tourism Zone Upgrade with landscaped urban spaces and other facilities

In 2013, ERDF 033, progressed well. All major works and tenders were fully contracted and completed and disbursement continued at a steady pace. In fact, the major tender, *Design, Building and Operation of Malta National Aquarium* was completed in 2013 and officially inaugurated was held on 3rd October 2013. The only tender pending is for the restoration of the Wignacourt Tower at St. Paul's Bay, which delays were caused by an appeal. The project is expected to be completed in 2014.

ERDF 039 – Restoration and Rehabilitation of Historic Fortifications of Malta and Gozo

This project is the largest project being implemented under this PA. It targets five (5) areas of intervention consolidated in three (3) components on the basis of the work needed to be carried out, namely the building of an Interpretation Centre (inaugurated in February 2013), consolidation of unstable walls at Mdina and Cittadella (almost completed by end 2013) and the restoration of decayed architectural fabric of the landfront fortification of Birgu and Valletta (at an advanced stage of implementation). In 2013 both implementation on the ground and disbursement progressed well, but although the project was meant to have been completed by end of 2013 the project is now set to be concluded in 2015 due to delays.

ERDF 140 – Discovering Cultural & Religious Tourism in Gozo (Ta' Pinu Shrine)

The project is nearing full completion with the restoration of the art works, as well as the restoration and conversion works to the Karmni Grima Residence being fully implemented. In fact, the Karmni Grima Residence was officially inaugurated as a museum on 7th December 2013. Due to some minor items that were not procured by end of 2013 the project was given an extension till end of first quarter 2014.

ESDF 151 – Renewed Visitors Venue (Re.Vi.Ve)

Re.Vi.Ve, which is being implemented by Fondazzjoni Wirt Artna, is the only project implemented by an NGO in Malta under this PA. Due to unforeseen findings, the project ran into a number of implementation problems, however, during 2013 the project gained momentum. The Saluting Battery at the Upper Barrakka Gardens Valletta, and the Malta at War at Couvre Port Birgu have been completed, while the final major works tender, i.e. *The Restoration and Rehabilitation of the Garisson Crypt, St Peter and St Paul's Counterguard and the Old Head Quarters Valletta* has been contracted. The only contract which by end 2013 was not yet awarded is the *Tender for the Provision of Staff Training* which was published by last quarter 2013. The project is earmarked to be completed by mid 2014.

ERDF 205 – Regenerating Balzan Square and implementing a Tourist Heritage Trail

This project, which aims at regenerating the Balzan Square and which is being implemented by the Balzan Local Council, progressed well during 2013. All works originally envisaged in the project were completed, but the Local Council requested to conduct further works on the church parvis. This request was accepted by the Managing Authority and a fresh tender had to be published. Hence the project implementation will continue in 2014.

ERDF 213 – Sustainable Tourism in a Village of Culture and Heritage

This project was completed by Tarxien Local Council during 2013 and in fact the project was inaugurated during the same year under review. In December 2013, a number of payments were pending and these were processed in Q1 2014.

ERDF 226 – Peacock Gardens - Cultural Urban Landscapes for Tourism Sustainability

According to the Grant Agreement this project, which is being implemented by the Valletta Local Council, had to be completed in 2013. However due to delays on the ground, the period of implementation had to be extended and the project is now expected to be completed in 2014. Due to these delays, the project also lagged behind in disbursements. Nevertheless, throughout 2013 the project registered significant progress and a large majority of ground works had been implemented by end of 2013.

ERDF 244 – Fort St Elmo Heritage Experience – Museum and Rampart Walk

This project is being implemented by the Grand Harbour Regeneration Corporation (GHRC). Most of the tenders were awarded during 2013 with the implementation on the ground at an advanced stage, especially with regard to the restoration of the historic architectural fabric. Disbursement caught up steadily, even though it is still slightly behind schedule, but the implementation of the project continues to advance as planned with the project envisaged to be completed by end of Quarter 3 of 2014. This project will then be transferred to Heritage Malta for the management of the site.

ERDF 245 – Fort St Angelo Heritage Experience

This project is being implemented by Heritage Malta. The two major tenders of this project were launched in 2012 with only one tender awarded in 2013. On the other hand, by end of 2013, the *Design and Build tender for the External and Internal Embellishment of the Fort* was still at evaluation stage. Disbursement on the project remains very low, but it is envisaged that it will gain momentum in 2014.

ERDF 246 – Implementation of the Cittadella Masterplan Recommendations – Gozo

This project which is being implemented by the Ministry for Gozo, is one of the four projects approved in February 2012. During 2013, the project focused mainly on the procurement with the preparation and publication of a number of tenders. Consequently, no work on the ground was registered in 2013. However, implementation and disbursement is expected to pick up in 2014 following the award of a number of tenders that is expected to happen in the first half of 2014.

ERDF 249 – Setting an Integrated Cultural, Archaeological and Historical Trail in Victoria

During 2013 the project, which is being implemented by the Victoria Local Council, mainly focused on the publication of a number of tenders. This said, the procurement process is lagging behind due to the need to re-issue a number of tenders. Nevertheless, most of the procurement procedure is expected to be finalised by the first quarter of 2014. Implementation on the ground, as well as disbursement, is expected to pick up in 2014 especially once the main works tender is awarded.

Closed/Completed Projects

The following are the projects that were completed in 2013 in addition to the three (3) projects which had already been completed before 2013 under this PA, which were implemented by the Għarb Local Council¹²⁰, the Ministry for Gozo¹²¹ and Malta Aviation Museum Foundation¹²².

ERDF 142 – The Making of a People

ERDF142 is a project aiming to develop a Cultural and Heritage Centre in Gozo by Fondazzjoni Belt Victoria, a voluntary organisation. *The Making of a People* museum was inaugurated during the first quarter of 2013 with the project being fully implemented during 2013. Throughout 2013 the last few tenders and quotations were contracted and the final remaining works on the ground were concluded.

ERDF 147 – Restoration of St Lawrenz Church to Enhance Cultural Tourism in Gozo

ERDF147 is another project which was also fully implemented by the fourth quarter 2013. Once the MEPA permit had been granted, the audiovisual interpretation panels were installed with the final payments being processed in 2013.

ERDF 221 – Heritage Route: Discovering Our Past by Uncovering Historical Gems

ERDF221 is a project aiming to attract tourism to the locality of Birkirkara by providing a holistic package in the fields of history and culture. The project was fully implemented with all the payments processed by the first quarter 2013.

¹²⁰ ERDF 022 - Wied il-Mielah – Towards an Ecologically and Culturally Sensitive Sustainable Tourism

¹²¹ ERDF 024 - Upgrading of Villa Rundle Gardens

¹²² ERDF 155 - Construction of a Main Exhibition Hangar and Runoff Water Reservoir

ERDF 212 – The Regeneration of the Tourism Market in Marsaskala

ERDF212 was also concluded in 2013 with the project successfully completed and fully disbursed by the first quarter of the year.

Aid Scheme

In 2013, the IB issued a fourth call for grant applications, following savings incurred under all three (3) previous calls and was active in undertaking the necessary on-the-spot checks¹²³ and processing claims for payment of previous calls. All projects under Call 1, Call 2 and Call 3 were completed and fully disbursed by the end of 2013 and by end 2013 a total of €5,246,429¹²⁴ was certified to the Commission. The results achieved as at end of 2013 from all four calls is displayed in **Error! Reference source not found.30**.

Table 30 Progress under ERDF 135

Call	Types of Enterprises	1	2	3	4	Total
Launched		02/02/2009	01/10/2009	29/10/2010	18/01/2013	
Closed		30/03/2009	30/11/2009	14/01/2011	18/03/2013	
Applications submitted		91	111	109	88 ¹²⁵	399
GAs Awarded ¹²⁶	Small:	15	32	27		74
	Medium:	6	11	2		19
	Large:	4	3	-		7
	Total:	25	46	29		100
Total grant values (PE)		€1,571,029.79	€3,299,618.51	€2,247,582.12		€7,118,230.42

¹²³ Thirty-five (35) on-the-spot checks were undertaken in 2013

¹²⁴ A total of €3,256,636 in 2013

¹²⁵ As at end 2013, the selection was still in its final stages, thus no Grant Agreements were signed as at year end.

¹²⁶ Amount does not include the withdrawn Grant Agreements.

Progress on Indicators

Table 31 Priority Axis 2 Indicators

Indicators		2007 – 2012	2013	Total
Output Indicators				
No of assisted tourism and cultural projects (core indicator) [A2O01]	Achievement	20	20	20 ¹²⁷
	Target	n/a	n/a	20;
	Baseline	n/a	n/a	n/a
Surface area of rampart elevation plan restored (m ²) [A2O03]	Achievement	83,361	112,142	112,142
	Target	n/a	n/a	150,000
	Baseline	n/a	n/a	n/a
No of projects implemented by enterprises [A2O05]	Achievement	104	100	100 ¹²⁸
	Target	n/a	n/a	110
	Baseline	n/a	n/a	n/a
Result Indicators				
% overall increase in the number of paying visitors at upgraded Sites [A2R01]	Achievement	0.17%	0.17%	0.17%
	Target	n/a	n/a	4% increase
	Baseline	n/a	n/a	1,035,844
% of total tourists visiting upgraded cultural sites [A2R02]	Achievement	0.11%	0.19%	0.19%
	Target	n/a	n/a	14% increase
	Baseline	n/a	n/a	62,333
% average increase in tourist departures for the established niche segments	Achievement	0	0	0
	Target	n/a	n/a	3% increase

¹²⁷ Fifteen (15) projects implemented by the public sector, five (5) projects implemented by NGOs. The MA had approved another project – ERDF 145 – which was withdrawn by the beneficiary.

¹²⁸ Three (3) enterprises withdrew the projects.

[A2R03]	Baseline	n/a	n/a	36.6%
No of enterprises adopting new products and processes	Achievement	53	53	53
	Target	n/a	n/a	90
	Baseline	n/a	n/a	n/a
[A2R04]				

As can be seen from Table 31, the indicator *Surface area of rampart elevation plan restored (m²)* registered further increase during 2013. In fact, a further 28,781m² of rampart elevation were completed during 2013 mainly as a result of ERDF039 and ERDF244. The indicator *No of marketing measures to penetrate/develop new/established niche markets* registered an increase for the first time due to the completion of ERDF142. A minimal increase of 0.08% was also registered on *indicator % of total tourists visiting upgraded cultural sites* due to the progress of ERDF022 and ERDF212. On the other hand, however, the indicator *No of projects implemented by enterprises* decreased by three (3) given that three (3) enterprises withdrew their project from the Tourism Aid Scheme ERDF 135. None of the other indicators registered an increase over and above the progress registered in 2012 given that activities were still being implemented and thus achievements could not be recorded.

03.2.3 Financial Analysis

Table 32 PA2 Financial Analysis

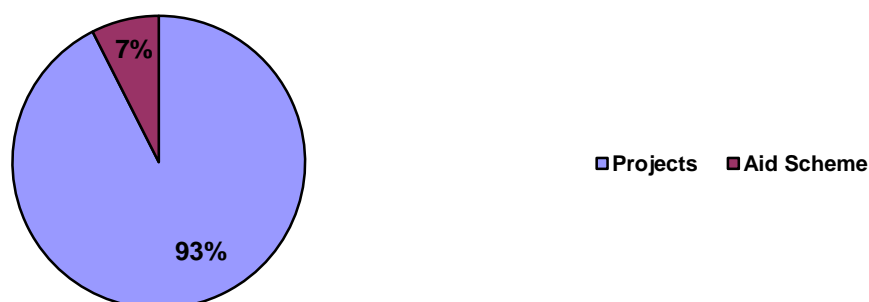
Priority Axis	Total contribution	Financial Progress			
		Commitments	Payments	Commitments %	Payments %
	(a)	(b)	(c)	(b/a)	(c/a)
Priority Axis 2 (ERDF) Promoting Sustainable Tourism	€120,000,000	€119,639,245	€64,710,726	99.7%	56%

03.2.4 Qualitative Analysis

No further calls were issued during 2013 as PA2 was 100% committed in 2013. The main focus during this year was on the implementation on the ground of the projects that had been approved and to ensure timely disbursement.

Figure 3 compares the commitments made for various interventions under this Axis. Unlike the analysis of the other PAs, a demarcation between the two focus areas was deemed to be unnecessary since the projects approved were equally contributing to both although seven (7) were specifically contributing to Product Development only.

Figure 3 PA2 Commitments



By December 2013 the contracted values amounted to €87,339,661 (including the Aid Scheme) mainly thanks to contracts signed under ERDF 032, ERDF 039, ERDF244 and ERDF 245, which were the biggest contributors in this regard. This means that 73% of the committed amount across PA2 is now fully contracted. Furthermore, the contracting in 2013 alone amounted to a 31% increase over the 2012 levels at €20,503,360.

With regard to payments, by end of 2013, a total of €64,710,723 was disbursed or 74% of the contracted amounts for PA2, with €19,601,380 of these being disbursed in 2013, thus registering an increase of 43% in disbursements. The major contributor to these results is by far ERDF 039 with €6,708,856 disbursed last year, followed by ERDF 032 with €3,051,944 and ERDF 244 with €2,701,492 as distant second and third spenders for the same year.

By the end of 2013, certification amounted to €60,255,382, representing 93% of the total amount disbursed under this Axis and an increase of €26,124,544 or 77% over the certification figures as at end 2012.

Table 33 Financial Progress Under PA2 as at End of 2013

	Mainstream Projects	AidScheme	Total PA2
Allocation	N/A	N/A	€120,000,000
Committed	€110,814,697	€8,945,208	€119,639,245
Contracted	€ 80,221,430	€7,118,231	€87,339,661
Disbursed	€57,624,904	€7,085,822	€64,710,726
Certified	€55,008,953	€5,246,429	€60,255,382

03.2.5 Significant Problems Encountered and Measures Taken to Overcome Them

Although during 2013 most of the projects continued to gain momentum, delays generated in previous years were not recuperated. Delays within the larger projects (in terms of eligible costs) such as ERDF032; ERDF039 ERF244, ERDF245 and ERDF246 offered a challenge in achieving the N+3/2 disbursement targets.

Delays vary in nature but can be attributed to three main factors: delays in the execution of the works (largely because of capacity/coordination issues), delays in the procurement processes due to, the often delicate, and at times complicated, nature of the tenders (as has happened with contracts that dealt with the restoration of historical sites) and the lack of expertise and capacity at the Beneficiaries' end especially for projects administered by Voluntary Organisations and Local Councils. In a number of cases, tenders had to be cancelled and re-issued because bidders were administratively, technically or financially non-compliant while other tender procedures suffered from extensive delays because of appeals lodged after the technical and/or financial evaluation. In three (3) cases (two [2] for ERDF32 and one [1] for ERDF 245) appeals were lodged also at the Superior Court of Appeals which compounded the delays in the implementation of the project.

Although continuous support is being offered by the MA to Local Councils and Voluntary Organisations, they are still finding difficulty in various implementation aspects of their projects. Lack

of experience in implementing similar projects and, in some cases, lack of monitoring by the Beneficiaries resulted in various possible irregularities related to procurement such as the need for modifications to contracts post-signature and variations due to bad planning. The lack of quality and depth of required reporting and shortage of funds within some Voluntary Organisations was also limiting the progress of the approved projects. The problems encountered during the year under review is a reflection of the need to organise more hands-on assistance and training to all Beneficiaries, not just NGOs or Local Councils.

03.3 Priority Axis 3 – Developing the TEN-T

03.3.1 Achievement of Targets and Analysis of the Progress

Priority Axis (PA) 3 has the specific development objective of optimising the connectivity between the Maltese Islands and with mainland Europe. The operational objectives of this Priority Axis are to improve journey time reliability and road safety through upgrades to parts of the TEN-T road infrastructure and to improve maritime accessibility (also inter-Island) by upgrading TEN-T ports and the related infrastructure.

The financial allocation for PA3 amounts to €145,000,000 of which €123,250,000 represents Community Funding. This funding is contributing to the implementation of three (3) mainstream projects¹²⁹ focusing on Maritime Transport Links and two (2) Major Projects¹³⁰ which are focused on improving the TEN-T road infrastructure.

Financial details on the projects mentioned above can be found in the table below:

Table 34 Projects falling under PA3

Project Reference	Project Name	Public Eligible Value	Contracted	Disbursed
Maritime Transport Links				
CF 124	Refurbishment of the Valletta and Marsaxlokk main breakwaters	€10,867,996	€10,690,943	€8,233,277
CF 198	Cirkewwa Ferry Terminal	€10,683,282	€10,375,045	€8,931,206
CF 260	Refurbishment and Upgrading of Deep Water Quay	€27,160,000	€15,301,611	€4,003,854
Improving the TEN-T Road Infrastructure				
CF 117	Improvement of the TEN-T Road Infrastructure (PHASE I)	€46,447,990	€43,501,171	€37,021,378
CF 125	Improvement of the TEN-T Road Infrastructure (PHASE II)	€49,840,345	€49,080,000 ¹³¹	€0

¹²⁹ CF 124, 198, 260

¹³⁰ CF 117, 125

¹³¹ Amount may be revised due to a corrigendum to the contract price.

03.3.2 Information on the Physical Progress

Ongoing Projects

CF 117 - Improvement of Sections of the TEN-T Road Network Phase I

CF 125 – Improvement of Sections of the TEN-T Road Network Phase II

The main information on the physical and financial progress of these ongoing and approved major projects falling under this Priority Axis will be provided in the Chapter 4 of this report.

CF 124 – Refurbishment of the Valletta & Marsaxlokk Main Breakwaters

The year 2013 saw this project nearing completion. The refurbishment of the Valletta Breakwater was finalised during 2013. The refurbishment of the Marsaxlokk Breakwater was at an advanced stage of implementation by the end of the year. An extension up till September 2014 was granted in order for the second phase of the project to be completed. The second phase shall consist of refurbishment works on the top of deck of the Marsaxlokk breakwater structure.

CF 198 – Cirkewwa Ferry Terminal

Whilst the actual terminal was almost completed during 2012 and started being operational for the general public, the year 2013 saw further developments in implementation which mainly included the installation of the link spans and the remaining finishing works throughout the ferry terminal. As at end of 2013, the remaining snags in relation to the civil works were being finalised. An extension to the project timeframe was granted up till September 2014, to allow for the procurement of navigational buoys, anti-scour protection as well as railings, barriers and gates.

CF260: Refurbishment and Upgrading of Deep Water Quay

The project started physical implementation during 2013 following the award of the main Works contract in March of the same year. Whilst the calls for the Supervision services contract and the employment contract of three (3) junior architects were issued in 2013 none of the calls were successful except for the engagement of one (1) junior architect. Subsequently, the Beneficiary started using its own resources to make sure that the project was being adequately monitored. The project is expected to be completed by 2015.

Closed/Completed Projects

No projects were completed by the end of 2013 under this PA.

Progress on Indicators

Table 35 Priority Axis 3 Indicators

Indicators		2007-2012	2013	Total
Output Indicators				
Kms of roads upgraded (core indicator) [A3O01]	Achievement	9.31 km	3.1 km	12.41 km
	Target	n/a	n/a	20 km
	Baseline	n/a	n/a	n/a
Sq m of new/refurbished infrastructure [A3O02]	Achievement	17,375 m ²	48,534 m ²	65,909 m ²
	Target	n/a	n/a	76,200m ² ¹³²
	Baseline	n/a	n/a	n/a
Construction of new sea passenger terminal [A3O03]	Achievement	0	1	1
	Target	n/a	n/a	1
	Baseline	n/a	n/a	n/a
Indicators		2007 - 2012	2013	Total
Result Indicators				
% increase in satisfaction rate of transport operators/users [A3R01]	Achievement	0	138.5%	138.5%
	Target	n/a	n/a	10%
	Baseline	n/a	n/a	n/a
Reduction in journey time (minutes) [A3R02]	Achievement	0	-7.85 mins	-7.85 mins
	Target	n/a	n/a	-5 mins ¹³³
	Baseline	n/a	n/a	n/a
% reduction in traffic accidents in the areas of intervention	Achievement	0	0	0
	Target	n/a	n/a	10% reduction

¹³² In order to reflect the reduction of budget approved in the last OP Change (May 2012) a decrease of this target to 57,889m² was proposed in the revised version of Operational Programme I approved in March 2014. This OP change was accepted by the Monitoring Committee in November 2013.

¹³³ In order to reflect current status in the light of recently published data on completed projects, an increase of this target to -10 mins was proposed in the revised version of Operational Programme I approved in March 2014. This OP change was accepted by the Monitoring Committee in November 2013.

[A3R03]	Baseline	n/a	n/a	193
% increase in cargo per annum	Achievement	0	0	0
	Target	n/a	n/a	2.0% increase
[A3R04]	Baseline	n/a	n/a	6,206,185
% increase in sea passengers per annum	Achievement	0	7.39%	7.39%
	Target	n/a	n/a	2.5% increase
[A3R05]	Baseline	n/a	n/a	3,804,221

As seen in the above table, progress has been made on all but two (2) indicators since 2012. *Km of roads upgraded* progressed in 2013 by some 3km and the target is set to be achieved by 2015 through the completion of Major Project CF 125. When taking into account the reduction of budget approved in an OP Change , and the new proposed target reflecting such change, the target for *Square meters of new/refurbished infrastructure* was also over-achieved by 8,020m².

The percentage increase in satisfaction rate of transport operators/users only takes into account figures achieved by CF 124 *Refurbishment of the Valletta & Marsaxlokk Main Breakwaters* and CF 198 *Cirkewwa Ferry Terminal*. This figure will change once the other three (3) projects¹³⁴ under this PA are completed and assessed accordingly. Both CF 124 and CF 198 have surpassed their individual targets.

A substantial rise in percentage of sea passengers per annum was achieved through *CF 198 Cirkewwa Ferry Terminal*. The indicator for reduction in journey time is set to be achieved through the completion of *CF117 Improvement of Sections of the TEN-T Road Network Phase I* and *CF 125 Improvement of Sections of the TEN-T Road Network Phase II* both of which have not yet started contributing towards this indicator. It is to be noted that CF 198 has already contributed to a reduction in journey time of 7.85 minutes.

The percentage reduction in traffic accidents and percentage increase in cargo per annum will be calculated once projects that contribute towards their achievement are completed.¹³⁵

¹³⁴ CF117, 125, 260

¹³⁵ CT117 and 125 shall contribute to the reduction in traffic accidents, while CF260 shall contribute towards the % increase in cargo (per annum)

03.3.3 Financial Analysis

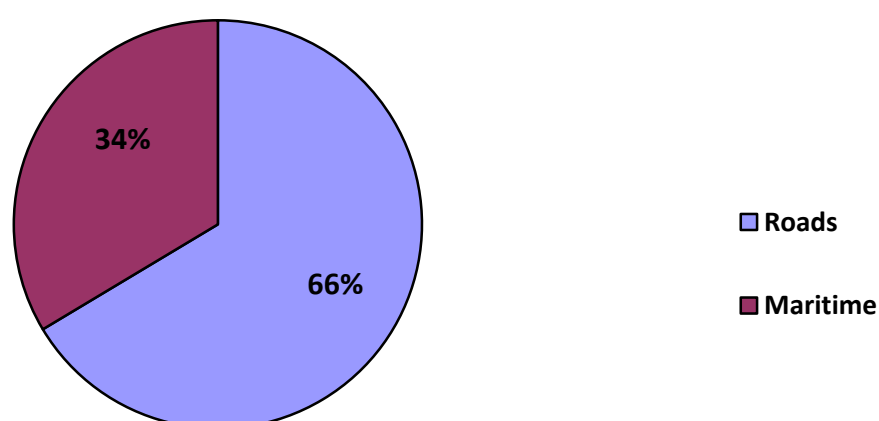
Table 36 Priority Axis 3 Financial Progress

Priority Axis	Total Contribution	Financial Progress			
		Commitments	Payments	Commitments %	Payments %
	(a)	(b)	(c)	(b/a)	(c/a)
Priority Axis 3 (CF) Developing the TEN-T	€145,000,000	€144,999,613	€58,189,715	100%	40%

03.3.4 Qualitative Analysis

During 2013, PA3 remained fully committed as shown by Figure 4 which depicts the distribution of committed funds between Road and Maritime focus areas.

Figure 4 Commitments per Focus Area



As at end December 2013, practically 100% of the allocated amount to this PA was committed. With regard to contracting, the total amount contracted under PA3 is €128,948,771 or 89% of the

committed amount. The increase in the contracted values in 2013 under this PA is particularly noteworthy, with €65,278,501 being contracted in this year alone, resulting in a 103% increase over 2012. The total amount disbursed in 2013 increased by 39% to €16,249,510, bringing the total amount disbursed by the end of 2013 to € 58,189,714, or 45% of the total contracted amount. The main contributor to the payments in 2013 was CF 117, with a value of €8,438,427 being disbursed in 2013, followed by CF260, with a disbursed amount of €4,003,854, and CF 198, with €3,399,918. The seemingly low disbursement is due to CF 125 only having been approved by CION recently. Works on the ground are in fact expected to commence in Quarter 2 2014. On the other hand, by the end of 2013, CF117 had already disbursed 85% of its contracted amount.

Certification was well paced in 2013, as can be seen in Table 37 below, with €58,189,715, or 97% of all amounts disbursed, being certified. In 2013 alone, the amount certified totalled €16,086,213 an increase of 44% over the certified values of 2012.

Table 37 Financial progress per focus area as at end 2013

	Roads	Maritime	Total PA3
Allocation:	N/A	N/A	€145,000,000
Committed:	€96,288,335	€48,711,278	€144,999,613
Contracted:	€92,581,170	€36,367,599	€128,948,771
Disbursed:	€37,021,377	€21,168,338	€58,189,714
Certified:	€36,062,516	€20,325,430	€56,387,946

03.3.5 Significant Problems Encountered and Measures Taken to Overcome Them

In view of the nature of projects under this Priority Axis which involve large infrastructural work, the main problems encountered in 2013 were related to delays in implementation.

Delays on CF 117 were encountered on December 13 Road due to the complex traffic management arrangements it involved and the discovery of archaeological remains during excavation. The procurement process of the two (2) main works contracts on CF 125 project took extensive time to conclude because of the detailed negotiations required to conclude both contracts within the available budget.

With regard to the Maritime projects, delays in implementation were encountered on CF 124 where additional works were approved on the Marsaxlokk breakwater; however, these works could not commence immediately due to discussions on the work programme with the terminal operator. The implementation on the ground of the CF 260 took longer than expected to commence due to administrative issues related to the contract signature and with the necessary mobilisation of works.

Concerning the completion of CF 198, at the later stages of implementation, it was noted that a number of works were still required for the successful completion of the project. Therefore, new procurement procedures were launched, which further delayed the project's completion date.

03.4 Priority Axis 4 – Climate Change and Resource Efficiency

03.4.1 Achievement of Targets and Analysis of the Progress

The Priority Axis aims to reach the objectives of promoting mitigation and adaptation measures to the effects of climate change, together with the promotion of sustainable resource efficiency, through its two (2) Focus Areas: Energy and Resource Efficiency with a total financial allocation of €121,000,000¹³⁶ of which €102,850,000 are Community Funding.

Energy

Thirty-one (31) of the thirty-three (33) operations approved under PA4¹³⁷ fall under the Energy Focus Area. Indeed, interventions under this PA focus mainly on the promotion and increase in the use of the renewable energy sources as well as the promotion of energy efficiency measures. In this regard, this PA will contribute towards Malta's achievement of its 10% target share of energy from renewable sources in gross final consumption of energy by 2020. These projects involve the installation of renewable energy sources, namely photovoltaic panels (PVs) generating electricity from solar energy. Other Beneficiaries also committed to energy-saving measures such as Intelligent Lighting Systems (ILS), Solar Water Heaters (SWH) and installation of Combined Heat and Power systems (CHP). Details of all the projects under the Energy Focus Area may be found in Table 38. Out of these approved operations, eleven (11) projects were completed in 2013, bringing the total number of completed projects to seventeen (17).¹³⁸ The remaining projects were still ongoing, ten (10) of which, namely ERDF 88 - *Promotion of Renewable Energy Sources in the Domestic Sector*, ERDF 228 - *Green Energy Schools*, ERDF 235 - *Stepping-Up Energy Saving Measures in 2 Provincial Schools*, ERDF 261 - *Renewable Energy Facilities in Educational and Vocational Institutions in Gozo*, ERDF 271 - *Renewable Energy Systems for Parishes Network*, ERDF 274 - *Conserving Energy for a Sustainable Future*, ERDF 277 - *Neptunes Renewable Energy*, ERDF 278 - *Ekokazin*, ERDF 283 - *Taking it another STEP* and ERDF 284 - *Moving Towards a Greener Tomorrow* were expected to be completed in 2014.

¹³⁶ As reported in Chapter 2, during the MC of November 2013, the members approved a shift of funds from PA4 to PA6. As at end of year, this change was still not approved by the Commission.

¹³⁷ ERDF 088, 101, 102, 192, 193, 228, 229, 230, 234, 235, 236, 238, 239, 243, 261, 262, 268, 271, 274, 275, 276, 277, 278, 279, 280, 281, 283, 284, 285, 288, 297, 304 and Aid Scheme: ERDF 133.

¹³⁸ ERDF 102 was completed by 2010, ERDF 101 was completed in 2011 and ERDF 192, 193, 234 and 239 were completed during 2012. Details of the projects which were completed in 2013 may be found in Section 03.4.2.

Resource Efficiency

Resource Efficiency is another Focus Area which is identified under this Priority Axis. One of the primary aims of this Focus Area is to use resources more efficiently in order to address the climate change and to contribute towards the achievement of Malta's targets in reducing GHG emissions. Indeed interventions under this PA focus on biomass and water resource efficiency. An ongoing project, ERDF 297- *Rendering (Autoclave) Plant for Animal Waste in the Maltese Islands*, which falls under this Focus Area involves the construction of a Rendering Plant for the treatment of waste origin allowing for an increasingly efficient system of operation of the Incinerator. Furthermore, ERDF 304 - *Use of Highly polished reclaimed water in the Maltese Islands* which deals with the treatment of secondary treated sewage is another project which is financed under Resource Efficiency within PA4.

Details of all the projects under this Focus Area may be found in Table 38.

Progress on the projects that were being implemented during 2013 is reported in Section 03.4.2.

Table 38 Projects falling under PA4

Project Reference	Project Name	Committed	Contracted	Disbursed as at end 2013
Energy				
ERDF 088	Promotion of Renewable Energy Sources in the Domestic Sector	€14,604,923	€14,600,934	€14,348,430
ERDF 101	Installation of Renewable Energy Sources at MCAST	€464,147	€464,147	€464,147
ERDF 102	Energy-Smart Authority	€41,380	€41,380	€41,380
ERDF 192	PV system at the University of Malta (Gozo Centre)	€67,894	€67,894	€67,894
ERDF 193	Gozo Diocese Contribution to turn Gozo into an Eco-Island	€63,984	€63,984	€63,984
ERDF 228	Green Energy Schools	€788,799	€398,299	€351,696
ERDF 229	Investing in Eco-Friendly Technology for Energy and Leading by Example	€10,950	€10,950	€10,950
ERDF 230	B'Kara - Energy Generation and Conservation Project	€47,104	€47,104	€47,104
ERDF 234	Holy Family Home - Energy Generation and Conservation Project	€24,942	€24,942	€24,942

ERDF 235	Stepping-Up Energy Saving Measures in 2 Provincial Schools	€33,435	€28,346	€28,275
ERDF 236	Photovoltaic Panel System at Ghajnsielem Band Club	€25,060	€25,060	€25,060
ERDF 238	PV system for the Leone Band Club	€38,809	€38,809	€38,809
ERDF 239	Installation of Photovoltaics System on Oratory Don Bosco	€21,217	€21,217	€21,217
ERDF 243	Saura - Energy Generation & Conservation Project	€24,071	€24,071	€24,071
ERDF 261	Renewable Energy Facilities in Educational and Vocational Institutions in Gozo	€2,502,078	€20,000	€20,000
ERDF 262	Carbon Footprint Reduction at the Gozo General Hospital	€3,383,537	€104,220	€21,500
ERDF 268	Green Football in Xaghra	€26,821	€11,949	€11,949
ERDF 271	Renewable Energy Systems for Parishes Network	€594,354	€20,570	€10,929
ERDF 274	Conserving Energy for a Sustainable Future	€189,083	€7,576	€2,764
ERDF 275	Taking Action! Installing RES	€117,164	€60,371	€60,371
ERDF 276	Reducing ZAK House's Carbon Footprint	€14,163	€14,163	€14,163
ERDF 277	Neptunes Renewable Energy	€55,325	€3,212	€0
ERDF 278	Ekokazin	€21,020	€11,031	€282
ERDF 279	Reducing the Carbon Footprint	€6,846	€5,199	€4,983
ERDF 280	Tennis Club Kordin goes ECO	€30,370	€30,370	€30,370
ERDF 281	Decided to get Smarter	€168,388	€9,418	€0
ERDF 283	Taking it another STEP	€90,269	€5,365	€5,213
ERDF 284	Moving Towards a Greener Tomorrow	€48,623	€44,946	€0
ERDF 285	Gozo Diocese's Continued Contribution to Eco- Gozo Concept	€50,798	€19,449	€19,449

ERDF 288	Promotion of Renewable Energy Sources in the Domestic Sector (2012)	€21,413,236	€15,724,127	€4,212,172
Resource Efficiency				
ERDF 297	Rendering Plant (Autoclave) for Animal Waste in the Maltese Islands	€4,634,673	€108,260	€0
ERDF304	Use of Highly Polished Reclaimed Water in the Maltese Islands	€16,461,338	€7,043,923	€4,196,726
Aid Scheme				
ERDF133	ERDF Energy Grant Scheme	€10,912,266	€10,702,610	€9,694,701

The following is a Table illustrating the projects approved in 2013 by Focus Area.

Table 39 New projects approved in 2013

Project Reference	Project Name	Public Value	Eligible	Focus Area
ERDF 288	Promotion of Renewable Energy Sources in the Domestic Sources (2012)	€21,413,236		Energy
ERDF 297	Rendering (Autoclave) Plant for Animal Waste in the Maltese Islands	€4,634,673		Resource Efficiency
ERDF 304	Use of Highly Polished Reclaimed Water in the Maltese Islands	€16,461,338		Resource Efficiency

03.4.2 Information on the Physical Progress

Ongoing Projects

Most of the projects implemented in 2013 involved activities relating to the reduction of the use of non-renewable energy sources, mainly through the installation of photovoltaic panels on the roof of various buildings around Malta and Gozo. Indeed, a total of twenty-five (25) operations¹³⁹ being carried out in 2013, included an installation of a PV system to generate electricity from solar energy.

It is worth mentioning that apart from PA4 projects, there are other projects under OPI which include measures to reduce the use of non-renewable energy sources. Since clean energy and climate change mitigation is a cross-cutting theme, each Priority Axis within OPI includes projects with renewable energy components, even though they are not considered to be contributing towards the PA4 indicators. ERDF 017- *Construction Finishing & Equipping of ICT Faculty Building* (PA1), ERDF 032 – *Archaeological Heritage Conservation Project* (PA2), CF 198 – *Cirkewwa Ferry Terminal* (PA3), CF 266 - *Extending Waste Separation and Collection Services in the Maltese Islands* (PA5), and ERDF 196 – *Mater Dei Oncology Centre* (PA6) are examples of projects involving installations of renewable energy sources.

ERDF 088 – Promotion of Renewable Energy Sources in the Domestic Sector and ERDF 288 - Promotion of Renewable Energy Sources in the Domestic Sources (2012).

Voluntary Organisations, Local Councils and Public Entities are the main types of Beneficiaries that are implementing projects under PA4. However, households are also given the opportunity to mitigate against climate change through the use of Renewable Energy Sources and Energy Efficient measures that are co-funded under these domestic schemes.

By year end ERDF 088 was nearing completion, with the main focus of the project during this period being the implementation of the Education Campaign on efficient energy consumption. This education campaign targeted the general public and school children through the use of various media including billboards, printed media and through the Beneficiary's website.

On the other hand, in 2013 ERDF 288 was in its initial phases and similarly to ERDF 088, this project is a Renewable Energy Support scheme that provides financial support to cover part of the costs of PV systems installed in households.

¹³⁹ This excludes ERDF 304. This Beneficiary committed to install a PV system through its own funds.

ERDF 228 – Green Energy Schools and ERDF 276 – Reducing ZAK House’s Carbon Footprint

Photovoltaic systems were not the only interventions carried out by Beneficiaries in 2013. Indeed, several Beneficiaries undertook to introduce other energy components such as Intelligent Lighting Systems, Combined Heat and Power systems as well as Solar Water Heaters. Indeed, *ERDF 228 – Green Energy Schools* and *ERDF 276 – Reducing ZAK House’s Carbon Footprint* are two (2) examples of projects which in part or in full were related to the implementation of EE systems. It is estimated that these systems will save 31 MWH of energy per annum.

ERDF 275 – Taking Action! Installing RES and ERDF 281 – Decided to Get Smarter

Furthermore, apart from *ERDF 088* (which included a SWH scheme for households) *ERDF 275 – Taking Action! Installing RES* and *ERDF 281 – Decided to Get Smarter* are examples of two (2) projects that were being carried out in 2013 including SWHs as energy components. A total of 44 MWH will be saved as a result of the installation of these SWHs per year.

ERDF 262 – Carbon Footprint Reduction at the Gozo General Hospital and ERDF 277 – Neptune’s Renewable Energy

Another two (2) projects have invested in Combined Heat and Power System technology (*ERDF 262 – Carbon Footprint Reduction at the Gozo General Hospital* and *ERDF 277 – Neptune’s Renewable Energy*). It is estimated that these systems will save around 607 MWH per annum.

ERDF 297 - Rendering (Autoclave) Plant for Animal Waste in the Maltese Islands

This project, which was approved in April 2013, involves the construction of a Rendering Plant for the treatment of waste of animal origin. This process will allow for an increasingly efficient system of operation of the Incinerator which does not depend on high quantities of fossil fuels. Indeed, the energy required to treat the slaughtering waste through Autoclave is far less energy-demanding and produces less GHG than the traditional method. This project was in its initial stages in 2013 with the *Design, Construction and Installation of an Environmentally Friendly Autoclave (Rendering) Plant at the Thermal Treatment Facility, Marsa* (main tender) being published and closed in 2013. However no offers were received and the tender was re-issued in 2014.

ERDF 304 - Use of Highly Polished Reclaimed Water in the Maltese Islands

This is another project which was approved in April 2013. This project is aimed to provide an alternative water resource to private ground water abstraction through three polishing plants which will be installed in the present Sewerage Treatment Plants. This will further treat secondary treated sewage to very high quality standards thus making it suitable and safe for various non-potable purposes. *ERDF 304* was also in its initial stages in 2013. Indeed, one (1) of the main tenders of *ERDF304* was awarded in November 2013 and a 60% pre-financing payment was disbursed in December 2013, thus contributing to reach the N+3 targets. During 2013, another six (6) tenders were published and eight (8) tenders were at design stage.

Closed/Completed Projects

As at end 2013, seventeen¹⁴⁰ (17) operations were completed under this PA. Eleven (11)¹⁴¹ of these were completed in 2013 alone. These eleven (11) completed projects were being implemented by Voluntary Organisations except for *ERDF 230 – B'Kara - Energy Generation and Conservation Project* which was implemented by a Local Council.

Furthermore, these seventeen (17) completed projects resulted in the installation of various Photovoltaic Systems and a Wind Turbine¹⁴² with an annual penetration rate of 540 kWp. This amount materialises in approximately 810 MWH of total annual electricity generated from PVs and micro-wind installations which in turn will save around 711 tonnes of CO₂ per annum.

Call for Project Proposals

Whilst implementation progressed on the ongoing projects, the MA also continued to commit the remaining funds through the finalisation of the assessment of projects submitted under Call 14, which closed in 2012, and the launch of a call for project proposals addressing both Focus Areas. Following the assessment of Call 14, a further three (3) projects were approved¹⁴³

On the other hand, Call 18 concerned projects in the Energy and Resource Efficiency Focus Areas targeting Public Entities only. This call closed on 21st October 2013 with the submission of twenty-one (21) project proposals. The Project Selection Committee started the evaluation of the submitted projects in November 2013 and as at end of 2013 the evaluation was still ongoing. Results were communicated to applicants in the first months of 2014.

¹⁴⁰ ERDF 101, 102, 192, 193, 229, 230, 234, 236, 238, 239, 243, 268, 275, 276, 279, 280 and 285.

¹⁴¹ ERDF 229, 230, 236, 238, 243, 268, 275, 276, 279, 280 and 285.

¹⁴² ERDF 101 - Installation of a 4 kWp wind turbine.

¹⁴³ ERDF 288, 297 and 304.

ERDF 133 – ERDF Energy Grant Scheme

Table 40 below shows the progress registered under this scheme as at end 2013. Even though no further calls were issued in 2013, the IB issued the final GA for the third call which was signed in January. In 2013 alone, a total of thirty-nine (39) OTS checks were carried out by the IB, which brought the complete number of operations under this scheme to 178. Payments under the scheme in 2013 amounted to €5,450,427, while the amount certified to the CION in 2013 amounted to €5,602,175. As at end 2013 the number of active GAs under the scheme amounted to 197, which together have a committed value of €10,702,610.

Table 40 Progress Under ERDF 133 as at end 2013

	2007-2012
Calls:	3
Active GAs:	197
Active GAs value:	€10,702,610

Table 41 shows which type of Beneficiaries benefited under this Scheme so far, noting that 10% of the total number of enterprises assisted was, up to 2013, made up of Gozitan enterprises.

Table 41 Breakdown of Beneficiaries Under ERDF 133

Type of Enterprise:	Maltese enterprises:	Gozitan enterprises:	Total:
Micro	25	8	33
Small	63	10	73
Medium	59	2	61
Large	30	0	30
Total:	177 (90%)	20 (10%)	197

Progress on Indicators

Table 42 Priority Axis 4 Indicators

Indicators		2007-2012	2013	Total
Output Indicators				
No of projects dealing with Resource Efficiency [A4O06]	Achievement	0	2	2 ¹⁴⁴
	Target	n/a	n/a	1-2
	Baseline	n/a	n/a	n/a
Annual penetration rate of installed PV and micro-wind starting in 2008 (kWp/annum) [A4O02]	Achievement	11,211	21,422 ¹⁴⁵	21,422
	Target	n/a	n/a	1,500 ¹⁴⁶
	Baseline	n/a	n/a	n/a
No of RES/Energy Efficiency schemes [A4O03]	Achievement	2	3 ¹⁴⁷	3
	Target	n/a	n/a	2-3
	Baseline	n/a	n/a	n/a
No. of studies [A4O05]	Achievement	0	0	0 ¹⁴⁸
	Target	n/a	n/a	1 ¹⁴⁹
	Baseline	n/a	n/a	n/a
Solar Water Heaters – m ² installed [A4O07]	Achievement	1,415	1,448 ¹⁵⁰	1,448
	Target	n/a	n/a	1,500
	Baseline	n/a	n/a	n/a
No. RES Projects (core)	Achievement	28 ¹⁵¹	28 ¹⁵²	28

¹⁴⁴ Two (2) projects (ERDF 297 and 304) dealing with Resource Efficiency were approved under Call 14 in April 2013.

¹⁴⁵ This includes: 50.73 kWp under ERDF 088; 388.88 kWp under ERDF 228; 7.35 kWp under ERDF 229; 15.75 kWp under ERDF 235, 27 kWp under ERDF 236; 56.52 kWp under ERDF 238; 22.08 kWp under ERDF 243; 13.99 kWp under ERDF 268; 52.18 kWp under ERDF 275; 9.06 kWp under ERDF 276; 3.42 kWp under ERDF 279; 31.39 kWp under ERDF 280; 20.67 kWp under ERDF 285; 5,627.7 kWp under ERDF 288 and 3,883.85 kWp under ERDF 133.

¹⁴⁶ This target has been revised to 18,000 kWp in the revised version of Operational Programme I approved in March 2014. This OP change was accepted by the Monitoring Committee in November 2013.

¹⁴⁷ ERDF 088: domestic scheme and ERDF 133: enterprise schemes were approved prior to 2012 and ERDF 288 domestic scheme was approved in 2013.

¹⁴⁸ This indicator will be targeted when Call 18 projects will be approved in 2014.

¹⁴⁹ This target was revised to two (2) projects in the revised version of Operational Programme I approved in March 2014. This OP change was accepted by the Monitoring Committee in November 2013.

¹⁵⁰ This includes 28m² of SWHs under ERDF 275 and 5m² of SWHs under ERDF 088.

¹⁵¹ Corrigendum: AIR 2012 reads 30. This should read 28.

¹⁵² No RES projects were approved in 2013. One (1) of the three (3) projects which were approved in 2013 contributes towards the number of RES/Energy Efficiency schemes while the other two (2) deal with projects dealing with Resource Efficiency. This indicator will be targeted further with the approval of Call 18 projects in 2014.

[A4O08]	Target	n/a	n/a	30
	Baseline	n/a	n/a	n/a
Result Indicators				
Total annual electricity generated from small scale PV and micro-wind installations (MWh/annum) [A4R02]	Achievement	16,816	30,756 ¹⁵³	30,756
	Target	n/a	n/a	14,000 ¹⁵⁴
	Baseline	n/a	n/a	n/a
Total energy savings per year (MWh/annum) [A4R03]	Achievement	7,776	8,462 ¹⁵⁵	8,462
	Target	n/a	n/a	40,000 ¹⁵⁶
	Baseline	n/a	n/a	n/a
Reduction greenhouse emissions (CO ₂ and equivalents, kt) (core) [A4R07]	Achievement	0	0	0
	Target	n/a	n/a	3 ¹⁵⁷
	Baseline	n/a	n/a	n/a
Additional water resources through further treatment of sewage effluent [A4R06]	Achievement	0	0	0 ¹⁵⁸
	Target	n/a	n/a	5Mm ³
	Baseline	n/a	n/a	n/a
% decrease in energy consumed for volume of water treated [A4R08]	Achievement	n/a	0	0 ¹⁵⁹
	Target	n/a	n/a	50% ¹⁶⁰
	Baseline	n/a	n/a	5 per year

¹⁵³ This includes 78MWh under ERDF 088, 194MWh under ERDF 101, 4.76MWh under ERDF 102, 34.41MWh under ERDF 192, 73.7MWh under ERDF 193, 106.44MWh under ERDF 228, 3.92MWh under ERDF 229, 50.81MWh under ERDF 230, 37.03MWh under ERDF 234, 26.21MWh under ERDF 235, 34.81MWh under ERDF 236, 47.4MWh under ERDF 238, 32.61MWh under ERDF 239, 34.86MWh under ERDF 243, 9MWh under ERDF 276, 20.4MWh under ERDF 280, 1.97MWh under ERDF 285, 8441.50MWh under ERDF 288 and 4708.67MWh under ERDF 133.

¹⁵⁴ Annual electricity generation of 14,000MWh/annum to be reached by the 6th Year. This target was revised to 24,000MWh in the revised version of Operational Programme I approved in March 2014. This OP change was proposed during the November 2013 Monitoring Committee

¹⁵⁵ This includes 643MWh under ERDF 088, 0.26MWh under ERDF 102, 36.21MWh under ERDF 228 and 6.6MWh under ERDF 276.

¹⁵⁶ This target has been revised to 10,000MWh in the revised version of Operational Programme I approved in March 2014. This OP change was proposed during the November 2013 Monitoring Committee

¹⁵⁷ This target has been revised to 15 kt in the revised version of Operational Programme I approved in March 2014. This OP change was proposed during the November 2013 Monitoring Committee. It is envisaged that apart from ERDF 297 and ERDF 304 that have been approved in 2013, additional projects to be approved under Call 18 will also target this indicator.

¹⁵⁸ ERDF 304 which was approved in 2013 will target this indicator. It is envisaged that this project will treat 6.2Mm³ of sewage effluent.

¹⁵⁹ ERDF 304 which was approved in 2013 will target this indicator. It is envisaged that this project will decrease energy consumption by 68%

¹⁶⁰ SWRO plants use 4.65KWH/m³

Table 42 shows the progress on indicators vis-a-vis PA4 projects in 2013. One can note that notwithstanding the approval of the MC to shift €16 million from the allocation of PA4, the majority of the indicators' targets such as the *Annual penetration rate of installed PV and micro-wind starting in 2008 (kWp/annum)*, the *Total annual electricity generated from small scale PV and micro-wind installation (MWh/annum)*, the *No. of Studies* and the *Reduction in greenhouse emissions* will increase with the proposed OP change submitted in late 2013. The target of these indicators has in fact been revised to reflect the current status of the approved operations on the ground and also to reflect the potential interventions to be carried out with the remaining funds.

Furthermore, as can be seen from the table above, some indicators are still lacking achievement. This is mainly due to the fact that these indicators will be targeted once the projects approved under Call 14 are completed and through the operations that will be selected under Call 18. *ERDF 304* is a case in point whereby the indicators *Reduction in green house emissions (core)*, *Additional water resources through further treatment of sewage effluent* and *% decrease in energy consumed for volume of water treated* will register an achievement once the project is fully completed. Furthermore, it is envisaged that projects which will be approved under Call 18 will target the unachieved indicators. Indeed, €2 million out of €25 million were allocated to projects involving studies thus envisaged to target the *No. of studies* indicator.

03.4.3 Financial Analysis

Table 43 Priority Axis 4 - Financial Progress

Priority Axis	Total contribution	Financial Progress			
		Commitments	Payments	Commitments %	Payments %
	(a)	(b)	(c)	(b/a)	(c/a)
Priority Axis 4 (ERDF) Climate Change and Resource Efficiency	€121,000,000 ¹⁶¹	€76,977,064	€33,863,528	64%	28%

03.4.4 Qualitative Analysis

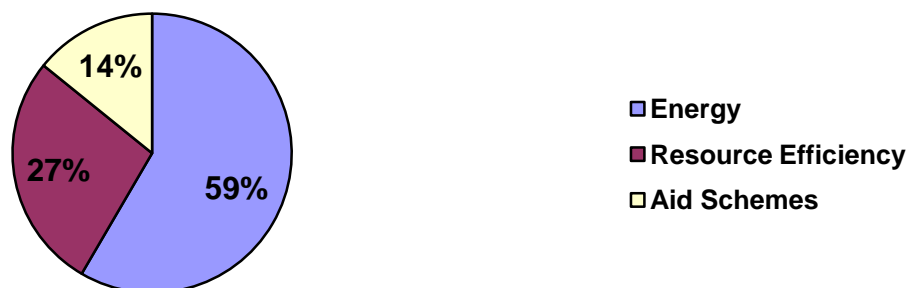
By the end of 2013, the amount committed under this Axis was €76,977,064 (or 64% of the allocation under PA4). The commitment percentage is significantly low when compared to other Priority Axes. For the reasons mentioned in Chapter 2 of this report, during the MC meeting of November 2013, the MA proposed, and the MC members approved, the shift of €16 million from Priority Axis 4 to Priority Axis 6, thus reducing the OP allocation value of PA4 to €105 million. This change (and other proposed amendments) was approved by the Commission in March 2014. Considering this shift, the commitment value can now be considered to reach 73% of the new PA allocation and 97% when also considering the commitment of the Call that was being evaluated by the PSC.¹⁶²

Figure 5 shows how the different interventions being undertaken through Axis 4 are divided.

¹⁶¹ As reported in Chapter 2, the MC meeting of November 2013 approved the shift of €16 million from Priority Axis 4 to Priority Axis 6. As at end of year this change was still not approved by the Commission and was then approved in March 2014.

¹⁶² Call for Proposals 18 with a threshold of €25 million.

Figure 5 PA4 Commitments



The total amount contracted under PA4, (including the contracting carried out under the Aid Scheme), reached €49,803,894 or 64% of the committed amount. In 2013 the increase in contracted value amounted to €20,451,326 that is, a % increase of 70%.

The committed amount that still needs to be contracted (35%) reflects the fifteen (15) ongoing projects,¹⁶³ ten (10)¹⁶⁴ of which are envisaged to be contracted and fully completed by the end of 2014, with the remaining five (5)¹⁶⁵ envisaged to be contracted by end 2015.

The total amount disbursed in 2013 alone amounted to €14,206,930, an impressive increase of 72%, which brings the total amount disbursed by the end of the year to €33,863,528 or 68%¹⁶⁶ of the total contracted amount. The main contributors to payments in 2013 were the *ERDF 133 Energy Grant Scheme* with a value of €4,709,330, followed by *ERDF 288* with a disbursement amount of €4,212,172 and *ERDF 304* disbursing €4,196,726.

Likewise, by end of 2013 the certified values amounted to €31,249,167, representing 92% of the total amount disbursed under this Axis. The certified values in 2013 alone amounted to 15,797,548, which is basically slightly more than double the amount certified by end 2012, at 102%.

A complete picture of the financial progress incurred under PA4, divided per Focus Area can be seen in the Table below.

¹⁶³ ERDF 88, 228, 235, 261, 262, 271, 274, 277, 278, 281, 283, 284, 288, 297 and 304

¹⁶⁴ ERDF 88, 228, 235, 261, 271, 274, 277, 278, 283 and 284

¹⁶⁵ ERDF 262, 281, 288, 297 and 304

¹⁶⁶ €33,863,528/€49,803,894

Table 44 Financial progress per focus area as at end 2013

	Energy	Resource Efficiency	Aid Schemes	Total PA4
Allocation	N/A	N/A	N/A	€121,000,000
Committed	€44,968,788	€21,096,011	€10,912,266	€76,977,064
Contracted	€31,949,101	€7,152,183	€10,702,610	€49,803,894
Disbursed	€19,972,101	€4,196,726	€9,694,701	€33,863,528
Certified	€18,029,009	€4,196,726	€9,023,433	€31,249,167

03.4.4 Significant Problems Encountered and Measures Taken to Overcome Them

Fragmentation

PA4 comprises thirty-three (33) benefitting entities (including one [1] Aid Scheme). Twenty-four (24)¹⁶⁷ projects have an allocation which is lower than €500K, and twenty-three (23) projects out of the thirty-three (33) are carried out by Voluntary Organisations. This results in fragmented expenditure and time consuming verification of expenditure. Furthermore, the limited experience of the beneficiaries in public procurement processes results in further delays both at contracting stage, and during the verification by the MA.

State Aid

The obligation to comply with State Aid regulations continued to leave its impact on this Priority Axis. Discussions with the SAMB were carried out to identify the best way forward as projects resulting in the generation of electricity could give rise to State Aid implications, heavily impacting the commitment level of PA4. As a result of this, Call 18, which was launched in August 2013, allowed for the submission of projects with State Aid implications as long as these are implemented by Public

¹⁶⁷ ERDF 101, 102, 192, 193, 229, 230, 234, 235, 236, 238, 239, 243, 268, 274, 275, 276, 277, 278, 279, 280, 281, 283, 284, 285

Entities and in accordance with the applicable State Aid rules. As at end 2013, the evaluation of Call 18 was still ongoing, however, it is expected that this will have a direct impact on the absorption of funds under the Priority Axis.

National Obligations

The Legal Notice on Feed-in-Tariffs which was in force in 2013 failed to provide legal certainty to a number of projects, resulting in delays in implementation and the eventual processing of related payments. However, a new Legal Notice regulating the Feed-In tariff was eventually issued on 27th August 2013, rectifying this situation.

In 2013, compliance with the planning processes mainly affected two (2) of the projects approved under Call 14 which require an EIA. In order to mitigate against time loss on the procurement process, MEPA issued a comfort letter with regard to ERDF 304 '*Use of Highly Polished Reclaimed Water in the Maltese Islands*', confirming that the lack of a MEPA decision would not result in any substantial changes to the tender document following award.

ERDF 133 – Energy Grant Scheme

Following the temporary suspension of the scheme in 2012,¹⁶⁸ together with the uncommitted funds under the scheme, a new call for applications was planned to be launched in 2013. Together with the mitigation measures put in place to safeguard the system following the temporary suspension, a new system was devised in the run-up to the call for applications. The first process involved undertaking market studies to pre-establish the rate of assistance while the second part involved the issuing of a call for pre-selected suppliers. Following issues encountered in the selection process of the pre-selected suppliers, it was decided that the new call would not be issued and the unallocated funds were returned to the programme in Q4 of 2013.

By way of conclusion, the implementation and regulatory difficulties encountered by PA4 led to the decision to shift €16 million from PA4 to PA6. Further details can be found under Chapter 2 of this report.

¹⁶⁸ The checks done by the MA and the IB and a PwC review of the system, led to a police investigation looking into a number of cases involving *non bona fide* quotations. As a result, one supplier and a former ME employee are undergoing criminal proceedings.

03.5 Priority Axis 5 – Safeguarding the Environment & Risk Prevention

03.5.1 Achievement of Targets and Analysis of the Progress

By consolidating the results achieved from environmental projects financed under the Cohesion Policy 2004-2006, Priority Axis 5 (PA5) aims to continue with the upgrading process of the country's environment infrastructure, particularly in the areas of solid and liquid waste management.

The financial allocation for PA5 amounts to €189,288,259, of which €160,895,020 are Community Funding, under the Cohesion Fund. The main operational objectives, in line with national strategies in the relevant sectors, are:

- in terms of solid waste – the minimisation of waste landfilling, the rehabilitation of disused landfills, and an increase in capacity for waste treatment and recycling;
- in terms of liquid waste – the improvement in wastewater/sewage treatment infrastructure; leading to a decrease in effluent discharge untreated to sea, and improvement in coastal water quality;
- in terms of water – the undertaking of investments in water networks;
- in terms of flood relief – the development of infrastructure to minimise the effects of storm water and reduce the incidence of flash flooding.

Solid Waste

Minimising the effects of waste on the environment and society remains a critical strategic objective for the country, not only due to the need to comply with EU Regulations, but also considering Malta's very high population density, which imposes constraints for the development of new/additional landfills. The policy direction involves the promotion to increase waste separation at source, setting up various plants for the treatment of municipal solid waste and other wastes, enhancing recycling and reuse of material, developing the possibility of exploiting waste as a potential energy source, and the rehabilitation of closed landfills. These targets are set to be achieved through the waste projects co-financed under this axis, namely CF 118 *Rehabilitation and Restoration of Closed Landfills*, CF 119 *Mechanical and Biological Treatment Plant in the North of Malta*, CF 123 *Setting up of the Gozo Waste Treatment and Transfer Facility*, and finally CF 266 *Extending Waste Separation & Collection Services in the Maltese Islands*.

Water and Wastewater

The national commitment to achieve the management of waste effluent within the parameters mandated by environmental principles and targets under the Water Framework Directive was achieved in 2011. In fact, the target of reaching an overall 100% decrease in untreated sewage effluent discharge into the sea was achieved through the formal completion of CF 116 *Malta South Sewage Treatment Infrastructure* which now has the ability to treat 80% of the sewage generated with the remaining sewage treated through the wastewater treatment plants co-financed under the pre accession and Italian protocol.

Following the achievements of CF 116, the Authorities are now exploring the option of enhancing water and waste water networks in Malta and Gozo to ensure security of supply through the strengthening of the collection network.

Flood Relief

Within the context of climate change, risk prevention is becoming an increasingly higher priority for the Government. Malta's topography tends to contribute to the phenomenon of flash flooding on the occurrence of heavy storms during the autumn and winter months. This phenomenon frequently leads to heavy damage to the physical environment, economic disruption and occasionally, to loss of human life. In this regard, the formulation of a proactive approach to this problem, particularly the development of infrastructural solutions to address the incidence of high storm water volumes, constitutes a major priority and will be addressed through CF 120 *National Flood Relief Project*.

Further financial details on the projects mentioned above can be found in the table below:

Table 45 Projects falling under PA5

Project Reference	Project Name	Committed	Contracted	Disbursed as at end 2013
Solid Waste				
CF 118	Rehabilitation and Restoration of Closed Landfills	€26,224,382	€16,604,276	€8,332,860
CF 119	Mechanical and Biological Treatment Plant in the North of	€31,412,157	€27,487,666	€6,148,105

	Malta			
CF 123	Setting up of the Gozo Waste Treatment and Transfer Facility	€7,106,931	€6,837,064	€1,632,375
CF 266	Extending Waste Separation & Collection Services in the Maltese Islands	€3,163,079	€2,875,752	€1,526,960
Water and Waste Water				
CF 116	Malta South Sewage Treatment Infrastructure	€67,968,030	€67,968,030	€67,968,030
Flood Relief				
CF 120	National Flood Relief Project	€42,844,902	€35,286,273	€18,801,525

Project *CF 312 - Development of Hazardous Waste Storage Facility*, which had been approved in October 2012 under non-major Call 4, was withdrawn by the Beneficiary on 10th September 2013. This withdrawal was the result of a decision to suspend the project on the basis of both economic and organisational considerations. The Public Eligible value of this project, namely €4,913,920, was reverted back to the Programme, and resulted in a non-major call launched in early 2014 with the intention of committing these funds by mid 2014.

03.5.2 Information on the Physical Progress

Ongoing Projects

CF 118 – Rehabilitation and Restoration of Closed Landfills

CF 119 – Mechanical and Biological Treatment Plant in the North of Malta

CF 120 – National Flood Relief Project

The main information on the physical and financial progress of these ongoing and approved major projects falling under this Priority Axis will be provided in Chapter 4 of this report.

CF 123 - Setting up of the Gozo Waste Treatment and Transfer Facility

The tenders related to site investigation, aerial images, archaeological services, road works and clearing of dumped material at tal-Kus were all contracted, fully implemented and fully disbursed by end of 2013. In addition, the tender for the *Design, Build and Operate of the Gozo Waste Treatment and Transfer Facility at tal-Kus*, (the main works tender) was contracted in April 2013, with the bulk of the excavation works also completed by end of year. Taking into account possible delays that may be encountered during the construction of this facility, this project is expected to be completed by Q3 of 2015.

CF 266 – Extending Waste Separation and Collection Services in the Maltese Islands

By end of 2013, most of the tenders were contracted, with disbursement well under way. Works on the ground also progressed significantly with the tender for *The Construction of a Civic Amenity Site at Attard* (the main works tender) expected to be fully completed and disbursed by April 2014. The project, on the other hand, is expected to be fully completed, disbursed and operational by September 2014.

Closed/Completed Projects

CF 116 - Malta South Sewage Treatment Infrastructure

The plant was fully operational and officially opened in June 2011. The formal project completion had been delayed till June 2012 in order for all final administrative work (final payments in particular) to be concluded. No works were carried out in 2013.

Withdrawn Projects

CF 312 - Development of Hazardous Waste Storage Facility

As mentioned above, this project was withdrawn following the formal notification, received by the Managing Authority on 10th September 2013. The progress registered by the time the project was withdrawn was minimal, given that nearly all tenders were still at drafting stage.

Progress on Indicators

Table 46 Priority Axis 5 Indicators

Indicators		2007-2012	2013	Total
Output Indicators				
No of solid waste treatment plants constructed ¹⁶⁹ [A5O01]	Achievement	1	2	2
	Target	n/a	n/a	2
	Baseline	n/a	n/a	n/a
No of landfills rehabilitated [A5O02]	Achievement	3 ¹⁷⁰	3	3
	Target ¹⁷¹	n/a	n/a	4 ¹⁷²
	Baseline	n/a	n/a	n/a
No of liquid waste treatment plants	Achievement	1	1	1

¹⁶⁹ In order to avoid the risk of double-counting of this target being measured in the core indicator, the removal of this indicator an increase of this target to 3 was proposed in the revised version of Operational Programme I approved in March 2014. This OP change was accepted by the Monitoring Committee in November 2013.

¹⁷⁰ Corrigendum: AIR 2011 reads zero. This indicator has been achieved by approval of CF118 in 2010

¹⁷¹ Corrigendum: AIR 2012 reads one (1). Target is four (4).

¹⁷² In order to reflect the current status of landfills being targeted by the projects co-financed through this PA the change of this target to 3 was proposed in the revised version of Operational Programme I approved in March 2014. This OP change was accepted by the Monitoring Committee in November 2013.

constructed [A5O03]	Target	n/a	n/a	1
	Baseline	n/a	n/a	n/a
No of Storm Water Management (risk prevention) Project (Core indicator) [A5O04]	Achievement	1	1	1
	Target	n/a	n/a	1
	Baseline	n/a	n/a	n/a
No of waste project (Core indicator) [A5O05]	Achievement	1	3	3
	Target	n/a	n/a	2 ¹⁷³
	Baseline	n/a	n/a	n/a
Result Indicators				
Landfill volumes saved on an annual basis as at 2013 (m ³) [A5R01]	Achievement	0	0	0
	Target	n/a	n/a	130,000 ¹⁷⁴
	Baseline	n/a	n/a	290,000 ts
Total RES recovered from waste by 2013 (GWhrs/annum) [A5R02]	Achievement	5.82	10.15	10.15
	Target	n/a	n/a	17.0
	Baseline	n/a	n/a	n/a
Area rehabilitated (km ²) (core indicator) [A5R03]	Achievement	0.113	0.16	0.16
	Target	n/a	n/a	0.3
	Baseline	n/a	n/a	n/a
% decrease in national sewerage effluent discharge [A5R04]	Achievement	80%	80%	80%
	Target	n/a	n/a	80%
	Baseline	n/a	n/a	n/a
Status of coastal waters in the South of Malta (from Class 3) [A5R05]	Achievement	Class 1	Class 1	Class 1
	Target	n/a	n/a	Class 1
	Baseline	n/a	n/a	Class 3

¹⁷³ In order to reflect the current status of the Priority Axis and to measure the projects targeting No of solid waste treatment plants constructed, an increase of this target to 3 was proposed in the revised version of Operational Programme I approved in March 2014. This OP change was accepted by the Monitoring Committee in November 2013.

¹⁷⁴ 130,000m³ is equivalent to 110,000 tonnes.

M ³ of increased rain water harvesting and re-use potential in catchment areas [A5R06]	Achievement	50,000	50,000	50,000
	Target	n/a	n/a	300,000
	Baseline	n/a	n/a	n/a
Frequency of flooding within areas of intervention [A5R07]	Achievement	0	0	0
	Target	n/a	n/a	1 every 5 years
	Baseline	n/a	n/a	n/a

Progress on the indicators under this Axis continued throughout 2013, with increases registered from the previous years with respect to the *Total RES recovered from waste by 2013 (GWhrs/annum)* (with 60% recovery from the amount targeted at Programme level by means of CF 116) and *Area rehabilitated (km²)* (with 53% of the targeted being achieved by end 2013 through the ongoing implementation of CF118).

The indicator *No of landfills rehabilitated* has not registered any progress in the past year in view of the fact that only one project is targeting it, namely CF 118. The purpose of this project is to rehabilitate three (3) landfills - Magħtab, Marsascala and Qortin. The fact that this indicator is not going to be achieved is however taken into account in a revision of the indicators which was undertaken in 2013.

Nevertheless, many other targets under this PA have been fully achieved, such as:

- No of Storm Water Management (risk prevention) projects - achieved through CF120,
- No of liquid waste treatment plans constructed – achieved through CF116,
- % decrease in national sewerage affluent discharge, - achieved through CF 116, and
- Status of coastal waters in the South of Malta – achieved through CF 116.

These results continue to illustrate the benefits to the country brought about by CF 116 which, as already reported last year, led to Malta being the first Mediterranean country to treat all wastewater prior to being discharged into the sea.

Furthermore, the indicator *No of waste projects* has been overachieved with the official approval of the Major Project CF 119 which is targeting this indicator together with CF 123 and CF 266.

These interim results continue to show that all the targets for this PA are likely to be achieved. Furthermore, a number of changes were submitted with a proposed OP change in late 2013 in order to better gauge and represent the current progress of this Axis, and also to include two new indicators, namely *Power consumption reduction (KWhrs/annum)* and *Population affected by*

improved water networks, both of which are expected to be targeted by projects to be submitted under the non-major call launched in early 2014.

03.5.3 Financial Analysis

Table 47 Priority Axis 5 Financial Progress

Priority Axis	Total Contribution	Financial Progress			
		Commitments	Payments	Commitments %	Payments %
	(a)	(b)	(c)	(b/a)	(c/a)
Priority Axis 5 (CF) Safeguarding the Environment & Risk Prevention	€189,288,259	€178,719,483	€104,409,857	94%	55%

03.5.4 Qualitative Analysis

The commitments in relation to CF 123 – Setting up of the Gozo Water Treatment and Transfer Facility and CF 266 – Extending Waste Separation and Collection Services in the Maltese Islands increased by around €800,000, but in view of the withdrawal of CF 312 – Hazardous Waste Storage Facility and following savings registered under CF 120 – National Flood Relief Project, the commitment of the Axis decreased by €10,387,102 when compared to the levels reported as at end 2012. In fact, as at end December 2013, commitments stood at 94% of the total allocation for this PA.

With regard to contracting, the total amount contracted under PA5, is €157,059,063 or 88% of the committed amount. This balance is expected to be contracted through CF 120, CF 118 and CF 119; all three being projects which are not expected to conclude before 2015. In 2013, the contracted amount increased by 35% or €40,958,922.

The total amount disbursed in 2013 increased by 23% to €19,240,587, bringing the total amount disbursed by the end of 2013 to €104,409,857, or 66% of the total contracted amount. The main contributor to the payments in 2013 was CF 120, with a value of €8,636,896 being disbursed in 2013, followed by CF 119, with a disbursed amount of €4,301,174, and CF 118, with €4,244,109.

Certification in 2013 amounted to €27,044,340, registering a 36% increase, bringing the total certified amount to €102,553,284 by the end of 2013. This represents 98% of the total amount disbursed under this Axis.

In terms of progress achieved per Focus Area, Figure 6 below gives a general visual comparison of the % commitment achieved in terms of approved projects, while Table 48 provides a financial overview of the progress achieved, in terms of commitment, contracting, disbursement and certification, both as at end 2013.

Figure 6 PA5 Commitments

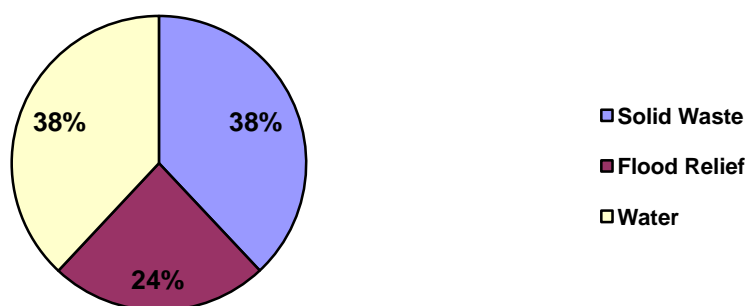


Table 48 Financial Overview for PA5 as at End 2012

	Solid Waste	Flood Relief	Water	Total PA5
Allocation	N/A	N/A	N/A	€189,106,585
Commitment	€67,906,550	€42,844,902	€67,968,030	€178,719,483
Contracted	€53,804,759	€35,286,273	€67,968,030	€157,059,062
Paid	€17,640,301	€18,801,525	€67,968,030	€104,409,857
Certified	€16,005,627	€18,579,627	€67,968,030	€102,553,284

03.5.5 Significant Problems Encountered and Measures Taken to Overcome Them

A significant problem that occurred in Q4 of 2013 was the unexpected withdrawal of CF 312 which, together with the registered savings under CF 120, resulted in the amount of €10,568,776 which now

needs to be committed in 2014. Furthermore, Priority Axis 5 continued to show a low disbursement rate in 2013, with Waste projects once again failing to provide the disbursement levels desired for reasons that are listed below. In fact, even though €19,240,587 were disbursed this year, the disbursement of €8,636,895.64 resulted from the only project currently making up the focus area Flood Relief. The balance of €10,603,602 was spread among four (4) Waste projects, including two Major Projects that disbursed a total of €8,545,283.11. This means that if all remaining funds under this PA are committed in early 2014, around €85 million (or 45% of the total PA allocation) still need to be disbursed in the remaining two years of the programme. The mitigation measures taken by the MA included regular high level meetings and individual meetings with the Beneficiaries.

Planning permits, albeit on a smaller scale than in 2013, continued to cause problems in view of their delays in being issued that in turn caused delays in procurement. Consultation with MEPA continued on a regular basis throughout the year in order to mitigate against these delays.

Procurement related issues were also faced with regard to projects under this Axis, especially for tenders above €47,000. A clear example is CF 266 where the *Tender for the Supply, Installation and Commissioning of an In-Vessel Composter* and, the *Tender for the Supply, Delivery, Installation and Commissioning of a Crushing Device for Glass Containers*, were issued in mid-2012, but had to be re-issued in 2013 due to the bids received being over the estimated budget. Besides the expected delays related to procurement, tenders issued under this PA also tend to be of a substantial nature (generally well above €1,000,000), thus attracting appeals following the notice of award to one bidder with the exclusion of others. As a mitigating measure, the MA has encouraged Beneficiaries to ensure greater clarity in the Instructions To Tender, thus guaranteeing that all bids are submitted in the required format and with no possibility of interpretation. This increased clarity has also been recommended in relation to evaluation reports in order to eliminate, or at least reduce, appeals made on frivolous grounds, and assist the PCR in deciding such cases in shorter timeframes.

Contracting issues were also faced by Beneficiaries, especially with regard to the timeframes for the signing of the contract by the respective parties following the appeals period. A clear case in point is CF 123 where the main works tender was awarded in December 2012 but only contracted in April 2013. This time lag was also reflected in the delayed commencement of works, which in turn affected the disbursement under this project for the year 2013. Weekly meetings were held between the MA and the DoC which, together with the constant follow-up carried out by MA officers, somehow managed to mitigate the problem, albeit not eliminate it completely. Issues were also faced with regard to the approval of variations to the original contract by the DoC, and the subsequent scrutiny by the MA to determine the eligibility of such changes for CF co-financing. This is a common problem faced throughout all the Axes, and has been found to be particularly common when it comes to Work Contracts, which form the bulk of the tenders under this PA. A common mitigating factor is hard to determine in view of the case-by-case approach that has to be taken in this scenario.

Finally, the turnover of Project Leaders in the case of waste projects remained an issue. The incoming Project Leader/s thus had to face a steep learning curve not only with regard to the management of

the project but also in becoming accustomed to the Regulations and procedures related to EU Funded Projects. The MA provided constant guidance and support, and also ensured that the Chief Projects Manager was kept updated and informed of all communication in order to facilitate the transition and avoid unnecessary stumbling blocks.

03.6 Priority Axis 6 – Urban Regeneration and Improving the Quality of Life

03.6.1 Achievement of Targets and Analysis of the Progress

Priority Axis (PA) 6 has the specific development objective of safeguarding and valorising the country's urban heritage and promoting an overall improvement in quality of life through better accessibility, enhanced education, social and health systems and increased environmental monitoring capacity.

The financial allocation for PA6 amounts to €149,000,000¹⁷⁵ of which €126,650,000 represents Community Funding. This funding has contributed and is still contributing to the implementation of twenty six (26) mainstream projects,¹⁷⁶ one (1) major project¹⁷⁷ and one (1) Aid Scheme.¹⁷⁸

Urban Regeneration (UR)

This Focus Area is aimed at regenerating the nerve centre of the Maltese Islands – namely the City and the Harbour region. These areas integrate the major sectors of the local economy: maritime, tourism, the building industry, transit and commercial services and are considered to be economic and cultural catalysts. The target of making these urban areas into successful socio-economic hubs is set to be achieved through ERDF 104 *Stronger Cottonera Communities - The Citizen's right to accessibility and mobility* which in 2013 had reached an advanced stage of implementation.

Internal Mobility (IM)

The aim of this focus area is to improve traffic safety, reduce vehicle operating costs and traffic time, and to encourage a modal shift. The four ERDF projects that contribute towards the aims of this Focus Area are ERDF 047 – *Reconstruction of Part of Xlendi Road and Ta' Pinu Road*, ERDF 048 - *Upgrading of Arterial & Distributor Roads*, ERDF 183 – *Vertical Connection: better accessibility through innovative and cleaner transport* and ERDF 256 – *MODUS: Encouraging a Modal Shift in Land Transportation*. Both ERDF 47 and ERDF 183 were successfully completed during 2013. ERDF 256 is at implementation phase and concerns the provision of bus interchanges, bus priority lanes, an Intelligent Transport Monitoring System and a Park and Ride facility. ERDF 183 was concluded prior to 2013.

¹⁷⁵Commitment amended through Commission Decision dated 4th March 2014 which amends Decision C (2007) 3189.

¹⁷⁶ERDF 045, 047, 048, 054, 056, 057, 058, 062, 064, 065, 066, 068, 072, 104, 109, 114, 156, 159, 164, 183, 189, 256, 314, 317, 319, 332.

¹⁷⁷ERDF 196

¹⁷⁸ERDF 136

E-accessibility (EA)

The aim of this focus area is to improve access to electronic services and to induce the proliferation of ICT among the different segments of society. These aims are being reached through projects such as ERDF 159 – *eServices: Accessibility for all (eXS4ALL)* which is ongoing and two (2) other projects which were completed prior to 2013.¹⁷⁹

Education, Social and Health-related Infrastructure (ESHI)

This focus area promotes a holistic approach to the improvement of the quality of life of local communities, and funding under this axis is mainly aimed at: restructuring and upgrading of schools in order to promote better take up of science and IT-related subjects and to increase the participation rate at upper secondary levels; investments in social infrastructure through setting up of employment centres, childcare day centres and centres to aid social inclusion; and major investment in health infrastructure. These aims have been achieved and are still being achieved through six (6) ongoing projects including ERDF 068 - *Upgrading of Operating Theatre and Setting Up of a Radiology Unit*, ERDF 164 - *Master-Plan: Development of Applied Science and Business and Commerce Institutes*, ERDF 314 - *Development In Screening And Radiological Modalities in Health*, ERDF 317 - *Upgrading of Services at Gozo General Hospital*, ERDF 319 - *Setting up of a Medical Assessment Unit at Mater Dei* and ERDF 332 - *QUEST - Quality Education for the Society of Tomorrow*, eleven (11) completed projects,¹⁸⁰ of which ERDF 064 – *Construction and equipping of University Computing Services Centre Building* and ERDF 189 – *Educational Infrastructure Development at Bishop's Conservatory Secondary School - Phase II* were completed in 2013, one (1) Major Project – ERDF 196 - *Mater dei Hospital Oncology Centre Malta*, and one (1) Aid Scheme – ERDF 136 - *Grant Scheme for Child Care Facilities*.

Environmental Monitoring (EM)

The aims of this focus area will be met through ERDF 156 *Developing National Environmental Monitoring Infrastructure and Capacity*. This project will radically improve the national environmental monitoring capacity in five environmental themes: air, water, radiation, noise and soil. It will result in the development of comprehensive monitoring strategies, compilation of baseline data and the procurement of equipment and information management systems for data capture, monitoring and analysis for air, radiation and noise, which are clearly linked to the Focus Area's aims of increased monitoring and enforcement of legal compliance obligations.

Financial details on the projects mentioned above can be found in the table below:

¹⁷⁹ ERDF 109 and 114.

¹⁸⁰ ERDF 045, 054, 056, 057, 058, 062, 064, 065, 066, 072 and 189

Table 49 Projects falling under PA6

Project Reference	Project Name	Committed	Contracted	Disbursed
Urban Regeneration				
ERDF104	Stronger Cottonera Communities – The citizens right to accessibility and mobility	€9,312,348	€ 7,283,128	€5,140,980
Internal Mobility				
ERDF 047	Reconstruction of part of Xlendi Road and Ta' Pinu Road	€4,204,320	€4,204,320	€4,204,320
ERDF 048	Upgrading of Arterial & Distributor Roads	€12,273,263	€12,273,263	€12,273,263
ERDF 183	Vertical Connection: better accessibility through innovative and cleaner transport	€2,355,569	€2,355,569	€2,355,569
ERDF 256	MODUS: Encouraging a Modal Shift in Land Transportation	€9,941,561	€ 2,764,721	€1,713,915
E-accessibility				
ERDF 109	Digitization Strategy and Framework for the National Library of Malta	€155,333	€155,333	€155,333
ERDF 114	Maltese Text to Speech Synthesis	€416,472	€416,472	€416,472
ERDF 159	eServices Accessibility for all (eXS4ALL)	€17,077,599	€16,527,602	€13,857,653
Education, Social and Health-related infrastructure				
ERDF 045	Extension of ETC Skills Development Centre (Phase 2)	€515,212	€515,212	€515,212
ERDF 054	Multimedia Training Centre at MCAST's Institute of Art and Design	€2,200,713	€2,200,713	€2,200,713
ERDF 056	Upgrading and Expansion, MCAST Institute of Mechanical Engineering Malta/Gozo	€1,506,102	€1,506,102	€1,506,102
ERDF 057	Junior College Building Extension	€1,169,875	€1,169,875	€1,169,875
ERDF 058	Purchase of Science and technology laboratory equipment for state schools	€1,246,341	€1,246,341	€1,246,341

ERDF 062	Language Lab with Contact Centre Facility at MCAST IBAC Malta & Gozo	€275,397	€275,397	€275,397
ERDF 064	Construction and equipping of University Computing Services Centre Building	€7,939,817	€7,939,533	€7,939,533
ERDF 065	Expansion of MCAST Institute of Electrical and Electronics Engineering	€651,991	€651,991	€651,991
ERDF 066	Computer Systems and Computer Laboratories at MCAST Malta and Gozo	€256,100	€256,100	€256,100
ERDF 068	Upgrading of Operating Theatre and Setting Up of a Radiology Unit	€3,626,049	€3,489,474	€3,489,474.12
ERDF 072	Constructing and Equipping an Independent Living Centre in Malta	€711,084	€711,084	€711,084
ERDF 136	Grant Scheme for Child Care Facilities	€434,314	€434,314	€384,525
ERDF 164	Master-Plan: Development of Applied Science and Business and Commerce Institutes	€20,048,600	€14,206,698	€11,119,711
ERDF 189	Educational Infrastructure Development at Bishop's Conservatory Secondary School - Phase II	€242,181	€242,181	€242,181
ERDF 196	Mater dei Hospital Oncology Centre Malta	€44,302,722	€33,196,384	€17,602,832
ERDF 314	Development In Screening And Radiological Modalities in Health	€3,450,255	€4,492	€0
ERDF 317	Upgrading of Services at Gozo General Hospital	€4,240,844	€16,400	€0
ERDF 319	Setting up of a Medical Assessment Unit at Mater Dei	€8,433,134	€4,492	€0
ERDF 332	QUEST - Quality Education for the Society of Tomorrow	€16,526,833	€14,828,928	€9,477,703
Environmental Monitoring				
ERDF156	Developing National Environmental Monitoring Infrastructure and Capacity	€4,206,861	€4,206,860	€4,107,349

Four (4) new projects were approved for funding nationally in 2013, as can be seen in the table below.

Table 50 Projects falling under PA6 approved in 2013

Project Reference	Project Name	Public Eligible Value	Focus Area
ERDF 314	Development In Screening And Radiological Modalities in Health	€3,450,255	ESHI
ERDF 317	Upgrading of Services at Gozo General Hospital	€4,240,844	ESHI
ERDF 319	Setting up of a Medical Assessment Unit at Mater Dei	€8,433,134	ESHI
ERDF 332	QUEST – Quality Education for the Society of Tomorrow	€16,526,833	ESHI

03.6.2 Information on the Physical Progress

Ongoing Projects

ERDF 068 - Upgrading of Operating Theatre and Setting Up of a Radiology Unit

In 2013, all tenders were contracted and disbursed with the exception of the tender for the Supply, Delivery, Installation and Commissioning of Medical Equipment and Accessories, which was under evaluation by year end. During the year under review, the Operating Theatre and the Bone Density Clinic were officially opened and started receiving patients. Due to the remaining administrative work and due to the tender mentioned above this project is expected to be concluded by Q2 of 2014.

ERDF 104 - Stronger Cottonera Communities – The citizens right to accessibility and mobility

During 2013 the timeframe of the project was extended from September 2013 to June 2014 due to delays encountered with the procurement of works pertaining to a major component of the project (Dock one). In order not to delay the implementation any further some works were identified and directed for implementation and funding through National resources. The remaining contracts forming part of this project have been awarded and thus all works should be completed in 2014.

ERDF 136 (AID SCHEME) - Grant Scheme for Child Care Facilities

The aim of this Aid Scheme, which is administered by the Department of Social Welfare Standards, is to support enterprises in setting up child care centres. In 2013 the timeframe for the implementation of the grant scheme was extended from August 2013 to end of 2014, due to Call 4 being issued following savings registered from previous calls. As at August 2013 projects under Call 1 – 3 were completed, with total registered savings of €49,789.

ERDF 156 - Developing National Environmental Monitoring Infrastructure and Capacity

A short extension to the Grant Agreement until end of January 2014 was granted to this project for administrative purposes. The project on the ground was completed by the end of 2013, with all contracts having been fully implemented resulting in four (4) National environmental monitoring programmes being successfully established.

ERDF 159 - eServices Accessibility for all (eXS4ALL)

During 2013, the implementation of the eID card system was completed and preparations started for the soft roll-out of the eID cards. Moreover, the digital content and authoring tool for both Secondary and Primary Education Sectors including the integration to the local e-Learning platform was contracted and started its initial stages of implementation. Through this contract the project has now contracted 100% of components and, following an extension to the Grant Agreement, shall be completed by end 2014.

ERDF 164 - Master-Plan: Development of Applied Science and Business and Commerce Institutes

The construction of Phase I of the project, consisting of the Applied Science and Business and Commerce institutes, was initially only partly financed through ERDF. In August of 2013, a request was made to fund other infrastructure forming part of Phase I of the project, including the Student's House and underlying infrastructure and for the provision of computer labs and ancillary facilities. The timeframe of the project was extended to the first quarter of 2015 and work for the completion of phase I was in full swing by the end of 2013. A number of contracts to cover the construction and equipment of the extension were also being drafted by the end of the year in preparation for launching in Q1 2014. Disbursement was well paced in 2013 as evidenced in Table 49.

ERDF 196 - Mater Dei Hospital Oncology Centre (Major Project)

The main information on the physical and financial progress of this ongoing and approved major project will be provided in the Chapter 4 of this report.

ERDF 314 - Development in Screening and Radiological Modalities in Health

This Project, of which the letter to start implementation was issued in October 2013, is an investment in modern and technologically advanced equipment leading to a better quality of life for citizens through improved screening facilities in Mater Dei Hospital and in Health Care Centres. The procurement procedures falling under this project were well under way given that by the end of 2013, the CBA was concluded while the equipment tender was under evaluation. In fact, this project is expected to be concluded by end of 2014.

ERDF 317 - Upgrading of Services at Gozo General Hospital

This project will upgrade and introduce new services at Gozo General Hospital (GGH) through the procurement of new equipment. The letter to start implementation was issued in September 2013. By the end of 2013, the Grant Agreement was nearly finalised, the CBA was concluded while the equipment tenders were at drafting stage.

ERDF 319 - Setting up of a Medical Assessment Unit at Mater Dei

The project is a health related investment which will consist of two new wards with a total of sixty-eight (68) beds. The letter to start implementation was issued in October 2013 and by the end of 2013 the grant agreement had started being drafted and the beneficiary started preparations for the issuing of tenders and employment calls for the project.

ERDF 332 - QUEST – Quality Education for the Society of Tomorrow

This project, which was selected through Call 19 and approved on the 1st November 2013, involves the development of two (2) new schools, the spearheading of vocational and educational training in the agribusiness sector, the conversion of the Nissen Huts at the Hal Qormi school into sports facilities and the construction of an extension to the Sixth Form building in Gozo. By the end of the year, a considerable amount of work had already been carried out on this project, with most of the contracts for works and finishes on the two (2) new schools being fully carried out. By the end of

2013, the five (5) remaining tenders were either ready to be issued or undergoing final vetting for publication. As evidenced in the finance table, disbursement was also well paced in 2013. It is expected that this project will be completed by Q1 of 2015.

Closed/Completed Projects

Prior to 2013, twelve (12) projects were completed under this PA and there is thus no physical progress to report for 2013. Eight (8) of these projects were educational infrastructure projects,¹⁸¹ one (1) social infrastructure project,¹⁸² one (1) road infrastructure project¹⁸³ and two (2) e-accessibility projects.¹⁸⁴

ERDF 047 - Reconstruction of part of Xlendi Road and Ta' Pinu Road

The last stretches of road were successfully constructed and re-opened to traffic during 2013 in both Xlendi and Ta' Pinu and permanent publicity measures were procured and put up on both roads. Following an extension to the project timeframe for administrative purposes, the project was completed in September.

ERDF 064 - Construction and equipping of University Computing Services Centre Building

At the beginning of 2013, the building and equipment of the University IT Services (Computing Service Centre) were fully operational and had already started being fully utilised by University-goers. Following an extension to the Grant Agreement, all payments had been processed and the project was deemed complete in May.

¹⁸¹ ERDF 045 - Extension of ETC Skills Development Centre (Phase 2); ERDF 054 - Multimedia Training Centre at MCAST's Institute of Art and Design; ERDF056 - Upgrading and Expansion, MCAST Institute of Mechanical Engineering Malta/Gozo; ERDF 057 - Junior College Building Extension; ERDF 058 - Purchase of Science and technology laboratory equipment for state schools; ERDF 062 - Language Lab with Contact Centre; ERDF 065 - Expansion of MCAST Institute of Electrical and Electronics Engineering; ERDF 066 - Computer Systems and Computer Laboratories at MCAST Malta and Gozo; and ERDF 189 - Educational Infrastructure Development at Bishop's Conservatory Secondary School - Phase II.

¹⁸² ERDF 072 - Constructing and Equipping an Independent Living Centre in Malta

¹⁸³ ERDF 048 - Upgrading of Arterial & Distributor Roads

¹⁸⁴ ERDF 109 - Digitization Strategy and Framework for the National Library of Malta and ERDF 114 – Maltese Text to Speech Synthesis

ERDF 183 - Vertical Connection: better accessibility through innovative and cleaner transport

This project had already reached a stage of near completion by January 2013, with the operation of the lift starting in mid December 2012. During the year under review, some snags were dealt with and final disbursements made. The project was considered fully disbursed and complete in September.

Progress on Indicators**Table 51 Priority Axis 6 Indicators**

Indicators		2007-2012	2013	Total
Output Indicators				
No. of projects ensuring sustainability and improving the attractiveness of towns and cities (core indicator)	Achievement	1	0	1
	Target	n/a	n/a	1
	Baseline	n/a	n/a	n/a
Km of upgraded roads (non TEN-T)	Achievement	7.2	0.44	7.64
	Target	n/a	n/a	7
	Baseline	n/a	n/a	n/a
No. of projects promoting Modal Shift	Achievement	2	0	2
	Target	n/a	n/a	2
	Baseline	n/a	n/a	n/a
No. of new e-services for the public and the business community	Achievement	64	8	72
	Target	n/a	n/a	72
	Baseline	n/a	n/a	n/a
No. of constructed learning and training facilities	Achievement	5 ¹⁸⁵	0	5
	Target	n/a	n/a	6 ¹⁸⁶
	Baseline	n/a	n/a	n/a

¹⁸⁵ Corrigendum: In the Annual Implementation Report covering 2012, this was erroneously reported as 7.

¹⁸⁶ In view of the increase in funds under PA6, and in order to reflect the current status and the projected targets an increase of the proposed target to ten (10) was proposed in the revised version of Operational Programme I approved in March 2014. This OP change was accepted by the Monitoring Committee in November 2013.

No. of refurbished existing learning and training facilities with new equipment	Achievement	44	74	118
	Target	n/a	n/a	110
	Baseline	n/a	n/a	n/a
No. of projects (health) (core indicator)	Achievement	2	3	5
	Target	n/a	n/a	2 ¹⁸⁷
	Baseline	n/a	n/a	n/a
No. of environmental monitoring projects	Achievement	1	0	1
	Target	n/a	n/a	1
	Baseline	n/a	n/a	n/a
Sq m of modernised learning and training facilities refurbished (with new equipment) within intervention areas by 2013	Achievement	20,368 ¹⁸⁸	0	20,368
	Target	n/a	n/a	18,200 ¹⁸⁹
	Baseline	n/a	n/a	n/a
Sq m of newly constructed learning and training facilities within intervention areas by 2013	Achievement	7,402 ¹⁹⁰	27,397	34,799
	Target	n/a	n/a	20,000 ¹⁹¹
	Baseline	n/a	n/a	n/a
Result Indicators				
Average % redevelopment of units in regeneration areas of total national regeneration	Achievement	0	0	0
	Target	n/a	n/a	1.27%
	Baseline	n/a	n/a	0.03%
Road surface condition of upgraded roads	Achievement	1.0-1.5	1.0-1.5	1.0-1.5
	Target	n/a	n/a	1.0-1.5

¹⁸⁷ In view of the increase funds under PA6, and in order to reflect the current status and the projected targets an increase of the proposed target to four (4) was proposed in the OP Change that was proposed in the revised version of Operational Programme I approved in March 2014. This OP change was accepted by the Monitoring Committee in November 2013.

¹⁸⁸ In the Annual Implementation Report covering 2012, this was erroneously reported as 0.

¹⁸⁹ In view of the increase funds under PA6, and in order to reflect the current status and the projected targets an increase of the proposed target to 19,000 was proposed in the revised version of Operational Programme I approved in March 2014. This OP change was accepted by the Monitoring Committee in November 2013.

¹⁹⁰Corrigendum In the Annual Implementation Report covering 2012, this was erroneously reported as 0.

¹⁹¹ In view of the increase funds under PA6, and in order to reflect the current status and the projected targets an increase of the proposed target to 50,000 was proposed in the revised version of Operational Programme I approved in March 2014. This OP change was accepted by the Monitoring Committee in November 2013.

	Baseline	n/a	n/a	4.66
%increase in use of non-car modes	Achievement	0% ¹⁹²	0.8%	0.8%
	Target	n/a	n/a	8%
	Baseline	n/a	n/a	29,745,123
%increase in use of e-services	Achievement	2	6.2	8.2
	Target	n/a	n/a	26
	Baseline	n/a	n/a	80,545
'Pupils/ students/ trainees benefiting from upgraded and modernized facilities/services (per annum) (core indicator	Achievement	n/a	62,996	62,996
	Target	n/a	n/a	56,000
	Baseline	n/a	n/a	n/a
% of total patients [within intervention areas] using new/upgraded equipment/services	Achievement	100 ¹⁹³	0	0
	Target	n/a	n/a	60
	Baseline	n/a	n/a	n/a
No. of new services offered in the health sector	Achievement	6	2	8
	Target	n/a	n/a	3 ¹⁹⁴
	Baseline	n/a	n/a	n/a
National environmental monitoring programmes established	Achievement	0	4	4
	Target	n/a	n/a	4
	Baseline	n/a	n/a	n/a

It should be pointed out that two (2) of the indicators which were reached in 2012 continued to be targeted in 2013. In fact, *Km of upgraded roads (non TEN-T)* was slightly exceeded by 0.64 Km with

¹⁹²Corrigendum: In the Annual Implementation Report covering 2012, this was erroneously reported as 2%. In actual fact, all three (3) projects which contribute towards this indicator were ongoing in 2012 and their achievement in this respect could not have been calculated. Of these three (3) projects, one (1) project, ERDF 183, was completed and commissioned in 2013; it has been calculated that this project has brought about a 0.8% increase in use of non-car modes.

¹⁹³ It is to be noted that the baseline for this indicator is to be established following approval of all health projects. The 100% shown here pertains to ERDF 068, which has achieved its target. This percentage will change once all other health projects are completed and their percentages calculated. Baseline data will then reflect the situation prior to the intervention.

¹⁹⁴ In view of the increase funds under PA6, and in order to reflect the current status and the projected targets an increase of the target to five (5) was proposed in the revised version of Operational Programme I approved in March 2014. This OP change was accepted by the Monitoring Committee in November 2013.

the completion of works on Xlendi and Ta' Pinu roads (ERDF 047). Also, the target for *No. of new services offered in the health sector* was exceeded by five (5) in 2013, as a result of the near completion of ERDF 068. Six (6) other targets were reached in 2013, with five (5) of these targets also being exceeded, namely:

- The number of refurbished existing learning and training facilities with new equipment;
- Number of health projects (core indicator);
- The square meters of modernised facilities;
- Sq m of newly constructed learning and training facilities within intervention areas by 2013;
- Pupils/students/trainees benefiting from upgraded and modernized facilities/services (per annum) (core indicator).

The achievement of the other two (2) indicators reached in 2013 was brought about by further progress on the implementation of the e-services component of ERDF 159, which therefore saw *The number of e-services for the public and business community* increase by eight (8) in 2013, and by the completion on the ground of ERDF 156 which successfully established four (4) *National environmental monitoring programmes*.

It is envisaged that the targets of the remaining five (5) indicators – Average % redevelopment of units in regeneration areas of total national regeneration; % increase in use of non-car modes; % increase in use of e-services; Number of constructed learning and training facilities and % of total patients within intervention areas using new/upgraded equipment/services – should be reached through the completion of projects which in 2013 were still ongoing on the ground, namely: Education projects ERDF 164 and ERDF 332, Internal mobility project ERDF 256, e-accessibility project ERDF 159 (together with completed project ERDF 109, for which it will be possible to collect data on indicators in 2014), and all ongoing health projects.

03.6.3 Financial Analysis

Table 52 Priority Axis 6 Financial Progress

Priority Axis	Total Contribution	Financial Progress			
		Commitments	Payments	Commitments %	Payments %
	(a)	(b)	(c)	(b/a)	(c/a)
Priority Axis 6 (ERDF) Urban Regeneration and Improving the Quality of Life	€149,000,000 ¹⁹⁵	€177,720,894 ¹⁹⁶	€103,013,629	119%	69%

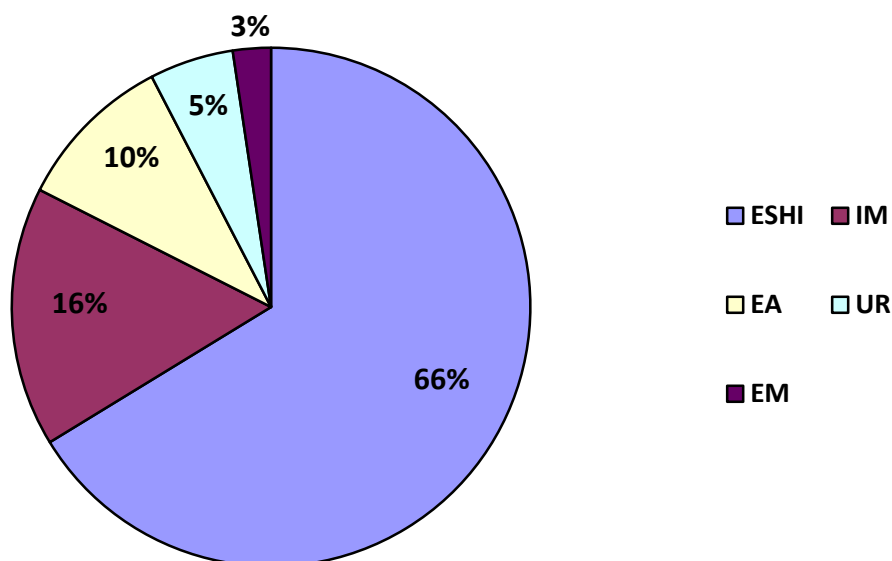
03.6.4 Qualitative Analysis

By the end of 2013, the total commitment within this PA amounted to €177,720,894. This is equivalent to a 31% increase from the commitment levels reported in 2012. This increase was mainly brought about by the approval of four (4) new projects under the *Education, Social and Health Infrastructure* focus area, as well as the approval for additional financing of a number of activities under projects already benefiting from ERDF funding.

¹⁹⁵ As reported in Chapter 2, the MC meeting of November 2013 approved the shift of €16 million from Priority Axis 4 to Priority Axis 6. As at end of year this change was still not approved by the Commission and was then approved in March 2014. The shift would bring the total contribution of PA6 to €165,000,000 out of which €140,250,000 are community funding.

¹⁹⁶ Priority Axis has been over-committed to ensure the full absorption of funds

Figure 7 Commitments per focus area PA6



The contracted amount as at end 2013 stood at €133,082,983 equivalent to 75% of the total commitments. The amount of €30,119,723 was contracted in 2013 only, following an increase of 29% in the contracted values from 2012. Table 53 gives a comparison of the commitments and contracting per focus area.

All projects had processed payments by the end of the year under review. As at end 2013, €103,013,629 (77% of the contracted amount) was processed in payments; €40,939,401 of this amount was disbursed during 2013 alone, thus registering a 66% increase in disbursements. ERDF 196 was the largest spender in 2013, with €13,462,245 disbursed during the last year. This project was followed, by ERDF 322 with €9,477,703 and ERDF 164 with a total disbursement of €8,844,915 in 2013.

By the end of the year under review certifications totalled €99,557,581, representing 97% of the total amount disbursed under this Axis. The certification registered in 2013 alone amounted to €44,606,275, or an 81% increase in the certification registered until end 2012.

Table 53 Financial progress per focus area as at end 2013

Focus Area:	Committed:	Contracted:	Disbursed:	Certified:
Education, Social and Health-related infrastructure	€117,777,565	€82,895,712	€58,788,774	€56,746,830
Internal Mobility	€28,774,714	€21,597,874	€20,547,067	€20,329,399
E-Accessibility	€17,649,405	€17,099,408	€14,429,458	€14,429,458
Urban Regeneration	€9,312,349	€7,283,129	€5,140,980	€4,190,848
Environmental Monitoring	€4,206,861	€4,206,860	€4,107,349	€3,861,046
Total:	€177,720,894	€133,082,983	€103,013,629	€99,557,581

03.6.5 Significant Problems Encountered and Measures Taken to Overcome Them

The implementation of the vast majority of projects was relatively smooth in 2013, given that most of them were either at very advanced stages of implementation, nearing completion, or completed. The problems encountered by ongoing projects under this PA were mainly related to procurement issues.

For instance, the Beneficiary for ERDF 256 project issued six (6) tenders in 2013, five (5) of which were published between June and August, with one (1) being published in December. None of these tenders had been awarded by year end. Two (2) tenders were still at evaluation by the end of 2013, while another three (3) tenders were cancelled either because there were no bidders, or because the cheapest bid received exceeded the tender estimate. This project is being monitored very closely and close contact is being kept between the project stakeholders and the Department of Contracts. It is probable that this project will not be completed by its 2014 deadline, and may have to be extended.

ERDF 317 and ERDF 068 also saw similar procurement problems. The only equipment tender under ERDF 317, which was issued in September 2013, had to be cancelled in order to revise the technical specifications. The re-issuing of this tender has delayed the whole procurement process, as well as disbursement under the project. Moreover, the final equipment tender of ERDF 068 was split into several lots, which required several evaluation committee meetings resulting in a delay on the whole procurement process.

Other problems encountered were related to the acquisition of MEPA permits, however, these problems were mainly time-related rather than technical and were generally easily solved through efficient communication between the stakeholders and the Planning Authority.

04. ERDF/CF: Major Projects

By the end of 2013, all seven major projects included in the OP were approved by CION:

- PA3
 - CF 117 - Improving the TEN-T Road Infrastructure (Phase I);
 - CF 125 - Improving the TEN-T Road Infrastructure (Phase II);
- PA5
 - CF 118 - Rehabilitation and Restoration of Closed Landfills;
 - CF 116 - Malta South Sewage Treatment Infrastructure;
 - CF 119 - Setting up of a Mechanical & Biological Treatment (MBT) Plant in the North of Malta
 - CF 120 – National Flood Relief Project
- PA6
 - ERDF 196 - Mater Dei Hospital Oncology Centre

04.1 Ongoing Major Projects

04.1.1 Progress in the Implementation of Ongoing Major Projects

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

With a public eligible cost of €46,447,990 this project involves the upgrading, through reconstruction, of five (5) strategic sections of the Trans-European Transport (TEN-T) road network in Malta providing improved links to: the Air Passenger Terminal in Gudja; the Sea Passenger terminal and Ro-Ro Terminal in the Grand Harbour; several tourist areas in the northern part of Malta; the internal seaports at Cirkewwa and Mgarr Ferry Terminal (Gozo), the final link to Victoria, Gozo's capital city). The five (5) sections of this project will result in the re-construction of twelve (12) kms of road.

Table 54 below shows the project timetable for this Major Project. During 2013, with all the works tenders already contracted in the previous years, implementation progressed on all the stretches and by end 2013 these stretches were operational except for the Marsa Underpass which was also well underway during 2013, with works expected to be finalised in Q1 2014.

Table 54 Project Timetable for CF 117

	Start (A)	Date	Completion (B)	Date
Feasibility Studies	February 2004		November 2004	
Cost-benefit Analysis (including Financial Analysis)	February 2004		August 2009	
Environmental impact assessment ¹⁹⁷	N/A		N/A	
Design studies				
Project 1 – Council of Europe Avenue & Giuseppe Garibaldi Avenue, Luqa	February 2004		August 2009	
Project 2 - Sea Passenger Terminal Access Road, Floriana/Marsa - Phase A ¹⁹⁸	February 2004		August 2009	
Project 2 - Sea Passenger Terminal Access Road, Floriana/Marsa - Phase B	February 2004		September 2010	
Project 3 - Marfa Road, Mellieha	February 2004		August 2009	
Project 4 - Mgarr Road, Gozo	February 2004		August 2009	
Project 5 – Mellieha By-pass, Mellieha	February 2004		July 2010	
Preparation of Tender documentation				
Project 1 – Council of Europe Avenue & Giuseppe Garibaldi Avenue, Luqa	October 2008		August 2009	
Project 2 - Sea Passenger Terminal Access Road – Phase A - Construction of Single Carriage road from Menqa to Sea Passenger Terminal	October 2008		August 2009	
Project 2 - Sea Passenger Terminal Access Road – Phase B – Vehicular underpass at December 13th.	August 2009		September 2010	
Geotechnical Investigations for Project 2B	October 2008		December 2008	
Project 3 - Marfa Road, Mellieha	October 2008		August 2009	
Project 4 - Mgarr Road, Gozo	October 2008		August 2009	
Project 5 – Mellieha By-pass, Mellieha	August 2009		October 2010	
Construction Management (for all five projects)	October 2008		September 2009	

¹⁹⁷ As per correspondence from the environmental authority dated 16th March 2009.

¹⁹⁸ Project was split into two (2) phases in view of the extensive telecommunication network that had to be shifted prior to the construction of the underpass.

Launch of tender procedure(s)		
<p>The procurement of works for the five (5) projects was carried out as follows:</p> <p>Tender 1 consisted of four (4) lots: Lot 1- Roadworks for Council of Europe Avenue and Garibaldi Avenue (Project 1); Lot 2 – Sea Passenger Terminal (Project 2); Lot 3 – Marfa Road, Mellieha (Project 3); Lot 4 – Mgarr Road, Ghajnsielem/Xewkija/Victoria (Project 4).</p> <p>Tender 2 consisted of one (1) lot - Construction of an Underpass from Triq Dicembru 13 to Menqa Roundabout, Marsa.</p> <p>Tender 3 consisted of one (1) lot – Mellieha by-pass, Mellieha.</p> <p>One tender document was issued for Project Management of the five projects.</p>		
Project 1 - Council of Europe Avenue & Giuseppe Garibaldi Avenue, Luqa	August 2009	November 2009
Project 2 - Sea Passenger Terminal Access Road - Phase A	August 2009	November 2009
Project 2 - Sea Passenger Terminal Access Road - Phase B	August 2010	October 2010
Geotechnical Investigations for Project 2 Phase B	December 2008	January 2009
Project 3 - Marfa Road, Mellieha	October 2010	December 2010
Project 4 - Mgarr Road, Gozo	August 2009	November 2009
Project 5 -Mellieha By-pass, Mellieha	October 2010	December 2010
Construction Management (for all five Projects)	September 2009	November 2009
Road User Satisfaction Survey (Pre-construction)	September 2009	November 2009
Road Operator Satisfaction Survey (Pre-construction)	November 2010	December 2010
7. Land acquisition	August 2006	July 2011
8. Construction phase / contract ¹⁹⁹		
Project 1 - Council of Europe Avenue & Giuseppe Garibaldi Avenue, Luqa	March 2011	April 2013
Project 2 - Sea Passenger Terminal Access Road – Phase A	March 2011	April 2013
Project 3 - Marfa Road, Mellieha	March 2011	April 2013
Project 4 - Mgarr Road, Gozo	March 2011	April 2013
Geotechnical Investigations for Project 2B	May 2009	December 2009

¹⁹⁹ In the case of the works contracts, completion is achieved upon the issuing of the Provisional Acceptance Certificate. For projects 1 – 5, all snags and repair works were carried out by end of 2013.

Project 2 - Sea Passenger Terminal Access Road – Phase B	November 2011	September 2014
Project 5 - Mellieha By-pass, Mellieha	November 2011	June 2014
Construction Management (for all five (5) Projects)	March 2011	September 2014
Road User Satisfaction Survey (Pre-construction)	January 2010	June 2010
Road Operator Satisfaction Survey (Pre-construction)	January 2011	March 2011
9. Operational phase ²⁰⁰		
Project 1 - Council of Europe Avenue & Giuseppe Garibaldi Avenue, Luqa	May 2012	May 2032
Project 2 - Sea Passenger Terminal Access Road – Phase A	June 2012	June 2032
Project 3 - Marfa Road, Mellieha	December 2012	December 2032
Project 4 - Mgarr Road, Gozo	December 2012	December 2032
Project 2 - Sea Passenger Terminal Access Road – Phase B	April 2014	April 2034
Project 5 - Mellieha By-pass, Mellieha	April 2013	April 2033

CF 118 - Rehabilitation and Restoration of Closed Landfills

This project was approved by a CION decision dated 28th July 2010 with a total public eligible cost of €26,224,382. It targets the rehabilitation and restoration of the Magħtab and Qortin landfills with the installation of an engineered capping to better control gas emissions and the reduction of rainfall infiltration, including the placement of sub-soil and top-soil plantation of indigenous Maltese plants. The project also includes the rehabilitation of the closed landfill in Marsascala from a derelict area to allow beneficial reuse by the community.

Table 55 lists the project timetable for this Major Project. During 2013, implementation and disbursement were well under way, with the works tenders for the Rehabilitation and Restoration of the Qortin Landfill, the Marsascala Landfill and the Magħtab Phase 2 progressing at a good pace. The remaining works tenders such as the Qortin Reservoir and the Chain Link Fence for Magħtab & Qortin will be issued throughout 2014²⁰¹. The project is expected to be concluded by Q2 of 2015.

²⁰⁰ The start date is taken as the date of the completion of works in the construction phase, excluding the period for snagging and testing. The completion date reflects the period within which Beneficiary is bound to sustain the investment, that is, for at least a period of twenty (20) years as indicated in the project CBA.

²⁰¹ These additional works tenders were approved for co-financing by the MA in July 2013

Table 55 Project Timetable for CF 118

	Start (A)	Date	Completion (B)	Date
1. Feasibility Studies	November 2008		April 2010	
2. Cost-benefit Analysis (including Financial Analysis)	April 2009		April 2010	
3. Environmental Impact Assessment	N/A		N/A	
4. Design Studies	March 2009		August 2009	
5. Preparation of Tender Documentation				
Maghtab Phase I	February 2009		April 2010	
Maghtab Phase II	January 2011		November 2011	
M'Scala Works	December 2009		September 2010	
Qortin Works	January 2011		November 2011	
Enabling Works for Maghtab/M'Scala/Qortin	January 2010		April 2012	
Maghtab Reservoir and Storm Water Pipe	March 2013		February 2014	
Qortin Reservoir	October 2013		March 2014	
Galvanised and Stainless Steel Pipe Fittings/Gas Extraction System / Reverse Osmosis for Maghtab and Qortin	June 2013		February 2014	
Main Bench and Leachate Two Tank Reservoir at Maghtab	April 2013		March 2014	
Chain Link Fence for Maghtab & Qortin	July 2013		March 2014	
6. Launch of Tender Procedure(s)				
Maghtab Phase I	May 2010		July 2010	
Maghtab Phase II	December 2011		February 2012	
M'Scala Works	October 2011		November 2011	
Qortin Works	December 2011		January 2012	
Enabling Works for Maghtab/M'Scala/Qortin	April 2010		June 2012	
Maghtab Reservoir and Storm Water Pipe	April 2014		June 2014	

Qortin Reservoir	April 2014	June 2014
Leachate two tank reservoir at Maghtab	May 2014	July 2014
Chain Link Fence for Maghtab & Qortin	May 2014	July 2014
7. Land Acquisition	N/A	N/A
8. Construction Phase / Contract		
Maghtab Phase I	August 2011	November 2013
Maghtab Phase II	April 2013	June 2015
M'Scala Works	April 2012	November 2013
Qortin Works	October 2012	December 2014
Enabling Works for Maghtab/M'Scala/Qortin	April 2010	October 2012
Maghtab Reservoir and Storm Water Pipe	August 2014	May 2015
Qortin Reservoir	August 2014	May 2015
Leachate two tank reservoir at Maghtab	August 2014	May 2015
Chain Link Fence for Maghtab & Qortin	August 2014	May 2015
9. Operational Phase ²⁰²	June 2015	June 2035

ERDF 196 - Mater Dei Hospital Oncology Centre

ERDF 196 was approved by CION in April 2012. This project will be providing a modern oncology facility as an extension to the present Mater Dei Hospital, offering advanced cancer treatment modalities and a new service through the establishment of a palliative care unit. The total public eligible cost of the project as approved by the Commission is €48,802,722. This amount was reduced to €44,302,722 following the registration of €4,500,000 savings during contracting.

The Mater Dei Hospital Oncology Centre will replace the existing Sir Paul Boffa Hospital and will be physically and organisationally inter-connected to the Mater Dei Hospital. It will accommodate around ninety-six (96) beds – seventy-four (74) inpatient beds and twenty-two (22) day-care beds – and will be divided in four (4) functional areas²⁰³ with additional spaces for clinical and non-clinical support services. The figure below shows an artist's impression of the front view of this treatment centre.

²⁰² Completion date calculated on a reference period of twenty (20) years.

²⁰³ These being inpatient areas, outpatient areas, treatment areas including radiotherapy treatment and anaesthesia procedure facilities.

Figure 8 Mater Dei Oncology Centre



The project also includes additional investments in environmentally-friendly technologies such as a fresh air ventilation system, photovoltaic panels on the roof as well as rain water collection and collection and treatment of waste water in order to lower the dependence on fossil fuels and consequently, to achieve a substantial reduction in carbon dioxide emitted into the atmosphere.

The majority of the works tenders under this project were already contracted in the previous years. In general, most of the structural works were completed by the end of 2013. Yet some works were still pending, including the construction of the bridge that will link Mater Dei Hospital to the Oncology Centre. Given the nature of the project, the coordination of the mechanical and electrical works is proving to be very complicated. These works are currently lagging behind schedule, however, these works are now the focus of progress on site and every effort is being made for these works to be accelerated even further.

Internal finishes were ongoing and once these are completed, the equipment and furniture which forms part of this project will be installed. With regard to external works, these shall be finalized towards the end of the project.

Implementation on the Oncology Hospital progressed well during 2013, and all works are expected to be finalised in 2014.

Table 56 Project Timetable for ERDF 196

	Start date (A)	Completion date (B)
1. Feasibility Studies	N/A	N/A
2. Cost-benefit Analysis (including Financial Analysis)	October 2009	March 2011

3. Environmental Impact Assessment ²⁰⁴	N/A	N/A
4. Design Studies	N/A	N/A
5. Preparation of Tender Documentation		
Bulk excavations	August 2009	October 2009
Design, Development & Build ²⁰⁵	May 2009	October 2010
Furniture and loose fittings ²⁰⁶	April 2011	March 2014
Medical Equipment	February 2010	March 2011
Brachytherapy Equipment	October 2012	April 2014
MRI Machine	July 2012	July 2013
Landscaping works	September 2012	March 2014
ICT Equipment	April 2012	March 2014
PV and energy saving measures	August 2013	February 2014
Electrical Substation ²⁰⁷	May 2009	April 2013
6. Expected / Launch of Tender Procedure(s) ²⁰⁸		
Bulk excavations	November 2009	January 2010
Design, Development & Build	November 2010	February 2011
Furniture and loose fittings	April 2014	June 2014
Medical equipment	April 2011	July 2011
Brachytherapy Equipment	May 2014	June 2014
MRI Machine	August 2013	October 2013
Landscaping works	April 2014	May 2014
ICT Equipment	April 2014	May 2014
PV and energy saving measures	March 2014	May 2014

²⁰⁴ Since this project physically consists of an extension to the existing Mater Dei General Hospital, an Environmental Impact Statement (EIS) had originally been requested for the entire hospital project in accordance with Section 3.1 of the then "Policy and Design Guidance for Environmental Impact Assessment in Malta", 1994. Following screening in accordance with Schedule IB of the EIA Regulations 2007, no significant environmental impacts were identified.

²⁰⁵ Originally this included the medical equipment which was issued separately in April 2011.

²⁰⁶ This tender was cancelled and it was recommended that four (4) separate tenders are issued instead. However, tender CT3112/2012 was partially awarded. The remaining items will be awarded through a separate tender (i.e. Supply, Delivery and Installation of Appliances and Ancillary Items and the Provision of Related Services for the Mater Dei Hospital Oncology Centre - Package B).

²⁰⁷ This tender originally formed part of the Design, Development and Build tender as Lot 2; however it was not awarded and was issued separately.

²⁰⁸ The completion date refers to the closing date of the publicised tender and does not include the evaluation process.

Electrical Substation	May 2013	July 2013
7. Land Acquisition	October 2009	July 2010
8. Construction Phase / Contract		
Bulk excavations	August 2010	April 2011
Design, Development & Build	January 2012	February 2014
Electrical substation	February 2014	August 2014
Furniture and loose fittings	August 2014	December 2014
Medical equipment	September 2012	December 2014
Brachytherapy equipment	August 2014	December 2014
MRI Machine	April 2014	December 2014
Landscaping works	July 2014	December 2014
ICT Equipment	August 2014	December 2014
PV and energy saving measures	July 2014	December 2014
Electrical substation	February 2014	August 2014
9. Operational Phase ²⁰⁹	December 2014	December 2030

CF 120 – National Flood Relief Project (NFRP)

With a total public eligible cost of €42,844,902,²¹⁰ once completed the National Flood Relief Project (NFRP) will address the lack of an adequate storm water management system in Malta. It addresses the flooding problems in 4 regions; Birkirkara/Msida/Gzira, Zebbug, Qormi/Marsa and Zabbar/Mscala. The project seeks to connect drainage solutions of adjacent basins, in order to achieve greater cost-effectiveness and hydraulic efficiency whilst optimising the scope for future water conservation.

Error! Reference source not found. shows the intervention being carried out underground whilst Table 57 further below shows the project timetable for this Major Project. During 2013, having all works tenders contracted, implementation progressed on all the tunnels with works expected to be finalised in 2014 and operational by Q1 of 2015.

²⁰⁹ The operational phase will start with project completion, i.e. with the opening of the hospital to the general public. The project has a reference period of twenty (20) years made up of the initial project implementation phase of four (4) years and a further sixteen (16) years post-commissioning period.

²¹⁰ Public Eligible value decreased by €9,964,232 since these were registered as savings on 17th September 2013

Figure 9 National Flood Relief Project



Table 57 Project Timetable for CF 120

	Start date (A)	Completion date (B)
1. Feasibility Studies	April 2009	May 2011
2. Cost-benefit Analysis (including Financial Analysis)	April 2009	May 2011
3. Environmental Impact Assessment	April 2009	June 2010
4. Design Studies	April 2009	July 2010
5. Preparation of Tender Documentation		
Supervision Overall Project (Resident Engineer)	February 2010	October 2010
Project Scheme 1 Part 1 - Tunnels: Birkirkara/Msida-Gzira-Marsa Part 2 – Gzira Reservoir- Part 3 – Marsa Bridges and Canals Part 4 – Tunnel: Marsa-Zebbug	February 2010	October 2010
Project Scheme 2 Part 5 – Tunnel: Marsascalea-Zabbar	February 2010	October 2010
NFRP Equipment Part 6 – Supply of Machinery	January 2013	April 2013
6. Expected / launch of Tender Procedure(s)		
Supervision Overall Project (Resident Engineer)	January 2011	May 2011
Project Scheme 1 Part 1 - Tunnels: Birkirkara/Msida-Gzira-Marsa Part 2 – Gzira Reservoir Part 3 – Marsa Bridges and Canals Part 4 – Tunnel: Marsa-Zebbug	May 2011 September 2010 April 2011 December 2010	October 2011 September 2011 October 2011 May 2011
Project Scheme 2 Part 5 – Tunnel: Marsascalea-Zabbar	March 2012	December 2012
NFRP Equipment Part 6 – Supply of Machinery	May 2013	November 2014
7. Land Acquisition	May 2010	November 2014
8. Construction Phase / Contract		

Supervision Overall Project (Resident Engineer)	February 2012	March 2015 ²¹¹
Construction phase Project Scheme 1		
Part 1 - Tunnels: Birkirkara/Msida-Gzira-Wied Incita	March 2012	August 2014 ²¹²
Part 2 – Gzira Reservoir	March 2012	October 2013 ²¹³
Part 3 – Marsa Bridges and Canals	November 2012	September 2014
Part 4 – Tunnel: Marsa-Zebbug	March 2012	September 2014
Construction phase Project Scheme 2		
Part 5 – Tunnel: Marsascalea-Zabbar	January 2013	September 2014
NFRP Equipment		
Part 6 – Supply of Machinery	October 2013	December 2014
9. Operational Phase	March 2015 ²¹⁴	March 2044

CF 125 - Improving the TEN-T Road Infrastructure (Phase 2)

The project is the second part (complementary to CF117) of road infrastructure works on the TEN-T network for the programming period 2007-2013. It was formally approved by CION on 11th June 2013. This second phase entails the re-construction and upgrading of the Salina Coast Road. This stretch of road translates into an additional 7.3kms of road network, leading to a reduction in journey delays and, above all, enhanced road safety. As at end 2013, the project was still in the initial phases of implementation, as explained in Table 58 below:

Table 58 Project Timetable for CF 125

	Start (A)	Date	Completion (B)	Date
1. Feasibility Studies:	February 2004		November 2004	
2. Cost-benefit analysis (including Financial Analysis):	July 2010		January 2013	
3. Environmental Impact Assessment:	November 2010		July 2012	
4. Design studies including MEPA	August 2008		August 2012	

²¹¹ Beneficiary has requested the Department of Contracts approval for enlarging the Birkirkara Tunnel. This date is based on the assumption that an approval is granted.

²¹² Beneficiary has requested an extension of time for the enlargement of the Birkirkara tunnel. This date is based on the assumption that an approval for an extension of time is granted.

²¹³ This date is inclusive of the period of temporary suspension of works requested by Beneficiary.

²¹⁴ Beneficiary has requested the Department of Contracts approval for enlarging the Birkirkara Tunnel. This date is based on the assumption that an approval is granted.

Permits:		
5. Preparation of Tender Documentation:		
Construction Management Supervision	November 2012	February 2013
Works Salina Coast Road Phase I & II	January 2012	February 2013
Monitoring for Ecology, Archaeology, Dust and Noise during implementation	February 2013	April 2013
Road User & Operator Satisfaction Survey (Pre-construction)	December 2012	February 2013
Road User & Operator Satisfaction Survey (Post-construction)	June 2014	August 2014
6. Expected launch of Tender Procedure(s): ²¹⁵		
<p>The procurement of works for the project will be carried out as follows:</p> <p>Call 1 consisting of one (1) tender for Salina Coast Road Phase I from NA 8 - Maghtab</p> <p>Call 2 consisting of one (1) tender for Salina Coast Road Phase II from Maghtab to Commonwealth Cemetery</p> <p>Call 3 consisting of one (1) tender for Construction Management for both Phases I & II of Salina Coast Road.</p>		
EIS & AA Studies		
EIA Co-ordinator	August 2010	November 2010
Noise Baseline Study	March 2011	September 2011
Cultural Heritage Study	March 2011	May 2011
Human Populations Study	March 2011	September 2011
Geo-Environment Study	March 2011	July 2011
Construction Management (for both Phase I and II of Salina Coast road) including adjudication of tender	March 2013	September 2013
Works Salina Coast Road Phase I	February 2013	February 2014
Works Salina Coast Road Phase II	February 2013	February 2014
Monitoring for Ecology, Archaeology, Dust and Noise during implementation	May 2013	February 2014
Road User & Operator Satisfaction Survey (Pre-construction)	February 2013	June 2013
Road User & Operator Satisfaction	September 2014	December 2014

²¹⁵ The completion date in this section includes the period required for the adjudication of tender.

Survey (Post-construction)		
7. Land Acquisition:	N/A	N/A
Salina Coast Road	August 2012	March 2014
8. Construction Phase / Contract:		
EIS & AA Studies		
EIA Co-ordinator	November 2010	April 2012
Noise Baseline Study	September 2011	January 2012
Cultural Heritage Baseline Study	May 2011	February 2012
Human Populations Study	September 2011	January 2012
Geo-Environment Study	July 2011	January 2012
Construction Management	February 2014	August 2015
Works Salina Coast Road Phase I ²¹⁶	March 2014	April 2015
Works Salina Coast Road Phase II ²¹⁷	March 2014	May 2015
Monitoring for Ecology, Archaeology, Dust and Noise during implementation	March 2014	May 2014
Road User & Operator Satisfaction Survey (Pre-construction)	December 2013	March 2014
Road User & Operator Satisfaction Survey (Post-construction)	February 2015	April 2015
9. Operational Phase: ²¹⁸		
Salina Coast Road phase I	January 2015	2039
Salina Coast Road Phase II	January 2015	2039

CF 119 - Malta North Waste Treatment Facility

This project aims to increase the treatment capacity for mixed municipal wastes and thus contribute to the achievement of targets imposed by EU Directives, most importantly the ones for the reduction of biodegradable municipal waste going to landfill required by the EU Landfill Directive. These objectives are to be reached through the design, construction and operation of a Mechanical and Biological Treatment (MBT) plant to be situated in the North of Malta. Although in a more limited manner, the

²¹⁶ Start date is taken as the date of the order to start works. Completion date is within a period of 78 weeks from order to start works, including 24 weeks for closure and up to issue of provisional acceptance certificate.

²¹⁷ Start date is taken as the date of the order to start works. Completion date is within a period of 80 weeks from order to start works, including 24 weeks for closure and up to issue of provisional acceptance certificate.

²¹⁸ Start date of operational phase is taken to be date of completion of the actual works, estimated as 54 weeks for Phase I and 56 weeks for Phase II. The project has a reference period of 25 years.

project, will also contribute to increasing material and energy recovery/recycling from waste through the separation of several recyclable materials from mixed waste and the production of biogas from organic waste which is transformed into usable heat and electricity.

This project was submitted to CION in March of the year under review and was approved in November. The main design and build tender was contracted in December 2013, with works expected to commence in Q1 of 2014. This tender was issued in three separate lots; Lot 1 is dedicated to the design and construction of the MBT plant for MSW; Lot 2 caters for the construction of facilities required for manure treatment; and Lot 3 relates to the operation of the plant by the contractor, including the provision of technical support to WasteServ in order to ensure the efficient and effective operation of the Waste Treatment and Biogas Facility. Both Lots 2 and 3 are to be financed through national funds.

Table 59 Project Timetable for CF 119

	Start (A) date	Completion (B) date
1. Feasibility studies:	July 2010	September 2012
2. Cost-benefit analysis (including financial analysis):	July 2010	September 2012
3. Environmental impact assessment:		
3i Drafting and submission of EIA to Malta Environment & Planning Authority (MEPA)	April 2010	September 2011
3ii. Processing leading up to MEPA report on EIA	September 2011	April 2012
3.iii Submission of application for planning permit and envisaged target date for issuing of the planning permit	May 2011	October 2013
4. Design studies:		
4.i Studies	May 2010	February 2012
4.ii. Formal Submission and approval of EU Application by European Commission	March 2013	November 2013
5. Preparation of Tender documentation:		
5.i DBO tender MTP & AD including vetting by the Department of Contracts	March 2011	December 2012

5.ii Supply of mobile plant	May 2014	July 2014
6. Expected launch of tender procedure(s) including evaluation and adjudication of respective tender		
6.i Tender for EPCM consultancy service for construction of MBT	October 2009	September 2010
6.ii DBO tender MTP & AD	December 2012	December 2013
6.iii Tender for supply of mobile plant ²¹⁹	August 2014	February 2015
7. Land acquisition:	N/A	N/A
8. Construction phase / contract:		
8.i From award of EPCM ²²⁰ consultancy service for construction and installation of MBT	March 2010	October 2015 ²²¹
8.ii From award of DBO tender MTP & AD up to Installation of MTP equipment	November 2013	June 2015 ²²²
8.iv From award of DBO tender MTP & AD up to installation of AD equipment	November 2013	September 2015 ²²³
8.v From award of supply of mobile plant up to provision of supply of such plant	March 2014	August 2015
9. Operational phase:	September 2015	September 2029
MTP ²²⁴	September 2015	September 2029
AD ²²⁵	September 2015	September 2029

²¹⁹ The launch of this tender is dependent on the adjudicating of the DBO tender first as specifications will need to be determined with the bidder who will be awarded the DBO tender.

²²⁰ Engineering, Procurement, Construction Management Consulting Services.

²²¹ Excluding the period of 24 months monitoring to be undertaken during the commissioning which the DBO contractor will have to undertake from completion of works. Issuing of final certificate (i.e following termination of operations period) expected on 20/10/2017.

²²² Excluding finishing works and 24 months operational commissioning.

²²³ Excluding finishing works and 24 months operational commissioning.

²²⁴ Date when 24 months operational commissioning commences. Issuing of final certificate expected on 29/9/2017.

²²⁵ Date when 24 months operational commissioning commences. Issuing of final certificate expected on 29/9/2017.

04.1.2 Progress in the Financing of Ongoing Major Projects

Table 60 Sources of Co-financing²²⁶ for Ongoing Major Projects

Source of Total Investment Costs (€)						
Project No & Name	Total Investment Cost	Union Assistance	National public (or equivalent)	National private	Other sources (specify)	EIB/EIF Loans (For Information)
CF 117 - Improving the TEN-T Road Infrastructure (Phase I)	€66,065,490	€39,480,791	€26,584,698	Nil	Nil	Nil
CF 118 - Rehabilitation and Restoration of Closed Landfills	€30,944,771	€22,290,725	€8,654,046	Nil	Nil	Nil
CF119 – Malta North Waste Treatment Facility	€59,243,056	€26,700,333	€32,542,723	Nil	Nil	Nil
CF 120 – National Flood Relief Project	€52,541,430	€36,418,167	€16,123,263	Nil	Nil	Nil
CF 125 - Improving the TEN-T Road Infrastructure (Phase II)	€57,064,741	€42,364,294	€14,700,447	Nil	Nil	Nil
ERDF 196 – Mater Dei Oncology Centre	€54,129,590	€37,657,314	€16,472,276	Nil	Nil	Nil

Table 61 gives an overview of the financial situation, including the contracting, disbursement, verification and certification of amounts carried out since the beginning of the programming period till end of 2013, of the major projects approved by the CION.

²²⁶ Table as per Article 5 of Annex XVIII Annual and Final Reporting of Regulation 1828/2006.

Table 61 Financial Situation of Major Projects

Project No. and Name	Total Public Eligible	Contracted	Disbursed		Verified		Certified	
			EU	MT	EU	MT	EU	MT
CF 117 - Improving the TEN-T Road Infrastructure (Phase 1)	€46,447,990	€43,501,171	€31,468,171	€5,553,207	€30,653,139	€5,409,377	€30,653,139	€5,409,377
CF 118 - Rehabilitation and Restoration of Closed Landfills	€26,224,382	€16,604,276	€7,082,931	€1,249,929	€6,437,391	€1,136,010	€6,437,391	€1,136,010
CF 116 - Malta South Sewage Treatment Infrastructure	€67,968,030	€67,968,030	€57,772,826	€10,195,205	€57,772,826	€10,195,205	€57,772,826	€10,195,205
CF 120 – National Flood Relief Project	€42,844,902	€35,286,273	€15,981,296	€2,820,229	€15,792,683	€2,786,944	€15,792,683	€2,786,944
CF 125 - Improving the TEN-T Road Infrastructure (Phase II)	€49,840,345	€49,080,000	-	-	-	-	-	-
CF119 – Malta North Waste Treatment Facility	€31,412,157	€27,487,666	€5,225,889	€922,216	€4,819,162	€850,440	€4,819,162	€850,440
ERDF 196 – Mater Dei Hospital Oncology Centre	€44,302,722	€33,196,384	€14,962,407	€2,640,425	€14,629,616	€2,581,697	€14,629,616	€2,581,697

04.2 Completed Major Projects

04.2.1 CF 116 – Malta South Sewage Treatment Infrastructure

The project included the construction of a new urban wastewater treatment plant at Ta' Barkat, a new wastewater pumping station at Rinella, the upgrading of an existing wastewater pumping station in Xgħajra, a new 1.7 km wastewater gallery from Rinella to Ta' Barkat and the construction of a 1 km submarine outfall.

This project was fully operational and was officially opened in June 2011. However, project completion was delayed until June 2012 in order to complete pending administrative requirements and tasks, in particular the processing of payments.

As per Annex XVIII of EC/1828/2006, **Error! Reference source not found.** provides the total investment cost of CF 116 following its formal completion.

Table 62 Total Final Investment Costs

Source of Total Investment Costs (€)					Of which (for Information)
Total investment cost [H.1.12.(A)]	Community assistance [H.2.1.5]	National public (or equivalent)	National private	Other sources (specify)	EIB/EIF loans:
(a)= (b)+(c)+(d)+(e)	(b)	(c)	(d)	(e)	(f)
80,073,153	57,772,826	10,195,205		12,105,122	10,497,821

It is worth mentioning, that this project on its own managed to achieve one output and two result indicators mentioned in the Operation Programme I. With regard to the output indicator, this project achieved the target of constructing one liquid waste treatment plant. When it comes to result indicators, this project also managed to achieve class 1 status of coastal waters²²⁷ in the south and also fully achieved the result indicator of the OP when it comes to the % decrease of the national sewage effluent discharge. These two result indicators are of particular importance for Malta since

²²⁷ Before this project was undertaken, the Xgħajra bathing waters were classified as Class 3 under the Barcelona Convention, whereas now they are classified as Class 1.

their achievement reflects the improvement in the bathing water quality of the 5km coastline extending between Ricasoli and Marsascula in line with the bathing Water Directives 76/160/EEC and 2006/7/EEC. Moreover, together with the successes from the Gozo and the North of Malta wastewater treatment plants, Malta is now also in line with the EU Urban Wastewater Directive 91/271/EC, leading it to become the first Mediterranean country to treat all wastewater entering collecting systems, before discharge. Another result indicator achieved under this project is the one related to the total renewable energy resources recovered from waste, which during 2013 reached 4.33 GWhrs. In addition to these results, this project has also created twenty (20) new jobs and managed to increase the environment weighted average by 154%.

Thanks to these achievements, this project notably improved the socio-economic environment of the Maltese Islands. Some of these socio-economic benefits include: increased recreational value of the North East coastal area; improved potential for fishing in the area which was previously contaminated with raw wastewater, and improved quality of life for residents, in particular, those living next to the previous marine raw wastewater discharge.

04.3 Significant Problems Encountered in Implementing Major Projects and Measures Taken to Overcome Them

With regard to CF 118, a number of unforeseen circumstances led the beneficiary to request approval for the co-financing of additional tenders, and as a consequence, an extension to the project deadline until June 2015.²²⁸ For example, the works tender for the build-up of the main circulation bench at Maghtab could not be issued with the main works tender since the circulation route and design were dependent on the MEPA permit PA1293/12 (Construction of AD & MTP including site offices and circulation routes).

Moreover, other substantial delays were encountered due to the variations requested under the works tenders for the Rehabilitation and Restoration of the Qortin Landfill, the Marsascula Landfill and the Maghtab Phase 1 and Phase 2. These variations had to be approved/rejected by DoC and subsequently, confirmation of funds had to be given by the MA. As a mitigation measure, weekly meetings were carried out between the MA and DoC, coupled with constant follow-up by the MA officer and the Beneficiary.

With regard to CF 119, delays were encountered in the approval of the project by the Commission due to possible state aid implications which needed to be ascertained and clarified. As a way to overcome the above, continuous exchange of correspondence and teleconferences were held

²²⁸ Given that this is a major project, the Managing Authority circulated an information note to the Monitoring Committee on the 13th June 2013 and allowed ten (10) working days for feedback. No objections were received and the Managing Authority approved the new tenders on a number of conditions.

between the MA, the beneficiary and JASPERS. Other delays were encountered in the contracting of the main works tender due to the various clarifications that were requested to the bidders at evaluation stage. In fact, this tender closed in April, while the contract was signed in December 2013. This substantially delayed the commencement of works and negatively impacted the disbursement for the year 2013, given that only the pre-financing guarantee was processed before year end.

Other problems encountered in the implementation of major projects have been highlighted under the relevant Priority Axis in Chapter 3.

04.4 Any Change in the Indicative List of Major Projects in the Operational Programme

No changes were recorded to the indicative list of Major Projects in the Operational Programme during 2013.

04.5 Conclusion

All seven (7) major projects identified within OPI registered significant progress in 2013. This success is due to the excellent work undertaken by the local Beneficiaries and stakeholders as well as the expertise and support provided by JASPERS and the CION. The year under review was also very intensive as regards the Regulatory Package for the 2014-2020 Programme. This rigorous process also involved negotiations on the articles related to the major projects which will set the regulatory framework for the upcoming programming period.

05. Technical Assistance

05.1 Explanation of the use made of Technical Assistance

05.1.1 Introduction

During the seventh year of implementation of the OPI, Technical Assistance (TA) has continued to assist the effective implementation of the Programme, with expenditure on all components namely: actions related to the implementation of Cohesion Policy; information and publicity actions; evaluation; capacity building measures; and the supply of furniture and equipment.

It should be pointed out that in November 2013, through a written procedure, the Monitoring Committee adopted the shifts as proposed by the MA within the ERDF TA components. The shift was necessitated following the commitment undertaken by the MA to finance the National Transport Strategy through the ERDF TA fund²²⁹ in line with Section 4.7 of the OPI. Moreover, the allocation to the furniture and equipment component was also increased to cover additional requests received during 2013. This shift in funds was also possible in the light of the fact that following the presentation of the revised evaluation and communication plan, a decrease in the allocation of the respective components was proposed. This decrease did not result in a change to the planned activities under the evaluation and communication plan. The comparative table below records the shifts as adopted:

Table 63 Adopted shifts in ERDF TA

	Approved (2012)	Adopted (2013)
	€	€
A. Furniture and Equipment	120,000	150,000
B. Implementation of the Cohesion Policy	7,707,095	8,700,000
C. Information and Publicity	1,200,000	1,177,095
D. Evaluation	2,000,000	1,620,000
E. Capacity Building	1,300,000	680,000

²²⁹ Implementation of the Cohesion Policy component

A number of demand-driven requests were received throughout 2013 for the use of TA funds submitted by the different units within the MA (including the horizontal units) as well as from a number of horizontal stakeholders, including the Treasury Department, the Audit Authority and the Department of Contracts. The continuous flow of requests received, also linked to the importance of the N+3/2 targets that the programme faced during 2013 as well as the surge in activities linked to the preparation for the new programming period are proof of the pivotal role TA has in the implementation of the programme. As in previous years, a substantial amount of the requests received were of a fragmented nature and this continues to be administratively burdensome on a number of the stakeholders involved in the management, monitoring, implementation and payment process²³⁰ linked to TA. However, during the 2013 a number of simplification procedures²³¹ were introduced to ensure an overall smooth and efficient implementation of TA.

During the year under review, contracting under TA witnessed an increase of 29% when compared to 2012, while the number of payments processed during the same year increased by 38%.

05.1.2 Implementation of Cohesion Policy

The intensive control function required for the implementation of Cohesion Policy has continued to generate the need to support the necessary capacity within the MA as well as other stakeholders, including the IBs managing Grant Schemes, the Treasury Department, the Department of Contracts and the Certifying Authority to undertake their function in line with Articles 58-62 of EC Regulation 1083/2006 as part of the Management and Control System.

TA continued to support the management function of the MA through the financing of the project selection process. As per Articles 63-68 of EC Regulation 1083/2006, the TA financed a number of activities related to the successful monitoring of the implementation of the OP, including the preparation and holding of the Monitoring Committees,²³² the high-level bilateral meetings held on a monthly basis, the Inter-Ministerial Co-ordination Committee (IMCC) meeting²³³ which is held to ensure avoidance of double financing of operations under different Programmes/Grant Schemes, as well as the holding of management meeting²³⁴ to monitor the progress in the implementation of the OP. Other TA costs involved the day-to-day implementation costs of the MA as well as of other stakeholders.

The TA also financed the provision of Technical Expertise for the Strategic Environmental Assessment (SEA). Furthermore, as explained earlier in this chapter, funds were also committed to

²³⁰ Including the MA (as the Beneficiary), the Line Ministry, the Treasury as well as the Director Corporate Services

²³¹ Such as the introduction of an adjustment checklist used when reimbursing staff salaries and a travel checklist to simplify the process for travel reimbursements.

²³² held in April and November 2013

²³³ held in May 2013

²³⁴ held in July 2013

the provision of professional services for the development of a National Transport Strategy. Moreover, during the year under review, there was continued development and enhancement on the management and information system for which a number of payments were affected.

TA continued to finance costs related to the management and control of Grant Schemes including the rendering of consultancy services of an Evaluator to TSDU and the provision of Surveyor Services required for the control and monitoring of activities by Beneficiaries of the EU Tourism Grant Scheme. Other activities were also financed through the TA such as a press conference, the services of a photographer in connection with printing of diaries and calendars, a seminar held in February 2013 and a video production utilised during the announcement of Call 4 of the same Grant Scheme.

In preparation for the next Programming Period, the TA has continued to finance costs relating to the 2014-2020 programming period. In this regard, TA supported requests related to the launch of the Public Consultation on the Partnership Agreement 2014-2020. The increased importance of the preparation of the new programming period was also reflected in the continued development and enhancement of the SFD through the signing of the E-Cohesion 2014-2020 consultancy contract.

05.1.2 Information and Publicity

Section 1 of Chapter 2 of EC Regulation 1828/2006 requests each Member State to undertake information and publicity actions in order to create awareness on the implementation of the Operational Programmes, including the promotion of results achieved through the various projects and schemes implemented.

In line with these regulatory obligations,²³⁵ the annual event for 2013 involved the participation of the MA in the cultural event known as 'Notte Bianca – Lejl Imdawwal', which took place on 5th October 2013. More details on the annual event can be found in Chapter 6. Furthermore, the electronic leader board adverts featured in April as well as between September and November 2013 to promote the website www.investinginyourfuture.gov.mt featuring information on approved projects under OPI and OPII were also financed through TA.

As in previous years, TA continued to fund publicity related to the announcement of the open calls for project proposals held during 2013 and the related information sessions. In addition, TA financed the third Local Informal Information and Publicity Network (LIIP)²³⁶ which was held on 6th June 2013. During the year under review, TA also contributed towards the procurement undertaken by the MA of

²³⁵ Article 7 of EC Regulation 1828/2006 obliges Member States to organise 'at least one major information activity a year, presenting the achievements of the operational programme

²³⁶ The LIIP is a forum for discussing various methods to promote and provide information about Cohesion Policy 2007-2013, to foster the exchange of best practices and further reinforce cooperation between the MA, Beneficiaries and other stakeholders involved in the communication of Cohesion Policy objectives and achievements.

the services of a professional photographer and the procurement of promotional items in order to enhance the promotion of Cohesion Policy success and results.

In 2013, Malta participated in the OPEN DAYS 2013- European Week of Regions and Cities Event by organising a Financial Engineering Conference on 19th September 2013 and this was also covered by TA.

In line with the preparation of the new programming period 2014-2020, a request to finance the drafting of the Communication plan under TA was also received and approved during 2013.

05.1.3 Evaluation

Article 48 of EC Regulation 1083/2006 highlights the responsibilities of each Member States with regard to evaluation activities. The drafting of the Thematic Evaluation for OPI was ongoing during 2013 and the first payment in relation to the approved Inception Report was financed by TA.

Moreover, evaluation activities linked to the 2014-2020 programming period were also financed through the ERDF Technical Assistance. The Ex Ante Evaluation contract of the new programming period was awarded in Q1 2013; however due to the fact that the Regulatory Package was only agreed upon in Q4 2013, the contractor carried out the preparatory work in Q4 2013 with no payments made in 2013.

The Strategic Environmental Assessment contract of the new programming period was awarded in Q2 2013. However, due to the fact that the finalisation of the Regulatory Package was delayed and given that the Partnership Agreement, forming the basis of the Operational Programmes for the next programming period, will be presented to the European Commission in 2014, the contractor started its preparatory work in Q4 2013. In this regard, no related payments were carried out through TA funds in 2013.

TA also financed the Evaluation Steering Group meeting which was held in December 2013.

05.1.4 Capacity Building

In line with Article 46 of EC Regulation 1828/2006, TA may finance activities to reinforce the administrative capacity for implementing the Funds. In order to achieve this aim, TA financed various capacity building initiatives for stakeholders responsible for the implementation of the programme,

including the Managing Authority, Intermediate Bodies, Department of Contracts, Treasury Department, Certifying Authority and the Audit Authority.

In 2013, TA funded the travel costs of a number of participants²³⁷ to enable them to attend different seminars, conferences and training abroad which are linked to the implementation of the Operational Programme. During the year under review, the TA also supported the costs involved in organising local training.²³⁸

05.1.5 Furniture and Equipment

During the year under review new office furniture and equipment was purchased and/or leased. Given the advanced implementation stage of the current Programming Period, more storage solutions were required by different stakeholders and these were funded through TA. Storage solutions are required in view of Art 90 of EC 1083/2006 given that all the original supporting documents regarding expenditure and audits on the operational programme concerned are to be kept available for the Commission and the Court of Auditors for a period of three years following the closure of an operational programme.

05.2 Technical Assistance Expenditure

The year under review saw Technical Assistance gain momentum as more operations were approved and substantial progress was also registered in the disbursement of funds. Out of the €5.7M processed till the end of 2013, EUR1.6M (or 28%) was disbursed during the year. This means that in 2013, 13% of the overall contribution allocated to the OP for TA²³⁹ was disbursed, whilst efforts will continue to be made to ensure the maximum utilisation of TA funds.

²³⁷ Sixty five (65) participants

²³⁸ Training on verification templates – 43 officers participated in the training held in April for MA officers; Induction training for New Beneficiaries and New Recruits – 85 participants for the training held in July. It should also be pointed out that training activities, especially the delivery of presentations, are held during day-to-day monitoring meetings with beneficiaries.

²³⁹ €12,327,095

06. Information and Publicity

06.1 Measures Taken to Provide Information and Publicity on the Operational Programmes

During the year under review, the MA continued to ensure a steady flow of information on the implementation of the Programme in order to guarantee that information on how Cohesion Policy funds are being used in Malta, particularly at this stage of the programme implementation, is available to all interested parties. Several activities have been undertaken to get the message through to potential beneficiaries (when launching calls for project proposals) and the general public (in terms of achievements made so far in the implementation of the Operational Programme) in line with the obligations emanating from Implementing Commission Regulation (EC) No. 1828/2006, on the lines of the revised Communication Plan as presented to the Monitoring Committee in 2011.²⁴⁰ The activities foreseen within the plan comprise of a number of information and promotional measures, which are financed by the two Operational Programmes individually, or jointly, for common activities such as the annual information activities, depending on the nature of the activity in question. The following is a detailed assessment of the activities undertaken in 2013.

06.1.1 Analysis of Activities carried out in 2013

Annual Information Activity



In line with Article 7 (2) (b) of Commission Regulation (EC) No. 1828/2006, the MA is responsible for the organisation of one major information activity per year, to present the achievements accomplished within the operational programme.

For 2013, the MA decided to explore the potential of a well-known and well-attended activity in the Maltese cultural

calendar to promote Cohesion Policy 2007-2013 achievements. The MA chose to participate in *Notte Bianca*, which is a night-long event, replete with cultural and varied activities, held in the capital city, Valletta. The event took place on Saturday 5th October 2013.

²⁴⁰ The Communications Plan, originally approved by the EC on the 21st January 2007, was revised and presented to the MC on the 19th October 2011.

The objective of the Annual Information Activity for 2013 was to provide information and raise awareness of interventions being carried out under Cohesion Policy 2007-2013 among the general public, through innovative, simple yet effective measures.

During the Notte Bianca event, the MA set up an information marquee on site, defined through four specific spaces targeted for the public:



- Infographic: visual representations of the achievements made through Cohesion Policy 2007-2013;
- Informative: where the public could ask questions to the MA staff and receive information on EU funded projects being implemented in Malta and Gozo;
- Interactive: visitors were invited to use tools such as tablets and a touch-screen to acquire information in a fun and innovative manner; and
- Involvement: where upon answering a quiz-like question, visitors would be given the opportunity to be one of fifteen individuals that could be given a set of vouchers which were redeemable from three Cohesion Policy beneficiaries, namely the Malta National Aquarium (voucher for entrance to the aquarium worth €50), Heritage Malta (voucher for entrance to heritage sites worth €25) and the Malta College of Arts, Science and Technology (MCAST) (voucher for courses from the MCAST prospectus worth €25).

Through the provision of the tablets on site the public was able to visit the Investing in Your Future website whilst a number of promotional items²⁴¹ were also handed out. The MA staff provided the visiting public with information on Cohesion Policy in Malta, as well as on various projects being



implemented. This event was promoted on the local newspapers through a front page advert which also included reference to the quiz-like question in which the public was invited to participate.

²⁴¹ These were: USB data bands; Planting kit with herb seeds; Foldable nylon Frisbee in pouch; Phone stand; Pocket memo set; Phone stand bobble; Triangular shaped highlighter; Rubik's cube key-chain; A6 magnetic sheet; Customised latex balloons; and A4 ring-bound notepads. During the event, the A4 notepads, Frisbees and balloons were distributed, together with some other items from previous promotional items in stock.



By way of leading the public towards the stand, glow-in-the-dark stickers featuring the Investing in Your Future logo and the website’s QR code were affixed on the ground leading to the marquee. The MA staff took turns to go on ‘walkabouts’ around the area to invited people to the stand, to take the opportunity to learn more on the contents and purpose of Cohesion Policy.

The stand was opened at 17:00 with a visit from the Parliamentary Secretary for the EU Presidency 2017 and EU Funds. Throughout the night over 550 members of the public visited the stand with over 400 participating in the prize draw. The marquee was then closed at 01:00 on the Sunday morning.

As a follow-up to the event, a series of eleven (11) thematic full-page, full-colour advertorials were published on local print newspapers for eleven (11) weeks. Each week represented a different theme found on the Investing in Your Future website. The same design used on the roll-up banners displayed during Notte Bianca was used to retain consistency and be more memorable, especially among the members of the public who would have visited the stand in October. The advertorials were published on weekends to ensure maximum exposure.

EUROPEAN REGIONAL DEVELOPMENT FUND
EUROPEAN SOCIAL FUND
COHESION FUND
MAY 2007-2013

INVESTING IN YOUR FUTURE

OFFICE OF THE DEPUTY PRIME MINISTER
MINISTER FOR EDUCATION AND SPORTS
PARLAMENTARY SECRETARIAT
FOR THE EU PRESIDENCY 2007 AND EU FUNDS

HEALTH

5 PROJECTS WORTH
€50,000,000
THROUGH COHESION
POLICY 2007-2013

89% of the total amount
allocated towards health is
dedicated towards the
construction of a new
Oncology Hospital

investinyourfuture.gov.mt

IIYF_MT
IIYFMT

Operational Programme I & II - Cohesion Policy 2007-2013
Investing in Competitiveness & Better Quality of Life
Employment Policy for Growth, 2007-2013 & Better Quality of Life
Funding from the European Union, the European Commission
European Regional Development Fund (ERDF) and European Social Fund (ESF)
Co-financing from EU Funds (ERDF, ESF), 2007-2013; 50% National Funds
Investing in your future

FOND ERROFEN GRALLI SVILUPP REĠJONALI
FOND SOCJALI EWROPEJ
FOND TA' KOEŻJONI
MAY 2007-2013

INVESTU FIL-FUTUR
TIEGĦEK

UFFICJAL TAL-DEPUTAT PRIME MINISTRU
MINISTRU GRALLI PARLAMENTARJI EWROPEJ
ISSEJN IMBARKAT TANGĠERENT
GRALLI PRESIDENZA TAL-UE 2007 U FOND EWROPEJ

SAHHA

5 PROĠETT LI JISWEW €50,000,000
PERMEZZ TAL-POLITIKA TA' KOEŻJONI 2007-2013

89% tal-vot totali favur is-Sahha huwa ddedikat għall-bini
tal-iSptar tal-Onkologija

investinyourfuture.gov.mt

IIYF_MT
IIYFMT

Programma Operattiva I & II - Politika ta' Kożżjoni 2007-2013
Investar fil-Kompetittività għall-Kwalità ta' Proġett Affari
Implewmentazzjoni għall-impjgħ u għall-kwalità ta' Proġett Affari
Amor ta' Impjgħ għall-Kompetittività u għall-Kwalità ta' Proġett Affari
Fond Ewropew għall-Svilupp Reġjonali (ERDF) u Fond Soċjali Ewropew (ESF)
Kofinanzjar għall-Fond I & II, 2007-2013; 50% Fondazzjonali

Ministru tal-Edukazzjoni u l-Isport

Figure 10 Example of roll-up banner design in English and of advertorial design in Maltese

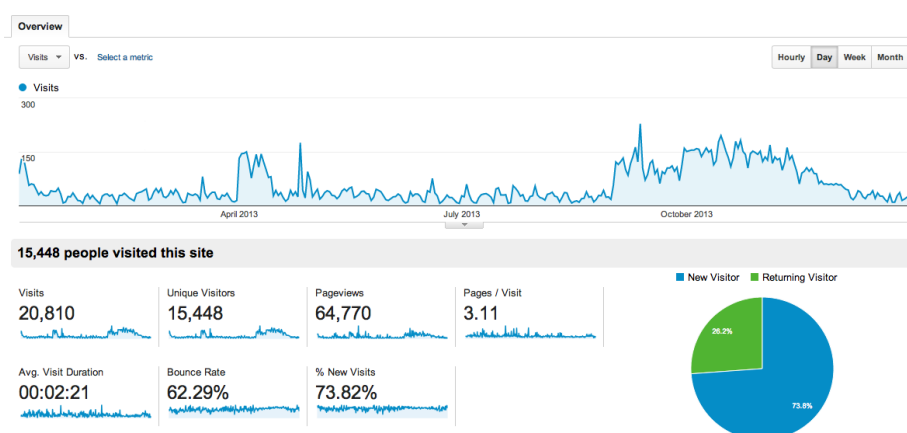
06.2 Other Publicity Measures undertaken in 2013

06.2.1 Updates to the Investing in Your Future Website and promotion

During the reporting year, the Investing in Your Future website, launched in 2012 was updated with the addition of new projects and the inclusion of audio-visual material to complement projects which were uploaded upon launch. In addition to this, a modification to the website was also made whereby the introductory slide transition was amended to have a welcome and explanatory message by the newly formed Ministry responsible for European Affairs as well as an editable slide whereby news items and information notes on upcoming events could be included. By the end of the reporting period, 180 projects were featured on the website.

From 1st January 2013 to 31st December 2013, the Investing in Your Future website registered a total of 20,810 visits, 15,448 of which being Unique Visitors.²⁴² Figure 11 hereunder provides the complete audience overview for the reporting year:

Figure 11 Complete audience overview for www.investinginyourfuture.gov.mt for the year 2013

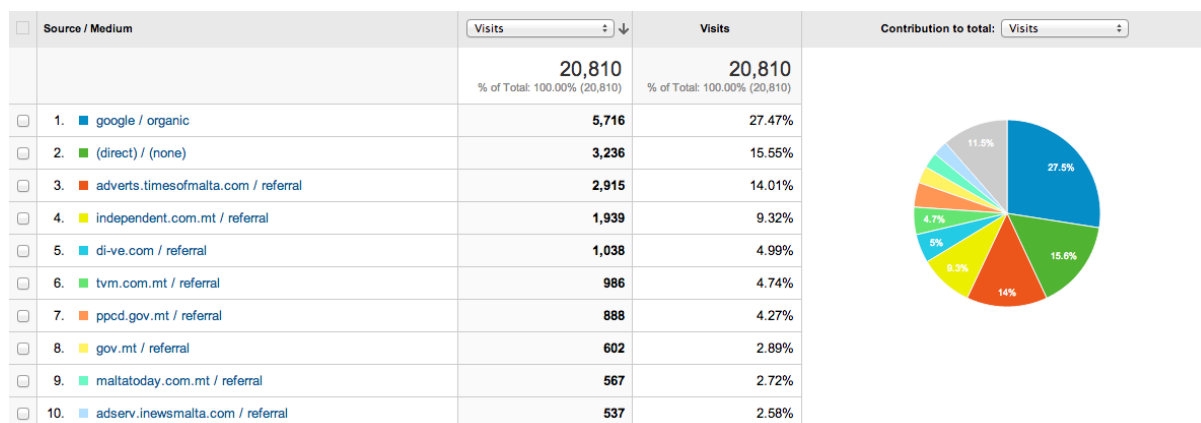


The peaks in the graphical representation above match the promotional efforts made by the Managing Authority to familiarise the public with this website. Besides the short-term campaign of electronic leaderboard adverts on news websites, carried out following the launch and lasting from 30th December 2012 to 6th January 2013, the same approach was applied for two (2) weeks in April (from 1st to 14th April) and for twelve (12) weeks in autumn (from 1st September to 23rd November), flanking the Annual Information Activity as described above. In addition to this, half page adverts on a number

²⁴² The number of visits denotes the number of people who visited the website. Pages per Visit is the average number of pages viewed during a visit to the website (repeated views of a single page are counted). On the other hand, Average Visit Duration denotes the average time duration of a session. The % New Visits is an estimate of the percentage of first time visits whereas the Bounce Rate represents the percentage of single-page visits (i.e. visits in which the person left the site from the entry page). (Source: Google Analytics)

of local lifestyle magazines, including the in-flight magazine found onboard all journeys carried by the national airline, were also procured during May and June. These adverts were complemented by editorial coverage of the website. An article promoting the website and giving more in-depth coverage of projects within the Heritage and Tourism and Public Infrastructure themes was also drawn up by the MA and featured on *The Architect* magazine.

Figure 12 Traffic sources to www.investinginyourfuture.gov.mt during 2013



As indicated in the Figure 12 above (Source: Google Analytics), the majority of traffic to the website derives from searches made on the Google search engine or directly through typing the website address in the browser's address bar.

Figure 13 Location of users on www.investinginyourfuture.gov.mt during 2013

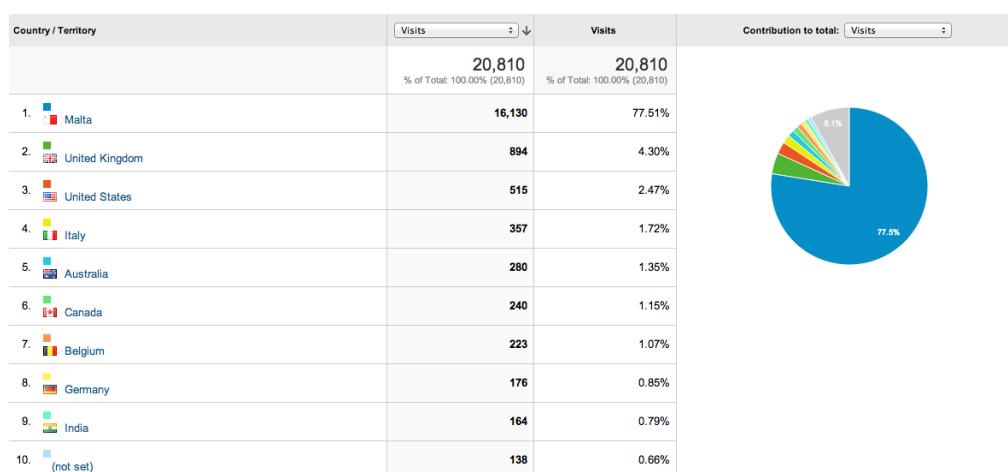
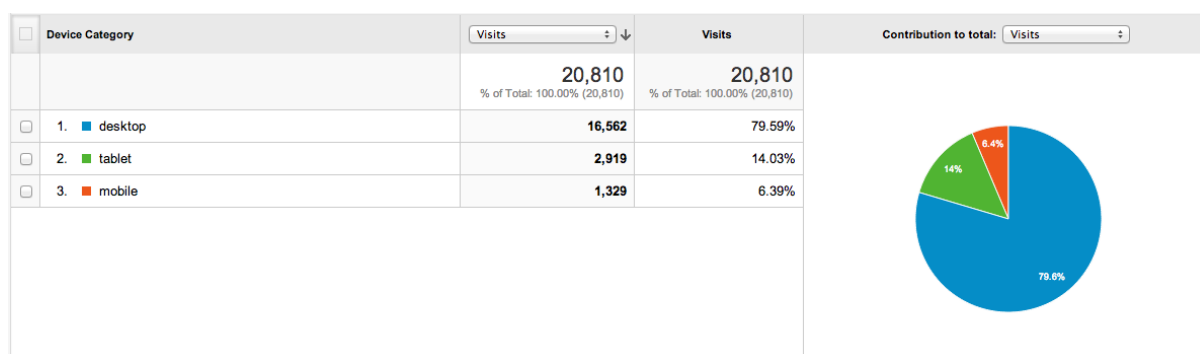


Figure 13 above shows the location of users using the website. The website was designed in a way which could easily be accessed from both new mobile technology and desktop computers. Figure 14 below indicates that preference in accessing the website is via desktop. Still visits from tablet and mobiles are considerable, and the Managing Authority has made this option easier by including the website's QR code which can be read by QR-code reader enabled mobile devices, on a number of promotional items which are disseminated at events and among stakeholders.

Figure 14 Devices used for accessing www.investinginyourfuture.gov.mt during 2013



Complementary to the website is the Investing in Your Future Facebook account where news items by the Managing Authority as well as the Beneficiaries are uploaded on a regular basis. Project launches or closures are publicised on these channels through Press Releases issued by the Government's Department of Information. Moreover, in Q4 of 2013, three (3) new initiatives to generate traffic were launched on the Facebook page. These are:

- Project of the week: Every Monday, a project from one of the eleven (11) themes is featured on the Page, giving it added highlight and linking to the website for additional information the public may require;
- Mystery Project: Every Wednesday a photo from one of the projects is uploaded and the public is asked to search the website to discover which project is being featured. The first correct comment receives a goodie bag with promotional material; and
- Friday Fun Fact: Bite-sized information is given in a graphical form on projects co-financed under Cohesion Policy 2007-2013, as well as the programmes in general and other EU related matters for easy capture and recollection by the following public.

06.2.2 Calls for Projects and Information Sessions for Project Promoters

Under Operational Programme I, a total of three (3) open calls for Project Proposals were issued during 2013. No pre-announcements were issued during this year as these had taken place during 2012. Information sessions were held in order to guide the potential beneficiaries in preparing their submissions accordingly. Summarily, the open calls issued are presented in the table below:

Table 64 Open Calls for Project Proposals

Call no.	Priority Axis	Issued on
17	Priority Axis 1 - Enhancing Knowledge and Innovation	PR: 10 May 2013 Ad: 12 May 2013
18	Priority Axis 4 - Climate Change and Resource Efficiency	PR: 23 August 2013 Ad: 25 August 2013
19	Priority Axis 6 - Urban Regeneration and Improving the Quality of Life	PR (only): 09 September 2013

Unless otherwise indicated, all open calls were published as Press Releases as well as adverts on all newspapers of the designated dates. Additionally, these were also advertised on the PPCD official website, its social media page(s), as well as the Malta-EU Steering and Action Committee (MEUSAC)'s various communication channels.

06.2.3 Information and Publicity Networks

Article 10 of EC128/2006 states that Managing Authorities shall designate contact persons to participate in community networks to ensure exchange of good practice and experience, as well as engage in a discussion on results of the various communication activities across Member States.

In 2013, staff from the communications unit attended and participated in the INFORM network meeting organised by DG Regio in Budapest, Hungary on 30th and 31st May. During this meeting, the core group discussed matters relating primarily to problems which are at times encountered when communicating specific actions under ERDF/CF (e.g. Financial Instruments). Updates on the finalisation of the 2014-2020 legislative package were also discussed. The meeting also covered topics such as sharing of experience from different member states, good practice examples, problems encountered in communicating the Funds and the role of beneficiaries in communications. The latter

was discussed during a workshop during which Malta's experience with involving beneficiaries during Annual Information Activities promoting Cohesion Policy 2007-2013 was presented.

A member of the communications unit also participated in the Telling the Story conference: Communicating European Structural and Investment Funds 2014-2020, held in Brussels on 9th and 10th December 2013. This conference focused on different methods that can be used to communicate EU Funds and their benefits among citizens, particularly in the framework of the 2014-2020 programming period which envisages common provisions for all five (5) Funds.²⁴³ Plenary sessions included speeches by Commissioners Johannes Hahn and Dacian Cioloș, as well as practitioners in the field and an overview of the latest Euro barometer poll on the citizens' perceptions on the EU. A number of workshops were also included on the programme, including one exploring the potential of joint communication actions covering all five (5) European Structural and Investment Funds. A number of workshops were also included on the programme. The conference was organised by the European Commission.

A member of the communication unit also attended the 4th European Conference on Public Communication - EuroPCom: [S]electing Europe held in Brussels (Belgium) on 16th and 17th October 2013. While being primarily focused on the European Parliament elections scheduled for May 2014, the conference discussed a number of approaches one can take when communicating Europe and what 'it' does for its citizens. On a local level, the 3rd Local Informal Information and Publicity (LIIP) network was held on 6th June 2013 which included an opening speech by the Parliamentary Secretary for the EU Presidency 2017 and EU Funds. During the meeting, a presentation on Social Media in Public Administrations and Institutions was delivered, showing how social media use can be monitored for reporting purposes, all within the context of EU Funds and EU funded projects. A senior journalist from the national TV station was also involved in this meeting and led a session on the communication of EU Funds and EU funded projects from a journalist's perspective. A presentation on the Manual of Procedures and Visual Identity Guidelines, and spot-checks/audit checks on publicity was also delivered during the meeting by members of the Managing Authority.

²⁴³ ERDF, ESF, CF, EAFRD and EMFF; collectively known as the European Structural and Investment funds (ESIF)



Photo - DOI - Clodagh Farrugia O'Neill

06.2.4 Website and Social Network Page

During 2013, the PPCD website www.ppcd.gov.mt continued being updated with news about the calls for project proposals listed above as well as with other information related to the Programme Implementation (AIR, MC presentations, etc).²⁴⁴ Furthermore, in line with (EC) 1828/2006 Art. 7 (2) (d), the MA continued to regularly update the list of Beneficiaries with new information as necessary. It needs to be pointed out that the PPCD website will be phased out in the near future. A new website, encompassing all EU funds, and providing a 'one-stop-shop' approach to information for the public has been set up. This new website, www.eufunds.gov.mt was launched on 4th December 2013 by the Parliamentary Secretary for the EU Presidency 2017 and EU funds and covers both Cohesion Policy related information as well as information related to other EU funds. All information is now on this website.

The PPCD page on a popular social networking site was also continuously updated in order to complement the official website. However, since the setting up of the Investing in Your Future page on the same social networking site, it was noted that information was being duplicated. For this reason, it was decided that the PPCD Facebook page would be closed down in Q3 of 2013. Existing followers were notified of such closing down and directed to follow the Investing in Your Future page on the same network.

²⁴⁴ The website also acts as a depository for documentation related to both open calls, such as application forms and guidance notes required for the submission of project proposals, as well as closed calls which are used primarily as a point of reference. Both open and closed calls are available on the website for transparency purposes.

06.2.5 Other Initiatives

Europe Day

In line with (EC) 1828/2006 Art. 7 (2) (c), the EU flag was flown outside the MA's premises during the week of the 9th May 2013 (Europe Day).

RegioStars 2014

In 2013, the MA selected two projects were selected for possible submission for the RegioStars 2014 awards. The objective of the RegioStars Awards is to identify good practices in regional development and to highlight original and innovative projects which could be attractive and inspiring to other regions. The competition is organised by the European Commission. The selected projects were ERDF183 *Vertical Connection - Better Accessibility through Innovative and Cleaner Transport* and ESF3.60 *Youth Employment Programme*. Neither of the two applications however, made it to the final.

OPEN DAYS 2013

In 2013, the Managing Authority participated in the OPEN DAYS 2013 which are organized jointly by the European Commission's DG Regional Policy (DG REGIO) and the Committee of the Regions (CoR). A conference titled *Innovative Financing Instruments: Cohesion Policy & Financial Engineering Instruments – Assessing Opportunities for the 2014 – 2020 Programming Period* was held on 19th September 2013. A number of foreign speakers, including representatives from the European Commission and the European Investment Bank were present. The Conference was advertised on local newspapers and covered in the media.





European Year of Citizens

On 23rd November 2013, the communications unit hosted an information stand during the Citizens' Fair organised by the Malta-EU Steering and Action Committee (MEUSAC) as the official closing event of the European Year of Citizens. The event, themed 'Celebrating the European Year of Citizens 2013', was organised in collaboration with the Office of the President, the Speaker of the House of Representatives and EU national contact points. Information on Cohesion Policy 2007-2013 was provided to the visiting public and promotional items were also distributed during this event.



Professional Photographic Services

During 2013, the Managing Authority procured the services of a professional photographer to provide the Authority with high-resolution photographs of projects and events to be used on publicity material, including among others promotional items, the Investing in Your Future website as well as the collateral social media.

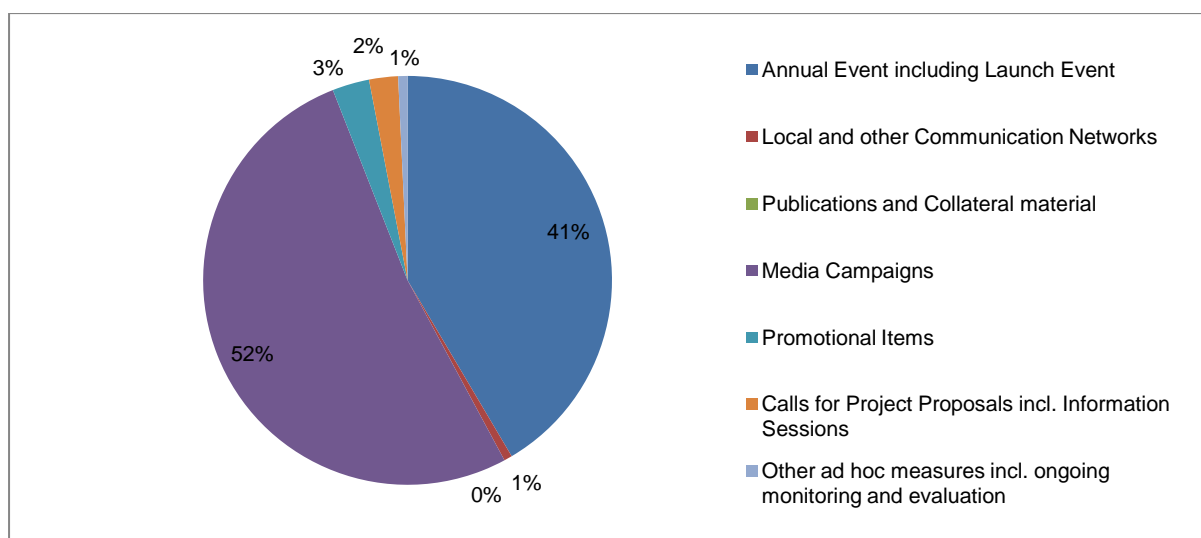
06.3 Expenditure during 2013

Table 65 below lists the total expenditure during 2013 which amounted to €203,814 while Figure 15 illustrates this data in percentage form.

Table 65 Total expenditure on information and publicity measures (OPI) for 2013

Visibility and Awareness of Cohesion Policy Aims and Results	
Annual Event including Launch Event	€84,570
Local and other Communication Networks	€1,314
Complementary measures to support the Information Events	
Publications and Collateral material	€0
Media Campaigns	€105,789
Promotional Items	€5,976
Measures relating to Transparency, Technical and Procedural Information	
Calls for Project Proposals incl. Information Sessions	€4,658
Other ad hoc measures incl. ongoing monitoring and evaluation	€1,507
Total ERDF expenditure 2013:	€203,814

Figure 15 Total expenditure (%) on information and publicity measures (OPI) for 2013



As can be seen, the bulk of expenditure during 2013 was taken up by Media Campaigns and Promotional Items under the *Complementary measures to support the Information Events*, with a total expenditure of €111,764, translating to 55% of the total expenditure for 2013. Over €105,000 were spent on media campaigns, incorporating the various electronic and print adverts promoting the Investing in Your Future website as well as the adverts promoting the OPEN DAYS conference and the thematic advertorials procured separately from the Annual Information Activity contract. The measure also takes into consideration branded promotional items created for the purpose of the OPEN DAYS conference as well as the professional photographic services procured.

The *Visibility and Awareness of Cohesion Policy Aims and Results* measure contributed to 42% of the expenditure with a total of €85,884. The complexity of the reporting year's Annual Information Activity was conducive to a large portion of the year's expenditure on information and publicity. However, it is to be noted that since the activity covers both Operational Programmes, the amount represented above indicates only the ERDF share of the cost.

As predicted in the previous Annual Implementation Report, the expenditure related to *Measures relating to Transparency, Technical and Procedural Information* has diminished substantially. This is particularly due to the fact that only three (3) open calls were issued in 2013.

06.4 Expenditure to Date²⁴⁵

Whilst Table 65 illustrated the Expenditure per Measure during the year under review, Table 66 below summarises the Expenditure to Date per measure as at end 2013. Taking into consideration the regulatory obligations on the Managing Authority and the Communication Plan, the largest share (of the total ERDF budget allocated) is assigned to Annual Information Activities. As indicated in Table 66, expenditure to date on Annual Events amount to around 42% of the ERDF share allocated towards *Visibility and Awareness of Cohesion Policy Aims and Results*. With the exception of 2008, 2012 and 2013, all Annual Information Activities took place in both Malta and Gozo.

Table 66 Expenditure to date on information and publicity measures (OPI)

	% of Budget	Communication Plan Budget ERDF (MA Share)	Total Expenditure to date	% Expenditure on Budget
Visibility and Awareness of Cohesion Policy Aims and Results				
Annual Event including Launch Event	43%	€506,540	€214,669	42%
Local and other Communication Networks	2%	€23,560	€1,725	7%
Complementary measures to support the Information Events				
Publications and Collateral material	10%	€117,800	€2,311	2%
Media Campaigns	15%	€176,700	€116,221	66%
Promotional Items	15%	€176,700	€56,874	32%
Measures relating to Transparency, Technical and Procedural Information				
Calls for Project Proposals incl. Information Sessions	12%	€141,360	€75,892	54%
Other ad hoc measures incl. ongoing monitoring and evaluation	3%	€35,340	€9,271	26%
TOTAL	100%	€1,178,000	€476,963	40%

Expenditure on Media Campaigns rose from 6% in 2012 to 66% by 2013 in view of the almost year-long measures implemented by the Managing Authority to promote the Investing in Your Future website, as well as the results attained through the implementation of Cohesion Policy 2007-2013. As the Programme is now nearing its end, it is envisaged that media campaigns, utilising traditional

²⁴⁵Information in this section relates to measures implemented from the start of the Programming period to December 2013.

media such as print and/or audio-visual in addition to more innovative media such as online adverts and social media will become a more regular feature in communication practices due to their effectiveness in reaching a large section of the public. Moreover, a well-designed media campaign can be very effective in communicating the achievements of EU projects to the public.

A fair increase is also noticeable in the expenditure on Promotional Items. Promotional items are primarily disseminated at annual information activities as well as during other information events and among stakeholders. These are considered to be a simple and useful tool in the promotion of the Programmes and will remain a regular item on the MA's budget until the end of the programming period.

Calls for project proposals and information sessions held in order to facilitate the application process constitute 12% of the ERDF Communication budget and during the year under review, the expenditure linked to such measures has risen to 54%.

06.5 Information and Publicity by Intermediate Bodies in 2013

The Department for Social Welfare Standards is the IB for ERDF 136: *The Regeneration of Childcare in Malta*. A pre-announcement call for project proposals was published in May and the last call for proposals was published in September. Three (3) information sessions were held in relation to the call. Both the pre-announcement and the call itself were publicised on local newspapers, the Government Gazette, and the PPCD and DSWS Facebook pages. A total of €2,747 were disbursed on publicity actions in 2013 related to this scheme. Information about the scheme may be found on the IB's website beneficiaries under the scheme. The list of beneficiaries under this scheme is also accessible through the MA's website.

Malta Enterprise (ME) is the IB for seven (7) Aid Schemes related to the Manufacturing and Service Industry. As explained earlier in Chapter 3, during 2013 there were no calls for project proposals covering these schemes. However, a total of four (4) information sessions addressing a total of twenty-five (25) beneficiaries who were awarded a grant in the last quarter of 2012 were held.

During 2013, ME continued to provide the necessary information about the schemes through its websites which also include the list of Beneficiaries per call under each scheme. The list of beneficiaries under the Aid Schemes is also uploaded on the MA website.

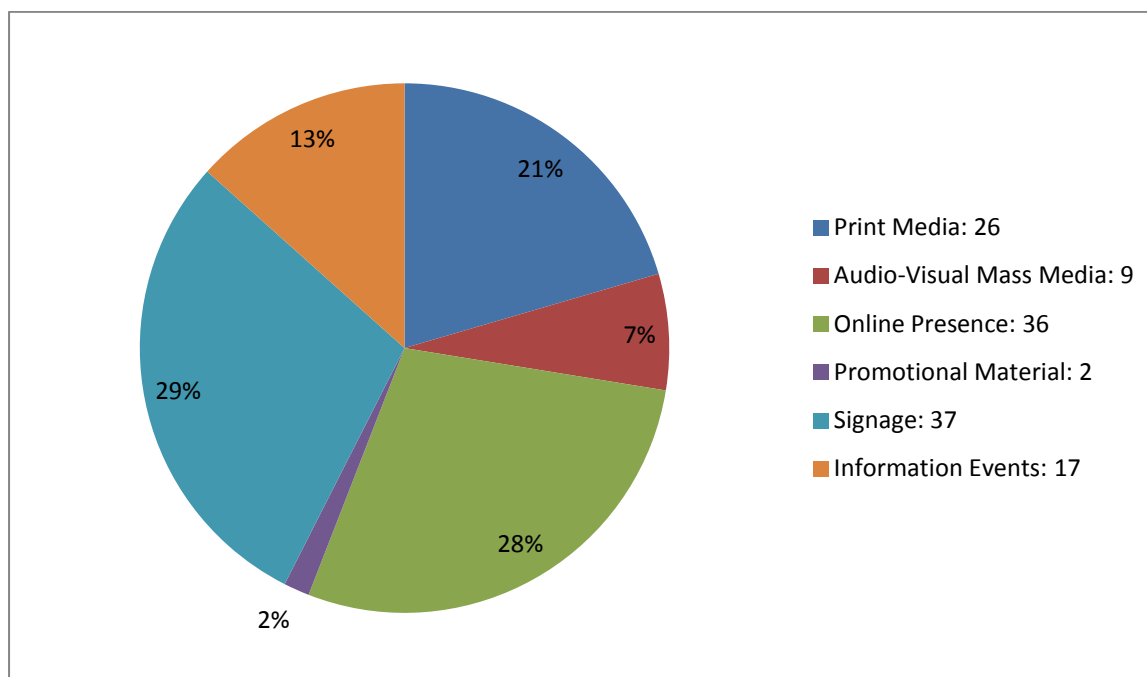
TSDU is the IB for the Tourism Grant Scheme. During 2013, one (1) call for project proposals was published in the first quarter 2013. Two (2) information sessions were held in February. Promotional Diaries and Desk Calendars for 2013 showcasing projects from the past three (3) calls have been produced and distributed to scheme beneficiaries, MTA tourism offices, MEUSAC and the

Commission Representation offices. Information about the scheme as well as the list of Beneficiaries is also available on the IB's website and on the MA's website.

06.6 Information and Publicity by Beneficiaries in 2013

During 2013 the beneficiaries continued to carry out a number of publicity measures to promote their respective projects as well as attracting prospective bidders to tender. The chart below indicates the types of measures implemented during the reporting year, whereby a substantial number of projects made use of various information and publicity measures in accordance with the regulation and respective Grant Agreements. It is worth noting that projects have different budgetary allocation towards publicity actions and are at different stages of implementation; therefore it is difficult to benchmark and compare such activities.

Figure 16 Number of Projects Implementing Information and Publicity Measures



As can be noted from the above chart, the most popular measure utilised was signage, mainly in the form of billboards and plaques. Signage tends to be the most common measure used amongst ERDF and CF funded projects since projects which have a total public contribution of over €500,000 and which involve construction/infrastructural works must set up a prominent billboard, followed by a

permanent explanatory plaque at the work site/s. This is closely followed by online presence whereby beneficiaries are becoming more adverse in using social networks and websites to promote their project to the wider public.

The third most common measure is print media which consists of mainly adverts and articles on local newspapers and magazines and also press releases. Other measures such as booklets, brochures and leaflets also fall within this category. Seventeen (17) projects have organised information events, most of them consisting of the inauguration of the project and press conferences.

On the other hand, only nine (9) projects made use of audio-visual mass media while only two (2) projects handed promotional material to the general public. Given the infrastructural nature of these projects, promotional items might not be seen as a relevant publicity measure. A good number of the beneficiaries who made use of the audio-visual measure gave interviews which were in turn broadcasted on the TV and radio.

06.7 Communication Plan Indicators

Table 67 below lists the achievements registered by the various communication measures on an annual basis. It is worth mentioning again that during the previous reporting year (2012), the indicators were aligned to the costs. This has resulted in indicators which are better defined and consequently more measurable for monitoring purposes.

The Information and Publicity activities characterizing the year under review have been captured into measurable targets and are recorded hereunder. The Communication measures registering substantial increases in target output during 2013 were measures related to (a) Events, (b) Print Media, (c) Promotional Material, (d) Public Displays and (e) Media Relations. When compared to previous years, a drop was registered in measures relating to Information Sessions and specifically in the promotion of calls for project proposals and respective pre-announcements. This is expected in light of the small number of calls issued during the reporting year as well as in view of the fact that the programme is nearing its end.

The output target of one (1) annual event per year has this year been doubled in the case of OPI with the Notte Bianca event and the OPEN DAYS conference, constituting a generic and Fund-specific event respectively. Whilst the total number of participants for these two (2) events is known (output indicator), the 'average increased awareness of Cohesion Policy 2007-2013 projects for participants following the annual event' (result indicator) could not be recorded during the reporting year.

It is important to note also that the outreach of the substantial media campaign carried out in relation to the Annual Information Activity (Notte Bianca) is only measured in terms of print media outreach

(result indicator) as the indicator is specific to newspapers. However, an impression of the traffic generated towards the Investing in Your Future website can be found in Figure 17 above.

Once again, no increase in indicator output was registered for Media Advertising and Audio Visual since no TV/radio airtime was bought and no documentaries were produced in 2013. However, press coverage of communication activities carried out by the MA or where the MA has actively participated has increased, therefore translating in indirect airtime and coverage during news bulletins.

Table 67 Communication Plan Indicators

Operational Programme I - Communication Plan Indicators

(Targets are until 2015 and cover both OPs)

(D.N.A. - data not available in the case of new indicators and/or where the information was not gathered or available at the time)

Communication Measure	Output	Target	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total	Result	Target	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total															
Events	Total no. of annual events organised:	1 per year	1	1	1	1	1	1	2			8	Average increased awareness of Cohesion Policy 2007-2013 projects for participants following the annual event:	50%	D.N.A.										20%														
	Total no. of objectively verifiable expected participants attending annual events:	1,000 participants	D.N.A.*		106	D.N.A.*	400	D.N.A.*	628			1134														49.66	50%	D.N.A.	D.N.A.										
	MA participation in events organised by others:	10	2	1	1	0	0	0	1			5																											
Media Advertising	Total no. of TV spots created:	7	0	0	0	0	1	0	0			1	Average expected % coverage for TV viewers:	25% of the population (at the time of airing)	0	0	0	0	0	0	0	0	0	0	0	7.84%													
	Total no. of spots aired on TV:	150	0	0	0	0	37	0	0			37															39.20%												
	Total no. of radio spots created:	10	0	2	0	2	1	0	0			5															Average expected %	25% of the population	0%	28%	0%	6%	38%	0	0				14%

	Total no. of items designed including posters + items related to Programme	10	1	2	0	1	2	3	19			28										
Publications	Total no. of informative material / publications created:	60	2	6	24	28	25	27	28			140**	Total no. of informative material / publications downloaded	25,000	D.N.A.	2,426	6,175	7,114	9,593	13,075	38,383	
	Total no. of informative material / publications uploaded:	60	N/A	N/A	24	28	25	27	28			132**										
Web	Total no. of website pages (department website setup in Q3/Q4 of 2008):	40EN + 40MT /	40 EN + 40 MT									Average number of visits per month:	12,500	N/A	N/A	4,393	12,501	12,235	13,395	21,650	9,168	
	Total no. of web presences	1	1 + 1****									Total no. of helpdesk queries per year:	100	66	135	90	84	92	121	87	675	
	Social networking page (setup in Q4 of 2010):	1	0	0	0	1	1	1	2			2	Total no. of social network page subscribers:	400	N/A	N/A	N/A	114	84	273	273 [†]	471

Media Relations	Total no. of press participation in events:	20	1	2	0	1	4	2	6			16	
	Total no. of media interviews/features, including articles	35	3	4	8	8	11	3	5			42	
	Total no. of media queries answered:	35	1	8	9	2	5	0	2			27	
Launch	No. of newsrooms covering the launch:	10							Total no. of media publicizing event:	10	10		
									Total no. of participants at launch:	250	250		
	No. of info seminars organised:	6							Total no. of participants at information seminars:	300	300		

*2007 was the year of the launch; in 2008 the event was an information festival held at City Gate in Valletta; in 2010 the event was an ME&U fest (information festival). The nature of the events did not lend data to be captured. In 2012 the information activity was the launch of a new website Investing in Your Future - the launch was open to members of the press only.

**Calculated figures are for OPI only

*** The documentary produced last year is still available online for public viewing

**** the data for the new website will be fully captured in 2013 - at this stage can only report for 2 weeks in December since launch was on 18/12/2012 - two weeks are not representative of the whole year + they are discussed in body of text

† Press releases are no longer being distributed through The Direct Mailing Service as this system is currently being phased out and the general public is being directed to the Gov.mt section related to Press Releases, where PRs are updated in a timely manner. Hence, the figure is only representative of the PR distribution list held by the Department of Information.

†† Once a page is closed on Facebook, its details no longer remain available; Hence the figure reflects only subscribers to the Investing in Your Future page. The Total Number therefore remains unchanged.

06.8 Conclusion

At this stage of the programming period, the importance of promoting results achieved through the various projects and schemes implemented is acknowledged and given much importance. Moreover, one needs to take into consideration the fact that the new programming period, covering the 2014-2020 financial framework is about to kick in, and therefore best practice examples and success stories from the 2007-2013 period are ripe for use as inspiration for new projects and sustained awareness and endorsement of Cohesion Policy 2007-2013 among the citizens. For this reason, the Managing Authority will proceed with its communication efforts, giving the necessary promotion to actions under the OP, both through the use of traditional means of communication, as well as new and innovative media in order to capture the attention of the public. Support and cooperation by the Intermediate Bodies, Project Beneficiaries as well as other stakeholders will remain crucial in ensuring that the right target audiences are reached and the message put forward is a clear and positive one.

07. Concluding Remarks

At this stage of the programming period, 2013 was the most challenging year. Mitigating measures for methods resulting in delays continued to be identified and addressed throughout the year. The high level monitoring meetings have been even more focussed and new informal structures intended to ensure that issues identified during implementation are addressed in a timely manner have been set up and have facilitated the implementation of the programme (such as the weekly meetings between DG-Contracts and DG-PPCD). In an effort to further commit the Programme, a number of calls for proposals were issued in 2013 and a huge effort was made by the PSC to evaluate applications received (including evaluation of calls spilling over from 2012).

In numbers, 2013 translated in the ongoing implementation of the 123 operations, two (2) of which also involve interventions in 11,739 households.²⁴⁶ In terms of assistance to enterprise, 574 private Beneficiaries were benefiting from aid being granted under the schemes being managed by the three (3) Intermediate Bodies.

This activity translated in €832,416,721 public eligible funds committed to the approved projects, of which €660,658,630 have been contracted and €443,906,169 paid by year end. Up to December 2013, €423,996,147 of the paid amounts had been verified and certified to the CION. The Programme's overall commitment and disbursement rates rose over the 2012 figures. Apart from the financial progress, the completion of operations on the ground also reflected in an equivalent increase in the performance indicators.

The year 2014 will pose several challenges to the MA, not only in terms of committing any remaining funds, but chiefly with respect to the commitments in accordance with the N+2 rules²⁴⁷ that loom over 2014. To this end, the MA will focus its efforts to warrant enough disbursement to close the gap. Apart from the mitigation measures against the potential decommitments the MA will also continue its work to select further projects to commit the Operational Programme in full. In parallel, the MA will also be closely monitoring the implementation of the newly approved operations for contracting and disbursements.

To add to the above, during 2014 the MA will also be launching its first calls for proposals under the new OP for 2014-2020 to start committing and addressing the new N+ targets.

²⁴⁶ 5,248 household under ERDF 088 (SWHs and PVs) and 6,491 households under ERDF 288.

²⁴⁷ As laid down in the provisions concerning automatic decommitment in Articles 93 to 97 of Regulation (EC) N° 1083/2006.

Annex I - Adjustments made by Fund Number and Fund Date

Project Code	Adjustment SoE by Fund Number	Adjustment SoE by Fund Date	Community Amount
ERDF011	43	22/05/2013	-€2,518
ERDF011	47	09/08/2013	-€15
ERDF012	47	09/08/2013	-€13
ERDF017	43	22/05/2013	-€3,984
ERDF018	43	22/05/2013	-€24
ERDF031	60	18/12/2013	-€7,823
ERDF057	47	09/08/2013	-€713
ERDF064	43	22/05/2013	-€9,714
ERDF077	43	22/05/2013	-€130
ERDF078	43	22/05/2013	-€76
ERDF079	47	09/08/2013	-€23
ERDF082	43	22/05/2013	-€105
ERDF082	47	09/08/2013	-€702
ERDF083	65	30/12/2013	-€23,877
ERDF088	52	23/10/2013	-€2,550
ERDF128	57	19/11/2013	-€63,510
ERDF133	48	13/08/2013	-€371,399
ERDF133	57	19/11/2013	-€86,417
ERDF135	48	13/08/2013	-€14,729
ERDF140	39	14/02/2013	-€745
ERDF142	52	23/10/2013	€2,749
ERDF156	43	22/05/2013	-€1,505
ERDF189	60	18/12/2013	-€6,535
ERDF244	65	30/12/2013	-€26,555

Annex – II Commitments per Priority Theme, Economic Activity and Location

Priority Theme	Form of Finance	Territory	Economic Activity	Location	Amount
01	01	03	18	MT001 - Malta	€ 273,177.68
				MT002 - Gozo & Comino	
02	01	03	18	MT001 - Malta	€ 37,412,619.74
				MT002 - Gozo & Comino	€ 189,050.20
02	01	03	19	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	€ 94,525.10
02	01	03	21	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	€ 94,525.10
03	01	03	6	MT001 - Malta	€ 1,930,842.20
				MT002 - Gozo & Comino	€ 0.00
03	01	03	5	MT001 - Malta	€ 153,000.00
				MT002 - Gozo & Comino	
03	01	03	10	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
03	01	03	11	MT001 - Malta	€ 76,500.00
				MT002 - Gozo & Comino	
04	01	03	6	MT001 - Malta	€ 2,692,053.77
				MT002 - Gozo & Comino	
04	01	03	18	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
04	01	03	22	MT001 - Malta	€ 1,195,834.40
				MT002 - Gozo & Comino	

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05	01	03	5	MT001 - Malta	€ 367,200.00
				MT002 - Gozo & Comino	
05	01	03	6	MT001 - Malta	€ 18,178,221.01
				MT002 - Gozo & Comino	€ 210,837.63
05	01	03	20	MT001 - Malta	€ 35,625.88
				MT002 - Gozo & Comino	€ 6,623.03
05	01	03	10	MT001 - Malta	
				MT002 - Gozo & Comino	
05	01	03	11	MT001 - Malta	€ 183,600.00
				MT002 - Gozo & Comino	
06	01	03	6	MT001 - Malta	€ 778,265.99
				MT002 - Gozo & Comino	€ 135,179.45
06	01	03	14	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
06	01	03	22	MT001 - Malta	€ 778,265.99
				MT002 - Gozo & Comino	€ 135,179.45
07	01	03	6	MT001 - Malta	€ 1,815,953.98
				MT002 - Gozo & Comino	€ 315,418.72
07	01	03	22	MT001 - Malta	€ 1,815,953.98
				MT002 - Gozo & Comino	€ 315,418.72
08	01	03	5	MT001 - Malta	€ 30,600.00
				MT002 - Gozo & Comino	
08	01	03	6	MT001 - Malta	€ 107,100.00
				MT002 - Gozo & Comino	
08	01	03	11	MT001 - Malta	€ 15,300.00
				MT002 - Gozo & Comino	

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08	01	03	15	MT001 - Malta	€ 5,100,000.00
				MT002 - Gozo & Comino	
09	01	03	6	MT001 - Malta	€ 3,373,961.10
				MT002 - Gozo & Comino	€ 156,076.58
09	01	03	10	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
09	01	03	22	MT001 - Malta	€ 1,588,961.10
				MT002 - Gozo & Comino	€ 71,076.58
09	01	03	13	MT001 - Malta	€ 1,150,980.75
				MT002 - Gozo & Comino	€ 21,765.10
09	01	03	15	MT001 - Malta	€ 5,100,000.00
				MT002 - Gozo & Comino	€ 0.00
13	01	03	17	MT001 - Malta	€ 14,145,155.15
				MT002 - Gozo & Comino	€ 370,804.00
13	01	03	18	MT001 - Malta	€ 132,033.05
				MT002 - Gozo & Comino	
13	01	03	22	MT001 - Malta	€ 354,001.20
				MT002 - Gozo & Comino	
15	01	03	6	MT001 - Malta	€ 955,331.58
				MT002 - Gozo & Comino	
15	01	03	22	MT001 - Malta	€ 955,331.58
				MT002 - Gozo & Comino	
21	01	03	11	MT001 - Malta	€ 71,263,599.52
				MT002 - Gozo & Comino	€ 8,420,906.65
22	01	03	11	MT001 - Malta	€ 10,432,273.55

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				MT002 - Gozo & Comino	€ 3,573,672.00
23	01	03	6	MT001 - Malta	€ 6,276,058.20
				MT002 - Gozo & Comino	€ 1,027,674.02
23	01	03	20	MT001 - Malta	€ 290,944.66
				MT002 - Gozo & Comino	€ 54,088.11
23	01	03	22	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
24			11	MT001 - Malta	€ 2,160,578.98
				MT002 - Gozo & Comino	€ 0.00
26	01	03	11	MT001 - Malta	€ 4,313,007.87
				MT002 - Gozo & Comino	€ 12,906.67
26	01	03	21	MT001 - Malta	€ 380,424.56
				MT002 - Gozo & Comino	
28	01	03	11	MT001 - Malta	€ 5,718,795.58
				MT002 - Gozo & Comino	€ 27,426.68
30	01	03	11	MT001 - Malta	€ 41,404,586.30
				MT002 - Gozo & Comino	
30	01	03	22	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
33	01	03		MT001 - Malta	
				MT002 - Gozo & Comino	
39	01	03	8	MT001 - Malta	€ 24,277.56
				MT002 - Gozo & Comino	€ 778.87
39	01	03	18	MT001 - Malta	€ 62,074.04
				MT002 - Gozo & Comino	

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39	01	03	21	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
40	01	03	8	MT001 - Malta	€ 35,816,985.77
				MT002 - Gozo & Comino	€ 8,516,143.64
40	01	03	11	MT001 - Malta	€ 29,287.33
				MT002 - Gozo & Comino	
40	01	03	18	MT001 - Malta	€ 15,518.51
				MT002 - Gozo & Comino	
40	01	03	21	MT001 - Malta	€ 49,867.62
				MT002 - Gozo & Comino	
41	01	03	21	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
43	01	03	8	MT001 - Malta	€ 1,580,109.84
				MT002 - Gozo & Comino	€ 1,597,437.44
43	01	03	10	MT001 - Malta	
				MT002 - Gozo & Comino	
43	01	03	11	MT001 - Malta	€ 263,586.01
				MT002 - Gozo & Comino	
43	01	03	18	MT001 - Malta	€ 51,728.37
				MT002 - Gozo & Comino	
43	01	03	21	MT001 - Malta	€ 4,388,280.66
				MT002 - Gozo & Comino	
43	01	03	22	MT001 - Malta	€ 5,905.97
				MT002 - Gozo & Comino	
44	01	03	21	MT001 - Malta	€ 29,388,951.45
				MT002 - Gozo & Comino	€ 6,040,891.35

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45	01	03	9	MT001 - Malta	
				MT002 - Gozo & Comino	
46	01	03	9	MT001 - Malta	€ 68,998,100.60
				MT002 - Gozo & Comino	€ 2,766,863.05
47	01	03	21	MT001 - Malta	
				MT002 - Gozo & Comino	
48	01	03		MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
50	01	03	5	MT001 - Malta	€ 61,200.00
				MT002 - Gozo & Comino	€ 0.00
50	01	03	6	MT001 - Malta	€ 6,110,215.13
				MT002 - Gozo & Comino	€ 817,944.62
50	01	03	8	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	€ 0.00
50	01	03	10	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	€ 0.00
50	01	03	11	MT001 - Malta	€ 30,600.00
				MT002 - Gozo & Comino	€ 0.00
50	01	03	20	MT001 - Malta	€ 231,568.20
				MT002 - Gozo & Comino	€ 43,049.72
50	01	03	21	MT001 - Malta	€ 19,431,158.95
				MT002 - Gozo & Comino	€ 2,859,565.75
51	01	03		MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
52	01	03		MT001 - Malta	€ 0.00

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				MT002 - Gozo & Comino	
53	01	03	21	MT001 - Malta	€ 36,418,166.70
				MT002 - Gozo & Comino	
54	01	03	21	MT001 - Malta	€ 3,575,831.85
				MT002 - Gozo & Comino	€ 96,354.13
55	01	03	21	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	€ 313,150.92
55	01	03	22	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
56	01	03	21	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	€ 72,265.60
56	01	03	22	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	€ 1,936,140.20
57	01	03	14	MT001 - Malta	€ 1,576,074.04
				MT002 - Gozo & Comino	€ 292,520.51
57	01	03	20	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
57	01	03	21	MT001 - Malta	€ 472,750.24
				MT002 - Gozo & Comino	€ 97,506.84
57	01	03	22	MT001 - Malta	€ 23,104,256.89
				MT002 - Gozo & Comino	€ 4,421,738.76
58	01	03	14	MT001 - Malta	€ 380,210.74
				MT002 - Gozo & Comino	
58	01	03	18	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	

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58	01	03	20	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
58	01	03	22	MT001 - Malta	€ 35,911,197.72
				MT002 - Gozo & Comino	€ 16,268,817.54
59	01	03	14	MT001 - Malta	€ 179,344.69
				Gozo & Comino	
59	01	03	18	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
59	01	03	20	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
59	01	03	22	MT001 - Malta	€ 10,590,350.00
				MT002 - Gozo & Comino	€ 2,126,911.53
60	01	03	14	MT001 - Malta	€ 1,418,250.71
				MT002 - Gozo & Comino	€ 292,520.51
60	01	03	21	MT001 - Malta	€ 472,750.24
				MT002 - Gozo & Comino	€ 97,506.84
60	01	03	22	MT001 - Malta	€ 1,269,980.17
				MT002 - Gozo & Comino	€ 260,018.23
61	01	03	11	MT001 - Malta	€ 2,284,412.09
				MT002 - Gozo & Comino	
61	01	03	21	MT001 - Malta	€ 3,889,674.64
				MT002 - Gozo & Comino	
75	01	03	18	MT001 - Malta	€ 43,707,288.63
				MT002 - Gozo & Comino	€ 1,136,104.42
75	01	03	20	MT001 - Malta	€ 151,105.35
				MT002 - Gozo & Comino	

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76	01	03	19	MT001 - Malta	€ 47,758,194.44
				MT002 - Gozo & Comino	€ 6,686,859.05
77	01	03	6	MT001 - Malta	€ 676,891.66
				MT002 - Gozo & Comino	€ 125,837.63
77	01	03	20	MT001 - Malta	€ 404,792.78
				MT002 - Gozo & Comino	€ 6,623.03
78	01	03	11	MT001 - Malta	€ 351,448.01
				MT002 - Gozo & Comino	
78	01	03	21	MT001 - Malta	€ 598,411.48
				MT002 - Gozo & Comino	
79	01	03	18	MT001 - Malta	€ 151,105.35
				MT002 - Gozo & Comino	
79	01	03	20	MT001 - Malta	€ 151,105.35
				MT002 - Gozo & Comino	
81	01	03	22	MT001 - Malta	€ 578,000.00
				MT002 - Gozo & Comino	
85	01	03	22	MT001 - Malta	€ 7,522,500.00
				MT002 - Gozo & Comino	
86	01	03	22	MT001 - Malta	€ 2,377,530.75
				MT002 - Gozo & Comino	
Total					€ 707,553,884