



OFFICE OF THE DEPUTY PRIME MINISTER  
MINISTRY FOR EUROPEAN AFFAIRS  
PARLIAMENTARY SECRETARIAT  
FOR THE EU PRESIDENCY 2017 AND EU FUNDS

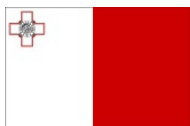
Operational Programme I

Cohesion Policy 2007-2013

Investing in Competitiveness for a Better Quality of Life

Annual Implementation Report

2014



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

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ACR – Annual Control Report

AIR – Annual Implementation Report

CAN – Contract Award Notice

CDRT – Centre for Development Research and Training

CF – Cohesion Fund

CfT – Call for Tenders

CHP – Combined Heat and Power

CPR – Common Provision Regulation

CSG- Common Strategic Guidelines

DN – Development Notifications

DoC – Department of Contracts

DSWS – Department Social Welfare Services

DWQ – Deep Water Quay

EA – E-accessibility

EAFRD – European Agricultural Fund for Rural Development

EC- European Commission

EE – Energy Efficiency

EFF- European Fisheries Fund

EIA – Environment Impact Assessment

EIB – European Investment Bank

EIF – European Investment Fund

EIS – Environmental Impact Statement

EM - Environmental Monitoring

Epps – Electronic Public Procurement System

ERDF – European Regional Development Fund

ESF – European Social Fund

ESG – Evaluation Steering Group

ESHI - Education, Social and Health-related Infrastructure

ETC – European Territorial Cooperation

EU – European Union

eXS4ALL - eServices Accessibility for all

FDI – Foreign Direct Investment

FEI – Financial Engineering Instrument

FI – Financial Instrument

FLPG – First Loss Portfolio Guarantee

FTE – Full Time Equivalent

GCC – General Contracts Committee

GDP – Gross Domestic Product

GGH – Gozo General Hospital

GHG – Greenhouse Gases

GHRC - Grand Harbour Regeneration Corporation

IAS – Institute of Applied Science

IB – Intermediate Bodies

IBAC – Institute for Business and Commerce

IBSC – Intermediate Bodies Steering Committees

ICT – Information and Communication Technologies

IM – Internal Mobility

IMCC - Inter-Ministerial Co-ordination Committee

IT – Information Technology

IVFA - Intra-Venous Fluorescence Angiograph

KNPD – National Commission for Persons with Disability

LED – Light Emitting Diodes

LM – Line Ministry

MA - Managing Authority

MBT – Mechanical and Biological Treatment

MCAST – Malta College for Arts Science and Technology

MCC – Mediterranean Conference Centre

MCCAA – Malta Competition and Consumer Affairs Authority

MCST – Malta Council for Science and Technology

MEAIM – Ministry for European Affairs and Implementation of Electoral Manifesto

MEDE – Ministry of Education and Employment

MEH (Energy) – Ministry for Energy and Health

MEH (Health) – Ministry for Energy and Health

MEIB – Ministry for the Economy, Investment and Small Business

MEPA – Malta Environment and Planning Authority

MEWC – Ministry for Energy and the Conservation of Water

MFIN – Ministry for Finance

MFSS – Ministry for the Family and Social Solidarity

MICE - Meeting, Incentives, Conferencing, Exhibition

MITA – Malta Information Technology Agency

MJCL – Ministry for Justice, Culture and Local Government

MOT – Ministry for Tourism

MoU – Memorandum of Understanding

MPSC – Ministerial Project Steering Committee

MSDC - Ministry for Social Dialogue, Consumer Affairs and Civil Liberties

MSDEC – Ministry for Sustainable Development, Environment and Climate Change

MTI – Ministry for Transport and Infrastructure

NCPE – National Commission for the Promotion of Equality

NFRP – National Flood Relief Project

NGOs - Non-governmental organisations

NISC – National Interactive Science Centre

NM – Non Major

NRP – National Reform Programme

NSO – National Statistics Office

NSRF – National Strategic Reference Framework

OP – Operational Programme

PA – Priority Axis

PPCD – Planning and Priorities Coordination Division

PPR – Project Progress Report

PSAB – Project Selection Appeals Board

PSC – Project Selection Committee

PV – Photovoltaic

QUEST – Quality Education for the Society of Tomorrow

R&D – Research and Development

RES – Renewable Energy Sources

RO – Reverse Osmosis

RTDi - Research, Technological Development and Innovation

S & T – Science and Technology

SAMB – State Aid Monitoring Board

SEA – Strategic Environmental Assessment

SEIS – Share Environmental Information System

SFD – Structural Funds Database

SME – Small and Medium Enterprises

SoE – Statement of Expenditure

TA – Technical Assistance

TEN-T – Trans-European Transport

TINA - Transport Infrastructure Needs Assessment

UG – Undergraduate

UoM – University of Malta

UR - Urban Regeneration

VAT – Value Added Tax

VOs – Voluntary Organisations

WSC – Water Services Corporation

## 01. Identification

OPERATIONAL PROGRAMME	Objective Concerned: Convergence
	Eligible Area Covered: Malta
	Programming Period: 2007-2013
	Programme number CCI No: 2007MT161PO001
	<b>Programme Title:</b> Operational Programme I – Investing in Competitiveness for a Better Quality of Life (Cohesion Policy 2007-2013)
Annual Implementation Report	Reporting Year: 2014
	Date of approval of the Annual Report by the Monitoring Committee: Friday 22 <sup>nd</sup> May 2015.

## 02. Overview of the Implementation

### **02.1 Achievement and Analysis of the Progress**

Operational Programme I (OPI)'s main objective is to close the gap in the economic development of Malta and the average in other European Union Member States mainly by investment in physical infrastructure, in the areas of enterprise support, RTDi, tourism (including heritage promotion), transport networks, the energy and water sectors, environmental sustainability, risk prevention, as well as urban regeneration, e-society, education, social and health infrastructure.

These areas of intervention are grouped into two (2) objectives. Objective 1 aiming at Sustaining a Growing Knowledge Based Competitive Economy and contributes towards the implementation of two (2) priority axes namely Priority Axis (PA) 1 – Supporting Entrepreneurships, RTDi and Industrial Infrastructure and PA 2 - Sustaining the Tourism Industry through tourism infrastructure and other measures to promote culture both financed through European Regional Development Funds (ERDF). Objective 2 aims at Improving Malta's Attractiveness and the Quality of Life. This objective contributes towards four (4) priority axes which are PA 3 – Ten-T Infrastructure and PA5 - Safeguarding the Environment and Risk Prevention, both financed under the Cohesion Fund (CF) as well as PA 4 - Climate Change and Resource Efficiency and PA 6 – Urban Development and Improving the Quality of life both financed through ERDF.

To achieve these objectives, Malta was allocated a total of €856 million EU Structural Funds in the programming period 2007-2013, which mainly consists of €522 million ERDF and €334 million CF. By end of 2014, 141 projects have been selected by the Project Selection Committee (PSC). The total amount committed as at December 2014 exceeds the OP allocation but at a PA level not all PAs were committed as at December 2014 as will be explained in detail in Chapter 3. Out of the 141 projects approved, forty-five (45) projects, one (1) financial instrument and seven (7) aid schemes<sup>1</sup> contribute towards reaching objective 1, while seventy-three (73) projects, two (2) schemes financed through ERDF and further thirteen (13) projects financed under CF contribute towards reaching Objective 2. Out of these projects, sixty-six (66) projects have been completely disbursed, thirteen (13)<sup>2</sup> of which, all under ERDF, have been completely disbursed in 2014. Moreover, one (1) aid scheme has been completed during the year under review.<sup>3</sup>

In terms of the OP contribution towards Objective 1, support to SME is one of the most important aspects. Under OPI, there are 9 Aid Schemes and a Financial Instrument (JEREMIE) being implemented. The implementation of the JEREMIE instrument was the first time that Financial Instruments were implemented using Structural Funds in Malta and became an important part of the package of incentives made available through Structural Funds for the benefit of SMEs. By December 2014, the implementation of JEREMIE was

<sup>1</sup> ERDF128 was subdivided into two schemes since separate calls were issued for both the Innovation scheme and Environment scheme.

<sup>2</sup> ERDF 017, 031,140, 205, 213, 228, 235, 277, 278, 284, 68,314, 156.

<sup>3</sup> ERDF136

in an advanced stage and as at end of 2014, 650 SMEs were supported through the granting of 760 loans which brought the overall level of loans committed to €61.5 million and total investment by the SME of more than €100 million.

In terms of assistance to enterprises, the JEREMIE instrument was complemented by the implementation of the Aid Schemes and as at end of 2014, 575 new projects were being supported for a total public eligible value of €32 million, which leveraged further investment by the private sector of circa the equivalent amount.

Complementing the support to enterprises, mainstream projects provide the necessary support infrastructure for enterprises to prosper and grow whilst at the same time improving the quality of life. Considering that this report focuses on the implementation of the Operational Programme in 2014, the following are some highlights from the mainstream projects completely disbursed in 2014. The projects completely disbursed in 2014 represented a Public Eligible investment of €30 million. Five (5) projects<sup>4</sup> one (1) under PA1 and four (4) under PA2 aimed at sustaining a growing knowledge based competitive economy.

ERDF 017: *Construction, Finishing and Equipping of ICT Faculty Building* managed to increase RTDI expenditure as a percentage of GDP by 0.33%, which continued to contribute to the achievement of the programme impact indicators. The ICT Faculty has maintained and launched five (5) full-time and part-time courses since the ICT faculty building became operational. The current ICT degree programmes and part-time options are now allowing persons who require practical training in the utilisation of cutting-edge techniques and equipment to pursue and upgrade their careers in ways that were not possible before. The lecture rooms and research labs of this facility are enough to accommodate the foreseeable number of ICT students for the next thirty (30) years. In fact, the facility houses ten (10) undergraduate teaching rooms and nineteen (19) research labs. Each teaching lab can accommodate between thirty (30) to thirty-four (34) students, while each research lab can accommodate up to twelve (12) students.

On the other hand the four (4) tourism projects: ERDF031: *Upgrading of Zewwieqa Waterfront*, ERDF 205: *Regenerating Balzan Square and Implementing a Tourist Heritage Trail*; ERDF 213: *Sustainable Tourism in a Village of Culture and Heritage* and ERDF 140: *Discovering Cultural & Religious Tourism in Gozo (Ta' Pinu Shrine)* all are contributing towards Malta's effort to increase tourism, improve the quality of the tourism product and culture in Malta. These efforts aim to reduce seasonality and increase the sustainability of tourism and subsequently competitiveness.

Another eight (8) projects and one (1) aid scheme concluded in 2014 contributed towards the second objective of the OP aiming at improving Malta's attractiveness and the quality of life. Five (5) projects: ERDF 228: *Green Energy Schools*; ERDF 235: *Setting-Up Energy Saving Measures in Two Provincial Schools*; ERDF 277: *Neptunes Renewable Energy Generation Project*; ERDF 278: *EkoKazin*; and ERDF 284: *Moving towards a Greener Tomorrow* contributed towards PA 4 objectives of promoting mitigation and adaptation measures to the effects of climate change, as well as the promotion of sustainable resource efficiency. Most of the buildings benefiting from these five (5) projects are now generating enough electricity to cover the demand of the

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<sup>4</sup> ERDF 017, 031,140, 205 and 213



building, resulting in a zero carbon footprint from energy consumptions as a result of the operations of the said infrastructures. These projects have contributed to one of PA 4's output indicator, namely the *Annual Penetration Rate through the Installation of PVs and Micro-wind Infrastructure* (444.58kWp/annum). These projects have also contributed towards the *Total Annual Electricity generated from Small Scale PV and Micro-wind Installation* (654.26 MWh/annum)<sup>5</sup> and the *Total Energy Saving per year* for these projects amounts to 108.63MWh/annum.

Finally the last three (3) projects completed in 2014 namely ERDF 068: *Upgrading of Operating Theatre and Setting Up of a Radiology Unit*, ERDF156: *Developing National Environmental Monitoring Infrastructure and Capacity* and ERDF314: *Development in Screening and Radiological Modalities in Health* contribute towards the PA6 objectives 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. Following the completion of ERDF 068, 868m<sup>2</sup> of health facilities were modernised and as a result seven (7) new health services are now being offered in Gozo. Moreover, through the completion of ERDF 314, two (2) new services related to Radiology are now being offered in the health sector, directly contributing towards PA6 objectives. ERDF156 has resulted in an environmental monitoring project and established four (4) environmental monitoring programmes. In this regard, the project provided a 100% assessment of environmental monitoring requirements in the areas of air, water, radiation, noise and soil. An environmental monitoring strategy and detailed monitoring programmes were designed and drawn to cover all monitoring requirements. Moreover, the baseline studies were conducted with a 100% scan coverage of the Maltese Islands together with terrestrial spatial surveys and bathymetric surveys of coastal waters within one (1) nautical mile. A Shared Environmental Information System (SEIS) has been designed and implemented. The results of the project were disseminated throughout the project to a wide range of stakeholders and the public through an information campaign that targeted public awareness of issues pertaining to the environment. The following sections and Chapter 3 shall provide more details on the physical and the financial progress under OPI in 2014.

## **02.1.1 Information on the Physical Progress of the Operational Programme**

### *Achieving the OP objectives – Selection of projects addressing the OP targets*

In order to ensure that the OP objectives are achieved, during the year under review the Managing Authority (MA) continued with its work to select projects. In this respect in 2014 the PSC's work focused on the finalising of the review and assessment of Call 18 (PA 4) which had been launched in 2013 as well as working on the review and assessment of two (2) calls launched in 2014. One (1) call had been issued under ERDF PA 2 and another call under CF PA 5. Details of the call issued and the outcome of the work by the PSC in 2014 is summarised in the table below:

<sup>5</sup> This amount covers the total annual electricity generated in 2014. Some of the installations were commissioned towards mid-2014 and hence these do not cover one full year.

**Table 1 - Breakdown of Project Proposals Submitted in 2014**

Call	Priority Axis	Focus Area(s)	Indicative Budget (€)	Target Audience	Proposals submitted
NM5 <sup>6</sup>	PA5: Safeguarding the Environment and Risk Prevention	Water and Waste Water	n/a	Public Entities – Ministry for Energy and the Conservation of Water (MEWC)	2 <sup>7</sup>
ERDF Call 18	PA4: Climate Change and Resource Efficiency	Energy and Resource Efficiency	25 million	Public Entities	21 <sup>8</sup>
ERDF Call 20 <sup>9</sup>	PA2: Promoting Sustainable Tourism	Product Development; Niche Market Development	1.5 million	Public Entities	4 <sup>10</sup>

The ERDF call issued in 2014 was published via a government notice, the government intranet website and the MA's website. Apart from the publication of the notice, the MA website also acts as a reference point for all information related to the call including information to potential applicants such as the application form and the guidance notes. This procedure does not apply to the CF call for projects, since calls under the CF are restricted to public entities operating in the thematic area of the call (for 2014 the thematic area applicable was water).

Furthermore in an effort to provide guidance and assistance to potential applicants, the publication of ERDF calls is also accompanied by information sessions undertaken by the MA. 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.

<sup>6</sup> Call (restricted procedure) launched 23<sup>rd</sup> January 2014 and closed 21<sup>st</sup> March 2014.

<sup>7</sup> Project Reference Numbers. CF355 and CF356.

<sup>8</sup> Project Reference Numbers ERDF334, ERDF335, ERDF336, ERDF337, ERDF338, ERDF339, ERDF340, ERDF341, ERDF342, ERDF343, ERDF344, ERDF345, ERDF346, ERDF347, ERDF348, ERDF349, ERDF350, ERDF351, ERDF352, ERDF353, ERDF354.

<sup>9</sup> Call published 9<sup>th</sup> May 2014 and closed 4<sup>th</sup> July 2014.

<sup>10</sup> Project Reference Numbers ERDF 400, ERDF 401, ERDF 402, ERDF 403.

During 2014 the PSC met regularly to evaluate and rank the projects submitted. By year end, all calls were concluded with a total of nineteen (19) approval letters issued by the MA in relation to Call 18<sup>11</sup>, NM5<sup>12</sup> and Call 20<sup>13</sup>. Unsuccessful applicants<sup>14</sup> were informed through a rejection letter and were given the right of appeal. During the year under review one applicant<sup>15</sup> lodged an appeal with the Project Selection Appeals Board (PSAB). Following its assessment the board rejected the appeal.

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

For the programming period 2007-2013, the Government has a territorial commitment to spend 10% of the funds on projects related to the socio-economic development of Gozo. It is to be noted that the calls for project proposals issued in 2014 targeted both Malta and Gozo. As at end 2014, twenty-five (25) were the Gozo-based projects: twenty-four (24) ERDF projects and one (1) CF project, which together contribute to a direct investment of €45,630,955<sup>16</sup> in public eligible costs.

Out of these twenty-five (25) Gozo-based projects, there is a total of nine (9) projects under PA 2 targeting the tourism dimension of the island, with ERDF 246: *Implementation of the Cittadella Masterplan Recommendations*, with a total public eligible value of €11,669,586 being the flag-ship project under this Priority Axis for Gozo. This project is intended to give a new lease of life to the Cittadella, which is one of the prime touristic sites on the island of Gozo due to its architectural, historical and cultural relevance. This project complements the Gozo component of ERDF 039: *Restoration and Rehabilitation of Historic Fortifications of Malta and Gozo (Cittadella)*, which has a public eligible value of €5,289,108 solely targeted towards restoration works of the fortifications in the Cittadella where 17,500m<sup>2</sup> of surface area of Ramparts elevation plan have been restored.

Another important project with a substantial investment value happening in Gozo is CF 123 with an investment of circa €8,389,319 Public Eligible (including Funding Gap). This project entails the *Setting up of the Gozo Waste Transfer and Material Recovery Facility* under PA 5, which is aimed to reduce transport of waste between the two (2) islands by providing facilities for the processing of separated waste at source in Gozo. This project will also contribute to reduce the disamenities of waste management to Gozo residents by the closing down the Qortin landfill site, which landfill is being restored and rehabilitated under another project CF 118: *Rehabilitation and Restoration of Closed Landfills*, which has a Gozo component with a public eligible value of €1,856,854.

Under the Focus Area of 'Education, Social and Health-related Infrastructure' under PA 6, Gozo is also benefitting from a number of projects which include two (2) health related projects with investments at the

<sup>11</sup> Fourteen (14) approved Projects include ERDF 350, ERDF 342, ERDF 343, ERDF 344, ERDF 354, ERDF 341, ERDF 339, ERDF 334, ERDF 349, ERDF 335, ERDF 346, ERDF 336, ERDF 348, ERDF 337 of which four of these are studies (ERDF341, ERDF 346, ERDF 348, ERDF 349)

<sup>12</sup> Two (2) approved Projects include CF355 and CF356

<sup>13</sup> Three (3) approved Projects include ERDF 401, ERDF 402, ERDF 403

<sup>14</sup> Unsuccessful Applicants include seven (7) projects under Call 18 and one proposed project under Call 20

<sup>15</sup> Unsuccessful Applicant ERDF 353 (Call 18)

<sup>16</sup> When compared to AIR 2013, the number of Gozo based projects increased by one (1) (ERDF 344) and the total amount of eligible costs decreased by €2,166,952 due to savings registered on the projects. ERDF 344 was approved under Call 18 with a public eligible value of €274,599.

Gozo General Hospital, ERDF 068: *Upgrading of Operating Theatre and Setting up of Radiology Unit*, with a public eligible value of €3,626,049 and ERDF 317: *Upgrading of Services at Gozo General Hospital* with a public eligible value of €3,434,787. In the case of, ERDF 068 seven (7) new services were launched and made available to the general public in 2014. The seven (7) new services are made up of six (6) diagnostic services<sup>17</sup> and one (1) surgical service<sup>18</sup>. The project also prepared the infrastructure for the vascular surgery service which will be offered after the completion of ERDF 317. No new services were offered by ERDF 317 in 2014, since the procured equipment was not yet delivered, and training related to the delivered equipment was still to be undertaken. Nevertheless, it is expected that in 2015, four (4) new services<sup>19</sup> will commence at the Gozo General Hospital.

Undoubtedly the Gozo component under CF 117: *Improvement of the Ten-T Road Infrastructure Network Phase I* with a public eligible value of €10,366,901 is also another important investment for the island of Gozo in that it comprises the final link of the Ten-T network to Victoria, Gozo's capital city, a stretch of 3.4km of road which represents 57% of the Ten-T network in Gozo.

As indicated already above, Gozo based projects are complemented by a number of projects that have a Gozo component (having a Malta and Gozo element). As at end 2014, the total number of projects which have a Gozo component was a further twenty-three (23) projects: twenty (20) ERDF projects and three (3) CF projects, with an estimated investment of €44,689,828<sup>20</sup> in public eligible costs.

The private sector in Gozo has also been targeted with fifty-eight (58) Gozo-based enterprises benefitting from grants amounting to €3,584,421 public eligible as at end 2014, together with the JEREMIE instrument, under which forty-five (45) Gozitan SMEs took forty-nine (49) loans for an estimated value of €3 million and contributing to €4.8 million of private investments in Gozo. The main beneficiary of the JEREMIE instrument in Gozo is the food and beverage sector, with a generated loan portfolio €760,500, which amounts to about 25% of the portfolio volume generated in Gozo, followed by the human health activities (€395,000 - 13%) and the manufacture of other non-metallic mineral products (€310,000 - 10%). The SMEs benefitting from JEREMIE under these three (3) sectors are fifteen (15), ten (10) of which fall under the food and beverage sector, three (3) under the human health activities and two (2) under the manufacture of other non-metallic mineral products. By way of summary, as at end of the year, the total commitment for Gozo (including Aid Schemes but excluding JEREMIE) was €93,905,204 equivalent to 10.96% of the total OP allocation<sup>21</sup>. The 10% target was achieved in 2014 with the approval of projects under Call 18 and Call 20 also contributing to the Gozo dimension.

<sup>17</sup> CT Scanning, mammograms, Bone Mineral Density test, Doppler studies in colour, studies for obstetrics and guided biopsy studies.

<sup>18</sup> Orthopaedic

<sup>19</sup> Vascular surgery, laparoscopic surgery, ultrasound diagnostics and guided intervention, and colorectal cancer screening

<sup>20</sup> When compared to AIR 2013, the number of projects increased by four (4) (ERDF 334, ERDF 343 and ERDF 346 under PA4; CF 355 under PA5) and the total amount of eligible costs increased by €16,009,003.

<sup>21</sup> €856,615,354

## *Changes to the OP*

Since the last approved version of the OP<sup>22</sup> (of March 2014) and during the course of 2014, the MA proposed a number of OP changes for the endorsement of the Monitoring Committee in November 2014. As at year end, preparatory work was under way for the approval of the Commission within the context of Article 33 of EC/1083/2006, sub-paragraph 1(d).

The changes were mainly triggered by the need to address implementation challenges at this critical and final stage of the 2007-2013 Programming Period coupled with the requirement to achieve national priorities within the stringent time frames of this said Programming Period. These changes reflect the MA's aim to ensure that OPI is fully committed and included:

- a) Shift of funds of approximately €12M from PA 3 (CF) to PA 5 (CF)

In view of the Programme's time constraints and following the substantial savings registered under CF 260: *Refurbishment and Upgrading of the Deep Water Quay* project under PA 3, the MA is proposing a shift of funds from PA 3 to PA 5. This shift would also allow the consolidation of the water projects under the latter PA.

Under PA 5, and in particular the Focus Area 'Water and waste water', in order to ensure continual optimization of operations to maintain a balance between water quality and power consumption while at the same time satisfying demand requirements, Malta is seeking to implement a number of initiatives such as an intelligent control system through the use of dedicated software and improving the efficiency of parts of the groundwater collection system. This would thus contribute towards the country's continual effort to develop its water infrastructure to ensure a good supply of good quality water with due regard to the sustainability of its natural water resources and efficient use of energy. Another target within the water resource efficiency objective is the potential re-use of treated sewage effluent. If further treated, this resource can replace the non-potable portion of potable water used, as well as provide an alternative source to some of the direct extraction of groundwater whilst generating energy savings from the energy intensive Reverse Osmosis (RO) operations. Other planned interventions are directed towards the strengthening of the water collection network through the application of more advanced technology, better suited for Malta's territorial specificities and high urban density.

- b) Shift of a water project intervention<sup>23</sup> under PA 4 (ERDF) to PA 5 (CF)

This project shift will further compliment measures falling under the focus area of intervention for water under PA 5, as explained in more detail above, whilst also ensuring full absorption of the Cohesion Fund allocation.

<sup>22</sup> The Commission approved the OP changes submitted in 2013 through Decision C (2014) 1253 of 4<sup>th</sup> March 2014.

<sup>23</sup> ERDF 304 – Use of Highly Polished Reclaimed Water in the Maltese Island.

c) Shift of funds from PA 4 (ERDF) to PA 6 (ERDF)

In view of the Programme's time constraints and following the substantial savings (following contracting) registered under PA 4 (ERDF), the MA is proposing a shift of funds from PA 4 to PA 6. This shift in funds is aimed to consolidate further projects investing in the upgrading of the education infrastructure as well as the enhancement of infrastructural road, both falling under PA 6. Such shift does not have an impact on the achievement of the programme indicators under PA 4.

During the year under review, the MA received and approved a request from the Ministry for Education and Employment for further investment in the upgrading of the education infrastructure, in support of the introduction of the new Government policy introducing co-educational teaching and the development of middle schools as of September 2014, to complement the setting up of colleges. Investment will be directed towards the expansion and upgrading of schools, including investment in basic amenities and adequate facilities and other related equipment, information systems and resources.

In parallel, the increase in financial allocation under PA 6 will also support Government's priority to improve infrastructural road safety, such as upgrading the main road tunnels to meet a high safety standard, in order to ensure an integrated approach complementing other measures already being carried out under PA 3.

d) Alignment of potential interventions under PA 7 to reflect the current status of the programme:

PA 7 will be aligned to reflect the current status of the programme including actions such as studies prioritized by government and tasks linked to 2014-2020 Cohesion Policy.

e) Alignment of indicators and categorisation of funds assistance:

This alignment is necessary to reflect both the above proposed changes and the achievement expected from the approval of new operations following the publication of final calls under the OP. In addition, the MA revised the methodology of some of the indicators to align indicators to national data and hence improve the reliability of the unit of measurement.

### *Impact and Core Indicators*

Table 2 gives an overview on the achievements carried out on Impact and Core Indicators in 2014 under OPI.

The 2013 OP changes approved by the Commission in 2014 included changes to a number of impact indicators in order to align statistical data and revise the methodology used. The revised indicators include changes to the target indicator for *% increase in R&D expenditure as percentage of GDP*, revision in the indicator and baseline for *% increase of manufactured export earnings: an average growth rate of 2.7%*, and revision to the targets for the environment and quality of life weighted average as outlined in the table below.

As can be seen from Table 2, a number of indicators registered a further increase whereas others have not recorded as further change over the previous reporting period. The latter is as a result that impact can only be measured once a project is at least operational for a full year.

One of the impact indicators recording an increase is *Number of direct jobs created (Imp04)*. In 2014, Imp04 registered an increase of 111 FTE jobs created bringing the total number of direct jobs created by operations financed through the OP to 415 FTE jobs by end of year under review. Furthermore, it is pertinent to note that this achievement figure being quoted is a conservative figure given that there are other FTE jobs which have been achieved (e.g. by Aid Schemes) but are not being captured in this report given that the MA is still verifying this data.

A substantial achievement was also registered under the impact indicator *Carbon Dioxide Equivalent Emissions (Imp08)* with an estimated increase of 87,533 Tonnes of carbon dioxide (CO<sub>2</sub>) reduced from being emitted in the atmosphere over the previous reporting year. Whilst acknowledging that many projects from various Priority Axes contribute towards this indicator, the leading projects which are considered as being the major contributors towards this impact indicator are the two domestic energy schemes ERDF 088 and ERDF 288 and the Energy Aid Scheme for Enterprises ERDF 133.

The weighted average impact indicators for transport, environment and quality of life can be quantified and reported at the end of the programme since only then can the overall impact of the concluded projects be established. However, in an effort to capture the partial contribution achieved to date by some of the completed projects contributing towards these indicators, the MA has calculated the impact of each individual project contributing to any one of these impact indicators that had completed its activities by 2014 in an effort to report an *indicative* achievement. It has to be noted that this methodology is a complex calculation and that figures will change as other projects reach completion. Only the final implementation report will reflect the correct value for such impact indicators.

No change in data was reported for Imp 02 and 03 when compared to 2013 since all projects contributing to these indicators are still at implementation or not enough time has elapsed for an achievement to be recorded.

Achievement is being registered also under the core indicators. When compared to the previous year, an increase of three (3) new projects was registered under the core indicator *No of assisted tourism and cultural projects*. This increase was due to the selection of three (3) new projects within PA2 namely ERDF401, ERDF402 and ERDF403, which were selected under Call 20 issued in 2014.

Furthermore, with regard to core indicators, a slightly increase in *Km of TEN -T roads upgraded (A3O01)* was registered in 2014. The sole contributor to this indicator remained CF 117: *Improvement of the TEN – T Road Infrastructure (Phase I)*. This indicator is expected to be achieved with the implementation of CF 125: *Improvement of the TEN – T Road Infrastructure (Phase I)*. The indicator *No. RES Projects* increased by further five (5) projects. This increase was due to five (5) new projects under PA 4 namely ERDF335, ERDF336, ERDF342, ERDF344 and ERDF350 which were selected together with other sixteen (16) projects in Call 18 issued in 2014. Further increase was also registered for the indicator *Areas Rehabilitated (Km<sup>2</sup>) (A5R03)* and *Pupils/students/trainees benefitting from upgraded and modernised facilities/services (per annum) (A6R05)*. All the other core indicators remained steady as 2013 figures.

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

		Impact Indicators								
Indicators		2007	2008	2009	2010	2011	2012	2013	2014	Total
% Increase in RTDi expenditure as a percentage of GDP [Imp01]	Achievement	0	0	0	0.2746	0.48	0.55	<b>0.55</b>	<b>0.5671</b>	<b>0.5671</b>
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	085%
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.52%
% Increase of earnings from tourism [Imp02]	Achievement	0	0	0	0	0 <sup>24</sup>	0	<b>0</b>	<b>0.00013</b>	<b>0.00013</b>
	Target	n/a	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	n/a
% Increase of manufactured export earnings [Imp03]	Achievement	0	0	0	0	0	0	<b>0</b>	<b>0</b>	<b>0</b>
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.7 %
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Number of direct jobs created(FTEs) [Imp04]	Achievement	0	0	16	36	109	186	<b>335</b>	<b>415</b>	<b>415</b>
	Target	n/a	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	n/a
Transport weighted average [Imp05]	Achievement	0	0	0	0	0	0	<b>0</b>	<b>64%</b>	<b>64%</b>
	Target	n/a	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	n/a
Environment weighted average [Imp06]	Achievement	0	0	0	0	0	0	<b>0</b>		<b>0</b>
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	450% increase
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

<sup>24</sup> An increase of 0.00013% has been achieved by means of ERDF 155.



Quality of Life Weighted Average [Imp07]	Achievement	0	0	0	0	0	0	0	0	0
	Target	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	50% increase
	Baseline	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CO <sub>2</sub> equivalent emissions [Imp08]	Achievement	0	0	0	1,537 tonnes of CO <sub>2</sub>	4,700 tonnes of CO <sub>2</sub>	12,580 tonnes of CO <sub>2</sub>	<b>35,805 tonnes of CO<sub>2</sub></b>	<b>123,338</b>	<b>123,338 tonnes of CO<sub>2</sub></b>
	Target	n/a	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	n/a

Core Indicators										
Indicators		2007	2008	2009	2010	2011	2012	2013	2014	Total
No of start-up businesses supported (core indicator number 8) [A1R03]	Achievement	0	0	0	0	3	12	17	<b>17</b>	<b>17</b>
	Target	n/a	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	n/a
No of enterprises involved in networking and new collaboration with other	Achievement	0	0	0	11	13	28	28	<b>28</b>	<b>28</b>
	Target	n/a	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	n/a

businesses and academia (core indicator number 5) [A1R08]										
No of RTDi projects (core indicator number 4) [A1O04]	Achievement	0	10	11	11	11	11	15	<b>15</b>	<b>15</b>
	Target	n/a	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	n/a
No of assisted tourism and cultural projects (core indicator number 34) [A2O01]	Achievement	0	5	11	11	16	20	20	<b>23</b>	<b>23</b>
	Target	n/a	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	n/a
Kms of (TEN T) roads upgraded (core indicator number 16) [A3O01]	Achievement	0	0	0	0	0	9.31	12.41	<b>13.29</b>	<b>13.29</b>
	Target	n/a	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	n/a
No. RES Projects (core indicator number 23) [A4O08]	Achievement	n/a	3	3	5	14	30	28	<b>33</b>	<b>33</b>
	Target	n/a	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	n/a
Reduction greenhouse emissions (CO <sub>2</sub> and equivalent, kt) (core indicator number 30) [A4R07]	Achievement	n/a	n/a	n/a	n/a	n/a	0	0	<b>0</b>	<b>0</b>
	Target	n/a	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	n/a

Number of Waste Projects (core indicator number 27) [A5O05]	Achievement	n/a	n/a	n/a	n/a	n/a	1	3	<b>3</b>	<b>3</b>
	Target	n/a	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	n/a
No of storm water management (risk prevention) projects (core indicator number 31) [A5O04]	Achievement	0	0	0	1	1	1	1	<b>1</b>	<b>1</b>
	Target	n/a	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	n/a
Areas Rehabilitated (Km <sup>2</sup> ) (core indicator number 29) [A5R03]	Achievement	n/a	n/a	n/a	n/a	n/a	0.113	0.16	<b>0.33</b>	<b>0.33</b>
	Target	n/a	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	n/a
Number of benefiting students (Education) (core indicator number 37) [A6R05]	Achievement	0	1,158	1,606	7,541	18,752	56,634	59,841	<b>62,996</b>	<b>62,996</b>
	Target	n/a	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	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	<b>1</b>	<b>1</b>
	Target	n/a	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	n/a

No of projects [health] (core indicator number 38) [A6O06]	Achievement	0	1	1	2	2	2	5	5	5
	Target	n/a	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	n/a

### Annual Control Report

The 2014 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 2013. The ACR, was submitted by IAID (the sole audit authority responsible to carry out the audits) on 30<sup>th</sup> December 2014 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, seven (7) systems audits were carried out. These include the Treasury Department and six (6) schemes administered by Malta Enterprise (*ERDF Start-up Grant Scheme, Innovation Actions Grant Scheme, Research and Development Grant Scheme, International Competitiveness Grant Scheme, Business Development Grant Scheme and ERDF Energy Grant Scheme*). In addition forty-three (43) payment claims were selected from OP I from a total of 558 periodic payment claims certified in 2013. These claims were related to twenty five (25) 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, a Contradictory Procedure was undertaken, whereby draft audit reports were forwarded to the MA with a request for a written reply within a given time-limit. The MA, in consultation with the Beneficiary, provided the Audit Authority with the required clarifications to the noted findings. 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 2014. With reference to the systems audits carried out the following table includes an analysis of the irregular expenditure detected.

**Table 3 - An analysis of the irregular expenditure detected.**

	<b>Problems of systemic character and measures taken</b>	<b>Estimated financial impact (if applicable)</b>

Treasury Department	No problems of systemic character were detected.	Not applicable
Malta Enterprise – ERDF127	Problems of systemic character were detected and corrective measures were taken.	2% flat rate financial correction
Malta Enterprise – ERDF128 (Innovation and Environment)	Problems of systemic character were detected and corrective measures were taken.	Innovation calls 1 and 2: 5% flat rate financial correction.  Innovation calls 3 and 4: specific financial corrections in respect of known errors.  Environment calls 1 to 4: specific financial corrections in respect of known errors.
Malta Enterprise – ERDF129	Problems of systemic character were detected and corrective measures were taken.	€11,129.96 and 10% financial correction equivalent to €61,848.35 <sup>25</sup>
Malta Enterprise – ERDF130	Problems of systemic character were detected and corrective measures were taken.	€47,774.49
Malta Enterprise – ERDF133	Problems of systemic character were detected and corrective measures were taken.	€23,440.93 <sup>26</sup>
Malta Enterprise – ERDF134	Problems of systemic character were detected and corrective measures were taken.	25% flat rate financial correction

Ineligible amounts detected under OPI during the audits of operations amount to €84,693 out of €59,157,428 of audited expenditure. Having said that, the ACR confirms that the irregularities detected during the audits of operations were not of a systemic character and thus no additional financial corrections were necessary.

<sup>25</sup> This represents the position as at 31 December 2013 as reported in Sections 4.2 and 4.5b of the Annual Control Report 2013.

<sup>26</sup> This represents the position as at 31 December 2013 as reported in Sections 8.3 and 4.5b of the Annual Control Report 2013.

An unqualified audit opinion in terms of Article 62 (1) (d) (ii) of EC/1083/2006 confirms that the management and control systems of the OP functions well and provides a level of assurance as derived from the systems audits and audits of operations.

### *Monitoring of Audit Authorities on compliance with Article 73 of Regulation (EC) No 1083/2006*

An audit mission was carried out by DG Regional Policy and Urban Policy in October 2014. The objective of the mission was to obtain reasonable assurance that the Audit Authority continues to comply with the four key requirements drawn from Article 62 of Regulation (EC) Number 1083/2006. Based on the work carried out, the auditors of DG Regional and Urban Policy have obtained reasonable assurance that the Audit Authority is compliant with the requirements of Regulation (EC) No 1083/2006.

## **02.1.2 Financial Information**

### *Advance Payments*

No further advance payments were due to Malta in 2014. The total amount of advance payments received under ERDF and CF remained unchanged, that is, €39,958,023 and €29,835,227 respectively (both expressed in EU share only).

### *Interim Payments*

Interim payments received in 2014 amounted to €178,103,468<sup>27</sup>, accounting for 38% of all interim payments received up to the end of the year under review for OPI<sup>28</sup>. The MA launched the Statement of Expenditure (SoE) process on five (5) separate occasions in 2014, namely, February, May, July, October and November. 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 2014.

**Table 4 - Summary of Verified, Certified & Received Amounts**

Period of Statement of Expenditure	Verified by MA in 2014	Certified by CA in 2014	Received from EC in 2014
<i>ERDF</i>	<i>Public Share (€)</i>	<i>Public Share (€)</i>	<i>EU Share (€)</i>
September 2013	0	0	14,350,888 <sup>29</sup>

<sup>27</sup> €118,785,359 refer to ERDF while €59,318,109 refer to CF.

<sup>28</sup> €468,950,755 divided as follows: €291,509,705 (ERDF) and €177,441,050 (CF).

<sup>29</sup> Received from EC on 14<sup>th</sup> May 2014.

November 2013	0	0	18,938,262 <sup>30</sup>
Sep & Nov 2013	0	0	15,766,398 <sup>31</sup>
December 2013	0	0	3,516,785 <sup>32</sup>
February 2014	11,583,334	11,583,334	9,845,834 <sup>33</sup>
May 2014	18,572,133	18,572,133	15,786,313 <sup>34</sup>
July 2014	21,144,485	21,144,485	17,972,812 <sup>35</sup>
October 2014	26,597,725	26,597,725	22,608,066 <sup>36</sup>
November 2014	40,136,616	40,136,616	0
<b>Total</b>	<b>118,034,293</b>	<b>118,034,293</b>	<b>118,785,358</b>
<i>CF</i>	<i>Public Share (€)</i>	<i>Public Share (€)</i>	<i>EU Share (€)</i>
September 2013	0	0	5,869,667 <sup>37</sup>
November 2013	0	0	7,572,446 <sup>38</sup>
December 2013	0	0	3,534,992 <sup>39</sup>
February 2014	16,767,721	16,767,721	14,252,563 <sup>40</sup>
May 2014	10,948,600	10,948,600	9,306,310 <sup>41</sup>
July 2014	10,595,435	10,595,435	9,006,120 <sup>42</sup>
October 2014	11,501,190	11,501,190	9,776,012 <sup>43</sup>

<sup>30</sup> Received from EC on 20<sup>th</sup> May 2014.

<sup>31</sup> Received from EC on 30<sup>th</sup> December 2014.

<sup>32</sup> Received from EC on 20<sup>th</sup> May 2014

<sup>33</sup> Received from EC on 25<sup>th</sup> June 2014

<sup>34</sup> Received from EC on 12<sup>th</sup> August 2014

<sup>35</sup> Received from EC on 30<sup>th</sup> December 2014

<sup>36</sup> Received from EC on 30<sup>th</sup> December 2014

<sup>37</sup> Received from EC on 10<sup>th</sup> February 2014

<sup>38</sup> Received from EC on 10<sup>th</sup> February 2014

<sup>39</sup> Received from EC on 11<sup>th</sup> February 2014

<sup>40</sup> Received from EC on 11<sup>th</sup> June 2014

<sup>41</sup> Received from EC on 12<sup>th</sup> August 2014

<sup>42</sup> Received from EC on 31<sup>st</sup> December 2014

<sup>43</sup> Received from EC on 31<sup>st</sup> December 2014

<b>Total</b>	<b>49,812,946</b>	<b>49,812,946</b>	<b>59,318,110</b>
<b>Grand Total</b>	<b>167,847,239</b>	<b>167,847,239</b>	<b>178,103,468</b>

**Table 5 - Financial Information as at 2014**

Priority Axis (PA)	Allocation of Funds (OPI)	Financial Contribution	Certified Amounts	Certified Amounts as a % of Allocation of Funds (OPI)
	€	Public Cost (P)	€	%
PA 1 – Enhancing Knowledge & Innovation (ERDF)	€120,000,000	P	€92,058,961	77%
PA 2 – Promoting Sustainable Tourism (ERDF)	€120,000,000	P	€89,581,049	75%
PA 3 – Developing the TEN-T (CF)	€145,000,000	P	€85,078,515	59%
PA 4 – Climate Change & Resource Efficiency (ERDF)	€105,000,000	P	€54,771,148	52%
PA 5 – Safeguarding the Environment (CF)	€189,288,259	P	€123,675,661	65%



PA 6 – Urban Regeneration & Improving the Quality of Life	€165,000,000	P	€139,422,160	85%
PA 7 – Technical Assistance (ERDF)	€12,327,095	P	€7,255,894	59%
Grand Total OPI	€856,615,354	P	€591,843,388	69%

### 02.1.3 Information about the Breakdown of Use of the Funds

Chapter 3 of the OP provides a breakdown of the categories by code of intervention. With the approval of the OP changes by the Commission in 2014, these categories were revised so that these reflect the activities of the Programme at the time.

The total EU share committed by the end of 2014 amounted to €729,409,894. This was an increase of €21.86 million<sup>44</sup> over the figures reported in 2013. The commitments per priority theme, economic activity and location are provided in Annex II.

An overall increase was recorded when comparing the total for all priority theme categories listed in the Annual Implementation Report (AIR) for 2013 and the same data as at end 2014, reflecting the overall increase in public eligible amounts under this OP. At an individual priority theme category, a number of priority themes recorded a decrease when compared to the 2013 data, with the main reasons listed below:

- (i) Some of the approved projects which are now completed had some savings releasing funds that were previously committed such as code 40 (ERDF 221, ERDF 228, ERDF 235, ERDF 277, ERDF 278, ERDF 279, ERDF 284, ERDF 285), code 43 (ERDF 213, ERDF 228, ERDF 277), code 57 (ERDF 213, ERDF 221), code 59 (ERDF 205, ERDF 213, ERDF 221), priority code 60 (ERDF 205);
- (ii) Actual contracted amounts were less than originally forecasted. This had an impact on priority themes code 3 (ERDF 199), code 4 (ERDF 199), code 5 (ERDF 001 and ERDF 199), code 23 (ERDF 001 and ERDF 199), code 30 (CF 124; CF 260), code 40 (various PA4 projects), code 50 (ERDF 001, CF 118, CF 119), code 58 (ERDF 140, ERDF 142, ERDF 245, ERDF 246), code 76 (ERDF 314, ERDF 317), code 77 (ERDF 001);

<sup>44</sup> The total EU share committed by the end of 2013 amounted to € 707,553,883 (Source: AIR 2013)

- (iii) Financial adjustments resulting in an automatic reduction to the project/scheme allocation led to a decrease in code 4 (ERDF 130), code 6 (ERDF 128), code 7 (ERDF 128), code 9 (ERDF 127 and 134), code 13 (ERDF 159), code 15 (ERDF 129), code 26 and code 28 (ERDF 256) code 30 (CF198), code 39 (ERDF 133), code 40 (ERDF 104, ERDF 275, ERDF 279), code 56 (ERDF 249), code 58 (ERDF 135, ERDF 140, ERDF 142), code 60 (ERDF 135), code 61 (ERDF 104), code 76 (ERDF 196);

When comparing the economic activity codes listed in the AIR for 2013 and the same data as at end 2014, an overall increase of €21.86M was recorded as summarised below:

- Increase of approximately €42.67M (EU Share) in economic codes 3,4,8,9,10,13,14,16,18,20;
- Increase of approximately €1.28M as result of the introduction of economic codes 12 and 16 (as a result of the approval of the OP change approved by Commission in March 2014);
- Decrease of approximately €22.09M (EU Share) in economic codes 5,6,11,17,19, 21 and 22;

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

- Actual contracted amounts less than originally forecasts resulting in an impact on the economic code 6, 21, 22;
- Financial adjustments resulting in an automatic reduction to the project allocation and a decrease in economic code 6,17,21,22;
- Savings and financial adjustments incurred by Aid Schemes, code 21 (ERDF 128, 133,134) and code 22 ( ERDF 127,128,129,130,133,135,136);
- Some approved projects which are now completed and had some saving releasing funds – code 22 (PA4 projects);

### *Commitments per Location*

Out of the total amount committed of €729,409,894 (EU share), €79,819,424 (EU Share) are being invested in Gozo and Comino<sup>45</sup> (MT002). This is an overall increase of €7,712,720<sup>46</sup> registered in the year under review.

## **02.1.4 Assistance by Target Group**

Not applicable.

<sup>45</sup> No funds are being attributed to Comino.

<sup>46</sup> In 2013 EU share for MT002 was €72,106,704.

### **02.1.5 Assistance Repaid or Re-use**

In the year under review, financial corrections amounting to €726,218 (EU Share) and €73,464 (EU Share) were made to amounts already certified under ERDF and CF respectively (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 2014. The amounts cancelled have been returned to the Programme and used for new calls for proposals issued under various Priority Axes.

### **02.1.6 Qualitative analysis**

In order to achieve the objectives of the OP, Malta was allocated a total of €728 million EU Structural Funds in the programming period 2007-2013, which mainly consists of €444 million ERDF and €284 million CF. By end of 2014, 141 projects have been selected by the PSC, committing slightly more than the OP allocation. Forty-five (45) projects, one (1) financial instrument and seven (7) aid schemes contributed towards reaching Objective 1, while seventy-three (73) projects, two (2) schemes financed through ERDF and further thirteen (13) projects financed under CF contributed towards reaching Objective 2.

In terms of the progress in achieving the targets set out initially in the OP, an assessment is done at the level of the PA in Chapter 3. Still in terms of the overarching objectives, the thematic evaluation submitted approved in November 2014, which analysed the achievement of operations undertaken through OPI and their contribution to increase competitiveness and improve quality of life, through the objectives and targets set in the OP, made several conclusions.

In the case of Theme 1 – Enterprise infrastructure, investment and competitiveness of SMEs, the evaluators concluded that there are a number of infrastructural projects which aim to establish new infrastructure which improves the facilities for enterprise to operate. Other projects are likely to assist in the objective of increasing Foreign Direct Investment (FDI) and in promoting enterprise competitiveness. Moreover, the OP has a specific focus on micro-enterprises and these are being addressed through the implementation of Aid Schemes. Thus, PA1's specific objective to support the re-structuring process of local industry and its move towards a competitive knowledge economy, promote entrepreneurship and facilitate access to finance is being addressed.

The objectives set out under OPI which relates to Theme 2 - Research, Technological Development and Innovation (RTDi), science and technology (S&T) and information and communication technologies (ICT) have focused on increasing investment in RTDi and improving Malta's knowledge base. The majority of projects in Theme 2, in line with PA 1, involved the development or upgrading of equipment that has a specific research purpose and which is designed to contribute to R&D or S&T. Ultimately, the goal of a number of these projects is to increase the productivity of the Maltese economy either by improving the skills of the workforce or enhancing infrastructure. Moreover, the evaluators also noted that while the increase in the

percentage of the active population engaged in R&D and in government expenditure on R&D is significant, the scale of the challenge for Malta remains.

Overall, the two (2) key objectives of Theme 3 - Improvement in Tourism Product are to sustain (and where possible increase) the level of tourism in Malta and improve the seasonal distribution of visitors to Malta in the long run, in line with the specific objectives of PA 2. The main objectives of the projects under Theme 4 - Transport are to upgrade the transport network in Malta and improve the efficiency and quality of the transport network in Malta. Indeed, Theme 4 was characterised by a small number of relatively large projects which involve the upgrading of the transport network in Malta, which mainly refer to the road network and the port infrastructure in line with OPI. The evaluators noted that the road improvements will result in additional benefits to road users, such as road alignment, time savings and improved safety, whilst port/breakwater investments are aligned with the economic requirements of a small open economy dependent on imports and exports.

In the case of Theme 5 – Energy and Resource Efficiency projects aim to improve and strengthen Malta's mitigation and adaption measures in response to climate change together with the promotion of sustainable resource efficiency for increased competitiveness and an enhanced quality of life in line with the specific objectives of PA 4. On the other hand, in line with PA 5 specific objectives, Theme 6 – Environment and risk prevention projects has tackled waste management, supply of potable water, etc. The evaluators noted that the objectives of Theme 6 are complementary to the objectives of Theme 5, especially in terms of reduced CO<sub>2</sub> emissions and environmental sustainability. However, Theme 6 includes the construction of other types of key environmentally sustainable infrastructure.

On the other hand, Theme 7 – Health, Social, Education and e-Accessibility is the theme with the widest impact as it encompasses a number of different objectives. The evaluators noted that these objectives are in line with the overall objectives of the quality of life aspects of OPI and PA6. Alongside, health, education and e-accessibility, the evaluators also noted that OPI addresses social issues including urban development.

### **02.1.7 Operational Programme towards Lisbon Objectives**

To demonstrate the synergy and consistency with the Community Strategic Guidelines (CSG) and with the renewed Lisbon Strategy, Malta has presented the actions which should be considered as Malta's effort towards the attainment of the Lisbon objectives and the exercise of earmarking within the National Strategic Reference Framework (NSRF). It should be noted that in line with the Conclusions of the EC of 2005, Malta was not bound by the targets of earmarking; however, Malta has always been committed to making an effort towards earmarking categories of intervention.

Following the OP changes approved by the EC<sup>47</sup>, as per Table 3.3 of OP I, the indicative Community allocations from OPI to the earmarking categories amounted to €301.73 million<sup>48</sup> which is approximately equivalent to 36 % of the NSRF's Community funds.

The contribution by the approved operations (including the Aid Schemes) towards earmarking by December 2014 amounted to €288,598 million. This is an overall increase of €1.83 million in the year under review.

To further link the approved projects with the Lisbon objectives, all projects are expected to contribute to both the CSGs and National Reform Programme (NRP) Themes. The table below lists the different CSGs and NRP themes being targeted by the newly approved in 2014<sup>49</sup>:

**Table 6 - CSGs and NRP themes targeted by newly approved projects in 2014**

<b>Project:</b>	<b>CSG</b>	<b>NRP:</b>
ERDF334	<p>Making Europe and its regions more attractive places to invest and work:</p> <ul style="list-style-type: none"> <li>Address Europe's intensive use of traditional energy sources.</li> </ul>	Target 3 – Energy
ERDF335	<p>Making Europe and its regions more attractive places to invest and work</p> <ul style="list-style-type: none"> <li>Address Europe's intensive use of traditional energy sources.</li> </ul> <p>Improving knowledge and innovation for growth</p> <ul style="list-style-type: none"> <li>Increase and improve investment in RTD</li> <li>Facilitate innovation and promote entrepreneurship.</li> </ul>	<p>Target 1 – Employment</p> <p>Target 2 – R&amp;D</p> <p>Target 3 – Energy</p> <p>Target 4 – Education</p>
ERDF336	<p>Making Europe and its regions more attractive places to invest and work</p> <ul style="list-style-type: none"> <li>Address Europe's intensive use of traditional energy sources.</li> </ul>	Target 3 – Energy

<sup>47</sup> Commission Decision dated 4<sup>th</sup> March 2014.

<sup>48</sup> 41.44% of amount of OPI's total EU financial allocation is for earmarked categories (Source: Operational Programme I, March 2014, Table 3.3). The total Community Funding for OPI is €728,123,051. (Source: Operational Programme I, March 2014, Table 6.2)

<sup>49</sup> Call 18; Call 20; NM Call 5

ERDF337	<p>Making Europe and its regions more attractive places to invest and work</p> <ul style="list-style-type: none"> <li>• Address Europe's intensive use of traditional energy sources.</li> </ul>	Target 3 – Energy
ERDF339	<p>Making Europe and its regions more attractive places to invest and work</p> <ul style="list-style-type: none"> <li>• Address Europe's intensive use of traditional energy sources.</li> </ul>	Target 3 – Energy
ERDF341	<p>Making Europe and its regions more attractive places to invest and work</p> <ul style="list-style-type: none"> <li>• Address Europe's intensive use of traditional energy sources.</li> </ul>	Target 3 – Energy
ERDF342	<p>Making Europe and its regions more attractive places to invest and work</p> <ul style="list-style-type: none"> <li>• Address Europe's intensive use of traditional energy sources.</li> </ul>	Target 3 – Energy
ERDF343	<p>Making Europe and its regions more attractive places to invest and work</p> <ul style="list-style-type: none"> <li>• Strengthen the synergies between environmental protection and growth.</li> <li>• Address Europe's intensive use of traditional energy sources.</li> </ul>	Target 3 – Energy
ERDF344	<p>Making Europe and its regions more attractive places to invest and work</p> <ul style="list-style-type: none"> <li>• Address Europe's intensive use of traditional energy sources.</li> </ul>	Target 3 – Energy
ERDF346	<p>Making Europe and its regions more attractive places to invest and work</p>	Target 3 – Energy

	<ul style="list-style-type: none"> <li>Strengthen the synergies between environmental protection and growth.</li> <li>Address Europe's intensive use of traditional energy sources.</li> </ul>	
ERDF348	<p>Making Europe and its regions more attractive places to invest and work</p> <ul style="list-style-type: none"> <li>Strengthen the synergies between environmental protection and growth.</li> <li>Address Europe's intensive use of traditional energy sources.</li> </ul>	Target 3 – Energy
ERDF349	<p>Making Europe and its regions more attractive places to invest and work</p> <ul style="list-style-type: none"> <li>Address Europe's intensive use of traditional energy sources.</li> </ul>	Target 3 – Energy
ERDF350	<p>Making Europe and its regions more attractive places to invest and work</p> <ul style="list-style-type: none"> <li>Address Europe's intensive use of traditional energy sources.</li> </ul>	Target 3 – Energy
ERDF354	<p>Making Europe and its regions more attractive places to invest and work</p> <ul style="list-style-type: none"> <li>Address Europe's intensive use of traditional energy sources.</li> </ul>	Target 3 – Energy
CF355	<p>Making Europe and its regions more attractive places to invest and work</p> <ul style="list-style-type: none"> <li>Strengthen the synergies between environmental protection and growth.</li> <li>Address Europe's intensive use of traditional energy sources.</li> </ul>	Target 3 – Energy

CF356	<p>Making Europe and its regions more attractive places to invest and work</p> <ul style="list-style-type: none"> <li>• Strengthen the synergies between environmental protection and growth.</li> <li>• Address Europe's intensive use of traditional energy sources.</li> </ul>	Target 3 – Energy
ERDF401	<p>Making Europe and its regions more attractive places to invest and work</p> <ul style="list-style-type: none"> <li>• Strengthen the synergies between environmental protection and growth.</li> <li>• Address Europe's intensive use of traditional energy sources.</li> </ul>	<p>Target 1 – Employment</p> <p>Target 3 – Energy</p>
ERDF402	<p>Improving knowledge and innovation for growth</p> <ul style="list-style-type: none"> <li>• Promote the information society for all.</li> </ul>	Target 1 - Employment
ERDF403	<p>More and better jobs</p> <p>Attract and retain more people in employment and modernise social protection systems.</p>	Target 1 - Employment

### 02.1.8 Sustainable Development

All projects approved under OPI contribute to Sustainable Development horizontal priority. All project submitted for consideration for funding must include an assessment of each project contribution towards Sustainable Development. In the last calls for project application all projects which were being positively considered for financing were asked to assess the project and the project activities against the Sustainable Development Checklist as recommended by the Ministry for Sustainable Development, the Environment and Climate Change (MSDEC). This is particularly relevant considering that Sustainable Development is one of Government's priorities. In fact, in the National Reform Programme (NRP) of 2014, the document outlined Government's commitment to sustainable development in parallel with a path for growth to enhance the living standards of the population as well as safeguarding the environment.

Particular emphasis is made by the PSC to one of the dimensions of sustainable development, environmental sustainability. The latter is a criterion used when assessing project proposals (as approved by the Monitoring



Committee) and against which additional marks are provided. The latest projects approved in 2014 included a number of measures pertaining to environmental sustainability. The following are some of the measures being implemented by approved projects:

- (i) Implementation of a measure to reduce the use of energy in the operations of high energy users;
- (ii) Investment to re-use sewage water for secondary use;
- (iii) Harvesting of surface water run-off<sup>50</sup>;
- (iv) Other measures aimed at reduction in Green-House Gases as a result of a reduction in the demand for primary energy (generation from RES); and
- (v) Waste minimisation, through the re-use of construction material were amongst the most commonly used measures.

On the ground, results pertaining to sustainability (as defined in the NRP) are already being registered across various Priority Axes. Other measures which are more specific to a PA included measures under cultural heritage, whereby a number of projects are including the pedestrianisation of areas within an established heritage trail making it easier to follow the main attractions in the village without using vehicles<sup>51</sup>.

With respect to projects that were completed in 2014 (i.e. under PA1, 2, 4, and 5), there were some notable contributions with respect to sustainable development. PA 1 contributed to this horizontal priority through measures such as the reduction of electricity demand for cooling and heating through the implementation of measures that help reduce losses from buildings<sup>52</sup>. Furthermore, some contributions with respect to closed projects in 2014 under PA 2 include the installation of a culvert to direct run-off that might emanate from the valley to the two (2) reservoirs whilst using the collected water for irrigation purposes<sup>53</sup>. Some of PA 4's closed projects in 2014 addressed sustainable development by measures that reduce the organisations' energy requirements such as PV interventions<sup>54</sup>, and hence minimised the carbon footprint of each undertaking. With respect to PA 5, the contributions registered pertain to the treatment of wastewater before discharging to a sea that was formerly polluted and not fit for bathing and other recreational purposes conversely reducing the pollutant load (formerly transferred to the marine environment to the detriment of shellfish and other aquatic species)<sup>55</sup>.

These above mentioned examples together with various other ongoing or completed interventions addressed sustainable development from various perspectives, whether in terms of sustainability of public finances, environmental sustainability or sustainability pertaining to the wellbeing of the individual. What is evident is

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<sup>50</sup> CF117

<sup>51</sup> ERDF 205

<sup>52</sup> ERDF 017

<sup>53</sup> ERDF 031

<sup>54</sup> ERDF 228, ERDF 235, ERDF 277, ERDF 278, ERDF 284

<sup>55</sup> CF 116

that ERDF funds are contributing significantly in each area and will keep on playing a crucial role in the future towards sustainability at all levels.

### 02.1.9 Equal Opportunities

Another important horizontal objective which is to be given its importance by the MA pertains to equal opportunities. In this regard, it is pertinent to point out that various measures which go beyond the eligibility requirements at selection process were undertaken.

Consultation and guidance from the National Commission for Persons with Disability (KNPD) and the National Commission for the Promotion of Equality (NCPE) both serving as contact points on this horizontal priority are sought by the beneficiaries prior and throughout the implementation of a project. Furthermore, the contact points' details were provided within published guidelines for calls issued with applicants encouraged to contact both entities.

By way of example, with respect to projects which were completed in 2014, ERDF 017 under PA 1 introduced flexible part-time courses which consequently increased the take-up of women with children with respect to ICT courses emphasising e-Learning solutions. Under PA 2, interventions of embellishments were done in such a manner as to render them accessible to the physically impaired<sup>56</sup>, whilst under PA 4 all publicity materials and initiatives were gender neutral and free from any stereotype<sup>57</sup>.

With respect to ongoing projects, initiatives such as ERDF 305 included initiatives such as having an accessible layout with respect to the laboratories; and also accessible doors, desks, corridors and also shallow gradient ramps. On the other hand, in the case of ERDF 311, KNPD were consulted to ensure that consideration was given on all associated measures to be incorporated within the facilities. ERDF 136 encouraged the retention of female employees in the labour market by offering more childcare facilities which are also accessible to people with special needs.

CF Projects have also contributed to this horizontal priority. One of the components under CF118, the Marsascala landfill park which was rehabilitated and transformed into a family park, is accessible to all including persons with disability. CF 117 included an improvement of the accessibility through the provision of wider pavements and additional paving at pelican crossings which would enable the transition of pedestrians with wheel operated equipment. This project also included wider footpaths, tactile paving with appropriate colour coding for the visually impaired and pelican crossing include alarm sound for crossing time.

With respect to projects that were approved in 2014, various projects addressed areas pertaining to equal opportunities through various means. In fact, ERDF 403 included the installation of a lift to improve the accessibility for all users of the Mediterranean Conference Centre. In addition, ERDF 402 included the promotion of the island of Gozo to all potential foreign visitors as well as studying the possibility in integrating

<sup>56</sup> ERDF 31

<sup>57</sup> ERDF 228, ERDF 277, ERDF 235, ERDF 278, ERDF 284

existing accessibility software suites to the design of the new web-portal and digital campaign 'Visit Gozo' so as to render them more accessible to those visitors with visual and/or auditory impairments.

Furthermore, it is to be noted that in order to promote further equal opportunities, one of the conditions for approval under Call 18 (PA 4) imposed by the PSC (and monitored by the MA) was for beneficiaries to use the Equal Opportunities Checklist as recommended by the NCPE, whereby the said Commission provides feedback and recommendations as to how to implement the project whilst respecting equal opportunities in an optimal manner.

### **02.1.10 - Partnership**

At Programme Level, and as in previous years, various local stakeholders and authorities were involved in the different phases of the Programme Cycle in accordance with Article 11 of Regulation EC/1083/2006.

At the monitoring level, there continued to be the involvement and representation of social and economic partners within the Monitoring Committee 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, there were various interventions whereby 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) and the involvement of strategic partner organisations as well as NGOs.

Some concrete examples include ERDF033, whereby Nature Trust was the lead NGO in the implementation of the embellishment of Pembroke Garigue Heritage Park and Fondazzjoni Wirt Artna advised on cultural heritage and interpretive aspects of the project. Furthermore, St.Paul's Bay Local Council was also consulted for the promenade, as were Din l-Art Helwa with regard to the up keeping of the Wignacourt Tower. Furthermore, with respect to ERDF 403 the project partner is the Restoration Directorate who in 2014 contributed significantly towards the planning phase of the project including the production of drawings and market research in anticipation of its role to manage the project site, tender preparations among other roles within the project. On the other hand, with respect to ERDF 159, the Malta Information Technology Agency (MITA) was pivotal towards assisting the beneficiary to handle the IT components of this project, whilst the Ministry for Education and Employment (MEDE) contributed by contributing toward the eLearning component of the project whilst also assisting with the dissemination of the project results and implementing an ESF funded project to train teachers on how to make best use of technology being made available.

## **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 on 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 in the use of EU Funds.

OP I under the 2007-2013 programming period establish the method how EU Funds are disbursed. 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 approval by the MA of project proposals under these calls, the said projects are screened for compliance with State Aid rules by the competent authority responsible for State Aid in Malta, the State Aid Monitoring Board (SAMB).

The SAMB also acts as the national contact point on State Aid issues involved in EU funded projects. SAMB actively participates in EU multilateral meetings and ongoing discussions in the review and adaptation of new State Aid *acquis* that could impact also on the disbursement of EU Funds. Based also on this knowledge, the Board seeks to provide its expertise in the area to any prospective beneficiaries interested in applying for EU funds under both the ERDF and the CF. For this reason the SAMB participates in the information sessions organised by the MA for every call in order to provide guidance and assistance with regards to State Aid issues during the application process. During these sessions participants are encouraged to discuss their ideas and projects with the SAMB in order to ascertain from an early stage whether their proposed project would involve any State Aid implications.

During 2014, the SAMB gave its opinion on a number of project proposals to potential Beneficiaries interested in applying for funding following one of the calls issued under both the ERDF and the CF. The Board also carried out final screening of project applications following approval by the PSC to reconfirm, on the basis of the detailed information contained therein, the original State Aid position.

Besides its involvement with calls issued by the MA, the SAMB is also in close collaboration with Intermediate Bodies (IBs) administering State Aid schemes financed through EU funds. 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 IBs 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 (IBs) 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 IBs with regards to the applicable State Aid *acquis* that was to be followed in the implementation of such schemes. These schemes, where applicable and as required by the rules of procedure, were duly notified to the EC.

For the above indicated State Aid schemes being implemented under OPI had validity up to December 2013 and all approvals by the IBs had been granted before this deadline.

In 2014 the Board also provided its guidance to the Planning and Priorities Co-ordination Division (PPCD) in the drafting and finalisation of two (2) State Aid schemes relating to renewable energy projects by public entities. These schemes were implemented in line with the *De Minimis* Regulation and the General Block Exemption Regulation. In the latter case, the necessary reporting obligations to the EC were carried out by SAMB.

During the unfolding of the 2007-2013 programming period, the SAMB has 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 MA 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 how this could be mitigated. It is also interesting to note that following the recommendation by the MA, most applicants are submitting to the SAMB more detailed information about their proposed project. This ensures that a formal position regarding State Aid is obtained prior to submitting the respective applications.

## **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 DoC continued with the deployment of the Electronic Procurement platform. This facilitates market operator access to tenders issued by public entities including projects being implemented using Structural and Cohesion Funds. The average tendering period, which is the average period between the publication of the Call for Tender (CfT) and the closing date of the CfT is 46.04 days; and the average adjudication period, which is the average period from the opening date of CfT and the publication of the Contract Award Notice (CAN) is 121.87 days.

In April 2014 the new European Union Directives on public procurement were published on the EU Official Journal. Following this publication, the DoC embarked on a programme of internal and external consultations with various stakeholders, both internal and external to the Public Administration in order to ensure an efficient and effective transposition of the Directives. Joint works started on the gradual convergence of the current Public Procurement processes and procedures to be in line with these new Directives. These works will be completed once these same Directives will be fully transposed into Maltese law, which are scheduled to be in place by February 2016.

Finally, during this year, groundwork was done to review the Department's tender document templates (both electronic and traditional) as well as the initiation of a new Public Procurement Manual of Procedures in order to improve on the quality of procurement undertaken by Public Entities.

### **02.2.3 Environmental Legislation**

Investment in the environment sector has been one of the main strategic priorities in Malta's 2007 – 2013 cohesion spending. The MA – together with its IBs – rely on the advice and decision taken by the Malta Environment and Planning Authority (MEPA) on all matters related to Environmental Impact Assessment (EIA) as well as environmental planning and permits. MEPA has sustained its assistance both to prospective applicants as well as 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 in constant 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.

#### *Applications for development planning permits<sup>58</sup>*

In 2014, MEPA received a total of sixty (60) requests for the screening of EU funded projects and fourth-eight (48) of these screening requests were validated as planning applications by end of the year. The Environment Protection Directorate was requested to provide its expertise on thirty-four (34) cases of which twenty-seven (27) cases required screening for an EIA. However, no application qualified for the

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<sup>58</sup> The numbers quoted above rely on the applicant indicating the project as EU funded in the development permit application form.

actual submission of the studies. Two (2) applications were subsequently screened for an Appropriate Assessment after which, one (1) case required the submission of an Appropriate Assessment.

Out of the EU funded projects that were granted development permission in 2014; three (3) projects required registration with Unit A of the Environment Protection Department; three (3) other projects required an environment permit whilst one (1) project required the submission of an Integrated Pollution Prevention Control application.

### *Development Notifications*

A number of Development Notifications (DNO) were required for a number of projects related to Government schemes for the installation of PV panels on private and government institutions, renovation of public buildings to increase energy efficiency, restoration works and paving works and projects for the restoration of roads and rubble walls within rural areas funded through Structural Funds.

### *Additional Information*

Experience with applications for EU funded projects shows that it is imperative that the applicant clearly indicates that the project is eligible for EU funds on the application form while clearly stating the name of the fund. Moreover, MEPA highly recommends that consultation with the relevant officers is carried out at pre-submission stage. This is relevant to both private and government entities so that any difficulties will be identified at an early stage and the proposal would be amended to allow its evaluation and its efficient processing.

## **02.2.4 Strategic Environmental Assessment (SEA) Regulations**

As explained in the previous Annual Implementation Reports, 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.

The year under review was characterised with preparatory work for the second monitoring period and process together with the adopted report is expected to be concluded by 2015 paving the way to the last and final report.

### **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 2014 to determine whether the proposed changes required a new SEA.

The preliminary outcome of this screening exercise, presented to the Monitoring Committee in November 2014, concluded that a SEA was not required given that the proposed changes to the OP were unlikely to have any significant environmental effects. Preparatory work to inform the SEA Focal Point, stakeholders and to the general public was ongoing by year end.<sup>59</sup>

## ***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 2014 remained more or less the same as in previous years reflecting the stage of implementation, namely bottlenecks in procurement and delays arising from the very complex planning and environmental permitting processes and bottlenecks in the payments process.

Furthermore following the systems audits by the Audit Authority, a number of issues were raised on the monitoring and control system of the IB which was reviewed and revised in 2014.

This section of the report will seek to highlight the main bottlenecks that occurred throughout the implementation of OPI during 2014 and the measures taken by the MA or other stakeholder to address them as part of the continuous efforts to improve programme efficiency.

### **02.3.1 Public Procurement Process**

The centralisation of the procurement process inevitably causes delays to the implementation. In 2013, this was already reduced through the setting up of the EU-funded projects Unit. During 2014, the DoC continued to issue various Procurement Policy Notes addressing possible grey areas, introduced new measures for procedural simplification and harmonisation with the aim to cut down on excessive bureaucracy in Public Procurement. This included the simplification of clarifications/rectifications process at evaluation stage for above-threshold tenders; guidance and full support for the utilisation of the Most Economically Advantageous Tender as award criteria; the exclusion of VAT from the financial offers and thus separating VAT from the procurement process enabling a simpler comparison between submitted bids; and the enabling of public officers to be nominated as key experts.

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<sup>59</sup> As per Information Note by the Commission dated 7<sup>th</sup> December 2011



Centralisation also brings about several queries from contracting authorities and economic operators which the department needs to handle. In this regard, during this year, the DoC also strove to revamp its Customer Care Unit. Furthermore, an in-house built Customer Care database was launched on 1<sup>st</sup> October 2014 in which all calls received are logged. Any calls which are not replied to immediately by the Officer answering the call are escalated through the system to the Officer concerned. In addition all calls logged in the system are then monitored on a daily basis to ensure that any pending calls are answered within reasonable timeframes.

Furthermore in view of human capacity issues of the department, the DoC embarked on implementing the recommendations of the operations review which was carried out in 2013. The main aim of this reorganisation was to strengthen the HR function in view of the forthcoming workload which is expected to increase considerably especially due to projects being financed through the EU Funds Programming period 2014-2020. In fact, during 2014, all headship positions (three Directorates (Administration/Operations/Policy Development & Programme Implementation)) were filled in and seven (7) Senior Managers and nine (9) Procurement Managers were recruited.

Notwithstanding the problems and difficulties encountered by contracting authorities and economic operators in the usage of the Electronic Public Procurement System (ePPS), in connection with the transition towards electronic procurement and in collaboration with the Center for Development, Research and Training (CDRT), the DoC maintained the delivery of training specifically on the use of the ePPS. This is the platform for electronic public procurement in Malta and training was offered to experienced public employees who deal with public procurement in their respective departments and organizations. Additionally, the DoC continued to deliver weekly hands-on training to Economic Operators with respect to the use of the e-procurement system. All the above measures help address the issue created by the complex public procurement procedures that must be observed.

### **02.3.2 Planning and Environmental Permitting Process**

The bottlenecks and difficulties reported in previous years continued to be faced throughout 2014. The planning process of large scale infrastructure necessitates a number of studies – such as an EIA - 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 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).

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

### **02.3.3 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.

Overall the Treasury has continued to provide pragmatic guidance on financial practices to Beneficiaries and stakeholders alike on payment claims to ensure financial compliance and eligibility of expenditure claims. The Treasury also assisted Project Beneficiaries throughout the implementation of projects.

In 2014, the Treasury helped in simplifying forms that are used in various projects particularly grants schemes, which made the processing of payments easier.

Following a capacity building exercise in 2012, the Treasury reached its full staff complement in the third quarter of 2014, as a result of a restructuring exercise which increased the staff complement at the Treasury and hence addressing potential issues that may arise due to an increased amount of payments in the last weeks of the year.

### **02.3.4 Managing and Control System for the Aid Schemes**

In Q1 2014 the EC notified the MA that the expenditure related to the schemes administered by Malta Enterprise will have to be suspended as a result of the conclusions reached by the Audit Authority in two (2) systems audits carried out on Malta Enterprise as an IB in 2013. The interruption letter listed five (5) corrective measures that needed to be implemented for the interruption letter to be lifted. Four (4) of these corrective measures fell under the responsibility of the MA, which included creating a new system of management verification for each stakeholder, re-verification of all the expenditure certified to commission, the drafting of a stronger supervisory mechanism by the MA on the IB, and finally the design and delivery of appropriate training targeting first level verifications for all IB's and stakeholders. The priority of the ERDF Aid Scheme Unit for the first half of 2014 was to ensure that the conditions of the pre-interruption letter are met. A reply to the interruption letter was sent out by the MA in May 2014. The suspension was lifted by the Commission in a letter dated 16<sup>th</sup> July 2014, with the condition that the necessary corrections are implemented on past expenditure in the following payment claim. All conditions of both letters sent by the European Commission were met.

## ***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 2014 concern:

- The shift in budget of €12M from PA 3 (CF) to PA 5 (CF). This shift was proposed in view of the Programme's time constraints and following the substantial savings registered under CF 260: *Refurbishment and Upgrading of the Deep Water Quay* project under PA 3. The MA proposed a shift of funds from PA 3 to PA 5. This shift would also allow the consolidation of the water projects under the latter PA.
- The shift of a water project intervention from under PA 4 (ERDF) to PA 5 (CF) will further compliment measures falling under the focus area of intervention for water under PA 5, as explained in more detail above, whilst also ensuring full absorption of the CF
- Shift of funds from PA 4 (ERDF) to PA 6 (ERDF) which were carried out due time constraints and following the substantial savings (following contracting) registered under PA 4 (ERDF), is aimed to consolidate further projects investing in the upgrading of the education infrastructure as well as the enhancement of road safety measures, both falling under PA 6.

## ***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 Complementarities 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 organizes 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 all committee members prior to each meeting.

On 26th February 2014, the first meeting was held and two presentations were delivered. In the first presentation the Committee members were informed on the state of play of the programming aspect of the European Structural and Investment Funds for the 2014-2020 period. The speaker explained the processes undertaken to finalise the first draft of the Partnership Agreement and that through this agreement Malta intends to portray its strategy towards the EU2020 targets and the European Commission's Country Specific Recommendations. The second presentation gave an overview of the project selection process, during which the project eligibility criteria and the project selection stages were explained. The presentation included a number of tips on how to prepare an application form.

During the second IMCC meeting, held on the 6th October 2014, the OP I (Infrastructure) and OP II (Human Capital) Inter-Ministerial Co-ordination Committees were amalgamated. The rationale for this decision was that there were common participants in both meetings and therefore it was deemed to be more effective to have a single consolidated meeting for both OPI and OPII. During the meeting a number of representatives from different Stakeholders, including the SAMB and Treasury were invited to initiate a brain-storming session on how the system for double funding checks could be centralized to become more effective for the new Programming Period. Furthermore a presentation on the Life Programme project was presented.

During both meetings, the importance of the checks on potential double-funded activities/items was brought to all stakeholders' attention. 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.

## **02.6.2 Complementarity and Consistency between Funds and Financial Instruments**

### *ERDF and CF*

The synthesis reported in AIR 2012 remained valid for the 2014 reporting period.

### *ERDF and ESF*

Infrastructural investments in the social sector supported by OPI are complemented by investments in the human resource under ESF through the implementation of OPII. Such linkages are clearly visible in those areas addressing education, training, employment, childcare and health.

In addition to the synthesis report in AIR 2012 which remained valid for the 2014 reporting period, newly approved projects in 2014 resulted in additional examples of complimentary. For example ERDF 159 (introduction of new e-services) and is now being further complimented by the newly approved project under OPII – ESF4.243, which addresses Government's efforts on improving and simplifying its e-services to improve the citizens' and business' interaction with Government. This is being done through a research study, a publicity campaign to raise awareness to the general public and by conducting training.

Another component under ERDF159 which relates to the supply of interactive whiteboards both to primary and secondary schools was supported through ESF1.228. This ESF project aims in developing the "Learning Outcomes Framework" and associated "Learning and Assessment Programmes" which together with the National Curriculum Framework, will form the backbone of the Maltese compulsory education programmes. ERDF 332 further complements the enhancement of compulsory education programmes through the construction, conversion and development of a number of schools throughout Malta and Gozo.

Health care is another area where the public sector is recognising the need to enhance its efficiency and effectiveness through improved hospital management and quality assurance procedures.

### *ERDF and EAFRD/EFF*

To further ensure the maximum co-ordination, the MA participates in the Monitoring Committees which are organized by EFF and EAFRD. During 2014, the MA attended the EFF MC on 7<sup>th</sup> May 2014 and the Rural Development Programme MC on 27<sup>th</sup> May 2014. 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 2014 reporting period.

### *OPI and EIB*

The synthesis reported in AIR 2012 remained valid for the 2014 reporting period.

### *ERDF and other Financial Instruments*

The synthesis reported in AIR 2012 remained valid for the 2014 reporting period.

### *ERDF and other forms of Co-operations*

The synthesis reported in AIR 2012 remained valid for the 2014 reporting period.

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## 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 2014, the national Information Management System used for the management of Structural Funds and Cohesion Fund for the 2007-2013 programming period, continued to be optimized with regard to performance. Enhancements to ensure efficiency were deployed to the reporting and payment process modules within the system. By the end of the year, the system had around 700<sup>60</sup> users and regular monitoring of joiners and leavers has ensured that there was no unauthorised or unnecessary access. Ten (10) sessions of training, dedicated to the use of SFD07:13, were held throughout the year with a total of ninety-six 96 participants.

The MA has worked closely with MITA to analyse the requirements and propose an action plan for the design and development of a new Information Management System to be used during the 2014-2020 programming period, in line with Regulation (EU) 1301/2013. The main modules namely Programming, Operation, Maintenance, Administration, Treasury and an online Application Form have been developed and tested.

#### *Day-to-Day*

Considering the nature of the implementation target for 2014, the MA placed substantial emphasis on day-to-day monitoring during the year under review. The table below summarizes the data in relation to verification checks;

**Table 7- Verification Checks Details**

Check Type	Number of Checks	Number of Visits	Number of Hours
Documentary Checks	321	594	3,506

<sup>60</sup> Amongst the attendees there were representatives from Beneficiary organisations and from the MA.



Physical Management Verification Checks	90	103	225
Total	411	697	3,731

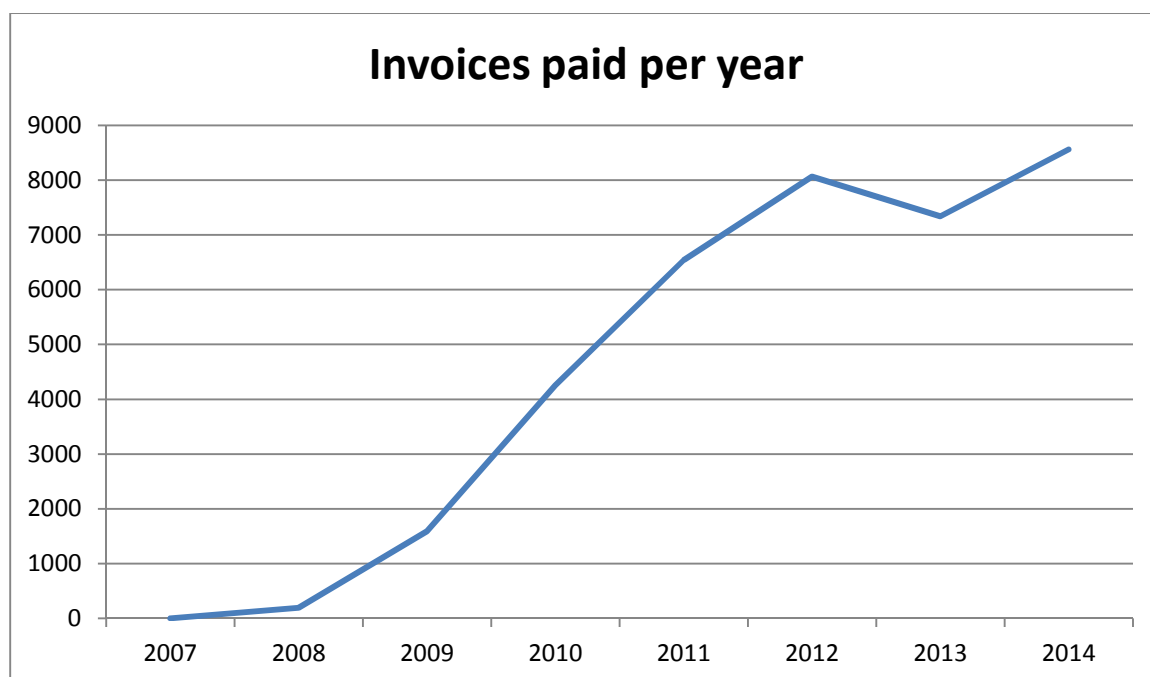
These figures indicate that the documentary visits carried out in 2014 increased by 327 when compared to 2013. This is largely due to the increased effort by the MA in order to reach the annual targets. The increase in physical checks carried out in 2014 increased also due to the rise in number of completed project. All this involved MA officers dedicating a total of 3,731 hours for the completion of Article 13 checks.

With regards to Aid Schemes, 211 hours were dedicated by both IB and MA officers. During 2014, ninety (90) checks were carried out, which include seventy-three (73) Documentary and Physical checks (combined) carried out by IB officers and seventeen (17) Documentary and Administrative checks (combined) carried out by MA officers.

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 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 SFD07:13 from the start of the programme until 2014, showing an increase in the number of payments processed in 2014 as opposed to drop in the number of invoices paid in 2013.

**Figure 1 - Invoices Paid per Year**



### *Project Progress Reporting*

During 2014, Beneficiaries and IBs submitted a Project Progress Report (PPR) to the MA at two (2) intervals.<sup>61</sup> The PPR, endorsed by the Line Ministry,<sup>62</sup> 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 2014, the Ministerial Project Steering Committee within each Line Ministry continued to monitor projects under their respective portfolio. A total of thirty (30)<sup>63</sup> MPSC meetings were held in 2014 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.

<sup>61</sup> The reporting periods are at the closure of the first semester (1<sup>st</sup> Jan – 30<sup>th</sup> June) and end of the second semester (1<sup>st</sup> July – 31<sup>st</sup> December). Until 2010 these reports were compiled on a trimester basis.

<sup>62</sup> In case of VOs and Church entities these are not endorsed by LM and are reviewed by the MA.

<sup>63</sup> MEDE - three (3) sessions, MEIB - one (1) session, MEH (Health) - four (4) sessions, MEH (Energy) - one (1) session, MTI - three (3) sessions, MOT - three (3) sessions, MSDEC - four (4) sessions, MFIN - three (3) sessions, MJCL - three (3) sessions, MFSS - three (3) sessions and MSDC - two (2) sessions.

### *Intermediate Bodies Steering Committees (IBSC)*

As per Article 11.2 of the Covenants signed for each Aid Scheme between the MA and the different IBs, each IB is to ensure the establishment of a steering committee to monitor the implementation of the scheme. 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 2014 are summarised in the table below:

**Table 8 - IBSC Meetings held in 2014**

Intermediate Body	Dates of Meetings
TSDU (now MOT)	22 <sup>nd</sup> April 2014
	8 <sup>th</sup> October 2014
DSWS	10 <sup>th</sup> October 2014
Malta Enterprise	27 <sup>th</sup> November 2014

In 2014, TSDU held two (2) IBSC meetings, during which, stakeholders discussed general matters in relation to the implementation of the scheme with particular focus on the fourth call implementation.

DSWS organized one (1) IBSC meeting, during which the Project Leader gave an overview and update of the scheme and specific decisions were taken on certain beneficiaries.

Similarly, Malta Enterprise held one (1) IBSC meeting whereby a status update on the schemes was provided. During this meeting, durability checks and problematic issues were discussed and recommendations for improvement were put forward.

### *Project Progress Meetings*

During 2014, a total of thirteen (13) Project Progress Meetings were held. The MA is responsible to set the agenda and present project issues, such as delays in the implementation and disbursement, to the Parliamentary Secretary for EU Presidency 2017 and EU Funds and to the Permanent Secretary responsible for EU funds who co-chair these meetings. During 2014, a total of 75<sup>64</sup> projects were

<sup>64</sup> Both OPI and OPII

reviewed, forty-nine (49) of which were reviewed more than once. An average of sixteen (16)<sup>65</sup> projects was discussed during each meeting. 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 MEPA, and representatives from 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 2014, the Monitoring Committee was convened twice: on 3<sup>rd</sup> June and 4<sup>th</sup> November. The items discussed during the April Monitoring Committee meeting included:

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

The AIR was submitted to the Commission via the SFC on 25<sup>th</sup> June. Following appraisal by the Commission Services, the report was deemed to be in line with the requirements of Article 67(2) of Council Regulation EC/1083/2006 on 21<sup>st</sup> September 2013 and was made available to the public on the PPCD website.

The second meeting of the Monitoring Committee, which was held on 4<sup>th</sup> November 2014 and was characterised by the Launch of the Partnership Agreement of Malta 2014-2020 in the presence of Hon. Parliamentary Secretary Dr Borg. During the Monitoring Committee the following were then presented:

- The proposed changes to the OP I including an overview of the SEA screening exercise which was endorsed during the same meeting;
- An update on physical and financial progress of the Programme;
- The proposed Project Selection Criteria for 2014-2020 which were endorsed during the same meeting;<sup>66</sup>
- The Communication & Evaluation Plan for 2014-2020; and,
- Conclusions of the Thematic Evaluation Report (Task I) - *An Evaluation of Contribution of Operational Programme I Initiatives to Competitiveness and Improvement of Quality of Life (information)*.

<sup>65</sup> Both OPI and OPII

<sup>66</sup> Criteria will be presented again for approval to the MC for 2014-2020 once this is set up.

A detailed analysis of the proposed changes to the OP can be found in this chapter. As in the previous years, the Monitoring Committee meetings were well attended in 2014 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+2 targets that had to be reached by year end. All the presentations delivered during both Monitoring Committees are available on:

<https://eufunds.gov.mt/en/Operational%20Programmes/Monitoring%20Committees/Pages/Monitoring-Committees.aspx>.

### **02.7.3 Annual Review Meeting**

Back-to-back with the November Monitoring Committee meeting (of 4<sup>th</sup> November), an Annual Review Meeting was held in accordance with Article 68 of EC/1083/2006. The meeting took the form of a discussion on the review of the Implementation of Operation Programme I (2007-2013) with a focus on the Financial Circuit Mechanism followed by Malta (for Major Projects and mainstream projects) which then ensued with a discussion on the mechanism measures set up for the Aid Schemes.

### **02.7.4 Evaluation**

#### *Thematic Evaluation of Operational Programme I*

Following the submission of the first draft Thematic Evaluation reports<sup>67</sup> in Q4 2013, the MA had ongoing discussions with London Economics throughout 2014. The final draft reports were presented to the Evaluation Steering Group on 19<sup>th</sup> September 2014 in order to incorporate feedback which its members have. The reports were then presented to the Monitoring Committee on 4<sup>th</sup> November 2014, after which both Thematic Evaluation reports related to competitiveness and quality of life were approved by the MA.

The competitiveness report focused on four (4) different themes, mainly:

- Theme 1: Enterprise infrastructure, investment and competitiveness of SMEs;
- Theme 2: National capacity for research, technological development and innovation (RTDi), science and technology (S&T) and information and communication technologies (ICT);
- Theme 3: Improvement in tourism product;
- Theme 4: Transport.

On the other hand, the quality of life report focused on three (3) themes, mainly:

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<sup>67</sup> The overall objective of this Thematic Evaluation is to have one (1) thematic evaluation with two (2) aspects, namely to analyse the achievement of operations undertaken through OPI and their contribution to (a) increase competitiveness and (b) improve quality of life. Thus a report for each aspect was presented to the MA.

- Theme 5: Climate change and energy;
- Theme 6: Environment and risk prevention;
- Theme 7: Education, social and health infrastructure as well as e-accessibility.

As will be briefly highlighted in the below sections, London Economics came up with several conclusions and recommendations, some of which were taken on board for this programming period while others will be taken on board for the 2014-2020 programming period.

With regard to Theme 1, London Economics concluded that projects and Aid Schemes which were selected under Theme 1 are aligned with Malta's economic objectives. The financial instruments also played a key role in achieving the objectives of Theme 1 and were performing well as at the cut-off date<sup>68</sup>. In fact, leverage figures for JEREMIE also suggest that this instrument has led to significant levels of investment by the SME sector in Malta. London Economics also concluded that the output and result indicators used to capture SME effects were in general performing well. Moreover, although the number of direct jobs created as a result of OPI's impacts, appeared low, this was due to the early stages of implementation of the projects as additional employment impacts are expected as more projects are completed.

London Economics stated that given that the Maltese economy is characterised by relatively low levels of R&D investment, a number of projects submitted under Theme 2 (RTDi, S&T, ICT) are likely to have positive impacts on the level of R&D in the economy. Most of these projects are focused on either increasing the skill base of the Maltese economy or improving the research infrastructure. Nonetheless, although the OPI target for R&D investment in the economy has been met, London Economics noted that this target is still below EU average. Thus, further investments in this area are needed.

In the case of the tourism theme, many projects falling under this theme were not at a stage where conclusions can be made regarding their effectiveness. The objective of OPI tourism projects has been on improving the quality of the tourism product and culture in Malta in order to improve the sustainability of tourism and reduce the seasonality of tourism. London Economics noted that the number of off-season tourists has increased which is encouraging for the sustainability of the tourism however seasonality has not improved.

With regard to the transport theme, London Economics noted that although the indicator data suggests that progress has been made in improving the transport network, significant progress is needed if the overall OP targets are to be met. Nonetheless, it appears that projects have made a significant contribution to improve the TEN-T transport network.

In Theme 5, London Economics noted that energy generated from renewable energy sources (RES) in Malta has increased significantly in recent years. Indeed, interventions towards promoting RES under OPI have included aid schemes and infrastructure grants which target both public and private

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<sup>68</sup> The cut-off date for Task 1 was 31<sup>st</sup> December 2012.

organisations along with SMEs and households. Moreover, indicators showed very positive results against targets set in the OP and in many cases such targets have been exceeded. However, London Economics stated that much remains to be achieved to reach the 10% target by 2020. Given that Malta continues to have a more energy intensive economy than the EU average, the importance of reducing energy intensity remains.

In Theme 6, London Economics stated that projects appeared in general to be performing well against OPI output targets. There has been however limited progress on the land rehabilitation volume saved. Nonetheless, these result indicators are likely to improve as implementation of different projects progresses more towards the end of the programming period.

London Economics analysis suggests that although a number of challenges remain, OPI is likely to have contributed towards the wide ranging objectives of education, health and e-accessibility included in Theme 7. Indeed, OPI interventions appear to contribute positively towards improving education infrastructure in Malta. These interventions complement OPII interventions which are more training-focused and are more likely to address the key objectives of early school leavers and participation in tertiary education. Given that the number of hospital beds per capita remains lower than the EU27 average, OPI interventions will contribute towards improving the situation. Many output indicators used to measure the progress of Theme 7 are closed to or ahead of OPI overall targets but given the early stages of implementation of a number of projects, it is too early to make any definite conclusions regarding the impact of the projects.

As explained earlier on, London Economics had put forward a number of recommendations related to indicators, horizontal priorities, and the 2014-2020 programming period. An example of the recommendations related to indicators includes the need for refining some of the output indicators to take account of the scale as well as the number of projects or interventions assisted. In the case of Horizontal Priorities, London Economics recommended the need of behavioural change towards better integration of Horizontal Priorities objectives. This is mainly important for their incorporation in projects of an infrastructural nature and to enhance the performance of the project in terms of Horizontal Priorities. London Economics also recommended that the MA should develop a consistent framework for monitoring the success of projects in terms of the Horizontal Priorities. Further training and support for project leaders with regard to the implementation of the Horizontal Priorities is also needed. Although London Economics have not identified any major gaps in broad categories of support which should be included in the 2014-2020 programming period, London Economics recommended some changes in emphasis and priorities, such as focusing on enhancing resources in Malta whether in areas of natural resources or improvements in infrastructure or knowledge. In the 2014-2020 programming period, there should also be very strong emphasis on measures which will leverage private sector investment while further emphasizing certain areas such as R&D, SME aid schemes (particularly in SME financing) and transport infrastructure. Priority should also be given to improving the energy intensity of the Maltese economy.

Following the submission and approval of the Thematic Evaluation reports on 6<sup>th</sup> November, 2014, London Economics submitted an Implementation Report on 17<sup>th</sup> November, 2014. The report encompassed a description of the approach undertaken with regard to the methodology, validation and verification methods of reports, timelines, and lessons learnt from Task 1. The report was subsequently approved in January 2015.

### *Ex-Ante Evaluation 2014-2020*

As reported in 2013, the work carried out on the evaluation of the Partnership Agreement served as a preparatory work for the evaluation of the OPs which followed once the Partnership Agreement<sup>69</sup> was finalised. The ex-ante evaluation report was undertaken in parallel with the formulation of Malta's OP II *Fostering a Competitive and Sustainable Economy to Meet Our Challenges - 2014-2020* that will be fully funded through the ERDF and CF.

In a nutshell, the ex-ante evaluation concluded that there is a strong internal coherence between the programme objectives within the same PA, and also coherence, mostly in terms of interdependencies, between the programme objectives across PAs. In considering the relationship of the programme with other relevant instruments, OPI has strong convergence points within the six EU2020 flagship initiatives. With respect to national strategies and policies, the assessment has concluded that all relevant strategies and policies have been considered by the OP. Moreover, all the PAs were found to be consistent with the thematic objectives outlined within the Common Provisions Regulation and in the ERDF/CF Fund Specific Regulation. Further to this, equal opportunities and sustainable development were also appraised and concluded that they are being adequately addressed.

The relevance and clarity of the proposed programme indicators, the appropriateness of the indicator values as well as the sustainability of the performance framework milestones were also assessed. The consistency of the financial allocations was also one of the areas which was appraised by the evaluators. The evaluation further assessed the contribution of the OP to the EU 2020 strategy of achieving smart, sustainable and inclusive growth, having regard to the selected thematic objectives and priorities, taking into account national and regional needs. The evaluators also noted that the OP recognises the need for the effective management, control and implementation of EU funds and commits to the strengthening and consolidation of expertise within the relevant entities. Moreover, the monitoring and evaluation framework to be adopted is to be modelled along the same lines as that currently in place for the 2007-2013 programme. With regard to monitoring, the plans to provide training and the adoption of guidelines are good practices that will contribute towards ensuring the quality and consistency of data across the programme.

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<sup>69</sup> The first final draft of the Partnership Agreement was submitted to the European Commission on 31<sup>st</sup> March 2014, and was consequently approved on 29<sup>th</sup> October 2014.



### *Strategic Environmental Assessment 2014-2020*

The Strategic Environmental Report 2014-2014 (SEA) on the OPs for Malta started in January 2014. The assessment was carried out in accordance with the SEA Regulations (Legal Notice 497 of 2010), which transpose the European Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment. Firstly, the evaluators undertook a screening process which is required to determine whether the proposed plan/programme is likely to have significant environmental effects and whether a SEA is required. The screening determined that OPI qualified for a SEA. Prior to the drafting of the Evaluation Report, the evaluators concluded the scoping stage which aimed to provide an overview on the scope and level of detail of information which must be included in the Environment Report. Consultation on the draft Scoping Report was undertaken with a number of identified stakeholders.

The Environmental Report detailed the anticipated environmental impacts of the programme and any proposed amendments to the plan to mitigate its effects. The evaluators used SEA objectives and indicators in order to assess the OPs impacts. The SEA objectives are separate from the OP objectives, although the two influence each other and overlap. The SEA therefore covered: biodiversity, flora and fauna; population and human health; water; emissions to air; climate factors and climate change; soil; material assets; cultural heritage; and landscape. The assessment of significance was then based on the probability of the impact occurring, on the scale of the impact, its duration, reversibility, whether it has transboundary effects, and the certainty of impact prediction. An assessment of alternatives was also carried out by the evaluators. Moreover, the evaluators did an in-depth impact assessment whereby the cumulative and synergistic effects were also analysed. A number of mitigation measures were also put forward by the evaluator and taken on board in the OP for the 2014+ programming period. After the finalisation of the Evaluation Report, the SEA was then presented to the European Commission in June 2014.

### *External Evaluations*

- Demand/Supply Analysis for a Potential Expert Exchange System to be implemented for ERDF/CF in the period 2014-2020

In February, 2014, the MA received a survey from DG REGIO with regard to a demand/supply assessment that the Commission would like to conduct in order to gauge the interest and willingness of Member States administrations to use an exchange instrument. The MA submitted the web-based questionnaire in February, 2014.

- Web Services Needs for SFC 2014

In May 2014, the MA received a survey from COESIF related to Article 5 of the European Commission Implementing Regulation 184/2014 which establishes that the SFC2014 system shall be accessible to the Member States and the European Commission either directly through an interactive user-interface

(i.e. a web-application) or via a technical interface using pre-defined protocols (i.e. web-services) that allows for automatic synchronisation and transmission of data between Member States' information systems and SFC2014. The objective of this survey was to identify which are the most important web services for each Member State and determine when they would be required. In order to obtain the necessary information, the MA liaised with the EU Funds Programming Unit and submitted its feedback in May.

- Evaluation of the Public Procurement Remedies Directive

DG Internal Market had launched a study to investigate the relevance of the regulations in place to address the breaches in public procurement law. Thus, in May 2014, the European Economic Research Limited had distributed a survey to all MAs to help the European Commission assess whether the "Remedies" have been effective in promoting competition in public procurement, and what the cost implications have been for contracting authorities. The MA, after liaising with the Department of Contracts, submitted its feedback in June.

### *Meetings*

- Evaluation Steering Group

On 19<sup>th</sup> September 2014, the MA has organised the fifth Evaluation Steering Group (ESG) meeting. During this meeting, the final draft reports on both the Thematic Evaluations for OPs I and II were presented. Feedback provided by the stakeholders during such meeting was taken on board.

- DG REGIO Evaluation Network Meeting

DG REGIO organised its first meeting between 10<sup>th</sup> and 11<sup>th</sup> March in Brussels. During the first day of the meeting, DG REGIO provided guidance on the evaluation plans for the 2014-2020 programming period, performance framework and performance reserve. This was followed by an update on the concepts and recommendations for the 2014-2020 programming period and examples of indicators in the draft OPs. The second day of the meeting was focused on the negotiations on the individual 2014-2020 OPs. There were also discussions on the 2013 Annual Implementation Reports, discussions on the state of play of the 2007-2013 *ex post* evaluations and the European Semester and 2013 country specific recommendations.

A joint DG EMPL and DG REGIO meeting was held on 15<sup>th</sup> May in Athens. It mainly focused on the 2014-2020 programming period as it focused on the Intervention Logic, Performance Framework, Evaluation Plans 2014-2020 and impact evaluations. Nonetheless, the *ex post* evaluation for the 2007-2013 programming period was also discussed.

## 03. Implementation by Priority

This Chapter provides an overview of how the approved projects under each Priority Axis (PA) are contributing to the Common Strategic Guidelines (CSGs), the National Reform Programme (NRP) and other national and sectoral strategies, policies and plans, and will also delve into the likely achievement of the PA's objectives through the implementation of these projects.

### ***03.1 Priority Axis 1 - Enhancing Knowledge and Innovation***

#### **03.1.1 Achievement of Targets and Analysis of the Progress**

The specific objectives set under OP I in relation to this PA relate to the need to increase investment in RTDi and create the necessary enabling environment to improve Malta's knowledge base with the aim of having a long-term impact on the competitiveness of the Maltese economy. This follows the EU 2020 objectives of smart growth. These objectives are being achieved by supporting investments in sectors of high value added economic activity, sectors/areas which support the re-structuring process of the local industry (also through the undertaking of a number of *smart investments*), supporting Science and Technology (S&T) related investments in the formal and informal education streams, supporting investments that enable research projects (within upgraded and/or new facilities), supporting investment in enterprises as well as facilitating access to finance through the implementation of JEREMIE in Malta.

The total financial allocation of this Axis is €120,000,000 (of which €102,000,000 represent Community Funding). These funds have contributed to the implementation of twenty-two (22) mainstream projects<sup>70</sup>, one (1) financial engineering instrument (FEI)<sup>71</sup> and six (6) Aid Schemes<sup>72</sup>. As at end 2014, these operations were at varying stages of implementation, as will be described in further detail in this chapter.

The following provides an outline of the beneficiaries implementing operations under each Focus Area. Under the Focus Area of *Investment in RTDi and RTDi-related infrastructure and ICT*, the beneficiaries are the University of Malta (UoM) and the Malta Council for Science and Technology (MCST) being the two main bodies in Malta responsible for research and research activities. Under the Focus Area *Enterprise Infrastructure*, the beneficiaries are the Malta Competition and Consumer Affairs Authority (MCCAA), Malta Enterprise and Malta Industrial Parks being the main bodies in Malta responsible for enterprise policy in Malta. Furthermore, Malta Enterprise acts as the Intermediate Body (IB) for the *Aid*

<sup>70</sup> ERDF 001, 011, 012, 017, 018, 076, 077, 078, 079, 080, 081, 082, 083, 087, 199, 305, 307, 309, 310, 311, 327 and 331.

<sup>71</sup> ERDF 200.

<sup>72</sup> ERDF 127, 128a, 128b, 129, 130 and 134.

*Schemes* being implemented under PA1. In terms of the Financial Instrument (FI) under this PA, this is being implemented with the support of the European Investment Fund (EIF) as the selected Financial Intermediary. What follows is now an overview of how the approved projects under the 2007-2013 programming period are contributing to the CSGs, the NRP, and other national and sectoral strategies, policies and plans. This is being discussed in light of the likely achievement of the PA objectives. It is also pertinent to note that this section should also be analysed in the context of the physical progress, which will be presented and assessed under Section 03.1.2 and will assess the programme's output and result indicators.

### *Investment in RTDi and RTDi related Infrastructure and ICT*

The actions and the activities under this Focus Area follow the National Strategic Plan for Research and Innovation 2007-2010. The strategy foresees, amongst others, active measures to invest in educational infrastructure such as permanent specialised learning facilities to support the development of a knowledge-based economy. Considering the education structure in Malta, whereby choices made in the early years of formation influence the options available at post-secondary level and tertiary level, effort need to be directed towards students at the initial schooling years (prior to the choice of subjects as area of specialisation) so that they are drawn towards Science and Technology (S&T) subjects.

Within this framework, PA 1 is financing ERDF 311 – *National Interactive Science Centre*. This science park, also known as ESPLORA, will serve as an interactive centre for students with the aim of bridging the gap between secondary school students and science, thus facilitating the take-up of S&T subjects at school and subsequently at University or MCAST. Currently, Malta does not offer any space that directly targets the promotion of science, apart from laboratories within schools that look at science from a more academic perspective. The project will provide a permanent infrastructure where mostly students and teachers will be able to immerse themselves in a hands-on, interactive science experience in an informal learning facility. The aim is to bring science closer to the target audience and aid in increasing the number of students taking up science subjects at secondary level. In the long term this will contribute to the increase in Science and Technology professionals, thus giving Malta the much needed human capital to sustain a competitive knowledge-based economy. Works on the ground started in 2014 and are expected to be completed in 2015. The project's contributions towards the programme specific indicators will be explored below in Section 03.1.2 but in general achievement is expected to be recorded only once there is project closure.

Figure 2 - ERDF311: Architectural Drawings

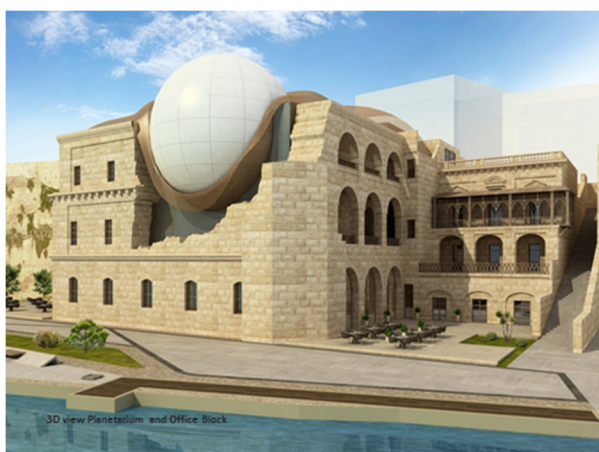


Figure 3 - ERDF311: Architectural Drawings



Furthermore within the Malta NRP in addressing the EU 2020 objectives, investment in R&D and ICT is continuously identified as a priority for Malta. This is reflected in the investments financed under this PA which include investments aimed at upgrading research and ICT related facilities within the University of Malta. Further to the projects, implemented under this Focus Area, which were reported to have been concluded in previous years, ERDF 017 - *Construction, Finishing and Equipping of ICT Faculty Building* was also concluded in 2014 and started to welcome students in October 2013 for the academic year 2013/2014.

This project on its own had a direct continuation to the programme impact of increasing RTDi expenditure as a percentage of GDP by 0.33% but helped also to increase the interest of students taking up S&T subjects. In this respect and in relation to the programme result indicator to increase S&T take-up, this project is reporting a 7.8% contribution to the same indicator. Furthermore, with the investment undertaken, the ICT Faculty has launched several new full-time and part-time courses whilst improving on the quality of the courses on offer by allowing persons who require practical training and the utilisation of cutting-edge techniques and equipment, to pursue and upgrade their careers in ways that were not possible before. As at end of 2014, the Faculty was in a position to offer the following courses: Bachelor of Science in Information Technology (Hons); Diploma in Information and Communication Technology; Diploma in Information Technology; and a Master in Information Technology.

The running and continuity of these various offerings depends on local job-market realities, sporadic industry thrusts, technology trends, international ICT focus area, national economic needs, other educational establishment offerings, financial frameworks, etc. It is important to note that the lecture rooms and the research labs of this facility are enough to accommodate the foreseeable number of ICT students for at least the next thirty (30) years. In fact, the facility houses ten (10) undergraduate teaching labs and nineteen (19) research labs. Each teaching lab can accommodate on average thirty (30) to thirty-four (34) students while each research lab can accommodate roughly and on average twelve (12)

students. That translates to approximately 240 research workplaces that can be used at any one time, and approximately 340 teaching workspaces. Moreover, the building infrastructure allows for research space and teaching space to be interchanged according to the need.

**Figure 4 - ERDF017: The ICT Faculty**



The other four (4) projects being implemented by the UoM are still ongoing, but their implementation is also near completion. These include 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 four (4) projects contributed to the pillars of human capital and that of research infrastructure as specified in the National Strategic Plan for Research and Innovation 2011-2020<sup>73</sup>. Through such investments students will be provided with a hands-on training and research in the relevant areas identified whilst ensuring a more effective transfer of knowledge between academics and students, consequently resulting in further research opportunities. Such projects also help the opportunities offered for collaborations between industry and academia which follows the NRP and Europe 2020 strategy to increase industry-academia collaboration which will enable the industry to achieve high value added and productivity growth by providing the necessary innovation and support infrastructure. Furthermore these projects will also contribute towards better academically trained researchers which can be employed by the industry to increase the dissemination of knowledge in all relevant sectors.

<sup>73</sup> The National Strategic Plan for Research and Innovation 2011-2020 builds upon the 2007-2010 plan and identifies four (4) major strategic themes for R&I to thrive in Malta – Human Capital, Research Infrastructure, International Cooperation and Innovation.

The ten (10) other projects implemented by UoM<sup>74</sup> under this PA and ERDF 083: *Manufacturing Research Platform* implemented by the MCST were concluded prior to 2013 and on which details were provided in previous reports.

### *Enterprise Infrastructure*

The main objective behind the interventions under this Focus Area is that of attracting foreign direct investment (FDI) through the availability of physical enterprise infrastructure. This is in line with Malta's Industrial Strategy 2007-2013, which highlights the importance of maintaining existing and attracting new FDI, targeting primarily the sector outlined in the strategy, namely pharmaceutical manufacturing and services; the ICT sector; biotechnology and bio-informatics; high-tech manufacturing; creative sectors; and the maritime and aviation industries.

The investments being supported under this Focus Area include the *Upgrading and Embellishment of Industrial Estates*; *The Setting-up of a Life Sciences Centre*; *The Development of the Safi Aviation Park*; and *The Development of a Digital Hub*. All four (4) projects provide the creation of physical space to enable the positive growth of existing enterprises but also and more important the development of new facilities for further, innovative and research-based investment on the island by the private sector.

These investments are being complemented by the investment in an 'enabling' project dealing with the calibration of pressure, electricity and time and frequency equipment. Such facilities make it possible for high value-added industry to be established in Malta. The absence of such services would make it prohibitive for certain high-value/research activity to establish itself in Malta. In addition, it is worth mentioning that all of these projects were at an advanced stage of implementation in 2014 with the exception of the latter investment which was completed in 2013. Details on the progress on the ongoing projects under both Focus Areas are reported in Section 03.1.2 below.

### *Aid Schemes*

Under PA 1 there are six (6) Aid Schemes being implemented. Below, you will find an explanation of each scheme being implemented under this PA:

#### **ERDF 127: Small start-up grant scheme**

The *Small start-up grant scheme* contributes to the Industrial Strategy for Malta which places young start-ups as a priority. It establishes that Malta needs to develop financing options to allow young innovative start-ups to grow. Such scheme also addresses the NRP objective of increased competitiveness and employment as the ERDF Small start-up scheme will help encourage new innovative high-value added enterprises to be established within their respective market and hence increase employment opportunities and the competitiveness of the Maltese economy. Under this scheme, twenty-one (21) private enterprises were assisted as at end 2014. As end December 2014,

<sup>74</sup> ERDF 011, ERDF 012, ERDF 018, ERDF 076, ERDF 077, ERDF 078, ERDF 079, ERDF 080, ERDF 081, ERDF 082.

there were seventeen (17) start-up businesses supported under PA1, which resulted in seventy-three (73) direct jobs created<sup>75</sup> and a total of €3,162,079.82 in private investment.

#### ***ERDF 128a: Innovation Actions Grant Scheme (Innovation)***

This scheme addresses two (2) thematic areas in relation to the CSGs i.e. improving the knowledge and innovation for growth and making Europe and its regions more attractive places to invest and work as well as the NRP theme for competitiveness. Grants provided under this scheme will seek to help SMEs meet business challenges by stimulating innovate processes, products and services and supporting organisational innovations. This will allow enterprises to develop new production processes and products which will in themselves create more and better jobs. Under this scheme sixty-six (66) private enterprises were assisted as at end 2014. Through the grants provided, there were: sixty-five (65) SMEs supported in launching new or improved products or processes, and seven (7) SMEs who were supported in adopting environmentally sensitive technologies, operating systems and processes. The total private investment induced through the grants provided was of €5,648,004.10.

#### ***ERDF 128b: Innovation Actions Grant Scheme (Environment)***

Grants provided under this Aid Scheme have a similar contribution towards European and National objectives as the above Aid Scheme but is particularly focused on implementing eco-innovation projects that have the aim to contribute to environmental sustainability by addressing issues such as water and air quality, waste streams and resource utilisation. Investment from an environmental perspective may allow the enterprise to tap into new markets or establish new clients who seek environmentally sustainable suppliers/clients. Thirteen (13) private enterprises were assisted as at end 2014 under this scheme. Through the grants provided there were thirteen (13) SMEs who were supported in adopting environmentally sensitive technologies, operating systems and processes, with a private investment totalling to €755,556.15.

#### ***ERDF 129: e-Business Development Grant Scheme***

This grant scheme is intended to increase the uptake of ICTs by enterprises in order to further strengthen Malta's competitive advantage. This aid scheme which links directly to PA 1 and the relevant Focus Areas as the main objective of this scheme is to increase the competitiveness of Maltese enterprises through the propagation of ICT in their daily business operations so as to be able to compete successfully. Sixty-two (62) private enterprises were assisted as at end 2014 under this scheme. Through the funds provided there were fifty-eight (58) SMEs supported to improve their use of ICT for e-business with a total private investment of €2,302,566.35.

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<sup>75</sup> Employment figures provided by the IB are indicative being that they still need to be verified by the MA



**ERDF 130: Research & Development Grant Scheme**

Assistance provided through this Aid Scheme contributes directly to the overall objectives of PA 1 as it provides support in relation to RTD activities by SMEs as well as enabling SMEs to access RTD services. Grant assistance through this scheme also contributes to competitiveness as it will further support entrepreneurship contributing to Malta's competitive advantage. Nineteen (19) private enterprises were assisted as at end 2014 under this scheme. The nineteen (19) enterprises assisted were divided as follows: eighteen (18) were SMEs and one (1) was a non-SME. There was a total of €2,033,776.43 in private investment induced through the grants provided.

**ERDF 134: International Competitiveness Grant Scheme**

Assistance provided through this Aid Scheme is intended to support initiative for enterprises to look and explore the international market contributing to Malta's competitiveness and job creation. Furthermore, the scheme will support enterprises that are willing to establish a new market, or to introduce a new service or product. Under this specific scheme, sixty-four (64) private enterprises were assisted as at end 2014. Through the grants provided there were a total of: forty-five (45) SMEs improving their market penetration efforts, thirty (30) direct jobs<sup>76</sup> created and a total of €2,673,476.87 of private investment induced through the Grants provided.

Table 9 shows grants signed for each scheme broken down by size and territory (Gozo and Malta). Out of the 245 Beneficiaries, sixteen (16) are based in Gozo.

**Table 9 - Total GAs signed between ME and Beneficiaries as at end 2014**

Reference:	Scope:	Maltese Entities:					Gozitan Entities:					Total:
		MI <sup>77</sup>	SM	ME	LR	T	MI	SM	ME	LR	T	
ERDF 127	Small Start-ups	15	5	N <sup>78</sup>	N	20	1	N	N	N	1	21
ERDF 128a	Innovation	18	25	14	N	57	7	N	2	N	9	66
ERDF 128b	Environment	4	5	1	N	10	2	N	1	N	3	13
ERDF 129	E-Business	26	17	19	N	62	N	N	N	N	N	62
ERDF 130	R&D	4	10	4	1	19	N	N	N	N	N	19

<sup>76</sup> Employment figures provided by the IB are indicative being that they still need to be verified by the MA

<sup>77</sup> Legend: "MI" – Micro enterprises; "SM" – Small enterprises; "ME" – Medium enterprises; "LR" – Large enterprises; "T" – Total.

<sup>78</sup> Legend: "N" – Not eligible.

ERDF 134	International Competitiveness	19	27	12	3	61	1	N	2	N	3	64
Totals:		229(93.5%)					16 (6.5%)					245

### *Financial Engineering*

Under this Focus Area, the OP foresees support to SMEs through the JEREMIE which has the objective of facilitating SME access to finance. The instrument being implemented is the *First Loss Portfolio Guarantee* (FLPG), and is implemented by EIF as the Holding Fund manager. Within an OP I Maltese context JEREMIE is aligned with the objectives under PA 1 by assisting SMEs improving their performance in terms of output and employment. One of the main benefits for SMEs under this instrument is access to credit at a lower interest rate that they would have otherwise been subjected to, together with a reduced need for collateral. In their assessment of the JEREMIE instrument, the evaluators for the Thematic Evaluation (concluded in 2014) confirmed that JEREMIE has indeed been an effective instrument in aiding access to finance by enterprise. Table 10 below shows the progress in implementation of JEREMIE as at December 2014.

**Table 10 - Progress under JEREMIE**

Loan Transactions	SMEs involved in Loan Transactions	Amounts Committed to date	Amounts Disbursed to date	% Commitment of Total Loan Portfolio
760	650	€61,561,129	€56,310.681	91

This instrument has been utilised to the benefit of most sectors of the Maltese economy, with the top three (3) beneficiaries, namely SMEs in the retail trade (23% of the total loan portfolio), food and beverage service activities i.e. tourism (17%), and the wholesale trade (7%) amounting to circa 47% of the portfolio volume. In these three (3) sectors alone, the total number of SMEs receiving loans by means of this instrument amounted to 307, divided as follows: retail trade – thirty-eight (38); food and beverage service activities -132 and wholesale trade - thirty-seven (37).

Other sectors have also fared well through this instrument, with particular reference to the manufacture of food products, human health activities and other personal service activities which were the next highest beneficiaries in the Maltese islands. All together these sectors have benefited from circa 12.5% of the portfolio volume through loans granted to ninety-one (91) SMEs.

In 2014, the number of SMEs supported increased by sixty-seven (67) to amount to 650, while the amount of loans transactions increased to ninety-five (95) over the same period. The amounts committed increased by circa €8million with the vast majority of beneficiaries falling under the microenterprise category (516), followed by the small enterprises (120). As can be expected the enterprises that benefitted the least from JEREMIE, also because they were the enterprises who perhaps had the least problems in accessing finance, were the medium sized enterprises.

Table 11 below provides a general overview of all the projects falling under Priority Axis 1, and their financial progress up to December 2014.

**Table 11 Projects falling under PA 1**

Project Reference	Project Name	Committed	Contracted	Disbursed as at end 2014
<b>Enterprise Infrastructure</b>				
ERDF 001	Upgrading and Embellishment of Industrial Estates	€15,868,200	€15,833,016	€14,151,248
ERDF 087	Developing National Metrology Capacity in Support of Industry	€695,412	€695,412	€695,412
ERDF 199	Setting-up a Life Sciences Centre	€20,000,000	€19,921,598	€13,724,401
ERDF 327	Development at Safi Aviation Park	€3,600,000	€3,600,000	€1,202,017
ERDF 331	Development of a Digital Gaming Hub	€4,400,000	€4,400,000	€2,838,610
<b>Financial Engineering</b>				
ERDF 200	JEREMIE	€12,000,000	€12,000,000	€12,000,000
<b>Investment in RTDi and RTDi related Infrastructure and ICT</b>				

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	€14,610,900	€14,610,900	€14,610,910
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	€839,442	€829,401	€224,837
ERDF 307	MEMS Characterisation Facilities	€919,512	€534,312	€359,714
ERDF 309	Strengthening of the Organic, Inorganic, Physical Chemistry Facilities.	€660,074	€658,674	€429,674
ERDF 310	Expanding the Physics and Applied Interdisciplinary Research Activities at the Faculty of Science	€1,620,114	€1,108,542	€668,199

ERDF 311	National Interactive Science Centre	€12,000,000	€12,000,000	€8,718,747
Project Reference	Project Name	Committed	Contracted	Disbursed <sup>79</sup> as at end 2014
Aid Schemes				
ERDF 127	ERDF Small Start-up Grant Scheme	€1,054,027	€1,054,027	€872,344
ERDF 128a	ERDF Innovation Actions Grant Scheme (Innovation)	€4,935,074	€4,935,074	€4,650,867
ERDF 128b	ERDF Innovation Actions Grant Scheme (Environment)	€642,340	€642,340	€642,340
ERDF 129	ERDF e-Business Development Grant Scheme	€1,994,657	€1,970,508	€1,778,791
ERDF 130	Research & Development Grant Scheme	€2,169,660	€2,224,797 <sup>80</sup>	€869,527
ERDF 134	ERDF International Competitiveness Grant Scheme	€2,682,755	€2,673,477	€1,366,456

<sup>79</sup> Irregularities have already been deducted from the final disbursed amount. Irregularities detected as at end 2014 were as follows: ERDF 127 - €17,802.93, ERDF 128A - €456,356.72, ERDF 128B - €170,216.34, ERDF 129 - €204,665.62, ERDF 130 - €171,756.56 and ERDF 134 - €517,108.22.

<sup>80</sup> The contracted amount is shown to be higher than the committed amount because even though savings were determined by the MA by the end of the 2014, these were formally recorded in the system early in Q1 2015.

### 03.1.2 Information on the Physical Progress

#### *Ongoing Projects*

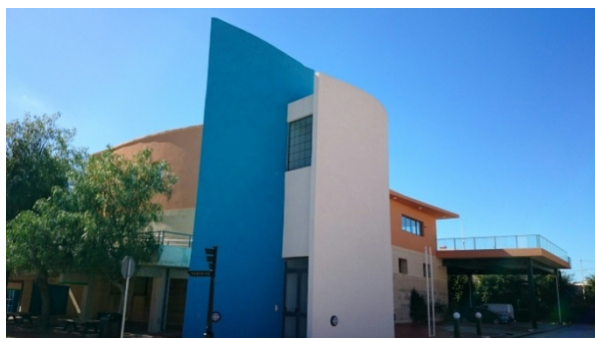
#### ***ERDF 001: Upgrading and Embellishment of Industrial Estates***

The project consists of the upgrading of five (5) industrial estates, which will ensure that a minimum of twenty (20) new companies and/or expansions will be located within these industrial estates with a net employment generated of at least 200. The structural developments financed by the ERDF include:

- the development and upgrade of road infrastructure and layout;
- upgrade of general services;
- improvement of street lighting;
- improvement of the general physical environment;
- better rain water collection system and fire hydrant system;
- development of child-care facilities in Mosta, Kordin and Xewkija.

The upgrading and embellishment of industrial estates under ERDF 001 continued, with substantial progress registered throughout the year. In 2014, most works on the ground were completed, with just snagging works remaining. The last Department of Contracts (DoC) contract in relation to works to be carried out in Hal Far was issued and awarded in 2014. Furthermore, substantial physical progress was also observed at the Mosta, Kordin and Xewkija Child Care Centres. In terms of indicators, progress on the output indicator was recorded whilst progress on the result and impact indicator will start being measured from 2015 onwards i.e. once the infrastructure is complete.

**Figure 5 - ERDF001: Mosta Child Care Centre**



**Figure 6 - ERDF001: Xewkija Child Care Centre**



***ERDF 199: Setting-up a Life Sciences Centre***

This project aims to increase the R&D expenditure through the access to advanced laboratory facilities for research and development and testing equipment for existing enterprises and new start-up companies. Physical works on the Life Sciences project are progressing well, and the structural works are in an advanced stage, thus enabling both the Mechanical and Engineering Works, as well as the Finishes Contract, to be concluded in the first half of 2015. In terms of indicators, progress on the output indicator was recorded. However, progress on the result indicators, such as 138 direct jobs created, twenty-eight (28) new enterprises (local and foreign) expansion in sites upgraded, twelve (12) start-up businesses supported, six (6) SMEs launching new or improved product or processes and eleven (11) enterprises involved in networking and new collaboration with other businesses and academia will start being measured from 2015 onwards i.e. once the infrastructure is complete.

**Figure 7 - ERDF199: Ongoing works at the Life Sciences Centre**



**Figure 8 - ERDF199: Ongoing works at the Life Sciences Centre**



***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***

The project has progressed well, with refurbishment of the laboratories being complete. A good part of the equipment has been delivered and installed and was in use by students by end of the year under review. The last tenders for the necessary learning/research equipment were drafted in the last part of 2015 and expected to be procured during the first quarter of 2015. The proposed targets for output indicators include one RTDi project where the completion of the project itself would contribute to investment in RTDi and the new/modernised specialised learning facility constructed/refurbished which falls under the Department of Electronic Systems Laboratory. The latter can be easily verified through a comparison of facilities before and after the equipment is procured. Results include in % *increase of students taking up S&T related studies at the vocational/higher education levels at targeted intervention institutions* amounting to 1.3% increase. The number of students registered annually per course is recorded by the University's Registrar. These output and result indicators will be achieved upon project completion.

**Figure 9 - ERDF305: Electronics Laboratory**



**Figure 10 - ERDF305:Workshop**



### ***ERDF307 - MEMS Characterisation Facilities***

The setting up of MEMS Characterisation Facilities at the University of Malta for the testing and characterization of MEMS devices and Smart Microsystems, for both single devices as well as packaged devices, was well underway at end 2014. The vast majority of the equipment to be procured through the project had been delivered and/or installed. In terms of indicators, ERDF 307 will consist of one RTDi project which involves the acquisition of equipment to help create fully functional MEMS Characterisation facilities within the Department of Microelectronics and Nanoelectronics at the University of Malta. The instrumentation that will be procured through this project, together with the existing equipment will enable two specialised testing and characterisation facilities which will be housed in two different laboratories within the Faculty of ICT building and will be operative in the Department of Micro and Nanoelectronics. It is expected that there will be an increase of 2% in undergraduate and postgraduate students. The increase in students will be obtained from University's

student data and each year the number of new students who enrol in S&T related studies are noted and compared with the number from previous years. These output and result indicators will be achieved upon project completion.

**Figure 11 - ERDF307: MEMS Characterisation Facilities**



**Figure 12 - ERDF307: MEMS Characterisation Facilities**



### ***ERDF 309: Strengthening of the Organic, Inorganic, Physical Chemistry Facilities***

During 2014, this project progressed at a very good pace with most of the equipment was installed and in use. The equipment procured through the ERDF 309 project has provided the Department of Chemistry with the necessary infrastructure to become a research centre of excellence in all of the cornerstone chemicals disciplines: Organic, Inorganic and Physical Chemistry as well as to provide instrumentation to educate students in research using modern equipment. The project itself will increase the number of RTDi projects by one which will follow the procurement of the new equipment. Each piece of equipment procured through the project will be placed in a different laboratory which ultimately contributes to the laboratories' improvement or modernisation. Within this context, a conservative prediction suggests that the Department will have ten (10) postgraduate students using the new facilities, which is a percentage increase of 0.85%. The data required for verification of these indicators will be available from records kept by the Department while numbers of students will be available from records kept within the Department, the Faculty of Science and the Registrar's Office. These output and result indicators will be achieved upon project completion.

**Figure 13 - ERDF309: Nuclear Magnetic Resonance**

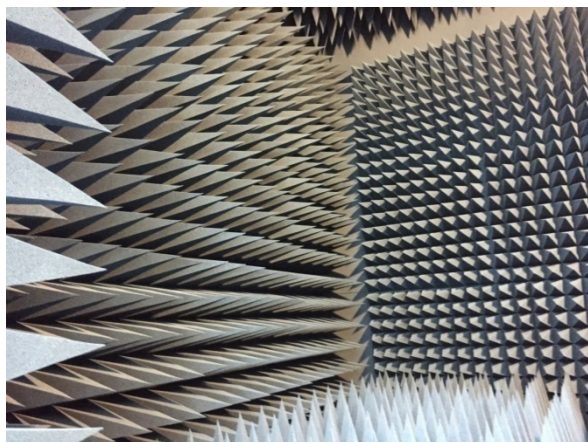


**Figure 14 - ERDF309: Dynamic Light Scattering**



***ERDF 310: Expanding the Physics and Applied Interdisciplinary Research Capabilities at the Faculty of Science***

During 2014, the project progressed steadily and most of the equipment was procured, installed and being used by students and researchers. The remaining parts of the instrumentation and accessories for the UWB Lab, EM Lab, and Optics Lab will be procured and installed in 2015. This project will increase the number of RTDi projects by one whilst setting up a cluster of four (4) new research laboratories, augment the research capabilities of an existing laboratory and set up a research support workshop as part of the research infrastructure of the Faculty of Science. The existing Electromagnetic Laboratory's research capabilities will be enhanced by the acquisition of additional equipment and software. A research support workshop will be set up in existing space. This will be equipped with electronic and mechanical tools for use by researchers at all levels. It will also contribute to a number of enterprises involved in networking and new collaboration with other businesses and academia. Conservative estimates of the percentage increase of students taking up S&T related studies at the vocational/higher education levels at targeted intervention institutions, suggest a 1.15 target for Malta and 0.12 for Gozo which in total amounts to a percentage increase of 1.27%. The data required for verification of these indicators will be available from records kept at the Department while numbers of students will be available from records kept within the Department, the Faculty of Science and the Registrar's Office. Additional data sources for baselines and national information are obtained freely from the National Statistics Office (NSO) and the Education Department. These output and result indicators will be achieved upon project completion.

**Figure 15 - ERDF310: Anechoic Test Chamber****Figure 16 - ERDF310: Anechoic Test Chamber**

### ***ERDF 311: National Interactive Science Centre***

In 2014, the main works to this project mainly entailed the restoration, construction and finishing of the buildings within Bighi Complex in order to set up the National Interactive Science Centre (NISC) as an informal learning infrastructure.

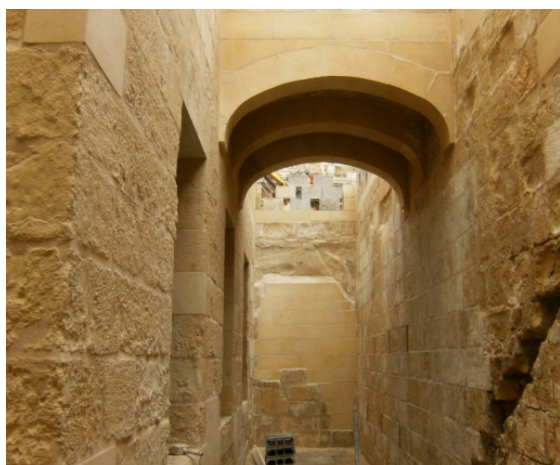
All the eligible contracts in relation to this project have been contracted and their implementation is ongoing. In addition to construction works, the design development of the interactive exhibits continued through the year, thus enabling exhibit fabrication in early 2015.

As mentioned in the introduction to this PA, the NISC will be a new permanent specialised informal learning facility resorted and constructed to bring students closer to science, to entice them to take-up S&T related subjects at Secondary level and opt for an S&T career. Furthermore, the NISC will support the formal education system by purchasing and installing hands-on interactive science-related exhibits to encourage school children with different abilities and from diverse backgrounds to study sciences by providing an interactive and enabling environment to thrive in. The Activity Centre and the Planetarium Building where science shows and workshops will be held, will also contribute towards these aims. The project will also contribute to the number of enterprises involved in networking and new collaboration with other businesses and academia which is also a core indicator. This indicator will target other similar institutions that have interactive science-based exhibits and activities or carry out research related to Social Sciences and Humanities. The collaboration will promote further the NISC's research activities in science and education and in communicating the advancements in science education knowledge and innovation at European level. The two collaborations have been agreed upon through a Memorandum of Understanding (MoU), stating the areas of collaboration and networking. The two (2) MoUs have been signed by all parties concerned and will be updated yearly in order to better monitor the outcomes.



As explained earlier in this Chapter, this project will also contribute to a percentage increase of students' registrations of S&T related studies at Secondary Level by 2015. The objective of the Science Centre will be that of Popularising Science and contribute towards the increase of the number of student registrations of S&T related studies at Secondary Level by 10% by the end of scholastic year 2016. The percentage increase of student registrations of S&T related studies at Secondary Level by 2015 is targeted at 4%, which will be judged during 2016 (as the scholastic year is 2015/2016). The data containing the number of students taking-up science subjects will continue being collected from the Ministry of Education and monitored by MCST every year following the opening of the NISC. This data will then be used to calculate the percentage increase of students taking-up science subjects. These output and result indicators will be achieved upon project completion.

**Figure 17 - ERDF 311: Restoration Works on the site assigned to National Interactive Science Centre**



**Figure 18 - ERDF 311: Restoration Works on the site assigned to National Interactive Science Centre**



### ***ERDF 327: The Development of the Safi Aviation Park***

This project falls within the second dimension of Malta's Industrial Strategy 2007-2013, that relates to the maintenance of existing and the attraction of new FDI targeting primarily the sectors outlined in the strategy, which includes the aviation industry amongst others.

The project will enhance the Aviation Sector which has been recognized as a catalyst for growth and skilled employment and is at the heart of the EUROPE 2020 strategy and its flagship initiatives including the Innovation Union; An industrial policy for the globalisation era and Resource Efficient Europe.

Works on the Development of the Safi Aviation Park, implemented by Malta Industrial Parks, commenced in 2014. As at 2014, all contracts were signed and preliminary discussions and agreements

were made. Works on the ground commenced late during 2014. Upon completion, the project will achieve:

- An increase of 10% in full-time employees within the Safi Aviation Park;
- An increase of 12% in space utilisation;
- Approx 29,500 m<sup>2</sup> of Safi Aviation Park will be rehabilitated for usage.

This facility will also provide additional educational and training opportunities for students and people seeking employment in such a specific sector.

In terms of indicators, progress on the output indicator was recorded i.e. an industrial zone has been upgraded by the end of 2015. However, progress on the result indicators, such as twenty-four (24) direct jobs created and three (3) new enterprises (local and foreign)/expansion in sites upgraded will start being measured from 2015 onwards i.e. once the infrastructure is complete.

**Figure 19 - ERDF327: Excavation and Construction of Reservoirs**



### ***ERDF331: The Development of a Digital Hub***

The Digital Hub is expected to create a link between education and industry which shall contribute towards creating activities which will allow spin-offs of start-ups and the creation of a cluster and networking between SMEs, other businesses, universities and students. The project also caters for creating on-the-job training through the hot desks that will be made available on site. Currently in Malta there are over forty (40) students studying at private institutions. These could also avail themselves from the facilities and job opportunities provided by the Digital Hub once developed.

This project is now well underway and will be completed in the first half of 2015. It also included a component that will study the feasibility of creating a similar hub in Gozo.

All Result Indicators will be achieved once the project is completed in 2015. These indicators include:

- Twelve (12) new enterprises (local and foreign)/expansion in sites upgraded;
- Two (2) start-up businesses supported;
- Two(2) SMEs launching new or improved product or processes; and
- Six (6) enterprises involved in networking and new collaboration with other businesses and academia.

**Figure 20 - ERDF 331: The Development of a Digital Hub**



### *Closed/Completed Projects*

The progress on the project that was completed in 2014, namely ERDF 017: *Construction, Finishing and Equipping of ICT Faculty Building*, has been reported in earlier sections of this chapter. This project involves direct investment in R&D and ICT infrastructure and it has also contributed to empowering people in obtaining more challenging jobs leading to a better quality of life and increase Malta's competitiveness. The ICT faculty's main functions are those of increasing ICT related research, becoming a focal point for collaboration between academia and industry collaboration, as well as a technology transfer entity and a platform for international partnerships. The project also seeks to provide a conduit for promoting and "humanising" ICT in the Maltese society. Furthermore, in line with the National Reform Programme, such project provided the necessary infrastructure to train researchers in the various fields of ICT and thus responded to new occupational needs, key competences and future skills requirements. Malta is part of the evolving knowledge based economy and this project helped the country ensure that the supply of human resources meets the demand of the changing labour market. It has also contributed to provide additional opportunities for better-paid jobs, increasing youth

attainment and S&T graduates, and thus developing a knowledge-based culture upon which a sound Maltese economy has been shown to base itself.

The new ICT facility tries to optimise the use of working space and in fact the large auditorium can be partitioned into two self-contained sections and several hot-desking rooms for part-time and/or visiting staff and part-time postgraduate students. Sections in some teaching laboratories have been separated out using transparent glass and aluminium partitioning to maintain a spacious and lighted environment. The lecture rooms and the research labs of this facility are enough to accommodate the foreseeable ICT students for at least the next thirty (30) years. Currently, the facility houses 10 undergraduate (UG) teaching and nineteen (19) research labs, the latter denoted according to the various directions of research the Faculty is pursuing.

Nevertheless, it is important to note the achievements of ERDF 017 that was concluded during the year under review. The Project managed to achieve almost all its targeted Programme indicators. The output indicator 'No of RTDi projects' (target: 1) and 'No of new/modernized specialized learning facilities constructed/refurbished' (target: 1) have been achieved through the Construction, Finishing and Equipping of ICT Faculty Building. The impact indicator target of fifteen (15) new jobs created has been overachieved, in that twenty-three (23) jobs have been created as a result of this project.

### *Aid Schemes*

In terms of the Aid Schemes the main work carried out in 2014 was the implementation of a number of new measures as a result of commitments taken as a response to the pre-interruption letter issued, and which led to the suspension of funds being lifted. The measures included in the creation a new system of management verification for each stake holder, re-verification of all the expenditure certified to commission, the drafting of a supervisory mechanism and finally the design and delivery of appropriate training targeting first level verifications.

There were no new Grant Agreements signed throughout the year 2014 but instead most of the work was focused on the verification of expenditure paid so as to be included in a payment claim to the Commission.

### *Progress on Indicators*

**Table 12 - Priority Axis 1 Indicators**

Indicators	2007 - 2013	2014	Total
<b>Output Indicators</b>			
Achievement	7	-	7



No of new/upgraded industrial zone projects by the end of 2015 [A1O01]	Committed Result			7
	Target	n/a	n/a	7
	Baseline	n/a	n/a	n/a
No of projects (Direct Investment aid to SME) [A1O07]	Achievement	325	-	325
	Committed Result			273
	Target	n/a	n/a	450 <sup>81</sup>
	Baseline	n/a	n/a	n/a
No of RTD projects (core indicator) [A1O04]	Achievement	15	-	15 <sup>82</sup>
	Committed Result			20
	Target	n/a	n/a	15 <sup>83</sup>
	Baseline	n/a	n/a	n/a
No of new/modernized specialized learning facilities constructed/refurbished [A1O05]	Achievement	23	9	32 <sup>84</sup>
	Committed Result			32
	Target	n/a	n/a	22
	Baseline	n/a	n/a	n/a
No of SMEs benefiting from JEREMIE Financial Instrument [A1O06]	Achievement	583	67	650
	Committed Result			600

<sup>81</sup> As per the OP change approved by the MC on 4th November 2014, this target will be revised to 270.

<sup>82</sup> 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.

<sup>83</sup> As per the OP change approved by the Monitoring Committee on 4th November 2014, this target will be revised to 28 due to a revision to the methodology being used to calculate this indicator.

<sup>84</sup> The operations contributing towards this indicator are: one (1) each under ERDF017, 076, 077, 078, 079, 080, 082, 305 and 311; two (2) each under ERDF 011, 012, 087, 307 and 309; three (3) under ERDF 018, four (4) under ERDF 310 and six (6) under ERDF 081.

	Target	n/a	n/a	600
	Baseline	n/a	n/a	n/a
No of enterprises assisted (Non-SMEs) [A1O07]	Achievement	4	0	4
	Committed Result			4
	Target	n/a	n/a	9 <sup>85</sup>
	Baseline	n/a	n/a	n/a
<b>Result Indicators</b>				
No of new enterprises (local and foreign)/expansions in sites upgraded [A1R01]	Achievement	-	-	-
	Committed Result			63
	Target	n/a	n/a	25 <sup>86</sup>
	Baseline	n/a	n/a	n/a
No of start-up businesses supported (core indicator) [A1R03]	Achievement	17	4	21
	Committed Result			21
	Target	n/a	n/a	20
	Baseline	n/a	n/a	n/a
No of SMEs launching new or improved product or processes [A1R04]	Achievement	62	3	65
	Committed Result			65
	Target	n/a	n/a	40
	Baseline	n/a	n/a	n/a
	Achievement	38	24	62

<sup>85</sup> As per the proposed OP change approved by the MC on 4th November 2014, this target will be revised to 4.

<sup>86</sup> All relevant projects were still ongoing in 2014 (ERDF 001,199, 327 and 331).

No of SMEs improving their use of ICT for e-business [A1R05]	Committed Result			62
	Target	n/a	n/a	49
	Baseline	n/a	n/a	n/a
No of SMEs improving their market penetration efforts [A1R06]	Achievement	69	36	105
	Committed Result			105
	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	19	-	19
	Committed Result			19
	Target	n/a	n/a	15
	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
	Committed Result			35
	Target	n/a	n/a	30
	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	22	-	22
	Committed Result			45
	Target	n/a	n/a	45
	Baseline	n/a	n/a	3,092 <sup>87</sup>

<sup>87</sup> As per OP change proposal, this baseline will be revised 2519 students and any reference to MCAST will be removed.

% increase of students registrations of S&T related studies at Secondary Level by 2015 [A1R10]	Achievement	-	-	_88
	Committed Result			10
	Target	n/a	n/a	10
	Baseline	n/a	n/a	n/a
Investment induced through JEREMIE Financial Instrument [A1R11]	Achievement	€42.9m <sup>89</sup>	€7.9m	€50.8m
	Committed Result			€51.8m
	Target	n/a	n/a	€51.5m
	Baseline	n/a	n/a	n/a

As can be seen from Table 12, the MA is reporting a general increase in the achievement of PA indicators for the year under review. Most indicators were fully achieved under this PA, while others, such as the *No of SMEs launching new or improved products or processes*, the *No of SMEs improving their use of ICT for e-business*, the *Number of SMEs improving their market penetration efforts*, *No. of SMEs assisted in environmentally sensitive technologies, operating systems and processes* and *No. of start-up businesses supported* were actually surpassed.

Even though a number of indicators have still not been achieved, this is not due to factors linked with the success or otherwise of the project, but related to the nature of the indicators. Some projects have to be completed for an achievement to be reported. In fact, from the indicators that have still not been achieved, *Investment induced through JEREMIE Financial Instrument*, *No of enterprises involved in networking and new collaboration with other businesses and academia*, *No of new enterprises (local and foreign)/expansions in sites upgraded*, *%increase of students taking up S&T related studies* and *% increase of students registrations of S&T related studies at Secondary Level by 2015* can only be expected to be reached once the projects that are targeting them<sup>90</sup> reach completion by the end of 2015 and the data is made available to the MA.

<sup>88</sup> This indicator will be achieved through ERDF 311, which was still ongoing in 2014.

<sup>89</sup> The reported achievement is being revised due to a change in the methodology being used to calculate this indicator.

<sup>90</sup> ERDF 001, ERDF 199, ERDF327 and ERDF 311.

### 03.1.3 Financial Analysis

**Table 13 - Priority Axis 1: Financial Progress**

Priority Axis	Total contribution	Financial Progress			
		Commitments	Payments	Commitments %	Payments %
	(a)	(b)	(c)	(b/a)	(c/a)
Priority Axis 1 (ERDF) Enhancing Knowledge and Innovation	€120,000,000	€114,848,027	€93,958,861	96%	78%

### 03.1.4 Qualitative Analysis

Following the registered savings in 2014, by end of the year under review, the Commitment for the PA was lower than the allocation and by year end, stood at €114,848,027 (or 95.7% of the allocation under PA1). Nevertheless, it is expected that the €5,151,973 that are now uncommitted will be easily absorbed by financing expenditure under a number of projects whose expenditure was capped at project selection stage as a result of the over-commitment at the time.

Figure 21 shows the split between the different interventions being undertaken through Axis 1.

**Figure 21 - Priority Axis 1 Commitments**

With regard to the 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 JEREMIE<sup>91</sup> allocation, is €113,847,938 or 99% of the committed amount. This reflects a noteworthy increase of €20,032,677, or 21% over the 2013 figures.

The total amount disbursed in 2014 increased by €19,929,472, or 27%, to €93,958,861. This is the equivalent of 70% of the total contracted amount. , The main contributor to the payments in 2014 was ERDF 311: *National Interactive Science Centre*, with a value of €8,640,671 disbursed in 2014, followed by ERDF 199: *BioMalta - Setting-up a Life Sciences Centre* with a disbursed amount of €5,512,416.

Certification, by the end of 2014, amounted to €92,058,961, representing 98% of the total amount disbursed under this Axis. It is worth mentioning that certification in 2014 alone amounted to €22,808,991.

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

<sup>91</sup> 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.

**Table 14 - Financial Progress under PA1 as at end of 2014**

	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	€ 44,563,612	€ 44,805,902	€ 12,000,000	€ 13,478,513	€ 114,848,027
Contracted	€ 44,450,026	€ 43,897,689	€ 12,000,000	€ 13,500,223	€ 113,847,938
Disbursed	€ 32,611,689	€ 39,166,848	€ 12,000,000	€ 10,180,324	€ 93,958,861
Certified	€ 31,507,313	€ 38,653,393	€ 12,000,000	€ 9,898,255	€ 92,058,961

*Further details on Aid Schemes*

The breakdown of the financial progress registered on each scheme can be found in Table 15 below. The total allocation and contracted amounts reflect the same figures. *Total payments* refer to the total payments approved and issued by the treasury department less irregularities. The figures reported under the *Remaining* column are payments that still need to be processed. The total allocation amounts to €13,478,513.

**Table 15 - Financial Summary of Approved Grants**

Reference	Details	Allocation	Total payments	Remaining	% Remaining
ERDF 127	Small Start-ups	€1,054,027	€872,344	€181,683	17%
ERDF 128a	Innovation	€4,935,074	€4,650,867	€284,207	6%
ERDF 128b	Environment	€642,340	€642,340	-	-

ERDF 129	E-Business	€1,994,657	€1,778,791	€215,866	11%
ERDF 130	R&D	€2,169,660	€869,527	€1,300,133	60%
ERDF 134	International Competitiveness	€2,682,755	€1,366,455	€1,316,300	49%
<b>Totals</b>		€13,478,513	€10,180,324	€3,298,189	

Prior to the issuing of the suspension letter, there was a total of €15,766,398.02 (EU Share) awaiting certification. Following the lifting of the suspension letter the above amount was certified. Furthermore, in 2014, the sum of €372,984.63 under Aid Schemes was certified to the Commission as per Table 16 below.

**Table 16 - Certified Amounts under the Aid Schemes**

Reference	Certified in 2014 Only <sup>92</sup> (Public Eligible)	Cumulative Certification as at End 2014
ERDF 127	-€17,802.93	€872,343.54
ERDF 128(a)	€215,805.18	€4,728,262.18
ERDF 128(b)	-€132,573.66	€642,339.75
ERDF 129	€346,718.92	€2,092,002.43
ERDF 130	€3,691.76	€848,287.64
ERDF 134	-€42,854.64	€1,562,336.78
<b>Total</b>	€372,984.63	€10,745,572.32

<sup>92</sup> Following the interruption letter, a number of flat rate financial corrections were imposed to mitigate the issues identified during the re-verification exercise.



### **03.1.5 Significant Problems Encountered and Measures Taken to Overcome Them**

The main difficulties faced during the implementation of PA1 projects throughout 2014 were essentially similar to those faced in previous years, namely delays in the procurement process (the 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. Such unexpected obstacles include the archaeological findings encountered during the works carried out under ERDF327: *The Development of a Safi Aviation Park* which decreased the steady pace of works being carried out on site. Furthermore, due to these findings small machinery and equipment had to be used on site with the continuous monitoring of the Archaeological Monitor, which was approved by the Superintendent for Cultural Heritage.

Furthermore, a number of tenders published in relation to the NISC during 2014 followed a rather innovative procurement procedure for Malta, that is, Competitive Dialogue. Therefore, this entailed a number of discussions held between the Beneficiary and the DoC in preparation of the drafting of the Competitive Dialogue Documents at all three stages. This resulted in a lot of reviewing and it also proved to be a learning experience for both entities. The process was therefore rather lengthy due to the lack of experience from both ends. However, once the first Dialogue was drafted, then the others could follow suit. Nonetheless, the procurement method is a much longer one than the Open Procedure, which ultimately resulted in delays in the evaluations and the preparation of contracts for signature. Further delays were also encountered during the implementation and execution of works, as well as unexpected obstacles such as archaeological findings which were faced during the works leading to delays in post contracts activities.

As far as Aid Schemes are concerned, the problems encountered in 2014 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**

PA 2 seeks to improve Malta's competitiveness by promoting and achieving a sustainable and competitive tourism industry by improving its overall tourism product through better utilization, conservation, enhancement and presentation of its many assets, particularly the country's natural and cultural heritage as well as through the provision of value for money for services by the private sector. This PA seeks to implement the objectives set in the Tourism Policy for the Maltese Islands, 2006-2010, and subsequent updates which emphasize the need for actions aimed at boosting Malta's accessibility, improving the tourism product, and at making marketing efforts more effective. The projects being implemented still contribute to achieve targets outlined in the latest Tourism Policy for the 2012-2016 which aims at creating a stronger competitive edge, higher value-added product, better quality and excellence in tourism.

This PA also aims at promoting "the development of a culture of social inclusion in the cultural heritage sector, ensuring in particular that the public cultural heritage is made accessible to the totality of society" as outlined in the National Strategy for Cultural Heritage 2012 which mainly focuses on improving quality and standards in the cultural heritage sector. Finally, this PA acknowledges the fact that the islands' tourism product is significantly linked with its cultural heritage given that the Maltese archipelago has one of the highest densities of cultural heritage sites in the world. This is identified clearly in the National Strategic Reference Framework (NSRF) 2007 – 2013 and is strongly reflected in the targets in the OP.

In the context of these policies, this PA aims to: (i) support the upgrading of the tourism product, particularly its cultural assets; (ii) promote the Maltese Islands as a prime and diverse tourist destination beyond the sun and sea niche segments; and (iii) improve the competitiveness of tourism and culture operators. These objectives are being achieved through several investments and activities aimed at enhancing the tourism dimension that form part of twenty-three (23) projects and one (1) Aid Scheme co-financed under this PA.

#### *Product Development and Niche Market Development*

Projects under PA 2 fall under the two Focus Areas, namely *Niche Market Development* and *Product Development*. The main objectives under the first Focus Area are to generate a niche market while creating destination branding. The second Focus Area aims at reducing the number of unsatisfied tourists visiting Malta and Gozo, as well as increasing the competitiveness of both islands by the upgrading of cultural sites and creating a distinct product. Projects co-financed under both Focus Areas are thus aimed at developing a tourism product based on Malta's history and culture, over and above weather and recreational consideration. The main focus is thus the physical improvement in historical and recreational areas frequented by tourists. This is being achieved through the restoration and rehabilitation of historic areas such as Fort St Elmo, Fort St Angelo and the Cittadella in Gozo, the

enhancement of cultural sites with interpretation centres such as the Ggantija interpretation centre and St Paul's Catacombs interpretation centre. Furthermore, the upgrading of recreational areas such as Pembroke Gardens, and the creation of various heritage trails in several town centres in Malta and Gozo aim to enhance the competitiveness of both islands.

Projects under both Focus Areas are being implemented by different beneficiaries, ranging from Government Entities, Local Councils to NGOs, which all have an important role to play in order to achieve the set targets under this PA.

The prominent projects implemented by public entities, which were still ongoing in 2014, focused on the restoration of a number of archaeological landmarks such as fortifications in Valletta, Birgu, Mdina and Cittadella, Gozo, and the creation of historical museums and interpretation centres as indicated above.

On the other hand, projects being implemented by NGOs and Local Councils target diverse historical and cultural assets in Malta such as the restoration of the Saluting Battery and the Malta at War Museum in Valletta by Fondazzjoni Wirt Artna and the upgrading of the historical parts of the city of Victoria in Gozo by the Victoria Local Council.

By capitalising on the diverse cultural assets through the implementation of the projects mentioned above, Malta is aiming to further develop the tourism product and thereby reducing tourism seasonality. A more detailed analysis of the physical progress of each project and how these are contributing towards the Programme's output and result indicators will be provided in Section 3.2.2.

#### *Aid Schemes to Tourism/ Cultural Undertakings*

The Grant Scheme for Sustainable Tourism Projects by Enterprises being implemented under this PA focuses on targeting aid to enterprises implementing a tourism project, with the aim of enhancing the development of the sector and increasing Malta's competitiveness. As at end 2014, 115 enterprises were helped in order to support through grants for investment in the following main areas: Product Upgrade and Equipment, investments in Environmentally Friendly Measures, investment in Information and Communication Technology, and Marketing measures. As a result of the implementation of this scheme, sixty-eight (68) enterprises adopted new products and processes and 498 direct jobs were created.

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

**Table 17 - Projects falling under PA 2**

Project Reference	Project Name	Committed	Contracted	Disbursed
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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	€3,774,940	€3,774,940	€3,797,340 <sup>93</sup>
ERDF 032	Archaeological Heritage Conservation Project	€9,498,460	€8,937,453	€6,903,532
ERDF 033	Tourism Zone Upgrade with landscaped urban spaces and other facilities	€13,817,677	€13,881,873 <sup>94</sup>	€13,733,265
ERDF 039	Restoration and Rehabilitation of Historic Fortifications of Malta and Gozo	€35,010,699	€33,512,380 <sup>95</sup>	€30,244,727
ERDF 140	Discovering Cultural & Religious Tourism in Gozo (Ta' Pinu Shrine)	€317,881	€318,842 <sup>96</sup>	€317,881
ERDF 142	The Making of a People (Fondazzjoni Belt Victoria)	€852,662	€858,288 <sup>97</sup>	€852,662
ERDF 147	Restoration of St Lawrenz Church	€318,765	€318,765	€318,765
ERDF 151	Renewed Visitors Venue (RE.VI.VE)	€1,980,862	€1,963,686	€1,799,168
ERDF 155	Construction of Main Exhibition Hanger and Runoff Water Reservoir	€292,729	€292,729	€292,729

<sup>93</sup> The disbursed amount is shown to be higher than the committed amount because a required adjustment was still pending as at end year and will be registered in the data AIR 2015.

<sup>94</sup> The contracted amount is shown to be higher than the committed amount because even though savings were determined by the MA by the end of the 2014, these were formally recorded in the system in Q1 2015.

<sup>95</sup> The contracted amount is shown to be higher than the committed amount because even though savings were determined by the MA by the end of the 2014, these were formally recorded in the system in Q1 2015.

<sup>96</sup> The contracted amount is shown to be higher than the committed amount because even though savings were determined by the MA by the end of the 2014, these were formally recorded in the system in Q1 2015.

<sup>97</sup> The contracted amount is shown to be higher than the committed amount because even though savings were determined by the MA by the end of the 2014, these were formally recorded in the system in Q1 2015.

ERDF 205	Regenerating Balzan Square and Implementing a Tourist Heritage Trail	€387,269	€387,269	€387,269
ERDF 212	The Regeneration of the Tourism Market in Marsaskala	€244,538	€244,538	€244,538
ERDF 213	Sustainable Tourism in a Village of Culture and Heritage	€285,457	€285,457	€285,457
ERDF 221	Heritage route: Discovering our Past by Uncovering Historical Gems	€378,683	€378,683	€378,683
ERDF 226	Peacock Gardens - Cultural Urban Landscapes for Tourism Sustainability	€855,721	€829,267	€577,144
ERDF 244	Fort St Elmo Heritage Experience – Museum and Rampart Walk	€15,345,000	€15,281,497	€14,014,848
ERDF 245	Fort St Angelo Heritage Experience	€11,390,000	€10,415,918	€4,422,025
ERDF 246	Implementation of the Cittadella Masterplan recommendations – Gozo	€11,669,586	€9,395,156	€3,205,083
ERDF 249	Setting an Integrated Cultural, Archaeological and Historical Trail in Victoria	€1,305,000	€1,082,632	€565,913
ERDF 401	Villa Francia - Opening of historic Country Villa to the Public	€912,345	€0	€0
ERDF 402	A Digital Promotion Campaign for Gozo	€224,300	€0	€0
ERDF 403	MCC - Restoration of the timber ceiling at the Sacra Infermeria	€675,006	€0	€0
<b>Aid Scheme</b>				

ERDF 135	Grant Scheme for Sustainable Tourism Projects by Enterprises	€7,942,482	€7,942,482	€7,565,790
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The total financial allocation of this Axis is €120,000,000 (of which €102,000,000 represent Community Funding). These funds are contributing for the implementation of twenty-three (23) mainstream projects and one (1) Aid Scheme as outlined above. As at end 2014, these operations were at varying stages of implementation, as will be described in further detail in the section hereunder.

### 03.2.2 Information on the Physical Progress

The below section provides an overview of the progress currently being achieved on the ground by projects that are still ongoing, as well as an update on the targets achieved to date by these projects. Moreover, this section will also delve into the projects that were concluded during the year under review.

#### *Ongoing Projects*

##### ***ERDF 031: Upgrading of Zewwieqa Waterfront***

Through this project, the Zewwieqa Waterfront is being rehabilitated to provide an attractive leisure area for local and foreign tourists. As a result, the project led to an upgrade of the pedestrian route, the installation of the 'Dgħajsa tal-Latini' monument, together with the private investment of bars, restaurants and other economic operators working within the tourist industry within the area. Furthermore, through these activities it is anticipated that the number of yachts visiting this port after the projects' completion will increase significantly. This will contribute to the average increase in tourist departures for the established niche segments and percentage increase in tourism earnings. A satisfaction rate of 86% was already registered through a telephone survey held by the Ministry for Gozo amongst the economic operators at the Zewwieqa Waterfront in the first Quarter of 2015. This was by far higher than the expected rate of 70% as stated in the Grant Agreement. The above-mentioned results will thus contribute towards the achievement of one of the targets for the island of Gozo as listed in the OP namely that of ensuring that efforts by the public sector will be complemented by further investment in the area by the private sector.

##### ***ERDF 032: Archaeological Heritage Conservation Project***

This project is being implemented under the supervision of Heritage Malta and its main objectives are the preservation, interpretation and accessibility of Ggantija Temples, St Paul's Catacombs and Tarxien temples. The project had to be completed by March 2013 but due to the nature of works which are being carried out on archaeologically sensitive sites, implementation took longer than estimated. Nonetheless, 2014 saw substantial progress being achieved on the project with the first results being

registered following the opening of the Ggantija interpretation centre in 2013. During its first year of operation, circa 172,000 people visited the upgraded sight. Compared to the data collated before the upgrading of the Ggantija Temples, an average increase of 22,000 visitors was registered against the circa 150,000 annual visitors visiting the Ggantija Temples prior the intervention. Works on the St Paul's Catacomb interpretation centre are progressing well and although slightly delayed, the centre is scheduled to be completed by end of April 2015. The super structure of the protective shelter at Tarxien Temples is being manufactured abroad and works are progressing well with the contractor envisaging that works are to be completed by June 2015. Heritage Malta is in fact optimistic that by end 2015 all sites will be fully functional and at least three (3) persons are envisaged to be employed and thus contributing to the impact indicator with regard to the number of direct jobs. Indeed, by end of 2014, two (2) people were already employed at the Ggantija Temples.

**Figure 22 - The completed Ggantija Interpretation Centre outside the Ggantija Temples**



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

The project aims to provide landscaped urban spaces with seating and sea views in (3) three tourism zones; Qawra, Pembroke and St. Paul's Bay and the setting up of a national Aquarium. Works are progressing well but the completion of the project had to be extended, in view of the delays in relation to the award of the tender for the *Restoration of the Wignacourt Tower and the Gun Post in St .Paul's Bay*. Following publication of the award of the tender, one economic operator appealed the decision, and rejection of this appeal lead to a court case which delayed project implementation. Notwithstanding these delays, the court upheld the original decision. Works on both Wignacourt Tower and the Gun Post are expected to be completed by April 2015.

The Malta Tourism Authority will be collecting data regarding the result indicators through a satisfaction rate survey to foreign visitors visiting the three (3) project sites on an annually basis. These studies will be conducted once the project is fully completed. During 2014 the project registered the creation of fifty-

two (52) direct jobs contributing to the impact indicators. On the other hand, another impact indicator is that contributing towards the carbon neutrality indicator leading to the actual totals of energy consumption through the use of VRF System and energy efficient light sources amounting to 200,000 kWh/year.

**Figure 23 - ERDF 033:- Pembroke Gardens**



***ERDF 039: Restoration and Rehabilitation of Historic Fortifications of Malta and Gozo***

This project seeks to restore the decayed architectural fabric of the land front fortifications of Valletta and Vittoriosa and to consolidate the unstable walls of Mdina and the Gozo Citadel. By 2014, most of the restoration and consolidation of works on the five (5) sites were almost completed. Furthermore, within the fortification interpretation of the first full year of operation, it was recorded that circa 11,000 people visited the centre. By end 2014, most of these works were completed with the remaining works were at an advanced tendering stage (the latter is referring to the additional areas in Mdina and Senglea). The paving works on the roads at the *Collacchio* area in Birgu, works on the ditch surrounding Birgu land front and the lighting of the Birgu bastions commenced during the year under review and are expected to be completed by the third Quarter 2015.

**Figure 24 - Restoration of Valletta Bastions**





**Figure 25 - Restoration Mдина Bastions**



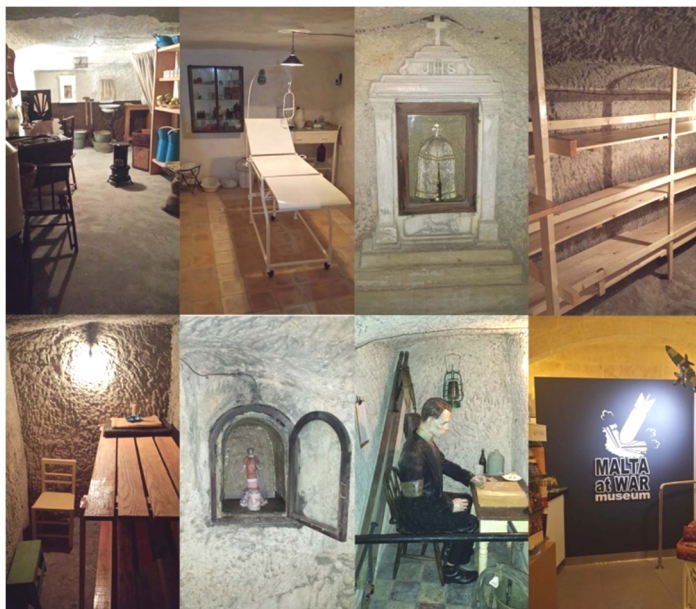
Given that implementation on the ground is at an advanced stage, disbursement progressed well during the year under review. The project is set to be concluded in 2015 and the performance indicators on increasing the number of tourists visiting the four (4) upgraded cultural sites and the total surface area to be restored are expected to be achieved by third Quarter of 2015.

#### ***ERDF 151 Renewed Visitors Venue (Re.Vi.Ve)***

Re.Vi.Ve, which is being implemented by Fondazzjoni Wirt Artna, is the only ongoing project implemented by an NGO under this PA. This project involves the restoration, conservation, conversion and upgrading of two (2) heritage sites, namely the Saluting Battery and the Malta at War Museum. Most works were completed in 2014 but due to unforeseen findings, such as fragile rock structure and conditions of the subterranean complex, during the implementation of the works contract, i.e. The Restoration and Rehabilitation of the Garrison Crypt, St Peter and St Paul's Courtyard and the Old Head Quarters Valletta, the project had to be extended and is expected to be completed by second

quarter 2015. The performance indicators with regard to this project namely, the increase in number of tourists visiting the upgraded cultural sites and the number of tourists paying to visit the upgraded sites, are expected to be achieved by the second Quarter of 2015.

**Figure 26 - ERDF 151: Malta at War Museum**



***ERDF 226: Peacock Gardens - Cultural Urban Landscapes for Tourism Sustainability***

This project is being implemented by Valletta Local Council, with the aim of regenerating Peacock gardens in Valletta through various infrastructural works. The project was delayed due to a number of historical findings on site during excavation works. Other difficulties faced during the implementation of the project include the appeal lodged with MEPA following the publication of the necessary works permits. Works were meant to be completed by end 2014 but are now expected to be completed by the second quarter of 2015. Once works on the Peacock Gardens are completed, the audio-visual components, required for the tourist information centre, will be commissioned and installed.

The main objectives under this project are to create an alternative access to Valletta, upgrade recreational facilities as well as the setting up of a tourist information point. These results will help to achieve the performance result indicator - the increase in number of tourists visiting the upgraded cultural sites. Moreover, the impact indicators listed under this project including; employment of a full-time equivalent employee manning the information centre and the reduction in CO<sup>2</sup> emissions through the installation of the PV panels, are expected to be achieved once the project is fully completed by the second Quarter of 2015.

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

This project is being implemented by the Grand Harbour Regeneration Corporation (GHRC) and seeks to establish a tourism experience at Fort St. Elmo Heritage, together with a Military History Museum

(including the current national War Museum), and a ramparts walk along Caraffa Enceinte. The fort will also include other facilities related to tourism, leisure, education and the appreciation of heritage. By end 2014 all works on the fort were almost completed apart from the interpretation of the war museum. The project had to be completed by September 2014, but due to historical findings and further research, which was needed to complete the audio visual component, the completion date was postponed to Q1 2015. Although the fort is not yet officially open and works are still ongoing some events such as the Design Week, Fashion Week and the Inguardia re-enactments started being organised in the main square.

**Figure 27 - ERDF 244: Fort St Elmo**



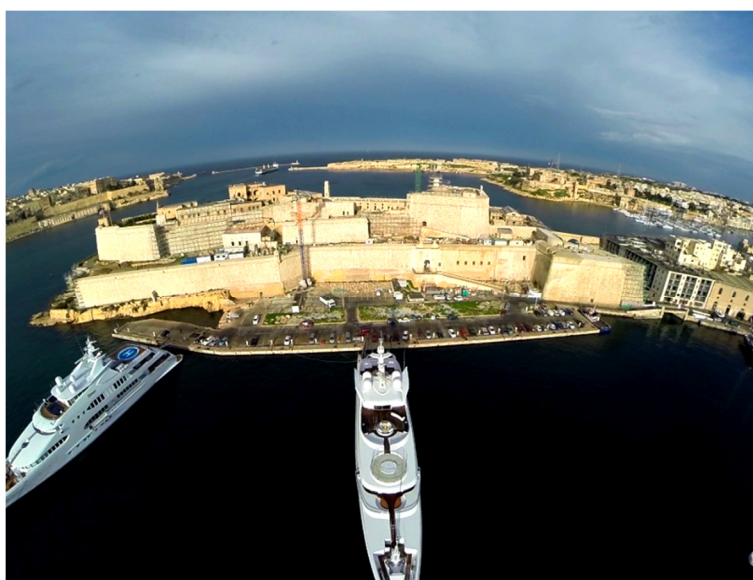
This project has resulted in the conversion of unused sites into viable cultural historical buildings reaching the output indicator aiming to restore a number of identified rampart areas in and around the Fort. Once the project is fully completed the result indicators namely, the overall increase in the number of paying visitors and the total tourists visiting the upgraded cultural site, are expected to be achieved. This will in turn lead to an increase in the number of tourists visiting the lower end of Valletta, where the project is located. Additionally, project completion will also lead to the achievement of the impact indicators which include the *increase in tourism earnings*, the *increase in manufacturing exports*, as well as the *creation of full-time equivalent direct jobs*.

#### ***ERDF 245: Fort St Angelo Heritage Experience***

This project is being implemented by Heritage Malta with the aim of restoring major parts of buildings which are being converted to a high-tech interpretation centre. Fort St Angelo is promoted as a historical icon centrally located within the Grand Harbour. Through educational outreach programmes designed for school visits and children, Fort St. Angelo seeks to enhance Malta's cultural identity, by boosting the Fort's history and symbolic significance, and creating a tourist node in the Cottonera region by offering an engaging cultural experience. During the course of these works, important archaeological and historical features dating back to medieval times, which are considered by Heritage Malta as an asset to the visitors and historians alike were unearthed and therefore some parts of the original works had to be altered to include these findings. Nonetheless the project is still on time and completion date is still envisaged to be the second Quarter 2015.

The project will improve accessibility to the fort by retaining, conserving and reusing the major part of the pre 1979 building of Fort St. Angelo. This will increase the promotion of Fort St Angelo as a viable high quality tourist attraction and thus increasing the total number of tourists visiting the upgraded cultural site. Once the project is fully completed it will contribute towards the creation of a number of direct jobs and the percentage increase in tourism earnings and manufacturing exports.

**Figure 28 - Aerial View of Fort St Angelo**



***ERDF 246: Implementation of the Cittadella Masterplan – Gozo***

This project seeks to implement the key actions identified in **the** Cittadella Masterplan, namely the creation of a Visitors' Centre, restoration of principal public buildings, rehabilitation of public spaces and related infrastructural works within the Cittadella precincts. This project that is being implemented by the Ministry for Gozo, progressed steadily in 2014 following the procurement and award of a number of tenders leading to an increase in disbursement during the second half of 2014. Nevertheless, during the last two months of the year progress slowed down due to the discovery of a number of historical features. Nonetheless, the project is on time and is expected to be completed by the second Quarter of 2015.

**Figure 29 - ERDF 246: Cittadella ruins**





**Figure 30 - ERDF 246: Old and New Entrance**



The project aims to increase the satisfaction rate of both the tourists visiting the area and that of the economic operators surrounding the Cittadella. An increase in the satisfaction rate will result in the achievement of the result indicators namely, *an increase in the total number of tourists visiting the upgraded cultural site* and the *increase in the overall number of paying visitors at the upgraded site*. Furthermore, the project also recognises the need to conserve and protect the environment by reducing the CO<sub>2</sub> emissions.

#### ***ERDF 249: Setting an Integrated Cultural, Archaeological and Historical Trail in Victoria***

The setting up of an integrated heritage trail in Victoria is a project being implemented by the Victoria Local Council. This project includes different interventions mainly focusing on the improvement of accessibility and highlighting several historical features by communicating their interpretation to visitors. This will mainly be achieved through the installation of interpretation panels on the Heritage Trail surrounding the city centre. ERDF 249 encountered a number of delays, mainly due to the need to re-issue a number of tenders following failed procurement procedures. Nevertheless, project implementation took a steady pace in 2014 when, following the signature of the works contract, both works on the ground, and disbursement, gradually caught up. This project was to be completed by the first quarter 2015 but is now expected to be completed by the third quarter of 2015.

**Figure 31 - ERDF 249: On-going works in Victoria**

Through this project the Local Council aims to increase the level tourist satisfaction visiting Victoria. An increase in satisfaction rate will be reflected in the result and impact indicators such as the total tourist visiting the upgraded cultural site and the percentage increase in tourism earnings and that of manufacturing exports. Additionally, this project is also contributing to the impact indicator linked to the reduction of CO<sup>2</sup> emissions thus ensuring the conservation of the environment and the prudent use of environmental resource efficiency.

#### ***ERDF 401: Villa Francia- Opening of Historic Country Villa to the Public***

This project, which is being implemented by the Restoration Department, aims at opening the doors of this country villa to visitors with the scope of offering a new, quality destination which will complement the touristic product already offered by *San Anton Gardens* and *Villa Apap Bologna* within the touristic urban core of the three (3) villages of *Ħ'Attard*, *Ħal Lija* and *Ħal Balzan*. Since it was selected for co-financing in November 2014, during the year under review, works were ongoing on the preparation of the necessary tenders. Most of these tenders were published by the end of the year. This project is expected to be completed by the third quarter of 2015.

Through the improvement of the touristic product, the project aims to reduce the seasonality problem and increase the satisfaction rate of tourists visiting the cultural site. If successful, Malta will attract further tourists during the winter and shoulder months leading to an increase in tourism earnings and

thus contributing to the impact indicator. Moreover, the embellishment of the gardens surrounding Villa Francia and the installation of PV panels will contribute to the reduction in CO<sup>2</sup> emissions.

#### ***ERDF 402: A Digital Promotion Campaign***

The aim of this Digital Promotion Campaign, being implemented by the Ministry for Gozo, is to put Gozo on a more competitive level in the increasingly influential e-marketing sector of on-line interactivity. Since it was approved for co-financing in November 2014, the project was still at its infancy by the end of the year in review. However it is expected to be completed by the third quarter 2015.

The proposed project aims to promote the unique cultural and natural assets of Gozo on a global audience through a digital promotional campaign on websites which are sought by independent travellers. This campaign aims to develop an established niche market and increase the tourist departures in this established niche segments and thus, increase tourism earnings.

#### ***ERDF 403: Restoration of the timber ceiling at the Sacra Infermeria***

The Mediterranean Conference Centre within the Ministry for Tourism has embarked on this project to restore the original part of the timber ceiling at the Sacra Infermeria Hall and the spiral staircase leading to the Sacra Infermeria Hall. Through this the Centre aims to emphasise on the importance of the Meeting, Incentives, Conferencing, Exhibition (MICE) tourism segment as well as the historical and cultural segments on the tourists visiting Malta. This upgrade aims to contribute towards the result indicator leading to an increase of the total tourists visiting the cultural site. This project is still at its early stages of implementation and should be completed by the Q3 2015.

#### ***Closed/Completed Projects***

In addition to the seven (7) projects<sup>98</sup> which were completed under this PA by end 2013, another three (3) projects were completed in 2014 as follows:

#### ***ERDF 140: Discovering Cultural & Religious Tourism in Gozo (Ta' Pinu Shrine)***

The implementation of this project sought to increase cultural and religious tourism. In fact, the restoration, rehabilitation and conversion of the residence of Karmni Grima led to an increase of 0.37% in visitors (or 4,600 tourists) in the first year of operation that went on to also visit the Ta' Pinu Sanctuary. The project was fully completed by the first quarter of 2014 with the official inauguration of the Karmni Grima Residence museum which was held on 7<sup>th</sup> December 2013.

#### ***ERDF 205: Regenerating Balzan Square and implementing a Tourist Heritage Trail***

Implemented by the Balzan Local Council, this project was fully completed by 2014. By re-designing the square with more pedestrian walkways the Local Council aimed to increase the tourist satisfaction

<sup>98</sup> ERDF 022, ERDF 024, ERDF 142, ERDF 147, ERDF 155, ERDF 212 and ERDF 221

when visiting Balzan by increasing tourist accessibility. Following the completion of the project it is now easier to organise more cultural activities in the town centre, and encourage tourists to explore the town on foot by means of a heritage trail. Furthermore, the fixing of informative plaques next to landmarks included in the tourist heritage trail, led to an enhanced appreciation of previously little known historical sites in town, and contributes to the programme impact indicators of increasing tourism earnings by 0.00076% in the local business community. It is also being expected that after a year from competition, circa 0.31% of the tourists visiting Malta will be visiting the upgraded site.

### ***ERDF 213: Sustainable Tourism in a Village of Culture and Heritage***

This is another project undertaken by a Local Council (Tarxien) which was completed in 2014. Apart from the restoration of various areas of public interest and the embellishment and upgrading of the already existing heritage trails, this project also resulted in a more enriching experience for the tourists visiting this locality. In fact the tourism dimension was also enhanced with the availability of interactive material available on a number of media (DVDs etc.). From a sustainable development perspective, this project included the construction of a reservoir for the storage of rain water. The inclusion of this component is the result of the increasing local recognition of the need to conserve and protect the environment not only as an end in itself, but also as a result of the strong linkages between environment and competitiveness, particularly sustainable tourism. It is also being expected that after a year from competition circa 0.19% of the tourists visiting Malta will be visiting the upgraded site. To enhance the tourist satisfaction this project intended to open an information booth that will provide information to visitors visiting the area and will create a 20 hour weekly job to be maintained. In order to maintain the Local Council commitment towards environment, the project saw the installation of PV panels that will be generating 2064KWh that will reduce 1.8Tonnes of CO<sup>2</sup> emissions.

### *Calls for new projects*

As already indicated above, during the year under review, Call 20 was launched in 2014 (call closed on 4<sup>th</sup> July 2014). The call for proposals was open for the Focus Area: *Product Development and the Focus Area: Niche Market Development* with an indicative budget of €1.5M and was restricted to public entities. In total, four (4) project proposals were submitted under Call 20 namely ERDF 400: *Maximising Growth in new tourism markets in Malta and Gozo*, ERDF 401: *Villa Francia: Opening of a Historic Country Villa to the Public*, ERDF 402: *A Digital Promotion Campaign for Gozo* and ERDF 403: *Restoration of the timber ceiling at the Sacra Infermeria*. The latter submissions, namely ERDF 401, ERDF 402 and ERDF 403, were selected for ERDF co-financing by the Project Selection Committee on 18th November 2014. Detail on all newly approved projects has been provided earlier in this section.

### *Aid Scheme*

During the year under review, the IB's main focus was on implementation of the fourth call, the results of which were published in 2014 with a total of fifteen (15) successful applicants following the evaluation of eighty-eight (88) applications submitted. Beneficiaries were assisted in improving the tourism product



by investments in different areas, such as hotel management systems, improved amenities, and marketing measures. During the same year, as part of its monitoring and control function, the IB conducted twenty-eight (28) durability checks on Call 1 and fifteen (15) on the spot checks on Call 4. During the durability checks under Call 1, the IB did not encounter any issues in 44% of the population whilst the rest had issues related to the following cases: missing publicity; change of ownership; extension of durability period due to restructuring and maintenance; durability issues (items damaged not replaced) and demolition. These cases were discussed with the MA and a way forward was established. Throughout the on-the-spot carried out on Call 4 beneficiaries, the items for every beneficiary were verified before reimbursed.

From a financial perspective, in 2014 the amount of €834,110 out of a total of €1,210,801 was disbursed under Call 4. As at end of 2014, a total of €6,335,702.95<sup>99</sup> was certified to the Commission under this Aid Scheme. An overview of the progress achieved as at end of 2014 on all four (4) calls is displayed in Table 18.

**Table 18 - 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	399
GAs Awarded <sup>100</sup>	Small:	15	32	27	11	85
	Medium:	6	11	2	2	21
	Large:	4	3	-	2	9
	Total:	25	46	29	15	115
Total grant values (PE) <sup>101</sup>		€1,506,495	€3,208,213	€2,016,973	€1,210,801	€7,942,482

<sup>99</sup> A total of €1,097,039.63 in 2014

<sup>100</sup> Amount does not include the withdrawn Grant Agreements.

<sup>101</sup> Irregularity amounts were deducted from the Grant Values (Public Eligible).

## Progress on Indicators

Table 19 - Priority Axis 2 Indicators

Indicators		2007 - 2013	2014	Total
<b>Output Indicators</b>				
No of assisted tourism and cultural projects (core indicator) [A2O01]	Achievement	20	3	23
	Committed Result	n/a	n/a	23
	Target	n/a	n/a	20
	Baseline	n/a	n/a	n/a
Surface area of rampart elevation plan restored (m <sup>2</sup> ) [A2O03]	Achievement	112,142	29,365	141,507
	Committed	n/a	n/a	153,632
	Target	n/a	n/a	150,000
	Baseline	n/a	n/a	n/a
No of marketing measures to penetrate/develop new/established niche markets [A2O04]	Achievement	1	1	2
	Committed Result	n/a	n/a	2
	Target	n/a	n/a	2
	Baseline	n/a	n/a	n/a
No of projects implemented by enterprises [A2O05]	Achievement	100	15	115
	Committed Result	n/a	n/a	115
	Target	n/a	n/a	110
	Baseline	n/a	n/a	n/a
<b>Result Indicators</b>				
	Achievement	-	-	-

% overall increase in the number of paying visitors at upgraded Sites [A2R01]	Committed Result	n/a	n/a	4.34
	Target	n/a	n/a	4% increase
	Baseline	n/a	n/a	1,035,844
% of total tourists visiting upgraded cultural sites [A2R02]	Achievement	0.19	2.01	2.22
	Committed Result	n/a	n/a	30.92
	Target	n/a	n/a	14% increase
	Baseline	n/a	n/a	62,333
% average increase in tourist departures for the established niche segments [A2R03]	Achievement	-	-	-
	Committed Result	n/a	n/a	6.71
	Target	n/a	n/a	3% increase
	Baseline	n/a	n/a	36.6%
No of enterprises adopting new products and processes [A2R04]	Achievement	53	15	68
	Committed Result	n/a	n/a	90
	Target	n/a	n/a	90
	Baseline	n/a	n/a	n/a

As can be seen from Table 19, most of the indicators registered an increase during the year under review. In fact, the indicator *No of assisted tourism and cultural projects (core indicator)* increased by a further three (3) projects, namely the projects which were approved under Call 20 as explained above.

Furthermore, the indicator *Surface area of rampart elevation plan restored (m<sup>2</sup>)* registered a further increase of 29,365m<sup>2</sup> of rampart elevation on 2014. This increase was achieved with the progress

registered in the restoration of Fort St Angelo<sup>102</sup>, as well as the fortifications which fall under ERDF039: *Restoration and Rehabilitation of Historic Fortifications of Malta and Gozo*.

*No of marketing measures to penetrate/develop new established niche markets* increased to two (2) with the addition of the new project ERDF 402: *A Digital Promotion Campaign* which seeks to put Gozo on a more competitive level through a marketing campaign.

*No of projects implemented by enterprises* and *No of enterprises adopting new products and processes* registered an increase of fifteen (15) enterprises, attributable to the projects which were selected under the ERDF 135: *Tourism Aid Scheme Call 4* issued in 2014. A minor increase was also registered in the indicator *% of total tourists visiting upgraded cultural sites*, attributable to the achievements of a number of closed projects under PA 2.<sup>103</sup> However, this indicator will be fully achieved upon completion of eleven (11) projects<sup>104</sup>, and a year after the completion of another four (4) projects which, by their nature, can only achieve this indicator after the elapse of a certain amount of time from completion<sup>105</sup>, under PA 2, including the ones with the highest investment. The other indicators, namely, *% overall increase in the number of paying visitors at upgraded Sites*<sup>106</sup> and *% average increase in tourist departures for the established niche segments*<sup>107</sup> will be recorded once the projects are completed.

### 03.2.3 Financial Analysis

**Table 20 - PA 2 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	€119,998,413	€92,425,174	99.9%	77%

<sup>102</sup> ERDF 245.

<sup>103</sup> ERDF 024, ERDF 142 and ERDF 212.

<sup>104</sup> ERDF 032, ERDF 033, ERDF 039, ERDF 151, ERDF 226, ERDF 244, ERDF 245, ERDF 246, ERDF 249, ERDF 401, and ERDF 403.

<sup>105</sup> ERDF 024, ERDF 142, ERDF 213 and ERDF 221.

<sup>106</sup> ERDF 032, ERDF 151, ERDF 155 and ERDF 244

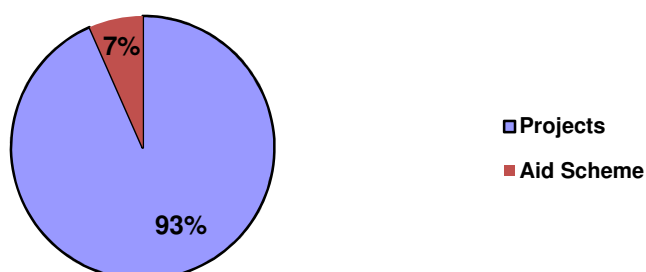
<sup>107</sup> ERDF 031 and ERDF 033

### 03.2.4 Qualitative Analysis

The main focus for 2014 was to ensure that all funds allocated to the PA are fully committed. This objective was achieved through the issue of Call 20 and the allocation of funds resulting from it.

Figure 32 compares the commitments made for various interventions under this Axis. With respect to this PA, the demarcation between the two (2) Focus Areas, as was carried out in the analysis related to other PAs in this Chapter, was deemed to be unnecessary since the projects approved were equally contributing to both Focus Areas.

**Figure 32 - PA 2 Commitments**



By December 2014, the total contracted values amounted to €112,620,206 mainly thanks to contracts signed under ERDF 039: *Restoration and Rehabilitation of Historic Fortifications of Malta and Gozo*, ERDF244: *Fort St Elmo Heritage Experience - Museum and Rampart*, ERDF 245: *Fort St Angelo Heritage Experience*, and ERDF 246: *Implementation of the Cittadella Masterplan recommendations - Gozo*, which were the biggest contributors in this regard. This means that 94% of the committed amount across PA 2 is now fully contracted. Furthermore, the contracting in 2014 alone amounted to a 29% increase over the reported 2013 levels, which had stood at €87,339,659.

With regard to payments, by end of 2014, a total of €92,425,174 was disbursed, thus bringing the disbursement levels up to 82% of the contracted amounts for PA 2. Disbursements in 2014 alone amounted to €27,714,448, remaining at roughly the same level as 2013, with a 12% increase over the amounts reported in that year. The major contributor to these results is by ERDF 244: *Fort St Elmo Heritage Experience - Museum and Rampart*, with a remarkable €10,736,630 being disbursed in one year, followed by ERDF 039: *Restoration and Rehabilitation of Historic Fortifications of Malta and Gozo* with €5,959,755.79 and ERDF 245: *Fort St Angelo Heritage Experience* and ERDF 246: *Implementation of the Cittadella Masterplan recommendations - Gozo* with €3,476,663 and €3,097,818 respectively.

On the other hand, by the end of 2014, certification amounted to €89,581,049, representing 97% of the total amount disbursed under this Axis as well as an increase of €20,331,079 or 29% over the certification figures as at end 2013.

**Table 21 - Financial Progress under PA 2 as at end of 2014**

	<b>Main stream Projects</b>	<b>Aid Scheme</b>	<b>Total PA 2</b>
Allocation	N/A	N/A	€120,000,000
Committed	€112,055,931	€7,942,482	€119,998,413
Contracted	€104,677,723	€7,942,483	€112,620,206
Disbursed	€84,859,384	€7,565,790	€92,425,174
Certified	€83,237,580	€6,343,469	€89,581,049

### **03.2.5 Significant Problems Encountered and Measures Taken to Overcome Them**

Although during 2014, a lot of progress was achieved with regard to the works carried out under each project, there were also a number of significant problems which caused delays, in particular due to archaeological and historical findings, and the reissuing of tenders because of non-compliant bids, amongst others. This offered a challenge when trying to implement projects within the Programme timeframes as well as achieving the country's disbursement targets in view of the fact that these issues prolonged the planned time-frames set in each Grant Agreement.

A number of projects namely, ERDF 032: *Archaeological Heritage Conservation Project*, ERDF 039: *Restoration and Rehabilitation of Historic Fortifications of Malta and Gozo*, ERDF 244: *Fort St Elmo Heritage Experience - Museum and Rampart*, ERDF 245: *Fort St Angelo Heritage Experience* and ERDF 246: *Implementation of the Cittadella Masterplan recommendations - Gozo* suffered from delays in execution of works due to archaeological findings that led to changes in the projects timeframes and implementation plans.

On a general note, the MA noted that even though most projects implemented by Local Councils and Voluntary Organisations are at the final stages of implementation these beneficiaries still continue to find it difficult to implement the projects. In this regard, the MA is seeking to provide more training to all beneficiaries in order to mitigate against this problem.

### **03.3 Priority Axis 3 – Developing the TEN-T**

#### **03.3.1 Achievement of Targets and Analysis of the Progress**

Competitiveness is, amongst other things, the result of accessible infrastructure such as the road network and sea ports infrastructure, and which ultimately also has a direct impact on the quality of life. This point is also reflected in the NSRF which highlights that the upgrade of the road network is necessary in order to ease traffic congestion, improve safety, reduce costs and improve the environment. PA 3 thus seeks to achieve these objectives, while also increasing Malta's competitiveness. In this regard, this PA has the specific development objective of optimising the connectivity between the Maltese Islands and mainland Europe with the operational objectives of improving journey time reliability and road safety through upgrades to parts of the TEN-T road infrastructure, while at the same time enhancing maritime accessibility (also inter-Island) by upgrading TEN-T ports and the related infrastructure.

Malta's transport infrastructure plays a vital role in the functioning of the economy's internal and external trade since the Maltese islands are highly dependent on air and maritime transportation, making inter-island transportation essential for the overall development of the islands. In fact, the current upgrading of Road and Maritime Transport Links, as well as the improvement of the TEN-T Road Infrastructure, is geared towards strengthening the connectivity of Malta, both at an international as well as a domestic level. The aim is that of reinforcing the backbone transport infrastructure in order to sustain productivity and competitiveness and consequently increasing access to markets and attracting inward investment.

Furthermore, the high level of urbanisation in Malta creates many challenges for traffic management, and as a result, traffic jams are a frequent phenomenon on the island. Thus, this PA also co-finances interventions that are aimed towards traffic flow improvements during peak hours, thus not only saving time for road users, but also reducing daily fuel costs and vehicle maintenance costs. An enhanced traffic flow performance in turn results in reduced harmful pollutants emitted by cars, thus resulting in a cleaner air quality level. This PA is characterised by a small number of relatively larger projects referring mainly to the road network and port infrastructure, and in this context, its aims are being reached through five (5) ongoing projects, two (2) dealing with Road Infrastructure, and three (3), intervening in the upgrade of Maritime infrastructure.

Both the CSGs through the thematic area of expanding and improving the transport network together with the NSRF recognise that, in view of Malta's problems linked to insularity, investing in Malta's accessibility is a key factor in improving the country's overall economic performance and general standard of living. This is also reflected in the NRP 2006 and 2008 which confirms the importance of protecting maritime environment and safe harbours. This target is also highlighted in the Government's agenda through the Grand Harbour Regeneration Plan which emphasises the importance of the breakwaters in terms of safe shelter and the economic activity surrounding the port. Thus, the interventions being carried out under this PA to upgrade the TEN-T ports of Valletta and Marsaxlokk



(together with their adjacent breakwaters and deep water quays) are especially important in economic terms due to the fact that these two ports handle and serve all of Malta's international import and export traffic in view of the country's total dependence on them.

This PA also finances the construction of a Ferry Terminal in Ċirkewwa in view of the recognition that the TEN-T strait between the two islands is the primary gateway of access between Malta and Gozo. This intervention which, by the end of the year under review was almost complete, is based on the Transport Infrastructure Needs Assessment (TINA) Study for Malta conducted in 2002 which identified the Ċirkewwa Port as one of the main ports in the archipelago. Furthermore, as stated in the socio-economic plan for the island region of Gozo 2005-2010, the completion of the Ċirkewwa works and extension of port facilities will result in the enhancement of the economic efficiency of Gozo. The project aims to reduce the congestion at the terminal and improve the highway network within the Maltese Islands as proposed in the TINA study for the development of the TEN-T and includes the building of modern terminal that has improved the accessibility to Gozo and consequently reduced the impacts of its double insularity. The terminal in Ċirkewwa now provides adequate facilities that streamline passengers and vehicular traffic, improve terminal efficiency, safety and comfort, increase capacity, reduce travel time and further facilitate the transfer of tourists, which forms an integral part of the island's economic growth, to Gozo. The new infrastructure has indeed resulted in an improved service for all passenger and cargo traffic crossing to Gozo.

The TEN-T Road Network is a key element in the Lisbon Strategy in terms of competitiveness and in this regard, this PA seeks to finance two (2) phases of works aimed at improving key sections in the networks of both Malta and Gozo. The first phase which is nearly complete, targets five (5) strategic sections of the Ten-T Network in Malta. Upgraded under this project are the main transport 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 and the internal seaports at Ċirkewwa and Mġarr Ferry Terminal (Gozo), and the final link to Victoria, Gozo's capital city. The second phase will target the Salina Coast Road, namely a section of road that transverses 7.3km of road and links the North of Malta to the more urbanised centre.

During the year under review, works on the Marsaxlokk Port infrastructure and the Ċirkewwa Ferry Terminal were almost complete. In addition all road works in relation to the first phase of the improvement of the TEN-T Road infrastructure was completed resulting in a total of 13.29km of road marked as upgraded. Also in 2014, works commenced on the second phase of the TEN-T Road Infrastructure and works continued on the Refurbishment and Upgrading of the Deep Water Quay in Marsa.

The financial allocation for PA3 amounts to €145,000,000 (of which €123,250,000 represents Community Funding) under the Cohesion Fund. This funding is contributing to the implementation of

the abovementioned three (3) mainstream projects<sup>108</sup> focusing on Maritime Transport Links and two (2) Major Projects<sup>109</sup> 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 22 - Projects falling under PA 3**

Project Reference	Project Name	Public Eligible Value	Contracted	Disbursed
<b>Maritime Transport Links</b>				
CF 124	Refurbishment of the Valletta and Marsaxlokk main breakwaters	€10,537,996	€10,606,380 <sup>110</sup>	€9,989,054
CF 198	Ċirkewwa Ferry Terminal	€10,661,341	€10,615,423	€10,089,515
CF 260	Refurbishment and Upgrading of Deep Water Quay	€13,972,770	€15,286,459 <sup>111</sup>	€5,685,783
<b>Improving the TEN-T Road Infrastructure</b>				
CF 117	Improvement of the TEN-T Road Infrastructure (PHASE I)	€46,447,990	€44,147,049	€43,822,818

<sup>108</sup> CF 124, 198, 260

<sup>109</sup> CF 117, 125

<sup>110</sup> The contracted amount is shown to be higher than the committed amount because even though savings were determined by the MA by the end of the 2014, these were formally recorded in the system early in Q1 2015.

<sup>111</sup> The contracted amount is shown to be higher than the committed amount because even though savings were determined by the MA by the end of the 2014, these were formally recorded in the system early in Q1 2015.

CF 125	Improvement of the TEN-T Road Infrastructure (PHASEII)	€49,840,345	€49,667,131	€20,975,346

### 03.3.2 Information on the Physical Progress

#### *Ongoing Projects*

#### ***CF 117 and CF 125: Improvement of Sections of the TEN-T Road Network Phase I and Phase II***

In the Maltese context, the upgrading of TEN-T roads is deemed to be a very important aspect of the improvement the quality of life of citizens, since it reduces the existing traffic bottleneck and reduces the incidence of road accidents that are the result of poor road infrastructure: design or condition and runoff water (caused by typical flash floods in Malta). Through these projects, the design of carriageways seeks to enhance the junctions and realignment of curves at the bends located along the TEN-T section, and remove right turn junctions with the aim of reducing conflicting zones. Further interventions resulting from these two (2) projects include the construction of new roundabouts and upgrading of existing junctions, the improvement of facilities for pedestrians and cyclists, improvements in the road surface to mitigate against noise generated from vehicular traffic, (currently very high due to an uneven surface), and the improvement of the road side environment with better landscaping and the planting of trees and shrubs.

In view of the fact that both these projects are Major Projects, details regarding their physical and financial progress will be provided in the Chapter 4 of this report.

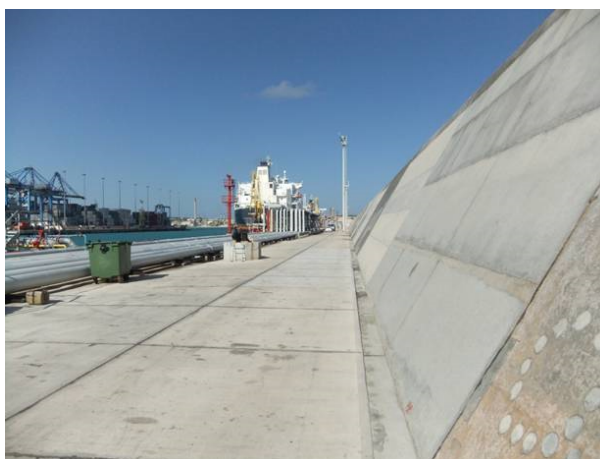
#### ***CF 124: Refurbishment of the Valletta & Marsaxlokk Main Breakwaters***

During 2014, works on the refurbishment of Marsaxlokk Breakwater continued. The investments done through Cohesion Fund in 2014 focus on the upgrading of the deck slab with the installation of a new reinforced concrete deck involving an area of 6,800 sq. metres. The works were executed within a very tight period, namely between the 7<sup>th</sup> April and 22<sup>nd</sup> October 2014 but the rehabilitated area was wholly reinstated in high strength grade reinforced concrete with fibre mesh.

The completion of these works marked the physical completion of the project and ensured that the Marsaxlokk Breakwater can continue to provide the required shelter to the country's largest port, and

thus handle the international cargo traffic that service both islands. The below photograph shows a view of the refurbished deck of Marsaxlokk Breakwater.

**Figure 33 - Marsaxlokk Breakwater Deck**



#### ***CF 198: Ċirkewwa Ferry Terminal***

In 2014, works continued on the Ċirkewwa Ferry Terminal project to enhance further the safety and comfort of the terminal users. Infrastructure such as safety railings, vehicular restraint systems barriers, gates and bollards were in fact installed throughout the public areas and quays in order to segregate pedestrians as much as possible from motor-vehicles and buses, whilst also improving safety along the quay edges. A bus shelter canopy was installed along the bus-bays areas in order to provide shelter from the sun and weather conditions to commuters waiting for public transport. In addition, marine infrastructure was undertaken to ensure the integrity of berth 3 Ro-Ro ramp and protect ferry operations from this berth. An anti-scour protection was built underwater at Berth 3 to protect the berth's foundations from underwater scour. Three (3) navigational buoys were installed at the limits of the Berth 3's dredged area to ensure the navigational safety of ferry vessels operating from Berth 3 during the day and night.

In 2014, 4.6 million passengers and 1.3 million vehicles crossed between Malta and Gozo, passing through the constructed Ċirkewwa Ferry Terminal. Furthermore, 54.4 MWh of energy were generated from renewable energy sources through the photovoltaic array installed on the terminal building's roof. This translates into an avoidance of about 48 Tonnes of CO<sub>2</sub> emission from the energy generated.

**Figure 34 - Three (3) Navigational Buoys at Ċirkewwa**



**Figure 35 - The Bus Shelter Canopy outside the Ċirkewwa Ferry Terminal**



**Figure 36 - The Vehicular restraint system at the Ċirkewwa Ferry Terminal**



**Figure 37 - Safety railings and vehicular restraint system at the Ċirkewwa Ferry Terminal**



### ***CF260: Refurbishment and Upgrading of Deep Water Quay***

The aim of the project is to provide a strengthened infrastructure at Deep Water Quay (DWQ) which can meet the current and future demand of the maritime activities. The project also seeks to contribute towards achieving the objective of PA 3 of OPI to further develop the sea port infrastructure and reduce port waiting times and congestion. In this regard, the main interventions to be carried out under this project will refurbish and strengthen the maritime infrastructure located at DWQ in order to reinstate and increase the capacity of its berths and, as a result, safeguard the economic activities within the port. Since, a substantial volume of the imports/export cargos in Malta, particularly general cargo, are handled at the DWQ and its sister berths at Magazine and Laboratory wharves, the importance of re-

instating and upgrading the integrity of this structure (DWQ) plays an important factor in view of Malta's high dependency on imports and exports. Particularly, the foreseen cargo volume growth cannot be handled without the DWQ, as the remaining general cargo quays do not provide enough capacity to handle this volume efficiently. This would result in loss of part of the cargo volume and unacceptably high waiting time and costs for the remaining volume. DWQ also continues to serve as a spill over berth for small/medium sized cruise liners when other dedicated cruise berths are occupied. In fact, the CBA (Chapters 4 and 5) forecasts that besides handling cargo, DWQ will also be regularly used to provide spare capacity for cruise liners towards the year 2022 when capacity at the dedicated cruise berths becomes saturated.

In 2014 works concentrated on refurbishment and upgrading of the steel structures, specifically the construction of revetment core fill and deck slabs along the landside and the piling along the perimeters of the sea side. Towards the end of 2014 works on the landside area were nearing completion while works on the quay site area, areas between and on the side of the shed, are still ongoing.

**Figure 38 - Ongoing works on the land area behind the shed**



**Figure 39 - Quay site – initial phase of upgrading works**



**Figure 40 - Quay site - ongoing upgrading works**



*Closed/Completed Projects*

No projects were completed by the end of 2014 under this PA.

*Progress on Indicators***Table 23 - Priority Axis 3 Indicators**

Indicators		2007-2013	2014	Total
<b>Output Indicators</b>				
Kms of roads upgraded (core indicator) [A3O01]	Achievement	12.41	0.88	13.29
	Committed Results			20.59
	Target	n/a	n/a	20
	Baseline	n/a	n/a	n/a
Sq m of new/refurbished infrastructure [A3O02]	Achievement	65,909	11,090	76,999
	Committed Results			76,999
	Target	n/a	n/a	57,889 <sup>112</sup>
	Baseline	n/a	n/a	n/a
Construction of new sea passenger terminal [A3O03]	Achievement	1	0	1
	Committed Results			1
	Target	n/a	n/a	1
	Baseline	n/a	n/a	n/a
<b>Indicators</b>		<b>2007 - 2013</b>	<b>2014</b>	<b>Total</b>
<b>Result Indicators</b>				
	Achievement	_ <sup>114</sup>	-	-

<sup>112</sup> As per the revised version of Operational Programme I approved in March 2014

<sup>114</sup> The reported achievement is being revised due to a change in the methodology being used to calculate this indicator.

% increase in satisfaction rate of transport operators/users <sup>113</sup> [A3R01]	Committed Results			-
	Target	n/a	n/a	10%
	Baseline	n/a	n/a	n/a
Reduction in journey time (minutes) [A3R02]	Achievement	-7.85	0	-7.85
	Committed Results			-12.3
	Target	n/a	n/a	-10 <sup>115</sup>
	Baseline	n/a	n/a	n/a
% reduction in traffic accidents in the areas of intervention [A3R03]	Achievement	-	-	<sub>116</sub>
	Committed Results			10
	Target	n/a	n/a	10reduction
	Baseline	n/a	n/a	193
% increase in cargo per annum [A3R04]	Achievement	-	-	<sub>117</sub>
	Committed Results			2.0
	Target	n/a	n/a	2.0
	Baseline	n/a	n/a	6,206,185
% increase in sea passengers per annum [A3R05]	Achievement	7.39%	24.61	32
	Committed Results			2.0
	Target	n/a	n/a	2.6

<sup>113</sup> As per the OP change approved by the MC on 4<sup>th</sup> November 2014, this indicator will be revised to *Perceived overall experience of transport operators/users*. The target will read "4".

<sup>115</sup> As per the revised version of Operational Programme I approved in March 2014

<sup>116</sup> The data provided by the Beneficiary is still being assessed.

<sup>117</sup> The data will be collated once the projects contributing to this indicator are completed.

<sup>118</sup> As per the OP change approved by the Monitoring Committee on 4th November 2014 this target will be revised to 15.



	Baseline	n/a	n/a	3,804,221
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As seen in the above table, progress is being recorded on a number of indicators, and the work towards the achievement of the targets set for *Kms of roads upgraded*, *Sq m of new/refurbished infrastructure*, *Reduction in journey time* and *% increase in sea passengers per annum* continued at a good pace in 2014.

The progress achieved with respect to the *Kms of roads upgraded* is so far wholly due to the works carried out under CF 117, while the remaining targets are set to be achieved by the end of 2015 through CF 125, which is expected to contribute with a further 7.3km and which completion date is set to be summer of 2015. Further details with respect to this project can be found in Chapter 4 of this document. The overachievement of indicator *Sq m of new/refurbished infrastructure* is the result of the progress registered under CF 198 (48,534Sq metres) and CF 124 (13,865 Sq metres), and is expected to be targeted even further by the end of 2015 with the works carried out under CF 260, which achieved 4,600 sq metres out of its targeted 12,979 sq metres.

The indicator *% increase in satisfaction rate of transport operators/users* is not being reported because following a review of the results achieved so far, the MA considers it best to clarify the specific programme indicator methodology.

The indicator *% increase in sea passengers per annum* is targeted only by CF 198 and the registered increase in the number of travellers between Malta and Gozo during 2014 can be traced back to various initiatives undertaken by the Ministry for Gozo and other partner stakeholders. These mainly include promotion of reduced ferry fare travel on chosen weekends during the lean and shoulder months, promotion of Gozo as a travel destination by Ministry for Gozo and Malta Tourism Authority, and the increase of tourism on a national level.

In terms of the project contributing to the programme indicators, the *% 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: *Ċirkewwa Ferry Terminal*, which have both surpassed their individual targets. Even though not fully achieved as yet, 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 by 7.85 minutes, thus registering an overachievement of 2.85minutes.

The % Reduction in traffic accidents and % increase in cargo per annum will be calculated once projects that contribute towards their achievement are completed.<sup>119</sup>

### 03.3.3 Financial Analysis

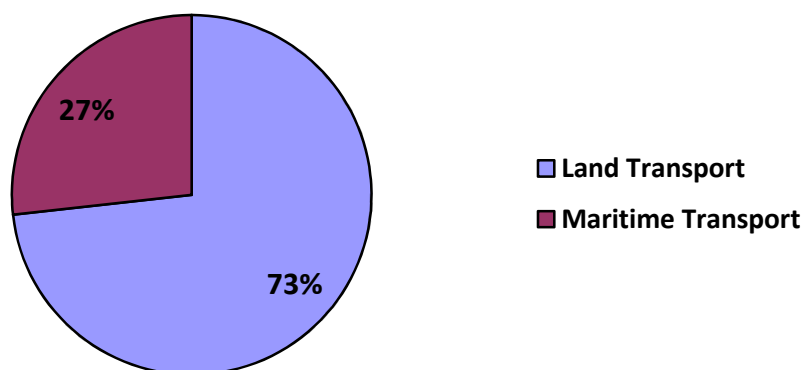
**Table 24 - Priority Axis 3 Financial Progress**

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	€131,460,442	€90,562,515	91%	62%

### 03.3.4 Qualitative Analysis

Following savings registered in 2014, the committed values under PA 3 reduced by €13,539,558, or 9%. The distribution of these funds between Land and Maritime transport interventions is depicted below.

<sup>119</sup> CF117 and 125 shall contribute to the reduction in traffic accidents, while CF260 shall contribute towards the % increase in cargo (per annum).

**Figure 41 - Commitments per Focus Area**

As stated above, the amount committed at end December 2014, now stands at 91% of the allocated amount, i.e. at €131,460,442, while with regard to contracting, the amount stands at € 130,322,442, or 99% of the committed amount. During the year under review, this PA experiences the biggest increase in disbursement, with € 32,372,801 disbursed in 2014, bringing the total amount disbursed under this PA to € 90,562,516, or 69% of the contracted amount. The balance of payments is expected to be disbursed by the end of 2015. The main contributor to the payments in 2014 was CF 125: *Improvement of the TEN-T Road Infrastructure (Phase II)*, with €20,975,346 disbursed in one year as a result of the steady headway being made in its implementation. The next big contributor was CF 117: *Improvement of Sections of the TEN-T Road Network Phase I* with a disbursed amount of €6,801,439.59, followed by the rest of the projects under PA 3 which disbursed between €1million and €1.6million each.

Certification also progressed well in 2014, as can be seen below, with €85,078,515, or 94% of all amounts disbursed, being certified. In 2014 alone, the amount certified totalled €26,888,800, an increase of 48% over the certified values of 2013.

**Table 25 - Financial Progress per Focus Area as at end 2014**

	Roads	Maritime	Total PA3
Allocation:	N/A	N/A	€145,000,000
Committed:	€96,288,335	€35,172,107	€131,460,442

Contracted:	€93,814,180	€36,508,262	€130,322,442
Disbursed:	€64,798,164	€25,764,352	€90,562,516
Certified:	€60,485,093	€24,593,422	€85,078,515

### 03.3.5 Significant Problems Encountered and Measures Taken to Overcome Them

In view of the nature of projects under this PA which involve large infrastructural work, the main problems encountered in 2014 were mostly related to delays in the implementation of works on the ground. Considering the territorial limitation and the fact that the infrastructures must remain still in part operation/in use by users, this always represents a significant challenge. Nevertheless, notwithstanding the challenges, the progress registered by the projects co-financed through this PA was deemed to be very satisfactory, and is expected to continue throughout 2015.

## **03.4 Priority Axis 4 – Climate Change and Resource Efficiency**

### **03.4.1 Achievement of Targets and Analysis of the Progress**

The aim of this PA is to promote mitigation and adaptation measures to the effects of climate change. More specifically, the operational objectives of this PA include the promotion of measures which bring about the best use of available resources; the promotion of the use of Renewable Energy Sources (RES) as well as Energy Efficiency (EE) measures at all levels of governance (including public, non-governmental, domestic and enterprise levels); the reduction in the use of non-renewable energy sources; the undertaking of investments aimed to reduce greenhouse gas (GHG) emissions, and on a smaller scale the undertaking of studies in areas pertaining to the objectives of this Axis. Such objectives reflect the aims of the NSRF which identifies renewable energy as an effective contributor to security of supply. In this respect, renewable energy is regarded as a sound policy option towards promoting environment-friendly energy production and also contributes to a reduction of GHG emissions that are associated with climate change.

This PA also contributes towards the targets set in the National Strategy for Policy and Abatement Measures Relating to the Reduction of Greenhouse Gas Emissions, 2009, especially with regard to the improvement of the energy performance of buildings. This aim is also targeted by the National Energy Efficiency Action Plan which also underlines the importance of the public sector as a role model with regard to energy efficiency. Both strategies deal with the need to educate the public in order to change their energy consumption patterns as well as to embrace renewable energy facilities. In this context, Malta is also working towards achieving a healthier balance between renewable and non-renewable sources. These objectives are being targeted through a pilot project which seeks to retrofit existing road and street lighting by Smart Lighting<sup>120</sup> and a number of other interventions which introduce renewable energy measures in different public buildings in both Malta and Gozo<sup>121</sup>.

The National Energy Policy for Malta 2012 delves into six (6) policy areas: (i) energy efficiency; (ii) reducing reliance on imported fuels; (iii) stability; (iv) reducing the emissions from the energy sector; (v) efficient and effective delivery of energy supplies; and (vi) support to the energy sector through fiscal, education and research policies. This policy also highlights the importance of awareness campaigns and makes reference to the fact that apart from solar energy, Malta can also exploit renewable energy from waste. The harvesting of solar energy is tapped into through a number of projects implemented by a wide range of beneficiaries including Voluntary Organisations and Local Councils, apart from Public Entities. A far reaching intervention is however that of targeting households namely, the projects promoting renewable energy sources in the domestic sector<sup>122</sup>. On the other hand, the option generation of energy through waste is being analysed through a study for the development of a waste-to-energy facility being financed under this PA<sup>123</sup>.

<sup>120</sup> ERDF 343

<sup>121</sup> ERDF 261, ERDF 262, ERDF 342, ERDF 344, ERDF 350.

<sup>122</sup> ERDF 088 and ERDF 288

<sup>123</sup> ERDF 348

Furthermore, the Sustainable Development Strategy for the Maltese Islands 2007-2016 highlights Malta's reliance on fossil fuels for energy generation and also targets the use of RES and energy efficiency to help Malta meet air quality standards. Also it focuses on encouragement of private users to change their behaviour with regard to power consumption and concrete measures and projects. All projects financed under this PA which will be installing RES and EE are also contributing towards this strategy but other projects such as the flagship project geared towards setting up an energy roadmap for the achieving of decarbonisation for the Maltese Islands can also be considered to be contributing towards this strategy in view of the scope of the study.

Malta's national priorities are in line with EC Directives, such as Directive 2006/32/EC on energy end-use efficiency and energy services, Directive 2009/28/EC on the promotion of the use of energy from renewable sources, and the 2020 Energy and Climate Change Package.

Finally, apart from the strategies related to renewable energy and climate change outlined above, the projects implemented under this PA are also contributing indirectly towards the achievement of targets set in other national policies such as those related to water, climate change adaptation and waste.

This PA has two (2) Focus Areas, namely Energy, which focuses on the reduction of reliance on imported fuel through the active promotion and increase in use of renewable sources as well as the promotion of EE measures, and Resource Efficiency which is mainly focused on resource efficiency measures which are essential to sustain the economy and the environment.

Forty (40) of the forty-seven (47) operations approved under PA 4<sup>124</sup> fall under the Energy Focus Area. Such interventions focus mainly on the promotion and increase in the use of the RES as well as the promotion of EE measures. In view of this, this PA is contributing towards Malta's achievement of its national target of increasing the share of energy from renewable sources to 10% by 2020. These projects involve, in their great majority, the installation of RES, namely photovoltaic panels (PVs) generating electricity from solar energy.

In 2014, the numbers of completed projects were five (5)<sup>125</sup>, bringing the total number of completed projects to twenty-two (22). The ongoing interventions falling under this Focus Area are 18 (eighteen), as outlined in greater detail below.

Six (6) projects<sup>126</sup> out of the abovementioned forty-seven (47) approved under this PA fall under this Focus Area. These projects mainly target the more efficient use of energy resources in order to address climate change and to contribute towards the achievement of Malta's targets in reducing GHG emissions. Examples of such interventions under this PA are the construction of a rendering plant for

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<sup>124</sup> 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, 334, 335, 336, 337, 339, 341, 342, 343, 344, 346, 348, 349, 350, 354 and Aid Scheme: ERDF 133.

<sup>125</sup> ERDF 228, ERDF 235, ERDF 277, ERDF 278, and ERDF 284

<sup>126</sup> ERDF 297, ERDF 304, ERDF 339, ERDF 341, ERDF 346 and ERDF 348

the treatment of waste origin allowing for an increasingly efficient system of operation of the incinerator aiming to decrease GHG emissions.

Details of all the projects under this Focus Area may be found in Table 26. Progress on the projects that were being implemented during 2014 is reported in Section 03.4.2.

**Table 26 - Projects falling under PA 4**

Project Reference	Project Name	Committed	Contracted	Disbursed as at end 2014
<b>Energy</b>				
ERDF 88	Promotion of Renewable Energy Sources in the Domestic Sector	€14,578,321	€14,531,475	€14,520,478
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
ERDF192	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	€394,411	€394,411	€394,411
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

ERDF235	Stepping-Up Energy Saving Measures in 2 Provincial Schools	€28,396	€28,396	€28,396
ERDF 236	Photovoltaic Panel System at Ghajnsielem Band Club	€25,060	€25,060	€25,060
ERDF 238	PV system for the Leone Band Club	€36,309	€36,309	€36,309
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	€402,688	€400,038	€336,988
ERDF 262	Carbon Footprint Reduction at the Gozo General Hospital	€3,383,537	€3,307,166	€2,160,980
ERDF 268	Green Football in Xaghra	€11,949	€11,949	€11,949
ERDF 271	Renewable Energy Systems for Parishes Network	€383,445	€383,074	€304,469
ERDF 274	Conserving Energy for a Sustainable Future	€198,355	€187,793	€5,836
ERDF 275	Taking Action! Installing RES	€59,826	€59,826	€59,826
ERDF 276	Reducing ZAK House's Carbon Footprint	€14,163	€14,163	€14,163
ERDF 277	Neptunes Renewable Energy	€49,012	€49,012	€49,012



ERDF 278	Ekokazin	€11,031	€11,031	€11,031
ERDF 279	Reducing the Carbon Footprint	€4,749	€4,749	€4,749
ERDF 280	Tennis Club Kordin goes ECO	€30,370	€30,370	€30,370
ERDF 281	Decided to get Smarter	€200,000	€9,509	€1,487
ERDF 283	Taking it another STEP	€90,269	€96,096 <sup>127</sup>	€5,213
ERDF 284	Moving Towards a Greener Tomorrow	€45,940	€47,812 <sup>128</sup>	€45,940
ERDF 285	Gozo Diocese's Continued Contribution to Eco- Gozo Concept	€19,449	€19,449	€19,449
ERDF 288	Promotion of Renewable Energy Sources in the Domestic Sector (2012)	€20,894,590	€21,294,962 <sup>129</sup>	€19,563,109
ERDF 334	Carbon Footprint Reduction Project	€7,017,498	€6,705,060	€3,225,805
ERDF 335	Solar Research Lab	€3,979,493	€790,418	€37,163
ERDF 336	High-Efficiency High-Density Photovoltaic Systems	€288,866	€0	€0
ERDF 337	LED Lighting for Reduced Carbon Footprint	€491,223	€0	€0
ERDF 342	Renovating Public Buildings to Increase Energy	€2,385,879	€922,868	€8,677

<sup>127</sup> The contracted amount is shown to be higher than the committed amount because even though savings were determined by the MA by the end of the 2014, these were formally recorded in the system in Q1 2015.

<sup>128</sup> The contracted amount is shown to be higher than the committed amount because even though savings were determined by the MA by the end of the 2014, these were formally recorded in the system in Q1 2015.

<sup>129</sup> The contracted amount is shown to be higher than the committed amount because even though savings were determined by the MA by the end of the 2014, these were formally recorded in the system in Q1 2015.

	Efficiency and Reduce GHG (Phase I)			
ERDF 343	Retrofitting Road and Street Lighting by Smart Lighting	€3,990,688	€46,000	€0
ERDF 344	Renewable Energy Facilities in Public Buildings in Gozo	€274,599	€104,970	€31,491
ERDF 349	An Energy Roadmap - Towards Achieving Decarbonisation for the Maltese Islands.	€607,000	€13,703	€1,710
ERDF 350	Installation of Renewable energy and energy efficient systems at OHSA	€45,070	€17,895	€0
ERDF 354	Installation of Photovoltaic Panels and an Energy Efficient Chiller Solution	€124,206	€67,000	€0
Resource Efficiency				
ERDF 297	Rendering Plant (Autoclave) for Animal Waste in the Maltese Islands	€12,081,350	€11,966,660	€0
ERDF304	Use of Highly Polished Reclaimed Water in the Maltese Islands	€17,596,205	€13,553,034	€7,337,593
ERDF 341	Study for Deep Energy and Resource Retro-fitting of St Vincent de Paul Hospital Residence.	€216,800	€211,800	€21,180

ERDF 339	Tal-Qroqq National Pool Complex - Energy Efficiency Project	€488,090	€7,115	-
ERDF 346	Assessment of sub-surface groundwater discharge in the Maltese Islands	€206,416	€65,459	€3,251
ERDF 348	Studies for the Development of a Waste-to Energy Facility	€250,000	€0	-
Aid Schemes				
ERDF133	ERDF Energy Grant Scheme	€10,315,653	€10,323,450 <sup>130</sup>	€9,969,204

Table 27 - New projects approved in 2014

Project Reference	Project Name	Public Eligible Value	Focus Area
ERDF 334	Carbon Footprint Reduction Project	€7,017,497.59	Energy
ERDF 335	Solar Research Lab	€3,979,493.31	Energy
ERDF 336	High-Efficiency High-Density Photovoltaic Systems	€288,865.61	Energy
ERDF 337	LED Lighting for Reduced Carbon Footprint	€491,223.00	Energy
ERDF 339	Tal-Qroqq National Pool Complex - Energy Efficiency Project	€488,090.00	Resource Efficiency
ERDF 341	Study for Deep Energy and Resource Retrofitting of St Vincent de Paul Hospital Residence	€216,800.00	Resource Efficiency

<sup>130</sup> The contracted amount is shown to be higher than the committed amount because even though savings were determined by the MA by the end of the 2014, these were formally recorded in the system in Q1 2015.

ERDF 342	Renovating Public Buildings to Increase Energy Efficiency and Reduce GHG (Phase I)	€2,385,879.28	Energy
ERDF 343	Retrofitting Road and Street Lighting by Smart Lighting	€3,990,688.00	Energy
ERDF 344	Renewable Energy Facilities in Public Buildings in Gozo	€274,598.77	Energy
ERDF 346	Assessment of Sub-surface Groundwater Discharge in the Maltese Islands	€206,415.00	Resource Efficiency
ERDF 348	Studies for the Development of a Waste-to Energy Facility	€250,000.00	Resource Efficiency
ERDF 349	An Energy Roadmap - Towards Achieving Decarbonisation for the Maltese Islands.	€607,000.00	Energy
ERDF 350	Installation of Renewable Energy and Energy Efficient Systems at OHSA	€45,070.00	Energy
ERDF 354	Installation of Photovoltaic Panels and an Energy Efficient Chiller Solution	€124,206.00	Energy

The total financial allocation of this Axis is €105,000,000 (of which €89,250,000 are Community Funding). These funds have contributed to the implementation of forty-six (46) mainstream projects and one (1) Aid Scheme as outlined above. As at end 2014, these operations were at varying stages of implementation, as will be described in further detail in the coming section.

### 03.4.2 Information on the Physical Progress

#### *Ongoing Mainstream Projects*

#### ***ERDF 088 and ERDF 288: Promotion of Renewable Energy Sources in the Domestic Sector***

Although Public Entities, Voluntary Organisations and Local Councils are the main types of Beneficiaries implementing projects under PA 4, households are also being given the opportunity to mitigate against climate change through the use of RES and EE measures that are co-funded under these two (2) projects.

By year end ERDF 088 was practically closed off, except for one newly introduced component focusing on increasing consumer awareness with respect to EE and RES, with a special emphasis on green building technologies. Holistically, the ERDF 088 project has already contributed significantly on the domestic level, having registered 14,964MWh in energy savings and 13,833MWh in electricity generation. Under ERDF 288, a total of 2,735 new grant offers to household were issued during the year under review. At the same time, 5,990 installations (arising mostly from grant offers issued in 2013) were completed and paid in 2014. This meant that 4.5% of residential households in Malta had a PV system installed during 2014.

#### ***ERDF 304: Use of Highly Polished Reclaimed Water in the Maltese Islands***

This project involves the installation of three (3) polishing plants which will further treat secondary treated sewage to provide an alternative water resource suitable for non-potable purposes. The main tenders to carry out the construction of these polishing plants were contracted during Q3 2014, together with contracts for the supply and delivery of the required equipment. A total of 7,000,000m<sup>3</sup> per annum of reclaimed water of the highest quality will be made available to prospective users which may include also recharging of the aquifers. Furthermore, 24,000m<sup>3</sup> per day sewage effluent being discharged into the sea will be further polished and thus this will decrease approximately 36% of treated sewage effluent from being discharged into the sea. Finally, it is envisaged that the private groundwater abstraction will be reduced by 5, 500,000m<sup>3</sup>.

#### ***ERDF 297: Rendering (Autoclave) Plant for Animal Waste in the Maltese Islands***

This project involves the construction of a plant for the treatment of waste of animal origin, which will allow for an increasingly efficient system of operation of the incinerator in order to decrease dependence on high quantities of consumption 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. The main Supplies and Works tender for this project was contracted in December 2014 with the actual implementation starting to take place in the beginning of 2015. Amongst other benefits, a back-up Facility in Malta and Gozo that can treat approximately 6,000 Tonnes of animal waste annually will be achieved upon completion of this project.

#### ***ERDF 261, ERDF 262 and ERDF 344: Carbon Footprint Reduction through the installation of RES in Public buildings in Gozo including the Gozo General Hospital as well as Educational and Vocational Institution.***

These projects mainly involve the installation of PV panels and other EE measures in various public buildings in Gozo. Progress on these projects was mostly achieved following the successful contracting of the tenders, with works ongoing towards the end of the year under review. Indeed, these projects are mainly targeting the output indicator of the annual penetration rate of installed PVs, the result indicators of the total annual electricity generated from PVs and the total energy savings per year. Besides, these

projects are also contributing towards the reduction of CO<sub>2</sub> equivalent emissions and other emissions such as SO<sub>x</sub>, NO<sub>x</sub> and Particulate Matter.

**Figure 42 - ERDF 261: Girls' Secondary School Victoria Gozo**



***ERDF 350: Installation of Renewable Energy Efficient Systems at OHSA***

This project includes the installation of PV panels, the installation of a centralised monitoring and control system for air conditioning systems, and the installation of other energy efficient measures. The implementation of this project was at full swing during 2014. Following its completion, this project will result in an annual yield of 16.11MWh of solar energy, with a reduction of 23.28MWh or 31% of the OHSA's current average annual energy consumption as a result of the EE interventions and a reduction of 14.5MWh or 19% of the Authority's current annual consumption as a result of a 10.07kWp PV system. This is equivalent to a combined anticipated annual saving of 33.2 Tonnes of CO<sub>2</sub> emissions. In addition, the Authority's employees and website users will be made more aware of the benefits of such EE and RES interventions.

***ERDF 339: Tal-Qroqq National Pool Complex - Energy Efficiency Project***

Approved in 2014, this project involves various interventions pertaining to resource efficiency, namely the installation of 54m<sup>2</sup> of solar collectors, the installation of Variable Refrigeration Flow AC System, the installation of chillers in reverse cycles and the installation of two (2) pool covers, aiming to maximize energy savings and reduce water wastage. During 2014, progress was achieved in the contracting process of this project. Indeed, upon completion, this project will contribute towards the reduction in carbon emissions by 14% equivalent to 268 Tonnes of CO<sub>2</sub>, a total of 3,629MWh equivalent to 66% energy savings from the current consumption of the National Pool Complex, an increase in the used facilities throughout the year by one (1) diving pool, a reduction in the amount of water evaporation totalling to an average of 5,000 cubic metres and the reduction of the amount of water replacement

due to dirt accumulation totalling to 5,000 cubic metres of water saving. Apart from this, the project will also generate awareness of such EE and Renewable Energy measures amongst local and foreign athletes, children, the elderly and persons with special needs and the general public

### ***ERDF 354:- Installation of Photovoltaic Panels and an Energy Efficient Chiller Solution***

By virtue of this project, the Malta Financial Services Centre is aiming to reduce its total dependency on non-renewable energy sources by installing a 50.12kWp PV system and a modern efficient solution for air conditioning. As at end of 2014, the tender related to the supply and installation of a chiller solution and ventilation system upgrade was contracted and nearly completed, while the tender for the supply and installation of a photovoltaic system was awarded. Through this project, 68MWh of the annual electricity will be generated from the PV system which is equivalent to around 11% of the total annual current consumption of the Authority. Furthermore, with regard to the HVAC equipment, it is estimated that the project will result in an annual energy saving of 46% which is equivalent to 94.9MWh per annum. Apart from the reduction in grid line losses and the reduction in the building energy consumption, this project will contribute towards the reduction of 143Kg Tonnes of CO<sub>2</sub> emissions. In addition, around 240 employees within the organisation will also be informed and aware of the benefits of such EE and RES interventions.

### ***ERDF 335: Solar Research Lab***

The project involves the development of a Solar Research Lab at the Institute for Sustainable Energy and aims at putting Malta at the forefront of solar material research and performance. The interventions proposed under this project include the procurement of specialised laboratory equipment for the Solar Research Lab. During 2014, the Beneficiary was focusing on contracting procedures related to this project. Furthermore, this project will result into a fully equipped Solar Research Lab with around three (3) technical staff/students being trained to operate the equipment of the Lab. Furthermore, the University of Malta aims at signing two (2) collaboration agreements with companies/Research Institutes/Universities and signing of two (2) exchange collaboration agreements with foreign Universities. Moreover, this project will also contribute towards more students enrolling in postgraduate and doctoral research programmes and making employees more aware of the benefits of this Solar Research Lab.

### ***ERDF 334: Carbon Footprint Reduction Project***

Approved in 2014, this project being implemented by the Water Services Corporation includes a number of measures aimed at reducing the carbon footprint in the transfer and distribution of water across various pipelines in the Maltese islands through the reduction in frictional losses, reduction in pumping requirements and the installation of improved pumping and control systems. During 2014, the Beneficiary was focusing on contracting procedures related to this project. Through this project, a reduction of 1,356.29MWh per annum of energy consumption will be registered which will result into

the saving of 1.2Kg Tonnes of Carbon Dioxide emissions. Furthermore, all 890 Water Services Corporation employees will be informed of the initiatives undertaken in this project via intranet and email and the results of the project will also be made available to the general public via the Water Services Corporation Annual Report.

***ERDF 342: Renovating Public Buildings to Increase Energy Efficiency and Reduce GHG (Phase I)***

Approved in 2014, this project consists of a number of EE interventions such as solar shading equipment, solar pool heating system, smart lighting, water saving measures and efficient heating and cooling systems. The areas of interventions are the San Vincenz de Paul Residence and the Siggiewi Primary School<sup>131</sup>. During 2014, the Beneficiary was focusing on contracting procedures related to this project but some of the civil works commenced towards the end of the year under review. Upon completion, this project will contribute towards increasing EE while decreasing in energy consumption. Indeed, the project will reduce primary energy by 1,200MWh, representing a reduction by 26% of the current primary energy. As a result, this project will reduce CO<sub>2</sub> emissions by 1,152 Tonnes while reducing SO<sub>x</sub>, NO<sub>x</sub> and Particulate Matter pollutants by 4.9 Tonnes which is equivalent to 47.5%. Furthermore, through an awareness campaign, the beneficiary will increase the number of national awareness campaigns by 1 with 1,650 staff members and residents in the San Vincenz de Paul Residence and 300 staff members and school children at the Siggiewi Primary School becoming more aware of the benefits of the EE and RES interventions.

***ERDF 343: Retrofitting Road and Street Lighting by Light-Emitting Diodes (LED) Smart Lighting***

The project, which was approved in 2014, involves two pilot projects that seek to implement street lighting EE measures in Malta and Gozo. The interventions will focus on retrofitting street lighting by LED luminaries in the Gozo Pilot Project and on selected stretches in Malta. As at end 2014, the main tenders were still at evaluation stage. Following its completion, this project will increase EE by 0.45%, reduce GHG emissions by 50.8% which is equivalent to 1,510 Tonnes and create 1,888MWh of energy savings. Besides, the beneficiary will also implement a national awareness campaign on the promotion of EE with the Gozo Local Council.

***ERDF 341, ERDF 346, ERDF 348 and ERDF 349: R&D&I actions (including pilot actions) and studies in relation to Climate Change and Resource Efficiency***

This PA is supporting a number studies related to Climate Change. The study for the development of a waste-to-energy for treatment of various waste streams under ERDF 348 was contracted during 2014, with the final contract signature being undertaken in January 2015. This project will result in improved capacities on waste-to-energy through capacity building of up to twenty (20) officials within Ministries responsible for environment and for energy amongst others. This project will also result into the

<sup>131</sup> A 93kWp PV system will also be installed at the Siggiewi Primary School and in the Courtyard. A total annual electricity of 127.5MWh/annum is estimated to be generated from this PV system.



compilation of all relevant data on waste-to-energy, including but not limited to, the quantities of waste required, type, management cost and potential use of residue emanating from the proposed waste management solution(s). It will also provide an outcome on the effect on national GHG emissions and will provide a clear indication of the contribution of the waste-to-energy facility vis-à-vis the national renewable energy targets. This study will identify the most feasible technological option and will present a selection of the optimal location/s for the construction of the waste-to-energy facility. Another outcome will be information on public opinion and perception on such a proposed installation.

Under ERDF 341, a study for deep energy and resource retro-fitting of St Vincent de Paul Hospital Residence which is aimed to propose the reduction of energy and resource consumption was contracted in the latter part of 2014. This study will present recommendations on the best approach to the adoption of deep integrated energy and resource efficiency retro-fitting interventions and towards RES applied within the heritage perspectives of the St Vincent De Paul Hospital Residence.

The study will focus on the articulation of implementation of the way forward and the articulation of generic guidelines of how the proposed methodology could be applied to other similar public hospital residences. The results of the Study with regard to the cost of investment, water resource savings, greenhouse gas reductions and as well as other economic benefits will be integrated in the CBA document that supports the *'Renovating Government Buildings to Increase Energy Efficiency and Reduce Greenhouse Gases'* of which this Study forms part of.

The main tender under ERDF 346, which involves a study for the potential exploitation of naturally discharged groundwater from the main mean sea level aquifer system in Malta, was still under evaluation in 2014. This study is aimed at delivering various thematic reports such as the results of a literature survey conducted on the findings of groundwater subsurface discharge investigations undertaken in the Mediterranean region and in other similar carbonate island scenarios. A technical report will outline the results of the thermographic survey undertaken into two identified coastal zones. This report shall present an interpretation of these results aimed at identifying potential groundwater discharge zones. Furthermore, this will be in the format of quali-quantitative assessment in order to assess their exploitation potential. The final report will take into consideration the exploitation potential of the identified groundwater discharge point and the implication of these results on national policies in the Water Sector. Throughout the duration of this study project, two (2) International and National Conferences are envisaged to take place aiming at bringing awareness on the impact of desalination plants and sharing the compiled findings from the study. Around 700 participants are estimated to attend these conferences. This study will be backed with advertising campaigns through the press and the National Water Conservation Campaign website.

The same applies to the main tender under ERDF 349 which seeks to establish a roadmap to propose different scenarios for the energy sector of the Maltese Islands with the aim of achieving decarbonisation of the Maltese islands in line with the EU Energy Roadmap 2050 and the National Energy Policy published in December 2012. This study consists of two (2) parts. *Assignment 1: Energy supply capacity expansion* which will result in the assessment and comparison of the renewable energy

for Malta for large scale power generation. This will be extended to include medium and small scale renewable energy potential to provide the feasibility of solar cooling in the residential and industrial sectors. The development of an energy systems tool, enabling the modelling of all the different energy sectors in an integrated form, is another outcome of Assignment I. The Power Generation Capacity Expansion is also a result of this study. It will provide an assessment of the current situation of the electricity sector in order to prepare a diagnosis of the way forward to 2030. Another result of Assignment I will be the development of a dispatch software tool that can be used to assess options for future capacity expansion, investments in both local generation and interconnection and flexible mechanisms with European Member States and third countries. As a result of Assignment I, there will also be the promotion of efficiency in heating and cooling: an assessment based on a CBA covering the Maltese Islands and taking into account climate conditions, economic feasibility and technical suitability.

*Assignment II – Energy Decarbonisation Roadmap 2050 Scenarios* will provide an assessment of the achievable targets beyond 2020 resulting from the Reference Scenario and Current Policy Initiative established in the Energy Roadmap 2050 document. This assignment will also result in an updated power generation scenario which will build on the results of the power generation capacity expansion, develop scenarios and propose a way forward to achieve a step by step decarbonisation till 2050. The assessment of the achievable targets to 2050 resulting from a number of decarbonisation scenarios as indicated in the National Energy Policy for the Maltese Islands is another result of this assignment. Another outcome is a CBA of updated measures and actions to 2030 and 2050 to determine the feasibility scenarios of the other outcomes of Assignment II.

### *Closed/Completed Projects*

As at end 2014, twenty two (22) operations were completed under this PA, five (5)<sup>132</sup> of which were completed in 2014. These projects are the following:

#### ***ERDF 228: Green Energy Schools***

This project included interventions in thirteen (13) schools installing a number of PV systems amounting to 388.88kWp and other EE measures such as intelligent lighting systems. The actual physical implementation of this project took place in 2013 with the first significant energy savings from the energy efficiency and renewable energy measures taking place in the year 2014. The objective of this project was to reduce the schools dependency and use of non-renewable energy sources. Indeed, in 2014 a total of 608.92 Tonnes of CO<sub>2</sub> were saved from the atmosphere. In addition, as a result of this project, a monitor was installed in each school displaying the PV readings and CO<sub>2</sub> equivalent emissions. Furthermore; more awareness was generated through the participation of each school in the Green Energy Schools week with around 5,311 students and 800 members of staff benefitting from information related to EE and renewable energy.

<sup>132</sup> ERDF 228, ERDF 235, ERDF 277, ERDF 278, ERDF 284

**ERDF 235: Setting-Up Energy Saving Measures in Two- Provincial Schools**

This project involved the installation of a 16.35kWp photovoltaic system at two (2) schools with an annual generation of 24.52MWH. The installation of the PVs installed on each school generates enough electricity to cover the local energy demand of the two (2) respective schools thereby resulting in a zero carbon footprint. These two (2) schools have contributed to 21.58 Tonnes of CO2 savings. Furthermore, a monitoring device was set-up at each school displaying data related to the energy produced by the PV systems. An article on the benefits of the project was also featured in the organization's e-Newsletter while 550 students, their families and fifty-five (55) school personnel became more aware and experienced the direct benefits of the adoption of RES through various activities such as circular to parents, article on schools' websites etc.

**Figure 43 - ERDF 235: St Joanne Antide Primary School, Gudja**

**ERDF 277: Neptunes Renewable Energy Generation Project**

This project involved the installation of a 10.7kWp photovoltaic system and a combined heat power (CHP) system within the Neptunes Water Polo & Swimming Club. This project aims to achieve a minimum of 10% of annual electrical consumption covered from the generation of PVs<sup>133</sup>, a minimum of 71% of annual energy consumption covered from the CHP and electrical system<sup>134</sup> with a minimum of 34% of this annual energy consumption to be used to heat the pool during winter months covered from the CHP/thermal system. This project also aims to achieve a 0.006% reduction in the use of fossil fuel<sup>135</sup> at a national level through electricity saved through generation of renewable energy. Following the completion of the project, the organisation is able to heat the pool during cold winter months, and

<sup>133</sup> As at end December 2014, this has been partially achieved since this amount is not covering one full year due to the fact that system was completed on 27/03/2014.

<sup>134</sup> As at end December 2014, this has been partially achieved since this amount is not covering one full year due to the fact that system was completed on 31/08/2014 (CHP) and 27/03/2014 (PV system).

<sup>135</sup> As at end December 2014, this has been partially achieved since this amount is not covering one full year due to the fact that system was completed on 31/08/2014 (CHP) and 27/03/2014 (PV system).

thus enabling its members to keep up their training routine. In turn, this is also helping to reduce the congestion on allotted training time-slots and providing viable, energy-friendly alternative for a heating training pool.

### ***ERDF 278 – EkoKazin***

This project involved the installation of a 12.3kWp photovoltaic system with a total annual electricity generation of 16.91MWh at the premises of the St George's Band Club in Qormi. The project has resulted in around 90% of the organisation's energy consumption generated from a renewable and clean energy source. In addition, the interventions of the project have also resulted in a reduction of 14.88 Tonnes of CO<sub>2</sub> emissions. In fact, this project is a third phase of a much larger project that the organisation had embarked upon which aimed at reducing the carbon footprint and leading by example. In so doing, this project carried out an awareness campaign targeting a significant amount of viewers through the Organisation's Website, Facebook, Online Magazine and the Organisation's Annual Publication.

### ***ERDF 284 – Moving Towards a Greener Tomorrow***

The project involved the installation of a 16.35kWp photovoltaic system with an annual generation of 24.52MWh at Sliema Band Club. The project has resulted in 98.1% of the current annual electrical consumption of the Band Club being generated through renewable energy. Hence in 2014, the project interventions have contributed towards 20.44MWh of electricity generated from RES, a reduction of 17.99 Tonnes of CO<sub>2</sub> emissions and to raise environmental awareness<sup>136</sup>. Indeed, 210 members of the club were made aware of and experienced the direct benefits of the adoption of EE measures and renewable energy measures.

### ***Call for Project Proposals***

No calls for project proposals were issued in the year in question. However, following Call 18 which was issued in the latter part of 2013, a total of 14 projects<sup>137</sup> were approved in March 2014.

### ***Grant Scheme under PA 4***

#### ***ERDF 133 (ERDF Energy Grant Scheme)***

The Grant Scheme started implementation in 2009 and aims at improving EE and the increased use of RES, thereby reducing emissions and the demand on traditional energy sources by Enterprises in Malta and Gozo. As at end 2014, there were 195 undertakings which benefitted from this Grant Scheme. The following section will look into the financial management and payment progress pertaining to this scheme as well as the types of undertakings that are benefitting under this scheme.

<sup>136</sup> As at end December 2014, this has been partially achieved since this amount is not covering one full year due to the fact that system was completed on 27/02/2014.

<sup>137</sup> ERDF 334, ERDF 335, ERDF 336, ERDF 337, ERDF 339, ERDF 341, ERDF 342, ERDF 343, ERDF 344, ERDF 346, ERDF 348, ERDF 349, ERDF 350, and ERDF 354.

The table below illustrates the progress registered under ERDF 133 as at end 2014. Even though no further calls were issued during the year in question, monitoring and implementation (payments and reimbursement) continued with a number of on-the-spot checks carried out by the IB. The total number of complete operations as at the end of 2014 was that of 188.

With respect to payments claimed from the Commission as at end 2014, the total cumulative figure was that of €9,500,930.73, out of a Scheme allocation €10,315,653.35. Furthermore, payments executed under this scheme in 2014, amounted to € 274,503.25 after factoring in the irregularities<sup>138</sup>.

The total amount of active Grant Agreements up to 2014 was of 195 with a total committed value of €10,315,653.35.

**Table 28 - Progress achieved under ERDF 133 as at end 2014**

	2007-2014
Calls:	3
Active Grant Agreements:	195
Active Grant Agreements' value:	€10,315,653.35

The Table below shows which type of Beneficiaries benefited under this Scheme so far. It should be noted that 10% of the total number of enterprises assisted were from Gozo.

**Table 29 - Breakdown of beneficiaries under ERDF 133**

Type of Enterprise:	Maltese enterprises:	Gozitan enterprises:	Total:
Micro	26	8	34
Small	62	10	72
Medium	57	2	59
Large	30	0	30

<sup>138</sup> Irregularities issued in 2014 amount to €226,147.62.

Total:	175 (90%)	20 (10%)	195
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*Progress on Indicators*

**Table 30 - PA4 Indicators**

Indicators		2007-2013	2014	Total
<b>Output Indicators</b>				
No of projects dealing with Resource Efficiency [A4O06]	Achievement	2	1 <sup>139</sup>	3
	Committed Results			3
	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	21,422	17,156.14	38,578.14
	Committed Results			45,172.52
	Target	n/a	n/a	18,000 <sup>140</sup>
	Baseline	n/a	n/a	n/a
No of RES/Energy Efficiency schemes [A4O03]	Achievement	3	0	3
	Committed Results			3
	Target	n/a	n/a	2-3
	Baseline	n/a	n/a	n/a
No. of studies	Achievement	-	4	4

<sup>139</sup> As a result of ERDF 339 which deals with Resource Efficiency that was approved under Call 18 in March 2014.

<sup>140</sup> As per OP change proposal, this target will be revised to 45,000.

[A4O05]	Committed Results			4
	Target	n/a	n/a	2 <sup>141</sup>
	Baseline	n/a	n/a	n/a
Solar Water Heaters – m <sup>2</sup> installed [A4O07]	Achievement	1,448	-	1,448
	Committed Results			1,519
	Target	n/a	n/a	1,500
	Baseline	n/a	n/a	n/a
No. RES Projects (core indicator) [A4O08]	Achievement	28	5	33
	Committed Results			33
	Target	n/a	n/a	30
	Baseline	n/a	n/a	n/a
<b>Result Indicators</b>				
Total annual electricity generated from small scale PV and micro-wind installations (MWh/annum) [A4R02]	Achievement	30,756	58,287.84	n/a <sup>142</sup>
	Committed Results			67,637.53
	Target	n/a	n/a	24,000 <sup>143</sup>
	Baseline	n/a	n/a	n/a
Total energy savings per year (MWh/annum) [A4R03]	Achievement	8,462	15,480.77	n/a <sup>144</sup>
	Committed Results			25,011.75

<sup>141</sup> As per the OP change approved by the MC on 4<sup>th</sup> November 2014 the target will be revised to 4.

<sup>142</sup> This indicator cannot be calculated cumulatively since it is based on an annual target.

<sup>143</sup> As per OP change proposal this target will be revised to 67,000.

<sup>144</sup> This indicator cannot be calculated cumulatively since it is based on an annual target.

	Target	n/a	n/a	10,000 <sup>145</sup>
	Baseline	n/a	n/a	n/a
Reduction greenhouse emissions (CO <sub>2</sub> and equivalents, kt) (core indicator)  [A4R07]	Achievement	-	-	_ <sup>146</sup>
	Committed Results			-- <sup>147</sup>
	Target	n/a	n/a	15 <sup>148</sup>
	Baseline	n/a	n/a	n/a
Additional water resources through further treatment of sewage effluent <sup>149</sup>  [A4R06]	Achievement	-	-	-
	Committed Results			6.2
	Target	n/a	n/a	5Mm <sup>3</sup>
	Baseline	n/a	n/a	n/a
% decrease in energy consumed for volume of water treated <sup>150</sup>  [A4R08]	Achievement	-	-	-
	Committed Results			68
	Target	n/a	n/a	50%
	Baseline	n/a	n/a	5 per year

The above table provides a breakdown on the progress of the targets and respective achievement of the Indicators under PA4. It is pertinent to note that a number of overachievements have already been registered.

Firstly, with respect to the Output Indicators one can note an overachievement registered on the *Annual Penetration rate of Installed PVs (kWp/annum)*, and *Total Energy Savings per Year*. This

<sup>145</sup> As per OP change proposal this target will be revised to 24,000.

<sup>146</sup> The available data is currently being assessed and verified.

<sup>147</sup> The committed amounts are being assessed and verified.

<sup>148</sup> As per OP change proposal this target will be revised to 90.

<sup>149</sup> As per the OP change approved by the MC on 4<sup>th</sup> November 2014, this target will be shifted to PA 5.

<sup>150</sup> As per the OP change approved by the MC on 4<sup>th</sup> November 2014, this target will be shifted to PA 5.



overachievement is mainly due to the fact that in light of technological advances made in the field of PV panels over the years, the investment costs have reduced, resulting in an increase in the achievement in the indicators with the same investment costs. This increase results from eight (8) projects<sup>151</sup> which in 2014 resulted in 17,156.14kWp of installed PV systems. An overachievement was also recorded up to 2014 with respect to the *Number of RES/Energy Efficiency Schemes* and also with respect to the *Number of RES Projects*. The former indicator remained unchanged in 2014, while with respect to the latter; the increase during the year under review is the result of the approval of five (5) new projects under Call 18.

Furthermore, the overachievement extends to the *Number of Studies* also as a result of the projects approved under Call 18<sup>152</sup> which include studies related to decarbonisation, waste-to energy, groundwater discharge assessment and also EE in public buildings.

On the other hand, the indicators *Solar water heaters – m2 installed*, *Additional water resources through further treatment of sewage affluent* and *% decrease in energy consumed for volume of water treated* are still to be achieved. It is expected that these will be targeted and achieved by the end of the programming period in view of the fact that the projects targeting them<sup>153</sup> are still ongoing. The data related to *Reduction of greenhouse emissions (CO2 and equivalents, kt)*, is still being assessed and other projects are expected to be taken into account in the verification and calculation of the indicator progress.

By way of a general comment the overachievements being reported above will be reviewed in the proposed OP change in order to revise the indicators on the basis of revised assumptions. These assumptions follow also the assumptions taken in the preparation of the 2014-2020 programming period.

### 03.4.3 Financial Analysis

**Table 31 - Priority Axis 4 - Financial Progress**

Priority Axis	Total contribution	Financial Progress			
		Commitments	Payments	Commitments %	Payments %
	(a)	(b)	(c)	(b/a)	(c/a)

<sup>151</sup> ERDF 088, ERDF 271, ERDF 274, ERDF 277, ERDF 278, ERDF 279, ERDF 284 and ERDF 288.

<sup>152</sup> ERDF 341, ERDF 346, ERDF 348 and ERDF 349

<sup>153</sup> ERDF 281 and ERDF 339 target the Solar Water Heaters – m2 installed and ERDF 304 targets the latter indicators.

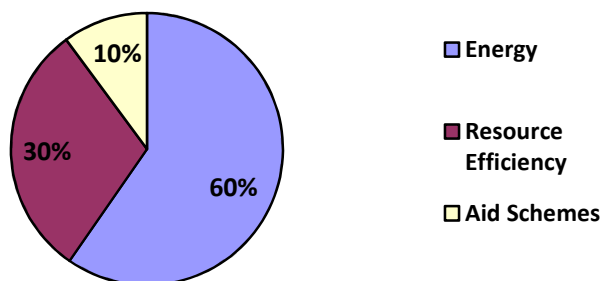
Priority Axis 4 (ERDF) Climate Change and Resource Efficiency	€105,000,00 <sup>154</sup>	€101,986,592	€59,030,985	97%	56%
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#### 03.4.4 Qualitative Analysis

By the end of 2014, the amount committed under this Axis was €101,986,582, or 97% of the PA allocation. When compared to the figures reported for 2013, this is a significant increase of €25,009,528 (or 32%), which mainly results from the projects approved under Call 18.

The total amount contracted under PA 4, (including the commitments carried out under the Aid Scheme), reached €86,503,767 or 85% of the committed amount. In 2014 the increase in contracted value amounted to €36,699,873 that is, an increase of 74%. The highest increase reported in the year under review.

**Figure 44 - shows the split between the different interventions being undertaken through PA 4.**



The committed amount which has not yet been contracted will be fully maximised in the year 2015 with the final tenders under the Call 18 projects to be contracted during this year. With respect to the committed amounts under this PA, in the OP changes proposed in November, the MA proposed a shift from PA 4 to PA 6 and hence with this shift it is expected that there will not be any uncommitted amounts under this PA.

The total amount disbursed in 2014 alone amounted to €14,598,727.25, a marginal increase from the amounts reported in 2013, which brings the total amount disbursed by the end of the year up to €59,030,985 or 68% of the total contracted amount. The main projects that contributed to this increase

<sup>154</sup> As per the revised version of Operational Programme I approved in March 2014

are ERDF 288: *Promotion of Renewable Energy Sources in the Domestic Sources (2012)* with a disbursement amount of €8,435,359.22, followed by ERDF 304: *Use of Highly Polished Reclaimed Water in the Maltese Islands* with €2,831,382.54.

Likewise, by end of 2014 the certified values amounted to €54,771,148, representing 93% of the total amount disbursed under this PA of which €23,521,981, were certified in 2014. A complete picture of the financial progress incurred under PA4, divided per Focus Area can be seen in the Table below.

**Table 32 - Financial progress per Focus Area as at end 2014**

	Energy	Resource Efficiency	Aid Schemes	Total PA 4
<b>Allocation</b>	N/A	N/A	N/A	€105,000,000
<b>Committed</b>	€60,832,080	€30,838,859	€10,315,653	€101,986,592
<b>Contracted</b>	€50,376,251	€25,804,062	€10,323,450	€86,503,763
<b>Disbursed</b>	€41,699,757	€7,362,024	€9,969,204	€59,030,985
<b>Certified</b>	€40,094,078	€5,176,139	€9,500,931	€54,771,148

#### **03.4.5 Significant Problems Encountered and Measures Taken to Overcome Them**

This section will look into the challenges faced during the implementation of this PA as well as the mitigating measures adopted by the MA to overcome such challenges. The major issue under this PA related to Systems Audit by the Audit Authority of the Aid Schemes, which was dealt with in the first half of the year. This is in addition to the other issues as reported in the past which still have an impact on the implementation of this PA.

As a follow-up to the system audit undertaken in 2013 by the Audit Authority, the MA carried out further review of operations that included EE activities in 2014. In its assessment, the MA, reviewed those claims which did not undergo a financial correction and which had been certified to the Commission up to December 2013. The re-verification exercise identified cases where an adjustment was necessary to ensure the correctness of expenditure claimed. This review was carried out with the support of external third party technical expertise and the assessment focused on assessing whether the systems installed reflected what was agreed at application stage and that the principle of sound financial management was being adhered to.

On the 30th April 2014 the Managing Authority replied to the Audit Authority's System Audit Report communicating the adjustments (financial corrections) applied following its review. This feedback was also included in the letter to the Commission in reply to the pre-interruption letter.

Another problem which is encountered under this PA is fragmentation of projects. As was seen earlier in this Chapter, PA 4 includes different Beneficiaries including Government Entities, Local Councils and NGOs and projects that are different in size and magnitude. This leads to fragmentation in terms of the projects being implemented under this PA which also results into difficulties to monitor the selected operations. Furthermore, taking into consideration the fact that this PA includes projects implemented by NGOs and non-public bodies gives rise to delays in the tendering process ,in the implementation of the projects and usually difficulties during the verification checks undertaken by the MA due to the NGO's possible limited experience in public procurement In order to mitigate such problems, the MA is assessing and studying the possibility of including standard scales for RES project and the introduction of standardised procurement templates for future projects implemented by NGOs and non-public bodies.

## **03.5 Priority Axis 5 – Safeguarding the Environment & Risk Prevention**

### **03.5.1 Achievement of Targets and Analysis of the Progress**

The importance and the link between the environment and risk prevention measures with competitiveness are highlighted in the NSRF 2007-2013, which background is driven by the National Sustainable Development Strategy<sup>155</sup>. In this context, such strategy aims to upgrade relevant infrastructure for water, expand the network of waste facilities and enhance efforts to prevent flash floods. The OP builds upon such strategies and identifies the main operational objectives, as:

- 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 for the improvement of water quality and distribution; and
- in terms of flood relief – the development of infrastructure to minimise the effects of storm water and reduce the incidence of flash flooding.

Waste management is regulated through various EU Directives. In this respect investment undertaken under this PA is governed by such Directives in particular the area of waste management. Considering the territorial constraints in Malta, waste management issues become particularly important for Malta especially in view of the unsustainable share of waste going to landfill up to 2010. Furthermore another issue to be taken into consideration is the supply of potable water. A sustainable water supply is seen as a national priority given the scarcity of this resource in Malta and, in this regard, twelve (12) different policy areas have been identified. Investment in this area will address such policy direction.

PA5 seeks to consolidate the results achieved from environmental projects financed under the Cohesion Policy 2004-2006, and 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. In the following section we will look at each Focus Area and the investment being undertaken in each area.

Minimising the effects of waste on the environment and society remains a critical strategic objective for Malta, 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

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<sup>155</sup> National Commission for Sustainable Development (2006) "National Sustainable Development Strategy"

national 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. Eligible interventions under this PA seek to ensure the potential synergies in the treatment of waste through measures which, amongst other things, aim at reducing landfill volume and recovering energy from waste, where possible, as well as rehabilitation and restoration of former landfills. These targets are set to be achieved through the waste projects co-financed under this axis, and implemented by WasteServ Malta, 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*.

The investment being made through CF 118 follows the Solid Waste Management Strategy for the Maltese Islands of October 2001, whereby the landfills of Marsascala, Qortin and Maghtab are earmarked to be rendered suitable for beneficial use through their closure and rehabilitation. This is the key objective behind the project in consideration. The reclamation of the Marsascala area for informal recreational activity has a number of socio-economic objectives for the Maltese economy and quality of life, with the main ones being: reduction in visual disamenity associated with these sites; the improvement in the control of aerial emission of landfill gas (methane) and combustion gases at Maghtab and Qortin; and the reduction in the leachate produced and consequent reduction of its impact on nearby groundwater quality at Maghtab.

The abovementioned Solid Waste Management Strategy for the Maltese Islands of October 2001 also states that the Existing Methods/Systems for the segregation, temporary storage, collection and transport of some types of wastes are not sufficient to enable compliance with all European/national requirements for Waste Management. Furthermore the Malta's National Reform Programme, states that greater emphasis will be placed on waste management in order to enhance Malta's green credentials. In this regard, the intervention aimed at the construction of Waste Transfer Station in Gozo complements the solid waste focus area of intervention to reduce the amount of waste and divert the remaining residues for recycling of resources and the efficient utilisation of waste for energy production following further treatment. The investment represents a shift towards a more sustainable and environmentally friendly system of waste management, with recycling and recovering being key priorities.

This project forms part of a larger waste strategy for the Maltese Islands and mainly comprises of a controlled facility for the reception, sorting, processing, interim storage and transfer of wastes originating from Gozo and Comino. The activities under this project are specifically meant to meet the requirements listed in the Directive 2008/98/EC of the European Parliament and of the Council of 19<sup>th</sup> November 2008 which require Member States to take the necessary measures to ensure that waste undergoes recovery operations. The principle of this project is that waste should be dealt with as close as possible to its source accordingly to the proximity principle, in order to reduce health and environmental risks

arising from excessive transportation of waste. To date no waste treatment and disposal facilities exist in Gozo and thus all wastes have to be transported to Malta. In terms of the project results, once the project is completed the Materials Recovery Facility at tal-Kus will process selectively dry recyclables (such as plastics, paper, cardboards and metals) by further selection and removing impurities, resulting in less waste being landfilled. This will lead to a reduction in the volume of waste, automatically resulting in reduction of transportation and less GHG emissions.

This project complement other project under this Focus Area and in particular CF 119 (setting up of a Mechanical and Biological Treatment Plan in the North of Malta) and it contributes to the achievement of targets for the reduction of land filling biodegradable municipal waste in accordance with the EU Landfill Directive (1999/31/EC). Furthermore although in a more limited manner, the 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. Further details of the project are provided in Chapter 4.

Furthermore this Focus Area includes investment in the construction of a new Civic Amenity site and the installation of additional waste separation infrastructure. This investment will result in a more optimal use of land since less waste will be deposited at landfill.

By way of a general comment the negative impacts of landfills on the environment, air quality and public health will be therefore be minimised as a consequence of the projects planned under this Focus Area.

Results of CF 266 and CF 123 will be discussed in Section 03.5.2 below.

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* by the Water Services Corporation which now has the ability to treat 80% of the sewage generated with the remaining sewage treated through the wastewater treatment plants co-financed through the pre accession funds and Italian protocol. Further details with regard to this Major Project can be found in Chapter 4.

Following the achievements of CF 116, two (2) new projects, namely CF 355: *Water Quality and Supply Improvement Project* and CF 356 *Sewage System Extension and Upgrading Project* were approved, and started being implemented during the year under review with the aim of enhancing water and waste water networks in Malta and Gozo

The water sources in Malta are the groundwater aquifers and desalination through the Reverse Osmosis process. The aquifers are the only local source of natural water and as a major user of this water, the State is conscious of its obligation to safeguard this source. The water supply system of Malta is very much dependent on power supply since all water required has to be, in one way or another,

pumped. To date, the major source of power in Malta comes from the use of traditional energy sources. In line with the principle of the reduction in use of such energy sources to pump water, CF 355 will consist in the reconfiguration of the groundwater collection and blending system in the south of Malta to better manage the supply of good quality water to the centre-south area of Malta with particular reference to nitrate levels control, replacement of reverse osmosis membranes and the ensuring of safety of water quality by the installing laboratory equipment, as well as ultrafiltration systems to reclaim groundwater.

Similarly CF 356 follows the same principles but more specifically seeks to connect remote areas in Malta (Bahrija, Ghajn Qajjet and Bieb ir-Ruwa) to the main network at Rabat, and the upgrade of part of the wastewater collection system in Rabat to cater for increased demand considering the now additional areas connect with the same network.

In Section 03.5.2 below the result achieved for both CF 355 and CF 355 projects will be explored.

Within the context of climate change, risk prevention is becoming an increasingly higher priority for 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 is being addressed through CF 120: *National Flood Relief Project* which is being implemented by the Ministry for Transport and Infrastructure.

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

**Table 33 - Projects falling under PA 5**

Project Reference	Project Name	Committed	Contracted	Disbursed as at end 2014
Solid Waste				
CF 118	Rehabilitation and Restoration of Closed Landfills	€16,687,171	€13,056,240	€11,075,880



CF 119	Mechanical and Biological Treatment Plant in the North of Malta	€30,250,474	€27,493,773	€16,084,160
CF 123	Setting up of the Gozo Waste Treatment and Transfer Facility	€8,389,319	€7,486,425	€2,944,846
CF 266	Extending Waste Separation & Collection Services in the Maltese Islands	€3,163,080	€2,991,363	€2,600,615
Water and Waste Water				
CF 116	Malta South Sewage Treatment Infrastructure	€67,966,870	€67,966,870	€67,966,870
CF 355	Water Quality and Supply Improvement Project	€9,995,266	€440,109	€27,606.77
CF 356	Sewage System Extension and Upgrading Project	€4,647,478	€4,921,846 <sup>156</sup>	€619,511.26
Flood Relief				
CF 120	National Flood Relief Project	€ 42,844,902	€ 38,993,246	€31,677,827.39

<sup>156</sup> The contracted amount is shown to be higher than the committed amount because even though savings were determined by the MA by the end of the 2014, these were formally recorded in the system in Q1 2015

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### 03.5.2 Information on the Physical Progress

#### *New Projects*

As explained previously in this Chapter, two (2) new projects were approved and started being implemented during the year under review. These projects are CF 355 entitled '*Water Quality and Supply Improvement Project*' and CF 356 entitled '*Sewage System Extension and Upgrading Project*'. With regard to the former, the project entails the reconfiguration of the groundwater collection and blending system in the south of Malta to better manage the supply of good quality water to the centre south area of Malta, with particular reference to nitrate levels control. Moreover, this project will ensure the increased safety of water quality through the procurement and installation of laboratory equipment for the WSC Laboratory, and upgrading of the laboratory facilities. Furthermore the project also provides for the procurement and installation of ultra-filtration systems at Wied il-Kbir and Tal-Ħlas in Qormi, and in Gozo in order to reclaim groundwater which would otherwise be diverted to drain at groundwater pumping stations. With regard to the latter, the project entails the extension of the wastewater collection network to connect the village of Baħrija and the rural areas of Għajn Qajjet and Bieb ir-Ruwa to the main network at Rabat as well as the upgrading part of the wastewater collection system in Għeriexem and Vjal il-Ħaddiem in Rabat to cater for increased demand for such service and enhance environmental protection.

Works on the ground on both projects are still at the initial stages. However, once commissioned, CF 355: *Water Quality and Supply Improvement Project*, will directly affect over 50,000 households by offering them better quality water. In addition, this project will reduce 1.13 million kWh per annum in energy consumption through the introduction of variable speed drives on all pumping equipment, and will also recover water produced from groundwater sources through the use of ultrafiltration systems which would otherwise be left to drain. On the other hand, CF 356: *Sewage System Extension and Upgrading Project* will connect 1,620 people to the main sewage system and will eliminate the continual presence of the wastewater collection bowser.

**Figure 45 - CF 356: Trenching works in Vjal il-Ħaddiem, Rabat as part of the extension of the sewage system**



### *Ongoing Projects*

CF 118, CF 119 and CF 120: Rehabilitation and Restoration of Closed Landfills, Mechanical and Biological Treatment Plant in the North of Malta and *National Flood Relief Project*.

The main information regarding these projects can be found earlier in this Chapter. In view of their status as Major Projects, the information on the physical and financial progress of these ongoing projects will be provided in Chapter 4 of this report.

### ***CF 123: Setting up of the Gozo Waste Treatment and Transfer Facility***

Works on this project progressed well in 2014. The excavation works on the tender for the *Design, Build and Operate of the Gozo Waste Treatment and Transfer Facility at tal-Kus*, (the main works tender) were completed by year end whilst the civil and building works are now ongoing. The project is expected to be completed by Q3 2015.

Once commissioned, this project is expected to recover 2,900 Tonnes of recyclable waste per annum from Gozo and a total savings of 23,053km of truck transport per year. Considering that per kilometre 45g of CO<sub>2</sub> is emitted, this translates to a total annual reduction of 875.25kg of CO<sub>2</sub>.

The waste recovered will significantly contribute to the socio-economic development of the country by safeguarding the natural and urban environment. This is due to the fact that preventing and managing waste is one of the main pillars for sustainable development. Furthermore, the availability of sound waste management infrastructure may impact FDI.

**Figure 46 - CF 123: Ongoing works at the Waste Treatment and Transfer Facility at tal-Kus, Xewkija**



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

Works on the ground were concluded, whilst the majority of the contracts were disbursed by end of 2014. Nonetheless, this project (which was set to close by September 2014) had to be extended until July 2015 given that the delivery of the Composter which was set to take place in March 2014 was delayed until March 2015.

Once the project will be operational approximately 1,300 Tonnes of glass will be recovered annually whilst 650 Tonnes per annum of green waste which is generated at Pitkalija will be recovered to good quality compost. Furthermore, with the undertaking of this project it is envisaged that the waste being accepted in Civic Amenity sites would rise by 4,760 Tonnes per annum. The reduction in land filling will lead to less landscape degradation and GHG which will in turn cause lesser risk to human health during the whole life-cycle of the landfill.

**Figure 47 - CF 266: Civic Amenity Site at Attard**



### *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 2014 but the results being achieved by this project continue to illustrate the benefits which, as already reported last year, became the first Mediterranean country to treat all wastewater prior to being discharged into the sea.

Details of this major project can be found in Chapter 4.

**Figure 48 - CF 116: Ta' Barkat Sewage Treatment Plant**



### *Progress on Indicators*

Table 34 - Priority Axis 5 Indicators

Indicators		2007-2013	2014	Total
Output Indicators				
No of landfills rehabilitated	Achievement	3	-	3
	Committed Results			3
	Target	n/a	n/a	3 <sup>157</sup>
	Baseline	n/a	n/a	n/a
No of liquid waste treatment plants constructed	Achievement	1	-	1
	Committed Results			1
	Target	n/a	n/a	1 <sup>158</sup>
	Baseline	n/a	n/a	n/a
No of Storm Water Management (risk prevention) Projects (Core indicator)	Achievement	1	-	1
	Committed Results			1
	Target	n/a	n/a	1
	Baseline	n/a	n/a	n/a
No of waste projects (Core indicator)	Achievement	3	-	3
	Committed Results			3
	Target	n/a	n/a	3
	Baseline	n/a	n/a	n/a

<sup>157</sup> As per the revised version of Operational Programme I approved in March 2014

<sup>158</sup> As per the OP change approved by the MC on 4<sup>th</sup> November 2014 the target will be revised to 3.

No. of water projects	Achievement	-	1	1
	Committed Results			1
	Target	n/a	n/a	1
	Baseline	n/a	n/a	n/a
<b>Result Indicators</b>				
Landfill volumes saved on an annual basis as at 2015 (m <sup>3</sup> )	Achievement	-	-	-
	Committed Results			75,000
	Target	n/a	n/a	130,000 <sup>159</sup>
	Baseline	n/a	n/a	290,000 ts
Total RES recovered from waste by 2015 (GWhrs/annum)	Achievement	10.15	4.79	n/a
	Committed Results			19.37
	Target	n/a	n/a	17.0
	Baseline	n/a	n/a	n/a
Area rehabilitated (km <sup>2</sup> ) (core indicator)	Achievement	0.16	0.17	0.33
	Committed Results			0.33
	Target	n/a	n/a	0.3
	Baseline	n/a	n/a	n/a
% decrease in national sewerage effluent discharge	Achievement	80%	0	80
	Committed Results			80

<sup>159</sup> As per the proposed OP change the target will be revised to 75,000.

	Target	n/a	n/a	80
	Baseline	n/a	n/a	n/a
Status of coastal waters in the South of Malta (from Sufficient)	Achievement	Excellent	Excellent	Excellent
	Committed Results			Excellent
	Target	n/a	n/a	Excellent
	Baseline	n/a	n/a	Excellent
M <sup>3</sup> of increased rain water harvesting and re-use potential in catchment areas	Achievement	50,000	50,000	100,000
	Committed Results			300,000
	Target	n/a	n/a	300,000
	Baseline	n/a	n/a	n/a
Frequency of flooding within areas of intervention	Achievement	-	-	-
	Committed Results			1 every 5 years
	Target	n/a	n/a	1 every 5 years
	Baseline	n/a	n/a	n/a
Compliance of Reverse Osmosis desalination plants with the Drinking Water Quality Directive	Achievement	-	-	-
	Committed Results			Full
	Target	n/a	n/a	Full
	Baseline	n/a	n/a	n/a
	Achievement	-	-	-



Population affected by improved water networks	Committed Results			30,000
	Target	n/a	n/a	30,000
	Baseline	n/a	n/a	n/a
Power consumption reduction (KWhrs/annum)	Achievement	-	-	-
	Committed Results			600,000
	Target	n/a	n/a	600,000
	Baseline	n/a	n/a	n/a

Progress on the indicators under this Axis continued throughout 2014, with increases registered from the previous years with respect to  $m^3$  of increased rain water harvesting and re-use potential in catchment areas (with 33% of the target being achieved by end 2014 through the ongoing implementation of CF120: *National Flood Relief Project*). This project is expected to be fully completed by summer of 2015 and would thus be capable of achieving the target by the end of the Programme.

The indicator *Landfill volumes saved on an annual basis as at 2015 ( $m^3$ )* has not registered any progress in the past year, in view of the fact that CF 119: *Setting up of a Mechanical & Biological Treatment (MBT) Plant in the North of Malta*, CF 123: *Setting up of the Gozo Waste Transfer and Material Recovery Facility* and CF 266: *Extending Waste Separation and Collection Services in the Maltese Islands* were still not operational as at end 2014. However, it is expected that these will be fully achieved by end programme.

On the other hand, many other targets under this PA have been fully achieved, such as:

- *No of Landfills rehabilitated and area rehabilitated ( $km^2$ )* – achieved through the rehabilitation of the M'scala, Qortin and Maghtab landfills under CF 118: *Rehabilitation and Restoration of Closed Landfills*. It is to be noted that through the achievement of this indicator, the socio-economic environment of the Maltese Islands experienced a reduction in visual disamenity associated with the three (3) sites, the improvement in the control of aerial emissions of landfill gases (methane) and combustion gases as well as a reduction in the leachate volume produced and consequent impacts on nearby groundwater quality at Maghtab. Furthermore, the site at Marsascala is now serving as a leisure area for both local and foreign visitors and now includes a picnic area, rock climbing area, outdoor gym equipment, football pitch, children play areas and a water park.

- *No of Water Projects* – achieved through the approval of the project CF 355: *Water Quality and Supply Improvement Project*.
- *No of Storm Water Management (risk prevention) projects*: achieved through CF120: *National Flood Relief Project*.
- *No of liquid waste treatment plants constructed, % decrease in national sewerage affluent discharge, and Status of coastal waters in the South of Malta* – achieved through CF 116: *Malta South Sewage Treatment Infrastructure*. This project has in fact led to an 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.

These interim results continue to show that all the targets for this PA are likely to be achieved and even though the performance of the indicators is varied this reflects the fact that these results are only achieved upon the completion of the contributing projects. Furthermore, a number of changes to the OP were approved by the Monitoring Committee in November 2014 and will be proposed to the Commission in the first half of 2015. The proposed OP change will have an impact on the following four (4) new indicators:

- *No of waste water projects (Including projects dealing with TSE)*
- *No of liquid waste treatment plants constructed/upgraded*
- *Additional water resources through further treatment of sewage effluent*
- *% decrease in energy consumed for volume of water treated*
- *Population affected by improved waste water networks.*

### 03.5.3 Financial Analysis

**Table 35 - 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	€183,944,559	€132,997,316	97%	70%
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### 03.5.4 Qualitative Analysis

Even though the public eligible value of the new projects co-financed under this PA, namely CF 355: *Water Quality and Supply Improvement Project* and CF 356: *Sewage System Extension and Upgrading Project*, amounts to €14,642,744, the aggregate committed value for all PA 5 projects increased only by €5,225,076. This is due to the savings that were reverted to the OP late in the year, and which had a significant impact on a number of projects, in particular CF 118: *Rehabilitation and Restoration of Closed Landfills*, which saw its public eligible value, decrease by €9,357,211. CF 119: *Setting up of a Mechanical & Biological Treatment (MBT) Plant in the North of Malta* also generated savings, albeit to a lesser extent.

The overall impact on the PA of these savings or recovered funds is that even with the inclusion of two (2) new projects, €5,343,702, (or 3% of the PA allocation) still need to be committed. As at end December 2014, commitments stood at €183,944,559, or 97% of the total allocation for this PA, while the total amount contracted stood at €163,349,872, or 89% of the committed amount. The difference between the committed and the contracted is expected to be addressed through CF 355: *Water Quality and Supply Improvement Project*, CF 356: *Sewage System Extension and Upgrading Project* and CF 119: *Setting up of a Mechanical & Biological Treatment (MBT) Plant in the North of Malta*.

The total amount disbursed in 2014 increased by 27% (€28,587,460), bringing the total amount disbursed by the end of 2014 to €132,997,316, or 81% of the total contracted amount. The main contributor to the payments in 2014 continued to be CF 120: *National Flood Relief Project* (just like in 2013), with a value of €12,876,302 being disbursed in the year under review, followed by CF 119: *Setting up of a Mechanical & Biological Treatment (MBT) Plant in the North of Malta*, with a disbursed amount of €9,936,055.18, and CF 118: *Rehabilitation and Restoration of Closed Landfills*, with €2,743,020.02.

By December 2014, the total certified amounts under this PA totalled €123,675,661. This represents 93% of the total amount disbursed under this Axis.

In terms of progress achieved per Focus Area, Figure below gives a general visual comparison of the % commitment achieved in terms of approved projects, while Table 36 provides a financial overview of the progress achieved, in terms of commitment, contracting, disbursement and certification, both as at end 2014.

Figure 49 - PA 5 Commitments

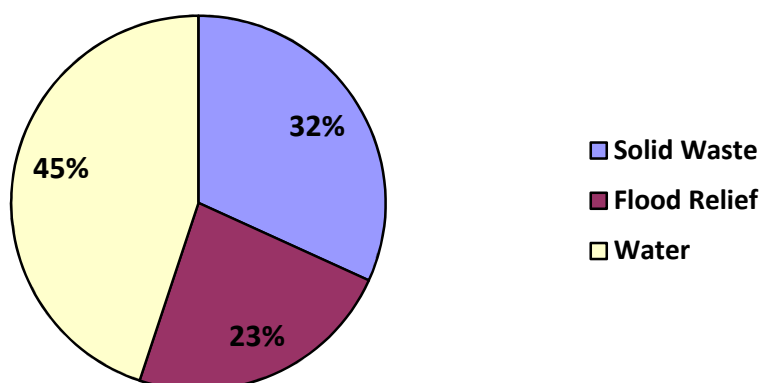


Table 36 - Financial Overview for PA 5 as at end 2014

	Solid Waste	Flood Relief	Water	Total PA5
Allocation	N/A	N/A	N/A	€189,288,259
Commitment	€58,490,044	€42,844,902	€82,609,614	€183,944,560
Contracted	€51,027,801	€38,993,246	€73,328,825	€163,349,872
Paid	€32,705,501	€31,677,827	€68,613,988	€132,997,316
Certified	€27,077,069	€28,631,722	€67,966,869	€123,675,661

### 03.5.5 Significant Problems Encountered and Measures Taken to Overcome Them

Delays in the issue of planning permits, albeit on a smaller scale than in 2013, continued to result in problems in the procurement and the implementation of projects. This was particularly the case for CF 356: *Sewage System Extension and Upgrading Project*, whereby works were substantially delayed mainly due to this reason. In order to somehow mitigate against these delays, consultation with MEPA

continued on a regular basis throughout the year in order to react pre-emptively in relation to issues that might hinder the issuing of permits.

Considering the nature of projects under this PA, procurement related issues were also faced in the year under review. The large amount of tenders which had to be issued within a short period of time resulted in delays in vetting and publication. Stemming from the complex nature of the projects and the works undertaken, from time to time there are contractual issues which arise during the implementation which would require thorough review by the DOC prior to any contractual modifications.

In order to mitigate and minimise such delays, weekly meetings are held between the MA and the DoC during which issues impacting projects under implementation are discussed and pending requests are highlighted. In addition, when there is the need, project leaders are invited to attend the meeting and highlight issues which have an impact on the implementation of their project with DG contracts as well as pre-empting problems before they arise.

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

PA 6 has the specific objective of safeguarding and valorising the country's urban heritage through regeneration and environmental monitoring and promoting an overall improvement in quality of life through better accessibility, enhanced education, social and health infrastructure and investments. In terms of this PA's first objective, OPI aims to undertake projects with a multifaceted approach to cover environmental, economic and social concerns. In view of Malta's dense population and predominantly urban fabric, this PA targets urban regeneration to cover interventions which are aimed to upgrade the physical environment and visual appeal of urban cores, particularly within the Harbour area. Good transport connectivity is regarded as a key underpinning concept to successful regeneration of urban areas and, in this regard, apart from complementing the TEN-T projects co-financed under PA 3, a number of other interventions to increase road safety as well as to encourage a modal shift are also being financed under this PA. Undoubtedly such interventions also have positive effects from an environmental point of view, by the reduction of traffic congestion, pollution and health-related risks. Such interventions complement other investments under this PA in the area of health, education and social-dimension as can be seen below. Initiatives aimed to enhance environmental monitoring which invariably leads to a better urban environment (it can be the basis to develop appropriate urban policies) are also covered under this PA. Finally, this PA also covers connectivity in its wider sense to encompass interventions aiming to improve e-accessibility in Malta, which not only has an important role to play in supporting the knowledge economy but also helps to reduce some of Malta's territorial constraints. More details on each specific sector will be provided below in this Chapter when more focus is provided on each one of the five (5) Focus Areas under this PA.

The financial allocation for PA6 amounts to €165,000,000<sup>160</sup> (of which €140,250,000 represents Community Funding). This funding has contributed and is still contributing to the implementation of twenty six (26) mainstream projects,<sup>161</sup> one (1) major project<sup>162</sup> and one (1) Aid Scheme<sup>163</sup>

Urban Regeneration (UR) Focus Area is aimed at regenerating key urban areas which integrate the major sectors of the local economy: maritime, tourism, the building industry, transit and commercial services and which are therefore considered to be economic and cultural catalysts. The target of turning such urban areas into successful socio-economic hubs is set to be achieved mainly through the flagship project involving the rehabilitation of the Cottonera area<sup>164</sup> in order to make it more attractive and

<sup>160</sup> Commitment amended through Commission Decision dated 4<sup>th</sup> March 2014 which amends Decision C (2007) 3189.

<sup>161</sup> ERDF 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.

<sup>162</sup> ERDF 196

<sup>163</sup> ERDF 196

<sup>164</sup> ERDF 104

accessible both for residents and visitors, which in 2014 reached an advanced stage of implementation. Further details of the project under implementation will be provided in Section 03.6.2 below.

Furthermore, Internal Mobility (IM) Focus Area aims to focus on measures which encourage a modal shift, improve traffic safety, whilst reducing vehicle operating costs and traffic time. It contributes towards various national strategies including the MEPA Transport Topic Paper which promoted the reduction of congestion as a priority in transport management, the Sustainable Land Transport White Paper which, amongst others, recommends a modal shift from private to public transport modes and that transport hubs should be established near major land uses and residential areas to encourage more public transport use. These strategies, together with the objectives of this Focus Area, are being mainly addressed through ERDF 256: *MODUS: Encouraging a Modal Shift in Land Transportation*, being the only ongoing project co-financed under this Focus Area. This project, which involves the provision of bus interchanges, bus priority lanes, an Intelligent Transport Monitoring System and a Park and Ride facility, all of which are aimed at encouraging a modal shift from the use of the private passenger car to public transport which will invariably result in improved air quality, less congestion, improved accessibility and a reduction in the pressures on the road infrastructure. The three (3) other projects being co-financed under this Focus Area<sup>165</sup> involving interventions on road infrastructure to increase road safety and connectivity as well as the construction of a vertical link (lift) to provide a better access between Valletta's waterfront and the heart of the City, were all completed by end 2013. In Section 03.6.2 below the results achieved for both ERDF 256 and the three (3) closed projects will be explored.

The aim of the E-accessibility (EA) 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 ERDF 159: *eServices: Accessibility for all (eXS4ALL)*, an ongoing project under this Focus Area in its final stages of implementation in 2014, which also aims to achieve the objectives of various other national strategies, including the National Strategy for eLearning in Malta. This project has contributed towards this strategy by integrating the use of ICT in teaching and learning which in turn will provide pupils with a high quality interactive learning scenario. It also includes the deployment of the Smart ID service which will enable efficient distribution of governmental services across the whole of society. The two (2) other projects being co-financed under this Focus Area involving the digitisation of the National Library in Malta and the development of a Maltese Speech engine allowing users to convert electronic Maltese text to speech output, were completed before 2013<sup>166</sup>. In Section 03.6.2 the achievement as a result of closed interventions will be examined.

This Education, Social and Health-related Infrastructure (ESHI) Focus Area promotes a holistic approach towards the improvement of the quality of life of local communities and funding is mainly aimed at: i) restructuring and upgrading of schools, ii) investments in social infrastructure such as

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<sup>165</sup> ERDF 047, ERDF 048 and ERDF 183.

<sup>166</sup> ERDF 109 and ERDF 114.

childcare day centres and centres to aid social inclusion, and iii) major investment in health infrastructure.

Initiatives within the education sector which are being co-financed under this Focus Area also address a number of national strategies in this area, including the Further and Higher Education Strategy 2020 which highlights the importance of vocational education and the Strategic Plan 2004-2006. The latter highlighted the different needs in secondary education in the Maltese islands and necessitated a programme of refurbishment and building of schools and colleges better equipped to respond to the exigencies of the student population and tomorrow's society. The first strategy is being addressed through a project which involves the setting up of the new MCAST campus<sup>167</sup>, by virtue of which students beyond the compulsory school age are further encouraged to further their studies, thus reducing the rate of early school leavers. The second strategy mentioned here above is being addressed by another project<sup>168</sup> which involves the building of new schools and/or the refurbishing of existing schools as educational institutions for tomorrow in a cost-effective way in line with the new Government Policy which introduced the co-education system in all colleges at secondary level (Form 1) with effect from the scholastic year 2014-2015, accompanied with the introduction of the middle school concept.

Other health initiatives being co-financed under this Focus Area, also contribute towards a number of national strategies such as the National Cancer Plan 2010-2015, Healthy Way for Life: A National Strategy for Malta 2012-2020, Prevention and Control of Non-Communicable Diseases in Malta, and the Preventive, Control and Management of Tuberculosis. The health flagship project<sup>169</sup> under this Focus Area is undoubtedly the Oncology Centre being constructed in Malta which in 2014 was progressing well with its final stages of implementation expected to close off in 2015. A number of other ongoing projects within the health sector<sup>170</sup> address the different national health strategies indicated above.

Under this Focus Area there are twelve (12) completed projects<sup>171</sup>, all contributing towards achieving the aims outlined here above, including ERDF 068: *Upgrading of Operating Theatre and Setting Up of a Radiology Unit* which were completed up to December 2014. The Aid Scheme ERDF 136: *Grant Scheme for Child Care Facilities*, falling under this Focus Area was also closed off in 2014. There are still six (6) ongoing projects<sup>172</sup> under this Focus Area which are expected to be completed by end 2015 and hence contributing towards the achievement of the aims and the programme related indicators linked to this Focus Area by the end of the Programming Period.

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<sup>167</sup>ERDF 164

<sup>168</sup> ERDF 332

<sup>169</sup> ERDF 196

<sup>170</sup>ERDF 068, ERDF 314, ERDF 319.

<sup>171</sup>ERDF 045, ERDF 054, ERDF 056, ERDF 057, ERDF 058, ERDF 062, ERDF 064, ERDF 065, ERDF 066, ERDF 068, ERDF 072 and ERDF 189.

<sup>172</sup>ERDF 164, ERDF 314, ERDF 317, ERDF 319, ERDF 332 and ERDF 196.



The aims of the Environmental Monitoring (EM) Focus Area have been met through ERDF 156: *Developing National Environmental Monitoring Infrastructure and Capacity*, a project which was completed way back in 2013. This project has radically improved the national environmental monitoring capacity in five (5) environmental themes, namely air, water, radiation, noise and soil and has resulted in the development of comprehensive monitoring strategies, all clearly linked to the Focus Area's aims of increased monitoring and enforcement of legal compliance obligations and the development of urban policies. The requirement to monitor various aspects of the environment cuts across all areas of national environmental legislation transposes the EU environmental Acquis, such as, the National Sustainable Development Strategy for the Maltese Islands 2006-2016. This project which has developed effective national environmental monitoring helps to address one of the main strategic directions underpinning Malta's environmental challenges and is perceived as a tool to ensure that appropriate remedial action is taken to control pollutants in line with EU obligations.

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

**Table 37 - Projects falling under PA 6**

Project Reference	Project Name	Committed	Contracted	Disbursed as at December 2014
Urban Regeneration				
ERDF104	Stronger Cottonera Communities – The citizens right to accessibility and mobility	€8,610,410	€7,565,932	€6,841,840
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	€2,355,570	€2,355,569	€2,355,569

ERDF 256	MODUS: Encouraging a Modal Shift in Land Transportation	€9,831,325	€3,967,551	€2,614,752
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)	€15,953,307	€16,143,250 <sup>173</sup>	€15,903,307
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

<sup>173</sup>The contracted amount is shown to be higher than the committed amount because even though savings were determined by the MA by the end of the 2014, these were formally recorded in the system early in Q1 2015.

ERDF 064	Construction and equipping of University Computing Services Centre Building	€7,939,553	€7,939,534	€7,939,277
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	€3,566,981	€3,566,981
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	€461,889	€ 412,100	€356,415
ERDF 164	Master-Plan: Development of Applied Science and Business and Commerce Institutes	€20,039,065	€16,461,702	€13,804,861
ERDF 189	Educational Infrastructure Development at Bishop's Conservatory Secondary School - Phase II	€243,485	€243,485	€243,485
ERDF 196	Mater dei Hospital Oncology Centre Malta	€42,298,462	€38,149,949	€32,436,398
ERDF 314	Development In Screening And Radiological Modalities in Health	€1,712,723	€1,714,488 <sup>174</sup>	€1,712,723

<sup>174</sup>The contracted amount is shown to be higher than the committed amount because even though savings were determined by the MA by the end of the 2014, these were formally recorded in the system early in Q1 2015.

ERDF 317	Upgrading of Services at Gozo General Hospital	€3,434,787	€2,957,243	€1,859,363
ERDF 319	Setting up of a Medical Assessment Unit at Mater Dei	€11,054,405	€8,908,464	€2,086,924
ERDF 332	QUEST - Quality Education for the Society of Tomorrow	€36,214,081	€31,013,552	€22,753,745
Environmental Monitoring				
ERDF156	Developing National Environmental Monitoring Infrastructure and Capacity	€4,206,860	€4,206,860	€4,206,860

### 03.6.2 Information on the Physical Progress

#### *Ongoing Projects*

#### ***ERDF 104: Stronger Cottonera Communities – The citizens right to accessibility and mobility***

This project involves the rehabilitation of the Cottonera area in order to make it more attractive and accessible both for residents and visitors to the area. Due to delays in the implementation of works on the ground during 2014 and the expected time-frames needed for the effective closing off of a number of contracts, the project timeframe was extended to December 2015. Nonetheless, rehabilitation works in most areas progressed well and many were almost completed by end of year, as can be seen from the photos below. Apart from the full embellishment of Dock Number 1 in Cottonera, this project includes a number of other interventions such as the upgrade of two (2) housing estates, namely 'St Nicholas Married Quarters' and 'Verdala Estates' and the regeneration of a number of public spaces including amongst others, Xatt ir-Risq in Cospicua, San Gwann t'Ghuxa area, Piazza Paolino Vassallo and the Senglea waterfront. This project is contributing towards the Programme's output indicator *No. of projects ensuring sustainability and improving the attractiveness of towns and cities* (target: 1) which has been achieved through this project. However, data in relation to the result indicator *Average % redevelopment of units in regeneration areas of total national regeneration* is still being collated. Moreover, a number of indicators linked to the introduction of resource efficiency measures within this project are expected to be achieved once the said measures are installed and fully operational.

**Figure 50 - Landscaping works at Verdala Housing Estate**



**Figure 51 - Rehabilitation of the Senglea Waterfront**



**Figure 52 - Landscaping at San Gwann t'Ghuxa area**



**Figure 53 - Rehabilitation of Xatt ir-Risq, Cospicua**



**Figure 54 - Rehabilitation and landscaping of Dock head, Cospicua**



**Figure 55 - Restructuring of Dock 1, Cottonera**



**ERDF 159: eServices Accessibility for all (eXS4ALL)**

This project, approved under the Focus Area of 'E-accessibility', consists of a number of different components namely: the development of an e-Learning solution for schools, the introduction of new e-Forms and e-Services and the development of an e-ID solution for the whole population. During 2014, the component related to the e-Learning solution was completed and launched for utilisation by the target users. More than 2,000 interactive whiteboards were installed in over 100 schools (113 educational units and ten (10) colleges) and were thus already in use by teachers and students alike in 2014, complemented by the e-Learning system which was also installed and in use in 2014 in all secondary and primary schools across the Maltese islands<sup>175</sup>. The component related to the provision of new e-Services for the public and business community was also completely closed off in 2014 with seventy (70) new e-Services being offered. Another component being financed under this project is related to the e-ID solution which involved the development of customised software to produce the e-ID card. Although this project is financing solely the software (and not the provision of the actual new e-ID card in itself), the MA is following the e-ID card renewal exercise which has commenced in 2014 to ensure that the project scope is fulfilled. The final activities which still need to be carried out under this project are linked to publicity which are expected to be carried out in 2015. The indicators linked to the provision of the new e-Services that is, *No of new e-services for the public and business community* (target: 70) and *% increase in use of e-services* (target: 17) were both fully achieved by 2014. The indicators linked to the e-Learning component, which has also been completed in 2014, that is, *No of existing learning facilities refurbished (with new equipment)/constructed within intervention areas by 2013* (target: 103) and *No. of benefitting students (Education)* (target: 58,413) have also been both fully achieved as at end 2014. Other impact indicators being targeted by this project are: the *Quality of life weighted average* and the *CO2 equivalent emissions* whereby the relative targets are expected to be achieved in 2015 when the project is fully completed.

**Figure 56 - e-ID specimen**

<sup>175</sup>With a student and teaching population of circa 68,458 (which includes kindergarten students up to 6<sup>th</sup> form students) in 2014, there were 25,951 active users of the e-Learning system with a total number of logins amounting to 1,265,616.



Figure 57 - eID in card reader



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

This project consists of the building of the Institute for Business and Commerce (IBAC), the Institute of Applied Science (IAS), together with the Students' House and its underlying infrastructure, computer labs and ancillary facilities at the Malta College for Arts Science and Technology (MCAST). In May 2014, the IBAC building was inaugurated and started being used by MCAST students and staff, while the IAS was completed prior to 2014. Works on other parts of the project were ongoing during the year under review and these included, amongst others, mechanical and electrical works and finishes at the Students' House, supply of furniture for the Students' House as well as the supply of furniture and



equipment for the IT labs. These are the last few ongoing contracts under this project which is expected to be completed by Q3 of 2015. This project is contributing towards a number of output indicators, such as *No. of constructed learning and training facilities* (target: 3) and *Sq m of newly constructed learning facilities within intervention areas* (target: 17, 4435 sq.m.) which as at end 2014 were partially achieved. Given that this project also includes refurbishment of the already existing facility (setting up of computer laboratories and ancillary facilities in an existent building for MCAST's Institute of Information and Communication), it is also contributing to the indicator *No. of refurbished existing learning and training facilities with new equipment* (target: 1) and *Sq m of modernised facilities refurbished (with new equipment/constructed within intervention areas by 2013)* (target: 1,400m<sup>2</sup>) both of which have been fully achieved with the completion of the IBAC and IAS. This project is also contributing towards the result indicator *Number of benefitting students (Education)* (target: 2,420) which as at end of 2014 was partially achieved with a total of 2,275 benefitting from the interventions financed under this project. The target is expected to be fully achieved once the project is fully closed off.

**Figure 58 - Typical IAS classroom at MCAST**      **Figure 59 - Typical IAS laboratory at MCAST**



**Figure 60 - Institute of Applied Science, MCAST**





**ERDF 196: Mater Dei Hospital Oncology Centre (Major Project)**

The project consists of the setting up of a contemporary Oncology Facility, offering advanced cancer treatment modalities in a comprehensive care setting, as an extension to the existing Mater Dei Hospital. More information on the physical and financial progress of this ongoing major project is provided in Chapter 4.

**ERDF 256: MODUS: Encouraging a Modal Shift in Land Transportation**

This project includes a number of different components such as the introduction of a number of bus interchanges and bus priority lanes, an Intelligent Transport Monitoring System and a Park and Ride facility, all aimed to ultimately encourage a modal shift from use of private to public transportation. Works on a number of bus priority lanes and bus interchanges were completed 2014. These, together with the Park and Ride system which was completed prior to 2014 were in fact operational during the year under review. The procurement process of the Intelligent Transport Monitoring System was unsuccessful and had to be re-launched. Due to this delay, the project deadline had to be extended to the end of Q3 2015 in order to allow time for the procurement and implementation of this important component. This project is contributed towards the Programme indicator *No. of projects promoting Modal Shift* (target: 1) which has been achieved as a result of the ongoing implementation of the project. The result indicator *% increase in use of non-car modes* (target: 8) is expected to be achieved once the project is fully completed and data will be collected through a study which will be carried out by the Beneficiary in 2015. This project, once completed, is also expected to contribute towards the impact indicator *Transport weighted average*.

**Figure 61 - Marsa Park and Ride parking**



**Figure 62 - Marsa Park and Ride bus shelters**



**Figure 63 - Part of Birkirkara bus interchange**



**Figure 64 - Sliema Ferries bus lane**



**Figure 65 - Roadmarkings at Ta' Qali bus interchange**



**Figure 66 - Ta' Qali bus interchange**



***ERDF 314: Development in Screening and Radiological Modalities in Health***

This project covers investment in modern and technologically advanced equipment aimed to improve screening facilities at the Mater Dei Hospital and in Health Care Centres. By December 2014, all procurement procedures under this project were concluded and the purchased equipment was installed and commissioned. Equipment procured under this project include a Digital X- Ray Unit for Primary Health Care, Intra-Venous Fluorescence Angiography (IVFA) Camera & Non Dilating Retinal Camera, a 4D Ultrasound Machine, a Mammography Unit and Stereotactic, Endoscopy Equipment, a Mobile

Fluoroscopy Unit, Doppler Ultrasound Machines for Vascular Application and an Echo Cardiac Ultrasound Machine. Notwithstanding the delivery and commissioning of equipment financed under this project, the project's time-frames have been extended to Q1 2015 in order to close off the last pending administrative work. This project contributes to Programme indicator *No of projects [health]* as well as to a number of Result indicators related to health projects such as *% of total patients [within intervention areas] using new/upgraded equipment/services* (target: 19.6%) and *No of new services offered in the health sector* (target: 2). Data to record these indicators as at end 2014 was not available given that the equipment was installed and commissioned late in December 2014. Logs of the use of the equipment procured under this project has commenced as from 1<sup>st</sup> January 2015. The two (2) new services which will be introduced as a result of this investment relate to the use of the Retinal Cameras and the use of the Vascular Machines, both for the Primary Health Care Sector.

The figures below show some of the equipment procured and installed through this project.

**Figure 67 - Retinal camera, Mosta health centre**



**Figure 68 - Vascular doppler, Paola health centre**



### ***ERDF 317: Upgrading of Services at Gozo General Hospital***

The aim of this project is to upgrade and introduce new services at the Gozo General Hospital (GGH) through the procurement of new equipment. Patients benefitting from the investment under this project include all patients undergoing surgery at the GGH, including laparoscopic surgery, those undergoing endoscopy and other admission and emergency cases. The majority of the tenders for the procurement of equipment were awarded and contracted during 2014 leading to the delivery of some of the equipment and its commissioning by December 2014. However, due to the fact that some procurement procedures had to be re-launched, the project's completion date was extended to November 2015. This project also contributes to Programme indicator *No of projects [health]* (target: 1) as well as to a number of Result indicators related to health projects such as *% of total patients [within intervention areas] using new/upgraded equipment/services* (target: 70%) and *No of new services offered in the health sector* (target: 4). However, given that this project is still ongoing, no data is as yet available to measure these indicators. The four (4) new services expected to be offered at the GGH on conclusion of this project are: Vascular surgery, Laparoscopic surgery, Ultrasound diagnostics and guided intervention and

colorectal cancer screening. In view of the fact that new equipment which will be more energy efficient as well as in view of the fact that the equipment will be installed at the GGH and thus there will be a reduction in the amount of Gozitan patients travelling to Malta for treatment, this project, once concluded, is also expected to contribute toward the impact indicator *CO<sub>2</sub> equivalent emissions*.

**Figure 69 - DVT prophylaxis machine**



**Figure 70 - Infusion pump, volumetric**



#### ***ERDF 319: Setting up of a Medical Assessment Unit at Mater Dei***

This project, which involves the building and setting up of a Medical Assessment Unit at Mater Dei Hospital, is a continued investment in health-related infrastructure which is expected to alleviate the challenge of overcrowding and waiting times experienced at Mater Dei Hospital in the past years. This Unit will consist mainly of two (2) new wards housing a total of sixty-eight (68) beds as well as all related services. In view of the ever-rising demand on hospital care, this project also includes the procurement of a number of ambulances which are needed to address critical emergency situations, which could give rise to a potential loss of life. The construction of the Medical Assessment Unit was started in 2014, following the re-location of the site as a result of failed tests carried out on the structure that had to support the building of the additional floors. The project started the construction phase in the last months of 2014 and is expected to finish in 2015 whilst the ambulances have been delivered to the hospital and are in operation.

This project is contributing towards the Programme indicator *No. of projects (health)* (target: 1) as well as to other health-related indicators such as *% of total patients (within intervention areas) using new/ upgraded and modernized facilities/ services* (target: 100%) and *No. of new services offered in the health sector* (target: 2). The project's contribution to these indicators can be recorded once the new Medical Assessment Unit becomes fully operational. Other impact indicators being targeted by this project are: *No. of jobs created*, the *Quality of life weighted average* and the *CO<sub>2</sub> equivalent emissions* and the relative targets are expected to be achieved in 2015 when the project is fully completed.

**Figure 71 - Billboard at the Medical Assessment Unit site****Figure 72 - Excavations at the Medical Assessment Unit site*****ERDF 332: QUEST – Quality Education for the Society of Tomorrow***

This project involves the construction of eight (8) new learning and training facilities and the upgrading of three (3) existing learning and training facilities in both Malta and Gozo. It is estimated that an approximate 5,000 students per annum will benefit from the newly constructed, upgraded and modernized facilities under this project. This project was expanded in 2014 in the light of a new Government Policy in the Education sector which introduced the co-education system starting at secondary school level in all colleges with effect from the scholastic year 2014-2015, together with the introduction of the concept of a middle school. This policy also introduced the concept of smaller schools capable of accommodating a school population of approximately 600-700 students. From an implementation point of view, during the year under review, progress on the ground continued to be registered with most of the contracts for works and finishes being completed. Other procurement procedures mainly related to the procurement of supplies and equipment for the schools in question are still ongoing and are expected to be concluded by end 2015. This project is already contributing towards the output indicator of *No. of constructed learning and training facilities* (target: 8) and *No. of*



*refurbished existing learning and training facilities with new equipment* (target: 3), which at end 2014 had thus reached '6' and '1' respectively. Currently the MA is assessing data provided by the Beneficiary in relation to the indicators *No. of sq. m. of newly constructed learning and training facilities within intervention areas by 2013* and *Number of benefiting students (Education)* which are expected to increase. Other impact indicators being targeted by this project are the *Quality of life weighted average* and the *CO<sub>2</sub> equivalent emissions* and the relative targets are expected to be achieved in 2015 when the project is fully completed.

**Figure 73 - Aerial view of St. Ignatius College new girls' secondary school, Handaq I/o Hal Qormi**



**Figure 74 - Gozo College New Boys' Secondary School, Victoria**



### *Closed/Completed Projects*

Prior to 2014, sixteen (16) projects were completed under this PA and there is thus no physical progress to report in their regard during the year in review. Ten (10) of these projects were educational

infrastructure project<sup>176</sup>, one (1) social infrastructure project<sup>177</sup>, three (3) internal mobility projects<sup>178</sup>, and two (2) e-accessibility projects<sup>179</sup>. The two (2) projects which were completed in 2014 are the following:

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

This project, with a total project eligible value of €3,566,981.12, which was carried out completely at the GGH, consisted of the following: i) upgrading works of the Operating Theatres, including the procurement of new medical equipment and lead-shielding works within the Operating Theatres; ii) the setting up of a Radiology Unit together with lead-shielding works within the Radiology Unit and the procurement of radiological digital equipment; and iii) the installation of a Bone Density machine and the refurbishment of the area housing this equipment. The main beneficiaries of this project are first and foremost patients undergoing surgery at the GGH, given that the upgrading of the Operating Theatres is one of the main components within this project. However, the introduction of a number of new diagnostic services being offered at the same hospital, such as CT scanning, mammograms, Bone Mineral Density test, Doppler studies in colour, studies for obstetrics, and guided biopsy studies, also results in additional benefits to other patients with serious functional disabilities, patients with chronic health conditions needing regular monitoring and care, and the elderly. In fact during 2014 there were: 2429 CT scans; 1,014 Mammograms; 1132 Bone Mineral Density Test; 1036 Obstetrics and Gynaecology studies and circa 3000 Doppler studies and Guided Biopsy studies carried out at the GGH. In the absence of such services at GGH, patients from Gozo would have had to be referred to Mater Dei Hospital<sup>180</sup>. This project has not only reduced the number of referrals of Gozo-based patients to Malta, but it is also serving to integrate further the GGH into the National Health Service, by acting as a spill-over hospital for patients on the waiting lists at Mater Dei. By way of example, during 2014 alone, a total number of 319 patients were referred from Mater Dei Hospital for a CT scan to the GGH. This is easing pressures and overcrowding at the main hospital on the mainland and thus it is leaving a positive impact on the quality of life of both the Gozo and the Malta population.

**Figure 75 - Operating theatre 5 (GGH)      Figure 76 - Bone density machine (GGH)**

<sup>176</sup>ERDF 045, ERDF 054, ERDF056, ERDF 057, ERDF 058, ERDF 062, ERDF 064, ERDF 065, ERDF 066 and ERDF 189.

<sup>177</sup> ERDF 072

<sup>178</sup>ERDF 047, ERDF 048 and ERDF 183.

<sup>179</sup> ERDF 109 and ERDF 114.

<sup>180</sup>By way of comparison, the number of patients who in 2009 were referred to Mater Dei for CT scanning, Doppler studies, Gynaecology and obstetrics studies reached 454, 36 and 93 respectively.





Finally by offering a more timely and accurate diagnosis, the project is also contributing towards reducing the incidence of cancer, and improving the outcomes of cancer management, through earlier detection. The enhanced services and the procurement of new machinery are also acting as measures which provide safer procedures, improved comfort and security for patients, as well as the reduction in infections and related diseases. This in turn is helping to reduce patients' recovery period and the length of their hospital stay. This is improving both the health care services provided in Gozo and the well-being of the users of the new services.

All the indicators being targeted by this project have been achieved, with the output indicators of *No. of projects (health)* (target: 1) and *Sq.m. of modernised facilities refurbished (with equipment/constructed within intervention areas by 2013)* (867.7 sq.m.) being fully achieved as at end 2014. The same applies for the result indicators of *% of total patients (within intervention areas) using new/upgraded equipment/services* (target: 100%) and *No. of new services offered in the health sector* (target: 8). The project has also contributed to the Programme Impact indicator of *No. of direct jobs created* in that it has achieved the target of two (2) new jobs created.

#### **ERDF 136 (Aid Scheme) - Grant Scheme for Child Care Facilities**

The aid scheme reached its completion stage by end of December 2014 with a total of twenty (20) projects under (14) beneficiaries co-financed under the four (4) calls issued by the IB. The aim of this Aid Scheme, which was administered by the Department of Social Welfare Standards in its role as an Intermediate Body, was two-fold. Firstly, it aimed to increase childcare provision by making more childcare facilities available and accessible to parents and secondly, it sought to improve the quality in the provision of childcare according to the National Standards of Childcare. As a result of this scheme, there were nine (9) start-ups, the upgrade of ten (10) childcare centres and the relocation of an existing centre to a new location. On the basis of available data, the result of creating 150 new childcare places is likely to be achieved; the MA is currently in the process of verifying the data provided. The impact indicator of *No of direct jobs created* targeted by this Scheme also needs to be verified by the MA.

#### *Progress on Indicators*

#### **Table 38 - Priority Axis 6 Indicators**

Indicators		2007-2013	2014	Total
Output Indicators				
No. of projects ensuring sustainability and improving the attractiveness of towns and cities (core indicator)	Achievement	1	0	1
	Committed Results			1
	Target	n/a	n/a	1
	Baseline	n/a	n/a	n/a
Km of upgraded roads (non TEN-T)	Achievement	7.64	0	7.64
	Committed Results			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
	Committed Results			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	72	0	72
	Committed Results			72
	Target	n/a	n/a	72
	Baseline	n/a	n/a	n/a
No. of constructed learning and training facilities	Achievement	5	8	13
	Committed Results			15

	Target	n/a	n/a	10 <sup>181</sup>
	Baseline	n/a	n/a	n/a
No. of refurbished existing learning and training facilities with new equipment	Achievement	114 <sup>182</sup>	1	115
	Committed Results			115
	Target	n/a	n/a	110
	Baseline	n/a	n/a	n/a
No. of projects (health) (core indicator)	Achievement	4	0	4 <sup>183</sup>
	Committed Results			4
	Target	n/a	n/a	4 <sup>184</sup>
	Baseline	n/a	n/a	n/a
No. of environmental monitoring projects	Achievement	1	0	1
	Committed Results			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	Achievement	19,560	1,400	20,960
	Committed Results			45,000
	Target	n/a	n/a	19,000 <sup>185</sup>
	Baseline	n/a	n/a	n/a

<sup>181</sup> As per the OP change approved by the MC on 4<sup>th</sup> November 2014, this target will be revised to 15.

<sup>182</sup> Corrigendum: in the Annual Implementation Report covering 2013, this was erroneously reported as 118.

<sup>183</sup> The data provided was verified and an element of double counting was noted. Hence the achievement of this indicator is now being reported as 4.

<sup>184</sup> As per the revised version of Operational Programme I approved in March 2014

<sup>185</sup> As per the OP change approved by the MC on 4<sup>th</sup> November 2014, this target will be revised to 45,000.

Sq m of newly constructed learning, training and other support facilities within intervention areas	Achievement	34,799	9,838	44,637
	Committed Results			140,000
	Target	n/a	n/a	50,000 <sup>186</sup>
	Baseline	n/a	n/a	n/a
<b>Result Indicators</b>				
Average % redevelopment of units in regeneration areas of total national regeneration	Achievement	-	-	-
	Committed Results			0.8%
	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	n/a	1.0-1.5
	Committed Results			1.0-1.5
	Target	n/a	n/a	1.0-1.5
	Baseline	n/a	n/a	4.66
%increase in use of non-car modes <sup>187</sup>	Achievement	-	-	-
	Committed Results			8%
	Target	n/a	n/a	8%
	Baseline	n/a	n/a	29,745,123
%increase in use of e-services	Achievement	8.2	-	8.2 <sup>188</sup>

<sup>186</sup> As per the OP change approved by the MC on 4<sup>th</sup> November 2014, this target will be revised to 140,000.

<sup>187</sup> As per the OP change approved by the MC on 4<sup>th</sup> November 2014, the wording of this indicator will read *%increase in use of non-car modes in the intervention areas (mainly the highly urbanised harbour area)*

<sup>188</sup> Data provided by the Beneficiary is still being assessed.

	Committed Results			26
	Target	n/a	n/a	26
	Baseline	n/a	n/a	80,545
Number of Benefitting Students (Education)	Achievement	62,996 <sup>189</sup>	27 <sup>190</sup>	63,023
	Committed Results			63,023
	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	-	-	191
	Committed Results			60
	Target	n/a	n/a	60
	Baseline	n/a	n/a	n/a
No. of new services offered in the health sector	Achievement	8	1	9 <sup>192</sup>
	Committed Results			9
	Target	n/a	n/a	5 <sup>193</sup>
	Baseline	n/a	n/a	n/a
National environmental monitoring programmes established	Achievement	4	0	4
	Committed Results			4
	Target	n/a	n/a	4

<sup>189</sup> CORRIGENDUM: last year the figure was erroneously reported as 59,841.

<sup>190</sup> This is the result of an increase in capacity as a result of ERDF 164.

<sup>191</sup> Data provided by the Beneficiary is still being assessed.

<sup>192</sup> The data provided is being assessed to ensure that there is no double counting.

<sup>193</sup> As per the revised version of Operational Programme I approved in March 2014

	Baseline	n/a	n/a	n/a
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It is pertinent to note that out of the eighteen (18) Output and Result indicators under this PA, only five (5) still need to be achieved. By the end of 2014 the targets of the remaining indicators had been reached and some even slightly exceeded, as may be seen from the table above. Other indicators are still being assessed such as *the % increase in use of e-services* and *% of total patients (within intervention areas) using new/upgraded equipment/services* in order to verify the data provided and the methodology employed.

The indicators which still need to be achieved are the following: i) *sq m of newly constructed learning and training facilities within intervention areas* ii) *% increase in use of non-car modes*; iii) *% increase in use of e-services*; and iv) *% of total patients within intervention areas using new/upgraded equipment/services*. These indicators are expected to be achieved when the projects which were still ongoing under PA 6 during 2014 (as outlined above) are completed and in some cases, when they become operational.

During 2014, an increase in *the number of constructed learning and training facilities* was registered following the completion of a number of learning and training facilities under ERDF 164: *Master-Plan: Development of Applied Science and Business and Commerce Institutes* and ERDF 332: *QUEST - Quality Education for the Society of Tomorrow*. Similarly the same two (2) projects also contributed to the indicator *Sq. m of newly constructed learning and training facilities within intervention areas* and *Sq. m of modernised learning and training facilities refurbished (with new equipment) within intervention areas*.

The data submitted in relation to *% increase in use of e-services* and *number of services offered in the health sector* is being assessed and verified by the MA to ensure that there is no double counting. Nevertheless, the progress on the latter indicator is expected to be furthered through the completion of the other three (3) remaining health projects under this PA<sup>194</sup>.

### 03.6.3 Financial Analysis

**Table 39 - Priority Axis 6 Financial Progress**

Priority Axis	Total Contribution	Financial Progress			
		Commitments	Payments	Commitments %	Payments %

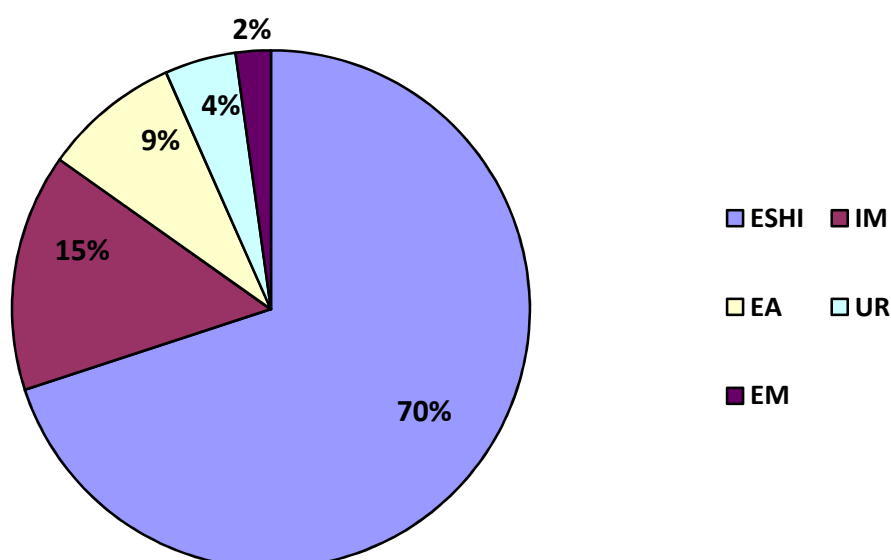
<sup>194</sup>ERDF 196, ERDF 314 and ERDF 317

	(a)	(b)	(c)	(b/a)	(c/a)
Priority Axis 6 (ERDF) Urban Regeneration and Improving the Quality of Life	€165,000,000 <sup>195</sup>	€193,562,853 <sup>196</sup>	€144,264,704	117%	87%

### 03.6.4 Qualitative Analysis

By the end of 2013, the total commitment within this PA amounted to €193,562,853. This is equivalent to an 8% increase (or €15,841,959) from the commitment levels reported in 2013 and results in an over commitment of €28,562,853. This increase is mostly due to the increase in scope (and public eligible value) of ERDF 332: *QUEST - Quality Education for the Society of Tomorrow* which now stands at €36,214,081. Nevertheless, it must still be noted that this increase was partially absorbed by savings recorded in other projects falling under this PA during the year under review and will also be partially offset by the shift of funds between PA 4 and PA 6 as proposed and approved by the Monitoring Committee during the November Monitoring Committee.

Figure 77 - Commitments per Focus Area PA 6



<sup>195</sup> As per the revised version of Operational Programme I approved in March 2014

<sup>196</sup> Priority Axis has been over-committed to ensure the full absorption of funds

The contracted amount as at end 2013 stood at €171,187,559, equivalent to 88% of the total commitments. Table 40 gives a comparison of the commitments and contracting per focus area.

As at end 2014, aggregate disbursement under this PA amounted to €144,264,704, or 84% of the contracted amount, of which €41,251,076 paid during the year under review. ERDF 196: *Mater Dei Hospital Oncology Centre* Malta remained the largest spender in 2014 under ERDF, with €14,833,565.39 disbursed during year under review, followed closely by ERDF 332: *QUEST - Quality Education for the Society of Tomorrow* with €13,276,042.47

By the end of the year under review certifications totalled €139,422,159.55 representing 97% of the total amount disbursed under this PA.

**Table 40 - Financial progress per Focus Area as at end 2014**

	Education, Social and Health-related infrastructure	Internal Mobility	E-Accessibility	Urban Regeneration	Environmental Monitoring	Total PA 6
<b>Allocation</b>	N/A	N/A	N/A	N/A	N/A	<b>€165,000,000</b>
<b>Committed</b>	€135,556,010	€28,664,478	€16,525,112	€8,610,410	€4,206,860	<b>€193,562,870</b>
<b>Contracted</b>	€119,899,009	€22,800,703	€16,715,055	€7,565,932	€4,206,860	<b>€171,187,559</b>
<b>Disbursed</b>	€95,292,987	€21,447,904	€16,475,112	€6,841,840	€4,206,860	<b>€144,264,703</b>
<b>Certified</b>	€90,559,563	€21,447,903	€16,475,112	€6,732,720	€4,206,860	<b>€139,422,159</b>

### 03.6.5 Significant Problems Encountered and Measures Taken to Overcome Them

The implementation of the vast majority of projects was relatively smooth in 2014, 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, given that a number of tenders launched under this PA were quite technical. A number of procurement procedures fell through either because of no submission of bids or because following an evaluation process by the Evaluation Committee, none of the bids submitted were deemed as technically compliant. This invariably leads to delays in the implementation of the project because procurement



procedures need to be re-launched. Such instances have a double negative effect especially when other components within the same project are dependent on the successful implementation of one particular component before they can materialise. In order to mitigate against such delays, Beneficiaries strive hard to progress on other components of the project which are not dependent on the procurement process being delayed. Moreover, in the case of re-launched tenders Beneficiaries ensure that timely evaluation of the new tenders is carried out with a tight schedule for Evaluation Committee members to shorten as much as possible the time-frames between the publication and the award of the contract, whilst respecting the obligations arising from the public procurement regulations including the publication time-frames and the time-periods for appeals.

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## 04. ERDF/CF: Major Projects

This chapter will focus on the seven (7) Major Projects included in the OP which by the end of 2013 had all been approved by Commission. It mainly consists of an assessment of the physical progress and of the achievements achieved so far and/or expected to be achieved by the end of the Programming Period in relation to each Major Project, accompanied by the timetable down in point D1 of Annex XXI including progress in financing of Major Projects based on the information provided point H.2.2 of Annex XXI. The Chapter will first focus on the six (6) Major Projects which are still ongoing and will then proceed with an overall assessment of the only Major Project which has been closed to date.

The seven (7) major projects included in the OP are listed below. For information purposes, it is to be noted that there were no changes in the indicative list of Major Projects within OPI.

### PA3

- CF 117 - Improving the TEN-T Road Infrastructure (Phase I)  
Approved by Commission decision 3<sup>rd</sup> February 2010
- CF 125 - Improving the TEN-T Road Infrastructure (Phase II)  
Approved by Commission decision dated 11<sup>th</sup> June 2013

### PA5

- CF 118 - Rehabilitation and Restoration of Closed Landfills  
Approved by Commission decision dated 28<sup>th</sup> July 2010
- CF 116 - Malta South Sewage Treatment Infrastructure;  
Approved by Commission decision dated 18<sup>th</sup> November 2010
- CF 119 - Setting up of a Mechanical & Biological Treatment (MBT) Plant in the North of Malta  
Approved by Commission decision dated 25<sup>th</sup> November 2013
- CF 120 – National Flood Relief Project  
Approved by Commission decision 14<sup>th</sup> February 2013

### PA6

- ERDF 196 - Mater Dei Hospital Oncology Centre  
Approved by Commission decision dated 10<sup>th</sup> April 2012

### **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 revised public eligible cost of €46,447,990 following the contracting of the different works contracts, this project has involved the upgrading – mainly through reconstruction but also including the

new construction of an underpass - of key strategic sections of the Trans-European Transport (TEN-T) road network in Malta. In line with the key objective of the Trans-European transport network, that is to ensure the cohesion, inter-connection and inter-operability of the said network as well as the access to such network, the main aim of this project has been to establish improved links between nodes of communication and thus optimise the European connectivity of the Maltese islands. The improved road infrastructure invariably contributes to an improved functioning of the economic market both internally and externally and is also an essential factor in drawing investment and securing the free movement of passengers and goods, which will ultimately have a direct effect on the quality of life of the citizens and competitiveness.

The five (5) strategic sections of the Ten-T Network in Malta upgraded under this project are the main transport links to the Air Passenger Terminal in Gudja, the Sea Passenger terminal and Ro-Ro Terminal in the Grand Harbour, to several tourist areas in the northern part of Malta and the internal seaports at Ċirkewwa and Mġarr Ferry Terminal (Gozo), and the final link to Victoria, Gozo's capital city. Apart from the reconstruction, widening and re-alignment of roads and roundabout junctions, a one-way underpass has also been constructed in Marsa in order to improve access and connectivity between the Grand Harbour (a TEN-T port) and the TEN-T road network in Malta. In the implementation of the project, a number of horizontal priorities were also taken into consideration. Measures such as the construction of cycle-paths and the inclusion of street furniture which is user-friendly for people with physical disabilities have been undertaken in order to address the Equal Opportunities dimension. Other measures addressing Environmental Sustainability which have been undertaken under this project include the collection, re-use and filtering of road surface water run-off, the planting of new native trees and shrubs as compensation for trees that needed to be uprooted and the construction of traditional rubble walls. Moreover, as part of the energy savings measures undertaken under this project, an LED lighting system has been installed on each road section, together with the installation of LED signals on a number of traffic signal junctions and pelican crossings, thus resulting in lower energy consumption.

Throughout 2014, the Beneficiary continued focusing on the contractual closure of the works contracts under this project. In all, this project has resulted in the upgrading of 13.29km of stretches of road (which includes 0.88km of newly constructed road in the Marsa Underpass component) which were all operational by Q1 2014, thus over-achieving the output indicator target of 12km.

As regards the result indicators, the Beneficiary is currently carrying out studies to capture data on the indicators *Reduction in journey time* (target: 4 minutes 25 seconds) and *% reduction in traffic accidents in the areas of intervention* (target: 4.1 %) for reporting purposes. Moreover during 2014, the Beneficiary started preparations to undertake the Road User and Road Operator Surveys (ex-post), which surveys are now expected to be concluded in Q2 2015. These surveys will complement those already carried out prior to the commencement of the project and on the basis of which the Beneficiary will be in a position to provide feedback on whether the indicator *% increase in satisfaction rate of transport operators* (target :10%) has been achieved under this project. It should be noted that in order to be in a better position to measure this indicator and in order to capture the data resulting from the surveys

which have already been carried out before the commencement of the project, a change in the wording of this indicator is being proposed in the upcoming OP change. The wording of the new indicator which is being proposed is: *Perceived overall experience of transport operators/user*, with a target of '4'. Thus with this change and upon the finalisation of the Road User and Road Operator Surveys (ex-post), the Beneficiary will be in a position to analyse the perceived overall experience of transport users and operators, based on a number of criteria, inter alia, facilities, reliability, hygiene, safety/maintenance, comfort, etc. Rating will be based on a five (5) point scale where a score of one (1) indicates a very poor experience and a score of five (5) indicates a very good experience.

The below photos show the different stretches of road upgraded under this project which are all operational in Q1 2014.

**Figure 78 - Marsa Underpass – Sea Passenger Terminal Phase B**



**Figure 79 - Marsa Underpass and Diċembru 13 Road**



**Figure 80 - Council of Europe Road (1)**



**Figure 81 - Council of Europe Road (2)**



**Figure 82 - Garibaldi Avenue**





**Figure 83 - Marfa Road (1)**



**Figure 84-Marfa Road (2)**



**Figure 85 - Ta' Pennellu Mellieħa Bypass (1)**



**Figure 86 - Ta' Pennellu Mellieħa Bypass (2)**





Figure 87 - Ghajnsielem Road, Gozo (1)



Figure 88 - Ghajnsielem Road, Gozo (2)



The table below shows the project timetable for this Major Project. Table H.2.2 of Annex XXI for this Major Project forms part of Table 47 found later on in this Chapter.

**Table 41 - Project Timetable for CF 117**

	Start Date (A)	Completion Date (B)
Feasibility Studies	February 2004	November 2004
Cost-benefit Analysis (including Financial Analysis)	February 2004	August 2009
Environmental impact assessment <sup>197</sup>	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 <sup>198</sup>	February 2004	August 2009
Project 2 - Sea Passenger Terminal Access Road, Floriana/Marsa - Phase B	February 2004	September 2010
Project 3 - Marfa Road, Mellieħa	February 2004	August 2009
Project 4 - Mġarr Road, Gozo	February 2004	August 2009
Project 5 – Mellieħa By-pass, Mellieħa	February 2004	July 2010
Preparation of Tender documentation		
Project 1 – Council of Europe Avenue & Giuseppe Garibaldi Avenue, Luqa	October 2008	August 2009

<sup>197</sup> As per correspondence from the environmental authority dated 16<sup>th</sup> March 2009.

<sup>198</sup> 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.

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, Mellieħa	October 2008	August 2009
Project 4 - Mġarr Road, Gozo	October 2008	August 2009
Project 5 – Mellieħa By-pass, Mellieħa	August 2009	October 2010
Construction Management (for all five (5) projects)	October 2008	September 2009
Launch of tender procedure(s)		
<p>The procurement of works for the five (5) projects was carried out as follows:</p> <p><b>Tender 1</b> 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, Mellieħa (Project 3); Lot 4 – Mġarr Road, Għajnsielem/Xewkija/Victoria (Project 4).</p> <p><b>Tender 2</b> consisted of one (1) lot - Construction of an Underpass from Triq Diċembru 13 to Menqa Roundabout, Marsa.</p> <p><b>Tender 3</b> consisted of one (1) lot – Mellieħa by-pass, Mellieħa.</p> <p>One tender document was issued for Project Management of the five (5) 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, Mellieħa	October 2010	December 2010
Project 4 - Mġarr Road, Gozo	August 2009	November 2009
Project 5 - Mellieħa By-pass, Mellieħa	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
Road User & Operator Satisfaction Survey (Ex-post-construction)	May 2014	July 2014
7. Land acquisition	August 2006	July 2011
8. Construction phase / contract <sup>199</sup>		
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, Mellieħa	March 2011	April 2013
Project 4 - Mġarr Road, Gozo	March 2011	April 2013
Geotechnical Investigations for Project 2B	May 2009	December 2009
Project 2 - Sea Passenger Terminal Access Road – Phase B	November 2011	May 2015
Project 5 - Mellieħa By-pass, Mellieħa	November 2011	September 2014

<sup>199</sup> 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.

Construction Management (for all five (5) Projects)	March 2011	May 2015
Road User Satisfaction Survey (Pre-construction)	January 2010	June 2010
Road Operator Satisfaction Survey (Pre-construction)	January 2011	March 2011
Road User & Operator Satisfaction Survey (Ex-post-construction)	May 2015	June 2015
9. Operational phase <sup>200</sup>		
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, Mellieħa	December 2012	December 2032
Project 4 - Mġarr Road, Gozo	December 2012	December 2032
Project 2 - Sea Passenger Terminal Access Road – Phase B	April 2014	April 2034
Project 5 - Mellieħa By-pass, Mellieħa	April 2013	April 2033

### **CF 118: Rehabilitation and Restoration of Closed Landfills**

Falling under PA 5, this Major Project with a revised public eligible value of €16,687,171 following the contracting of most contracts and the implementation of a number of works' contracts, addresses the waste management scenario in Malta which was heavily dependent on uncontrolled landfills. Given the small land area of Malta, together with the significant environmental problems arising from the presence of such landfills within the limited land area available, including amongst others, human health hazards, this project which targets the restoration and/or rehabilitation of three (3) landfills –two (2) in Malta (Magħtab and Marsaskala) and one in Gozo (Qortin) – has a positive impact on both Malta's competitiveness, especially in the tourism sector, as well as on the quality of life of its citizens.

<sup>200</sup> 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.

The rehabilitation and restoration of the Magħtab landfill and the Qortin landfill consists of the installation of an engineered capping to better control gas emissions and reduce rainfall infiltration, together with the placement of sub-soil and top-soil plantation of indigenous Maltese plants on the two (2) sites in question. This project will notably improve the socio-economic environment of the Maltese Islands, amongst others, through: the reduction in the visual impact associated with an uncontrolled landfill site; the improvement in the control of aerial emissions of landfill gases (methane) and combustion gases; and the reduction in the leachate volume produced and consequent impacts on nearby groundwater quality at Magħtab.

Another component of this project involves the rehabilitation of the already closed landfill in Marsascala from a derelict area to allow its beneficial reuse by the community. This component is already complete and was made available for community use in 2013.

Whilst works involving the rehabilitation of the already closed landfill in Marsascala were concluded in 2013, works on the other two (2) landfills were still ongoing during 2014. In fact, during this year, the capping works at Magħtab and Qortin were finalized whilst approximately 90% of the total area of landfills was rehabilitated, achieving the result indicator of rehabilitating 0.3 km<sup>2</sup> of landfilled area. Moreover, in 2014 the Beneficiary also embarked on a number of final procurement procedures in order to implement the remaining works in 2015, including, the installation of a chain link fence and the construction of a reservoir and leachate tank at Magħtab, and the construction of a reservoir at Qortin.

Although the project is not yet fully complete, it has achieved all the target Programme Indicators. The output indicator *no. of waste projects* (target: 1) and *no. of landfills rehabilitated* (target: 3) have been achieved through the rehabilitation of three (3) landfills, these being the Marsaskala, Magħtab and Qortin landfills. The result indicator of rehabilitating 0.3 km<sup>2</sup> of landfilled area has also been achieved through the rehabilitation of the aforementioned three (3) landfills. Moreover, even the impact indicator target of twenty-four (24) new direct jobs created has been over-achieved, in that thirty (30) jobs have been created as a result of this project.

The photos below show the progress achieved on different components under this project.



**Figure 89 - Magħtab Phase II - Storm-Water Culvert and Planted Slope in Sector B**



**Figure 90 - Magħtab Phase II - Plateau in Sector D**



**Figure 91 - Qortin - Lower Access Road and Storm-Water Gutter below Upper Retaining Walls**





**Figure 92 - Qortin - Upper Access Road, Landscaping on Slopes and Storm-Water Gutter**



**Figure 93 - Qortin - Lower and Upper Access Roads, Landscaping on Slopes, Storm-Water System (gutter and soak-away)**



**Figure 94 - Marsascale Family Park (1)**

The table below shows the project timetable for this Major Project. Table H.2.2 of Annex XXI for this Major Project forms part of Table 47 found later on in this Chapter.

**Table 42 - Project Timetable for CF 118**

	<b>Start date (A)</b>	<b>Completion date (B)</b>
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
<b>5. Preparation of Tender documentation:</b>		
(a) Magħtab Phase I	February 2009	April 2010
(b) Magħtab Phase II	January 2011	November 2011
(c) M'Scala Works	December 2009	October 2011

(d) Qortin Works	January 2011	November 2011
(e) Enabling Works for Magħtab/M'Scala/Qortin	January 2010	April 2012
(f) Magħtab Reservoir and Storm Water Culvert	March 2013	April 2014
(g) Qortin Reservoir	October 2013	April 2014
(h) Leachate Tank Reservoir at Magħtab	April 2013	May 2014
(i) Chain Link Fence for Magħtab	July 2013	April 2014
(j) Construction works on the silt pond infiltration system at Magħtab	September 2013	October 2014
<b>6. Expected launch of tender procedure(s)</b>		
(a) Magħtab Phase I	May 2010	July 2010
(b) Magħtab Phase II	December 2011	February 2012
(c) M'Scala Works	October 2011	November 2011
(d) Qortin Works	December 2011	January 2012
(e) Enabling Works for Magħtab/M'Scala/Qortin	April 2010	June 2012
(f) Magħtab Reservoir and Storm Water Culvert	April 2014	June 2014
(g) Qortin Reservoir	April 2014	June 2014
(h) Leachate Tank Reservoir at Magħtab	May 2014	July 2014
(i) Chain Link Fence for Magħtab	May 2014	July 2014
(j) Construction works on the silt pond infiltration system at Magħtab	November 2013	November 2013
<b>7. Land acquisition:</b>	N/A	N/A

8. Construction phase / contract:		
(a) Magħtab Works Phase 1	August 2011	November 2013
(b) Magħtab Works Phase 2	April 2013	December 2014
(c) Marsascale Works	April 2012	November 2013
(d) Qortin Works	October 2012	August 2014
(e) Enabling Works for Magħtab /M'Scala/Qortin	April 2010	October 2012
(f) Magħtab Reservoir and Storm Water Culvert	August 2014	September 2015
(g) Qortin Reservoir	August 2014	August 2015
(h) Leachate Tank Reservoir at Magħtab	August 2014	September 2015
(i) Chain Link Fence for Magħtab	August 2014	September 2015
(j) Construction works on the silt pond infiltration system at Magħtab	May 2014	August 2014
<b>Operational phase (locally funded)</b>	2015	Onwards

### ***CF 119 - Malta North Waste Treatment Facility***

This Major Project which was approved by the Commission in November 2013 contributes to the further development of waste management practices and the implementation of the 'Solid Waste Management Strategy for the Maltese Islands' by safeguarding the natural and urban environment in Malta. This will be undertaken through the implementation of a Mechanical and Biological Treatment (MBT) plant. The use of an MBT plant, which sorts waste mechanically allowing the removal of some recyclable materials that can eventually be re-used, will reduce the health risks typically associated with such operations, improve the environmental conditions in general as well as reduce the demand for new resources. In fact, the treatment of waste through the MBT plant will reduce contaminated land and thus will reduce the demand of public funds for the rehabilitation of such sites. Furthermore, the MBT technology also allows the production of energy through the separation and treatment of food waste and the production of refuse derived fuel. This also reduces waste going to the landfill in line with the established targets to meet the Landfill Directive whilst prolonging the life of the current landfill in Għallis, thus delaying/decreasing the need to commission a new landfill site. With the component related to the



generation of energy, the plant is expected to bring about a reduction in greenhouse gas (GHG) emissions whereby emissions will be reduced from the landfill as gases will be captured in the digestion plant. Furthermore, there will be a reduction of emissions that would have been produced in the energy-generation process by producing energy from the Combined Heat & Power plant as part of the MBT plant rather than through fossil fuels.

With this project, all municipal solid waste will be treated before it is landfilled resulting in the effective contribution towards the EU Landfill Directive (119/31/EC), Packaging and Packaging Waste Directive (94/62/EC) and the Waste Framework Directive (2001/12/EC). The project in itself addresses Environmental Sustainability in that apart from addressing the aforementioned EC Environmental Directives, it mitigates against GHG emissions through the measures already explained above. In terms of Equal Opportunities, whilst the design of the MBT plant was carried out in consultation with the national entities responsible for the promotion of equality, the Beneficiary will also ensure that any advertising and marketing measures related to this project shall be free from any stereotyping.

The main design and build tender for this project was contracted in December 2013 and works commenced in January 2014. During the year under review, the works on site were related to excavations, the construction of underground reservoirs, and the erection and cladding of the main sheds together with the assembly of the anaerobic digestion tanks. In 2014, the Beneficiary identified minor ancillary works needed in the implementation of the project. The Monitoring Committee held in November 2014 was informed on the request to include such ancillary works as part of the project and subsequently the Beneficiary started preparing the necessary tender procedures. All works on this project, including the latter, are expected to be concluded by end of 2015.

Through this project, the output indicator *No. of waste projects* (target: 1) has been achieved. However, the result indicator of *Landfill volume saved on an annual basis as at 2015 (m<sup>3</sup>)* (target: 58,138 m<sup>3</sup>) and that of *Total RES recovered from waste by 2015* (target: 8 GWhrs/a from Municipal Solid Waste Phase I)) as well as the impact indicators linked to the number of jobs created and the environment weighted average are only expected to be achieved once the MBT plant is fully operational.

The photos below show the progress achieved on this project as at end 2014.

**Figure 95 – Screen**



**Figure 96 – Pulpers**



**Figure 97 - Compost Shed**



**Figure 98 - Anaerobic Digestion Tanks**





**Figure 99 - Compost Shed and Dewatering**



**Figure 100 - Tank Farm**





**Figure 101 - Aerial Photo of Project Site**

The table below shows the project timetable for this Major Project. Table H.2.2 of Annex XXI for this Major Project forms part of Table 47 found later on in this Chapter.

**Table 43 - Project Timetable for CF 119**

	Start date (A)	Completion date (B)
<b>1. Feasibility studies:</b>	July 2010	September 2012
<b>2. Cost-benefit analysis (including financial analysis):</b>	July 2010	September 2012
<b>3. Environmental impact assessment:</b>		
3.i Drafting and submission of Environmental Impact Assessment to Malta Environment & Planning Authority (MEPA)	April 2010	September 2011
3. ii. 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

<b>4. Design studies:</b>		
4.i Studies	May 2010	February 2012
4. ii. Formal Submission and approval of EU Application by European Commission	March 2013	November 2013
<b>5. Preparation of Tender/Call documentation:</b>		
5.i Tender for EPCM consultancy service for construction of MBT	May 2009	September 2009
5.ii DBO tender MTP & AD including vetting by the Department of Contracts	March 2011	December 2012
5.iii Supply of mobile plant	May 2014	July 2014
5.iv Engagement of Site Supervisor (Assistant Architect)	May 2014	June 2014
5.v Tender for the preparation works for the construction of the access infrastructure	July 2014	September 2014
5.vi Tender for Project Management during construction of the access infrastructure	November 2014	September 2014
<b>6. Expected launch of Tender/Call procedure(s) including evaluation and adjudication of respective tender*</b>		
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	August 2014	February 2015
6.iv Engagement of Site Supervisor (Assistant Architect)	June 2014	July 2014
6.v. Tender for the preparation works for the construction of the access infrastructure	November 2014	March 2015
6.vi Tender for Project Management during construction of the access infrastructure	December 2014	March 2015

<b>7. Land acquisition:</b>	N/A	N/A
<b>8. Construction phase/contract:</b>		
8.i Tender for EPCM consultancy service for construction of MBT	March 2010	November 2015 <sup>201</sup>
8.ii DBO tender MTP & AD	January 2014	October 2015 <sup>202</sup>
8.iii Tender for supply of mobile plant	March 2015	September 2015
8.iv Engagement of Site Supervisor (Assistant Architect)	September 2014	November 2015
8.v. Tender for the preparation works for the construction of the access infrastructure	March 2015	September 2015
8.vi Tender for Project Management during construction of the access infrastructure	March 2015	September 2015
8.vii Publicity Campaign Contract	July 2014	November 2015
8.viii Purchase of Electrical Equipment and Cables for Substation Rooms	November 2014	September 2015
<b>9. Operational phase:</b>		
<b>MTP<sup>203</sup></b>	November 2015	November 2029
<b>AD<sup>204</sup></b>	November 2015	November 2029

### **ERDF 196 - Mater Dei Hospital Oncology Centre**

In line with the OP objective, this Major Project is set to improve the quality of life of the local community in the area of oncology. Following the approval of this Major Project in April 2012, the plans to embark to provide a modern oncology facility as an extension to the present Mater Dei Hospital were set into motion. With a revised public eligible value of €42,298,462, this Oncology Centre will offer advanced

<sup>201</sup> Excluding the period of twenty-four (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 06/12/2017.

<sup>202</sup> Excluding finishing works and twenty-four (24) months operational commissioning.

<sup>203</sup> Date when twenty-four (24) months operational commissioning commences; issuing of final certificate expected on 22<sup>nd</sup> November 2017.

<sup>204</sup> Date when twenty-four (24) months operational commissioning commences; issuing of final certificate expected on 24<sup>th</sup> November 2017.

cancer treatment modalities through the increase in number of oncology patient beds as well as the expansion of the current day care facilities and out-patients clinic. It will also include a new service through the establishment of a palliative care unit focusing on optimal symptom control, psychological, social and spiritual support.

Given that diagnosis and treatment of cancer has a tremendous impact on the quality of patients' lives and on that of their families and carers, the Oncology Centre has been designed with the aim of contributing directly towards longer patient survival rates and a better quality of life. In this regard, the project also aims to assist family and friends of cancer patients by reducing the burden of seeking the private curative and palliative treatments which will now be provided by the Oncology Hospital.

Statistics show that almost 1400 Maltese residents develop cancer each year with around seven hundred 700 deaths being attributed to cancer. This is reflective of around 25% of all deaths annually in Malta. Moreover, the number of patients living with cancer is expected to rise due to earlier diagnosis whilst improved treatment and longer survival is also expected to increase due to an ageing population. Thus, accommodating around ninety-six (96) additional new beds, the new Oncology Centre - covering a floor area of approximately 22,000 m<sup>2</sup> - is expected to address these factors. Moreover, this project seeks to improve upon the current service-provision thus potentially reducing the need for extended hospitalisation. In fact, this project, which will be physically and organisationally inter-connected to the Mater Dei Hospital, will be divided into four (4) functional areas: the inpatient area, the outpatient area, the treatment areas (including radiotherapy treatment) and the anaesthesia procedures facilities, with additional spaces for clinical and non-clinical support services.

This Major Project will also increase research opportunities as a result of providing modern equipment with sufficient capacity to cater for more clinical trials, and thus offer the opportunity to act as a teaching hospital that provides clinical educational and training to future and current medical staff.

In order to address Environmental Sustainability issues, the project will include investments in environmentally-friendly technologies such as a fresh air ventilation system, the installation of photovoltaic panels on the roof as well as rain-water collection and treatment of grey 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. Other energy-saving investments undertaken under this project include, amongst others, a Building Management System to optimise the environment or energy usage, controlled ventilation through a closed window policy to limit infiltration air, and lifts which use regenerative braking which shall feedback in the electrical system the energy that would have otherwise been wasted as heat in the conventional friction braking system.

Whilst the majority of the works tenders under this project were contracted prior to 2014, during the year under review the Beneficiary continued to issue most of the remaining supplies and subsidiary works contracts. The problems encountered during these procurement processes will be discussed further on in this Chapter. Major developments in 2014 were the completion and taking over of the outpatients' area, accommodating the hospital's first patients in December 2015, the hospital reception

and the link bridge to Mater Dei Hospital. Works in the linear accelerators bunkers' area, the wards and the external areas were also advanced whilst two (2) linear accelerators were delivered and installed. Works on the rest of the site continued during 2014 and efforts to accelerate works on the ground, including intense coordination between the different contractors involved in the project, were undertaken across the board. Completion of the project is expected in 2015.

This project is targeting the output indicators *No. of health projects* (target: 1) which has been achieved whilst the result indicator *No. of new services offered in the health sector* (target: 1) will be deemed to be achieved once the project is completed and becomes fully operational. In the same manner, *the result indicator % of total patients (within intervention area) using new/upgraded equipment/services* (target: 60%) will be recorded once the Oncology Centre is operational.

The project will also contribute to Output and Result indicators linked to Renewable Energy Sources and Energy Efficiency and the achievements will be recorded once the project is fully completed. The expected target to be achieved in terms of annual penetration rate of installed PV in kWp/annum is 101 kWp/annum and in the case of total annual electricity generated, the target is 160 MWh/annum. The other result indicator of *Total energy savings per year (MWh/annum)* has a target of 3278 MWh/annum.

The impact indicator related to the number of jobs created (96) has been partially achieved in that forty six (46) jobs have been created so far. This indicator, together with the impact indicator related to the quality of life weighted average, is expected to be fully achieved once the Oncology hospital is fully operational.

The below photos show stages of implementation of different components included under this project.

Figure 102 - Main Entrance Area at V3 Level 10



**Figure 103 - Nurse Station at Outpatient Area at V1 Level 11**

The table below shows the project timetable for this Major Project. Table H.2.2 of Annex XXI for this Major Project forms part of Table 47 found later on in this Chapter.

**Table 44 - Project Timetable for ERDF 196**

	Start date (A)	Completion date (B)
1. Feasibility and Options Analysis (included in CBA)	October 2009	March 2011
2. Cost-benefit Analysis (including Financial Analysis)	October 2009	March 2011
3. Environmental Impact Assessment <sup>205</sup>	N/A	N/A

<sup>205</sup> 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.

4. Design Studies	January 2009	September 2009
5. Preparation of Tender Documentation		
Bulk excavations	August 2009	October 2009
Design, Development & Build	May 2009	October 2010
Surface Car Park	February 2014	October 2014
Rock Gap Feature	April 2014	April 2015
Construction of Bunkers	May 2007	August 2007
Furniture and loose fittings <sup>206</sup>	April 2011	January 2015
ICT Equipment <sup>207</sup>	April 2012	August 2014
Medical Equipment	February 2010	March 2011
MRI Machine	July 2012	July 2013
Landscaping works	September 2012	March 2014
PV and energy saving measures	August 2013	April 2014
Electrical Substation	May 2009	April 2013
6. Expected / Launch of Tender Procedure(s) <sup>208</sup>		
Bulk excavations	November 2009	January 2010
Design, Development & Build	November 2010	February 2011
Surface Car Park	October 2014	November 2014
Rock Gap Feature	April 2015	June 2015
Construction of Bunkers	August 2007	November 2007
Furniture and loose fittings	April 2013	February 2015

<sup>206</sup> This includes tenders for storage and logistics, tools and other equipment, furniture and ancillary items, appliances and ancillary items, domestic electric appliances and electronic equipment.

<sup>207</sup> This includes CISCO Network Active Equipment and Installation of Wireless Equipment, HP Network Active Equipment, Uninterruptable Power Supply Systems, Information Technology Equipment & Peripherals.

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



ICT Equipment	April 2014	September 2014
Medical equipment	April 2011	July 2011
MRI Machine	August 2013	October 2013
Landscaping works	April 2014	May 2014
PV and energy saving measures	April 2014	May 2014
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	July 2015
Surface Car Park	February 2015	September 2015
Rock Gap Feature	June 2015	September 2015
Construction of Bunkers	July 2010	August 2015
Furniture and loose items	August 2014	September 2015
ICT equipment	August 2014	September 2015
Medical equipment	September 2012	September 2015
MRI Machine	April 2014	September 2015
Landscaping works	November 2014	September 2015
PV and energy saving measures	July 2014	September 2015
Electrical Substation	February 2014	August 2015
9. Operational Phase <sup>209</sup>	December 2014 <sup>210</sup>	December 2030

<sup>209</sup> 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.

<sup>210</sup> The Oncology Hospital partially opened in December 2014 to accommodate its first patients.

**CF 120 – National Flood Relief Project (NFRP)**

Within the context of climate change and global warming, the increased urbanisation of valleys and water basins in Malta, and the increase of the phenomenon of flash flooding in heavy storms during the autumn and winter months, risk prevention has become a major priority for Malta. The development of infrastructural solutions to address the incidence of high storm water volumes was thus considered under OPI. With a total public eligible cost of €42,844,902, the National Flood Relief Project (NFRP) will provide the necessary storm water management infrastructure in Malta. Flood events result in economic, environmental and public health risks, over and above material damages and this has an impact on Malta's competitiveness.

The project involves the construction of a network of underground tunnels, canals and bridges to provide a better storm water drainage infrastructure for the worst-hit areas in Malta, particularly the catchment areas of: Birkirkara/Msida/Gzira, Zebbuġ, Qormi/Marsa and Zabbar/Marsascale. It will address flooding problems holistically at a catchment level, and also regionally by managing run-off across catchments. The project goes beyond the local problem focus, as it addresses different problem areas by connecting storm water solutions of adjacent basins together, in order to achieve greater cost-effectiveness and hydraulic efficiency in these areas whilst optimising the scope for future water conservation. Furthermore, the reduction in floods resulting from this project will also bring about a decrease of social losses, as well as a reduction of direct damage to buildings, and of indirect and secondary damages, such as those related to economic activities and traffic disruption.

In terms of Sustainable Sustainability, whilst preventing damages caused in flood-prone areas, the project aims to collect run-off water and explore the potential of its re-use, whilst mitigating the impacts of flash-flooding. The project also aims to ensure that storm water which reaches the sea is of a better quality, since the discharge points will be predetermined, manageable and reduced in numbers. It is also expected to contribute towards the better management of the water course of the valleys and the eco-system that they support. Finally, a pilot project for testing the viability of water conservation is one of the components being considered within the project.

In terms of implementation on the ground, by end 2014 the Zebbuġ and Qormi/Marsa tunnels and canals were fully operational and the infrastructure developed in these two (2) catchment areas has already minimised damages caused by storm water and reduced the effects caused by flash flooding. The remaining works on the other catchment areas are expected to be completed and operational by Q3 2015.

In terms of the project's contribution towards the Programme Indicators, the project targets the output indicator *number of storm water management projects* which has been achieved. With respect to the result indicator *m<sup>3</sup> of new rainwater retention and storage capacity in catchment areas* (target: 300,000) the project has achieved 100,000 m<sup>3</sup> of new stored rainwater with the construction of the Gzira

Reservoir. On completion of the project it is expected that the target of 300,000 m<sup>3</sup> will be achieved. With respect to the impact indicator linked to *CO<sub>2</sub> equivalent emissions*, the re-use of rainwater is expected to contribute to 805,000 kg of CO<sub>2</sub> emissions saved. This target is also expected to be achieved once the infrastructure is fully operational.

As regards the result indicator *Frequency of flooding within areas of intervention* (target: 1 every 5 years) as well as the impact indicator *No. of jobs created* (target: 3), these are also expected to be achieved once the project is completed and fully operational.

The photos below show different components forming part of this project implemented in 2014.

**Figure 104 -Birkirkara Trunk 3 Levelling of Floor for Concrete**



**Figure 105 - Trunk 3 Reinforcement**





**Figure 106 - Ta' Xbiex Outlet Construction**



**Figure 107 - Zabbar Shaft A**



The table below shows the project timetable for this Major Project. Table H.2.2 of Annex XXI for this Major Project forms part of Table 47 found later on in this Chapter.

**Table 45 - 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-Ta Xbiex	February 2010	October 2010
Part 2 – Gzira Reservoir		
Part 3 – Marsa Bridges and Canals		
Part 4 – Tunnel: Marsa-Zebbuġ		
Project Scheme 2		
Part 5 – Tunnel: Marsascula-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-Ta Xbiex	May 2011	October 2011
Part 2 – Gzira Reservoir	September 2010	September 2011
Part 3 – Marsa Bridges and Canals	April 2011	October 2011
Part 4 – Tunnel: Marsa Zebbug	December 2010	May 2011
Project Scheme 2		
Part 5 – Tunnel: Marsascalea-Zabbar	March 2012	December 2012
NFRP Equipment		
Part 6 – Supply of Machinery	May 2013	December 2014
7. Land Acquisition	May 2010	November 2014
8. Construction Phase / Contract		
Supervision Overall Project (Resident Engineer)	February 2012	June 2015
Construction phase Project Scheme 1		
Part 1 - Tunnels: Birkirkara/Msida-Gzira-Wied Inċita	March 2012	August 2015
Part 2 – Gzira Reservoir	March 2012	October 2013
Part 3 – Marsa Bridges and Canals	November 2012	September 2014
Part 4 – Tunnel: Marsa-Zebbug	March 2012	December 2014
Construction phase Project Scheme 2		
Part 5 – Tunnel: Marsascalea-Zabbar	January 2013	May 2015
NFRP Equipment		
Part 6 – Supply of Machinery	October 2013	June 2015
9. Operational Phase	June 2015	June 2044

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

This Major Project, with a total project public eligible value of €49,840,345, is the second part of the road infrastructure works on the TEN-T network for the programming period 2007-2013, complementing another Major Project (CF 117: *Improving the TEN-T Road Infrastructure (Phase 1)*) described in more detail above. Similar to CF 117, this project is intended to contribute towards the cohesion, inter-connection and inter-operability of the Trans-European transport network, optimising the European connectivity of the Maltese islands. With improved road infrastructure within the TEN-T network, this project is aiming to contribute towards securing the free movement of passengers and goods in the European Union, ultimately resulting in a better quality of life of the citizens and the generation of economic growth.

Formally approved by the Commission on 11<sup>th</sup> June 2013, this project entails the reconstruction and upgrading of the Salina Coast Road, which is an important road link in the transport network in Malta. This project will result in an additional 7.3 km of road network. Such strategic connectivity will link the centre of Malta to the northern part of the island contributing towards a reduction in journey time. Reduced journey time enhances productivity and competitiveness particularly in an economy which is highly dependent on services sectors. In this regard, this project is expected to improve the traffic load in the area and as a result reduce delays and provide better transport arrangements which would allow improved time management for individuals. The upgrading of the road and junctions and the construction of new roundabouts will thus allow for better traffic flow and will reduce the traffic queues experienced at the junctions. Traffic flow improvement during peak hour, apart from saving time for road users, will also reduce the daily fuel costs and vehicle maintenance costs.

This project is also a necessary precondition for increased road safety. The previous road profile had several instances where the curve radii were tight and did not have the required radius for reasonable design speed. At other locations, the horizontal and vertical profile presented unsafe situations in which the limited sight lines and resulting stopping sight distance were not adequate for design speeds of 60 and 70 km per hour. As a result, the accident level in several instances of the road stretch was high and the upgraded road is therefore expected to reduce the accidents in this road. Moreover, safety will also be improved with the introduction of the continuous footpaths and physical separation between the traffic travelling in opposing directions. The road will also become safer through better lighting, adequate bus lay-bys and bus stops, as well as cycle lanes. Furthermore, the construction of new roundabout and upgrading of existing junctions and roundabouts is expected to provide a safer access to motorists on minor arms entering and exiting the arterial road.

Over and above the measures outlined above, the project is expected to address the horizontal priority of Equal Opportunities by increasing the accessibility for the disabled, the elderly and families with young children through the provision of wider pavements and additional paving at pelican crossings which enable the transition of pedestrians with wheel-operated equipment such as pushchairs and /or wheelchairs. The project also includes measures addressing Sustainable Development, not only through the achievement of better air quality and reduction of emissions through the improved smoother



flow of traffic, but also through the recycling and reuse of excavated material and construction waste resulting from the works as well as through the upgrade of road drainage facilities and improved water resource management through the construction of storm water reservoirs.

Works on the ground on this project started in April 2014 and by the end of the year, tangible progress on the project was made. Works commenced with the widening of several areas along the Salina Coast Road, including the site clearance of several areas, the uprooting and transplanting of trees and shrubs followed by the removal of top soil and agricultural soil mainly on the landside of the Project. Consequently, rock excavations were carried out up to the required levels to ensure that the proposed utility services could be implemented beneath the road build-up. In various stretches the primary works were also carried out whilst the preparations for the road formation were carried out. It should be noted that several archaeological findings which materialised when carrying out excavation works, which necessitated the intervention of the Superintendence of Cultural Heritage, have however resulted in delays on works on the ground. Nonetheless the project is still expected to be concluded in 2015.

The output indicator of 7.3km of road upgraded has not yet been achieved given that the works on this project are still ongoing but is expected to be achieved once the project is concluded. The result indicators of *Reduction in journey time* (target: 3.12 minutes) and *% reduction in traffic accidents in areas of intervention* (target: 47%) can only be measured once the road is completed and fully operational.

The Beneficiary has already embarked on a survey to measure the satisfaction rate of transport users/operators before the commencement of the project, and complemented with an ex-post survey, the resultant data will be used to measure the *indicator % increase in satisfaction rate of transport operators* (target - 10%). However, as already explained earlier in this Chapter during the assessment of the indicators under CF 117, it should be noted that in order to be in a better position to measure this indicator and in order to capture the data resulting from the surveys which have already been carried out before the commencement of the project, a change in the wording of this indicator is being proposed in the upcoming OP change. The wording of the new indicator which is being proposed is: *Perceived overall experience of transport operators/user*, with a target of '4'. Thus with this change and upon the finalisation of the Road User and Road Operator Surveys (ex-post), the Beneficiary will be in a position to analyse the perceived overall experience transport users and operators by using a rating based on a (5) five point scale, where a score of one (1) indicates a very poor experience and a score of five (5) indicates a very good experience.

The below photos show the status of work on different components under this project as at end 2014.

**Figure 108 - Phase 1: Road Works leading to the Buġibba Junction**



**Figure 109 - Phase 1: Road Works leading to the Magħtab Junction (1)**



**Figure 110 - Phase 1: Road works leading to the Magħtab Junction (2)**



**Figure 111 - Phase 2: Installation of Utility Services**

The table below shows the project timetable for this Major Project. Table H.2.2 of Annex XXI for this Major Project forms part of Table 47 found later on in this Chapter.

**Table 46 - Project Timetable for CF 125**

	Start Date (A)	Completion Date (B)
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 Permits:	August 2008	August 2012

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 2015	August 2015
6. Expected launch of Tender Procedure(s): <sup>211</sup>		
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

<sup>211</sup> The completion date in this section includes the period required for the adjudication of tender.

Road User & Operator Satisfaction Survey (Post-construction)	August 2015	September 2015
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 <sup>212</sup>	April 2014	June 2015
Works Salina Coast Road Phase II <sup>213</sup>	April 2014	June 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)	September 2015	March 2016
9. Operational Phase: <sup>214</sup>		
Salina Coast Road phase I	July 2015	July 2040

<sup>212</sup> Start date is taken as the date of the order to start works. Completion date is within a period of seventy-eight (78) weeks from order to start works, including twenty-four (24) weeks for closure and up to issue of provisional acceptance certificate.

<sup>213</sup> Start date is taken as the date of the order to start works. Completion date is within a period of eighty (80) weeks from order to start works, including twenty-four (24) weeks for closure and up to issue of provisional acceptance certificate.

<sup>214</sup> Start date of operational phase is taken to be date of completion of the actual works, estimated as fifty-four (54) weeks for Phase I and fifty-six (56) weeks for Phase II. The project has a reference period of twenty-five (25) years.



Salina Coast Road Phase II	July 2015	July 2040
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#### 04.1.2 Progress in the Financing of Ongoing Major Projects

**Table 47 - Sources of Co-financing 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	€6,967,198	Nil	€19,617,500	Nil
CF 118 - Rehabilitation and Restoration of Closed Landfills	€22,043,615	€14,184,095	€2,503,076	Nil	€5,356,444	Nil
CF119 – Malta North Waste Treatment Facility	€54,275,131	€25,712,903	€4,537,571	Nil	€24,024,657	Nil
CF 120 – National Flood Relief Project	€50,711,869	€36,418,167	€6,426,735	Nil	€7,866,967	Nil
CF 125 - Improving the TEN-T Road Infrastructure (Phase II)	€57,064,741	€42,364,294	€7,476,052	Nil	€7,224,396	Nil

ERDF 196 – Mater Dei Oncology Centre	€50,499,626	€35,953,692	€6,344,769	Nil	€8,201,164	Nil
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The table below 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 2014, of the major projects approved by the Commission.

**Table 48 - Financial Situation of Major Projects**

Project No. and Name	Total Public Eligible	Contracted	Disbursed		Verified		Certified	
			EU	MT	EU	MT	EU	MT
CF 116 - Malta South Sewage Treatment Infrastructure	€67,966,870	€67,966,870	€57,771,839	€10,195,030	€57,771,839	€10,195,030	€57,771,839	€10,195,030
CF 117 - Improving the TEN-T Road Infrastructure (Phase I)	€46,447,990	€44,147,049	€37,249,395	€6,573,423	€36,723,718	€6,480,656	€36,723,718	€6,480,656
CF 118 - Rehabilitation and Restoration of Closed Landfills	€16,687,171	€13,056,240	€9,414,498	€1,661,382	€8,721,457	€1,539,081	€8,721,457	€1,539,081
CF119 – Malta North Waste Treatment Facility	€30,250,474	€27,493,773	€13,671,536	€2,412,624	€10,665,274	€1,882,107	€10,665,274	€1,882,107



CF 120 – National Flood Relief Project	€42,844,902	€38,993,246	€26,926,153	€4,751,674	€24,336,964	€4,294,758	€24,336,964	€4,294,758
CF 125 - Improving the TEN-T Road Infrastructure (Phase II)	€49,840,345	€49,667,131	€17,829,044	€3,146,302	€14,688,611	€2,592,108	€14,688,611	€2,592,108
ERDF 196 – Mater Dei Hospital Oncology Centre	€42,298,462	€38,149,949	€27,570,938	€4,865,460	€24,651,058	€4,350,187	€24,651,058	€4,350,187

## 04.2 Completed Major Projects

### 04.2.1 CF 116 – Malta South Sewage Treatment Infrastructure

With the completion of this project 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.

This project involved a number of different components including: 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. It was fully operational in June 2011 but the project completion was delayed until June 2012 in order to complete pending administrative requirements and tasks, in particular the processing of payments.

This project has achieved all the Programme targets related to output, result and impact indicators. As regards 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 waters*<sup>215</sup> 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 (2) result indicators are of particular importance for Malta since their achievement reflects the improvement in the bathing water quality of the 5 km coastline extending between Ricasoli and Marsascala in line with the bathing Water Directives 76/160/EEC and 2006/7/EEC. In addition to these results, this project has also contributed significantly to the impact indicator related to job creation in that it has also created twenty (20) new jobs.

Thanks to these achievements, this project has 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.

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.

<sup>215</sup> 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.

**Table 49 - 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	57,771,839	10,195,030		12,106,284	10,497,821

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

Since CF 116 was completed fully operational in 2011 and fully implemented in 2012, problems related to the implementation of this major project were presented in earlier Annual Implementation Reports.

### ***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***

As already indicated in this chapter, out of the seven (7) Major Projects identified within OPI, CF 116 was completed in 2012 whilst CF 117 and CF 118 were at an advanced stage of implementation in 2014. The other four (4) Major Projects registered significant progress in 2014 and it is expected that all projects will be implemented by the end of the Programming Period, with the expected results to be achieved as committed to in the respective Grant Agreements. The progress in the implementation of the Major Projects has been achieved through the combined efforts of the Beneficiaries and all the stakeholders involved in the implementation and monitoring process. The overall achievement of results and project objectives will be better assessed once all Major Projects are completed and become operational.

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## 05. Technical Assistance

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### ***05.1 Explanation of the use made of Technical Assistance***

#### **05.1.1 Introduction**

During the eight (8) years of implementation of Operational Programme (OP) I, Technical Assistance (TA) has been essential to ensure the smooth efficient administration and implementation of the 2007-2013 Programme by financing the monitoring, evaluation, information and control activities of the Programme together with activities to reinforce the administrative capacity. Approvals for actions and activities granted under TA were in line with Article 46 of Council Regulation No 1083/2006, and were used by the Managing Authority (MA) and all relevant stakeholders involved in the implementation of structural funds.

#### **05.1.2 Implementation of Cohesion Policy**

As implementation of the OP continued in 2014, similar to what occurred in previous years, 2014 saw an introduction of new officers within the MA, the IBs as well as within other stakeholders. Consequently, the contracted amount under TA relating to staff costs increased during 2014. This increase continued to reinforce the administrative capacity of the public administration in the implementation of the OP.

As the programme expenditure increases more monitoring and control work is undertaken by the MA in line with Article 60 of the General Regulation and Article 13 of the Implementing Regulation. In this regard and in order to cope with an increased work load and the intensification of management verifications checks, TA funds were committed to finance external expertise in order to support the MA in carrying out its functions and fulfil its obligations in line with the regulations and its own procedures.

Other expertise required in the implementation was also contracted in 2014. This included the services of a lawyer to provide legal assistance to the MA and the contracting of services to carry out inspection and verification services on Renewable Energy Sources & Energy Efficiency Measures.

Furthermore, TA funds were also utilised to support the process for the selection of operations (Articles 60, 63-68 of Regulation (EC) 1083/2006) and monitoring activities linked to the implementation of the OP. With regards the latter this includes the organisation of the monthly bilateral meeting at Ministerial level during which projects are followed closer to clear bottlenecks, the organisation of two Monitoring Committee meetings held in June and November 2014, the holding of the Inter-Ministerial Co-ordination Committee (IMCC) meeting held in February 2014 intended to ensure coordination amongst all funds and the monitoring of double funding between Cohesion Policy funding schemes as well as National/other EU funded schemes as well as the holding of Senior Management meeting held in March 2014 to map out the monitoring requirements for the year ahead.

Finally, in terms of monitoring, during the year under review TA also continued to fund costs in relation to the Structural Funds Database (SFD), which is the main monitoring tool utilised in the implementation of cohesion policy. In this regard, system enhancements on the SFD 2007-2013 continued to optimise the system's performance in order to ensure its efficiency. Furthermore, in accordance with Article 74 of EC 1303/2013, TA is also financing the development of the Management Information System to be used for the 2014-2020. The system testing was in course during the end of 2014 and the system is scheduled to go live in the first half of 2015.

In 2014 the MA presented a series of OP changes and in line with the provisions of the Strategic Environmental Assessment (SEA) Regulations LN497 of 2010, the MA issued a tender for the provision of Technical Expertise for the screening of the proposed changes to the Operational Programme I 2007-2013. The objective of this tender was to determine whether the proposed changes in OPI had a significant impact on the environment which would require a revision of the SEA.

With regards the activities linked to the 2014-2020, in line with Article 55(4) of Regulation (EC) 1303/2013, the Strategic Environmental Assessment (SEA) for 2014-2020 was also awarded in 2014 with the support of TA funds. The objective of the SEA was to describe, identify and assess the likely significant effects on environment of implementing the OPs for 2014-2020.

Other activities being financed under TA include the financing of preparatory studies for project proposals that are likely to be considered for financing under the 2014-2020 programming period as well as the preparation of the necessary strategies linked to the ex-ante conditionalities. The study considered for financing under TA will assess what enabling infrastructure would be required as a prerequisite to the successful delivery of a number of objectives of the Digital Malta and National eCommerce 2014-2020 strategies, as well as the various projects envisaged under the Cohesion Policy 2014-2020 under OP I PA 2. This study will address Europe 2020 targets and Malta's needs to harness the power of ICT to become an innovative economy. The feasibility study would also contribute to the Ex Ante conditionality 2.1 *Digital Growth* and conditionality 2.2 *Next Generation Network Infrastructure*.

In 2014 the MA started to actively consider measures to simplify the implementation of structural funds in Malta. This follows the provisions in the Common Provision Regulation (CPR) under Article 68 of the Council Regulation 1303/2013. In this regard, TA financed a study on the Flat Rate financing under ERDF, ESF and CF for the 2014 - 2020 Programming period. Through this study the MA is in the process of establishing a fair, equitable and verifiable calculation method in order to make use of flat rate financing which aims to reduce the administrative burden on approved projects for the 2014-2020.

Finally, in relation to the new programming period, TA also financed the necessary requirements to organise public consultation meetings which took place in 2014 with different government entities, NGOs and other stakeholders both in Malta and in Gozo. TA also supported the production of the necessary consultation document needed to ensure that there is a meaningful consultation process.

### **05.1.3 Information and Publicity**

In line with Regulation (EC) 1828/2006, the MA is responsible and has the obligation to undertake information and publicity measures as will be explained in Chapter 6. Chapter 6 includes a detailed analysis of all the measures undertaken in the year under review. All measures carried out by the MA were supported through TA funds.

### **05.1.4 Evaluation**

In line with Articles 47-48 of Regulation (EC) 1083/2006, the MA continued to be responsible for the undertaking of evaluation activities.

TA funds provided the necessary financial resources to implement evaluation activities including the holding of the Evaluation Steering Group (ESG) meeting which was held in September 2014. The ESG ensures an effective coordination of evaluation activities and enables the flow of information amongst all the stakeholders.

The year 2014 saw the continuation of activities relating to the Thematic Evaluation for OP I. In relation to the programming period 2014-2020, TA funds supported also the necessary evaluation works related to the programme preparation. In line with Article 55 of Regulation (EC) 1303/2013, the *Ex Ante* Evaluation of the programming period 2014-2020 was awarded during the first half of 2014.

Details of the evaluation activities undertaken during the year under review were elaborated upon in Chapter 2.

### **05.1.5 Capacity Building**

One of the operational objectives of this Priority Axis is to optimise the Programme's quality and the efficiency of the interventions through capacity building measures. In the year under review TA supported the cost of participation of participants to attend overseas training, seminars, conferences and meetings covering a wide range of topics most linked to the implementation of the OP and the new regulatory and implementation framework for the programming period 2014-2020.

Apart from overseas training, TA also supported locally organised capacity building activities, intended to ensure proper guidance to beneficiaries and dissemination of lessons learnt in the implementation of the Structural Funds in Malta. In this regards the MA held training sessions to inform stakeholders on verification findings, including audit findings, training for stakeholders on modified checklists and procedures all intended to improve the management and control systems based on lessons learnt during the previous years of the programming period.

Other activities that were implemented with the support of TA funds include the seminar held in January 2014 on simplified costs options applicable to the new programming period. During this, stakeholders

were invited to explore the further use of simplified Cost Options (ESF and ERDF) for the period 2014-2020.

Finally TA supported the participation of a number of officers to attend local conferences focusing on the importance of grant investment under structural funds. This was necessary to strengthen the effective implementation of schemes.

### **05.1.6 Furniture and Equipment**

Technology can facilitate the implementation of Structural Funds in Malta. In this regard, TA supported the financing of office equipment of stakeholders to facilitate the officers' ability to carry out their tasks relating to the day-to-day monitoring, implementation and management of the OP in an efficient and effective manner. Hence, TA funds assisted the public administration to become more modern and efficient in their operations and more effective in terms of their outputs.

## ***05.2 Technical Assistance Expenditure***

During the year under review TA Expenditure continued to gain momentum. Out of the €12.3M funds allocated to TA in the OP, €7.6M (or 62%) were disbursed by the 31<sup>st</sup> December 2014. Out of the €7.6M processed till the end of 2014, €1.9M (or 25%) were disbursed during the year under review. Meaning that in 2014, 15% of the overall contribution allocated to the OP for TA<sup>216</sup> was disbursed. This is a positive result, conveying that the simplification procedures/set-up adopted in 2013 have proved to be beneficial.

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<sup>216</sup> €12,327,095

## 06. Information and Publicity

### ***06.1 Measures Taken to Provide Information and Publicity on the Operational Programme***

In line with Articles 4 to 8 of the Implementing Commission Regulation (EC) No.1828/2006, the MA continued to undertake communication and information activities to ensure the dissemination on the use of Cohesion Policy funds in Malta as well as the opportunities presented by OPI during 2014. Several activities, as will be described below, were undertaken both to inform potential beneficiaries, in view of the launch of calls for project proposals, and the general public in terms of achievements made by projects implemented under Cohesion Policy. Such activities were carried out in line with the revised Communication Plan as presented to the Monitoring Committee in 2011<sup>217</sup> which includes information and promotional measures using different tools. Such measures were either financed by OPI or jointly with OPII (ESF OP) for common activities such as the Annual Event. What follows is a detailed assessment of the activities undertaken in 2014.

#### **06.1.1 Analysis of Activities carried out in 2014**

##### *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 so as to present the achievements made within the OP.

For 2014 the MA participated in a popular activity in the Maltese cultural calendar to promote the Cohesion Policy 2007-2013 achievements. The MA participated in the 'Notte Bianca – Lejl Imdawwal', which is a night-long event, replete with cultural and varied activities, held in the capital city, Valletta. The event took place on Saturday 4th October 2014.

The objective of the Annual Information Activity for 2014 was to continue providing information about interventions being carried out under Cohesion Policy among the general public, through innovative, simple yet effective measures. The MA's activity was held at the historical building Auberge D'Aragon in Valletta which hosts the Ministry responsible for European Funds. For the occasion, the building was set up with external and internal lighting and exhibition stands were erected inside the building to provide the information on the different projects being implemented under Cohesion Policy.

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<sup>217</sup> The Communications Plan, originally approved by the EC on the 21<sup>st</sup> January 2007, was revised and presented to the Monitoring Committee on the 19<sup>th</sup> October 2011.



**Figure 112 - EU Funds stand at Notte Bianca, Valletta****Figure 113 - EU Funds stand at Notte Bianca, Valletta**

The stand was opened at 18:00hrs and was visited by the Parliamentary Secretary for the EU Presidency 2017 and EU Funds. Throughout the night hundreds of persons visited the stand. A number of promotional items were also distributed during the event with information about the *Investing In Your Future* website. The web address was encrypted on each of the promotional material given to the general public, incentivising the public to access the website.

Earlier in the year (January – February 2014) a number of full-page, full-colour advertorials were published on local print newspapers. These were a continuity of advertorials that started being published in October 2013. Each advertorial represented a different theme found on the *Investing in Your Future* website. These were published on Sundays in order to ensure maximum exposure to the general public.

**Figure 114 – Advertorials**

ENVIRONMENT, CLIMATE CHANGE & RENEWABLE ENERGY SOURCES

**23** PROJECTS WORTH **€55,000,000** THROUGH COHESION POLICY 2007-2013

92% of this amount is going towards helping households, public entities and private enterprises as well as NGOs, schools and associations, to invest in eco-friendly energy solutions

investinginyourfuture.gov.mt

**Figure 115 – Advertorials**

WASTE MANAGEMENT & RISK PREVENTION

**6** PROJECTS WORTH **€124,000,000** THROUGH COHESION POLICY 2007-2013

85% of this amount is addressing the management and treatment of solid and liquid waste to improve the quality of life in the Maltese Islands

investinginyourfuture.gov.mt

**06.2 Other Publicity Measures undertaken in 2014**

### 06.2.1 Updates to the Investing in Your Future Website and promotion

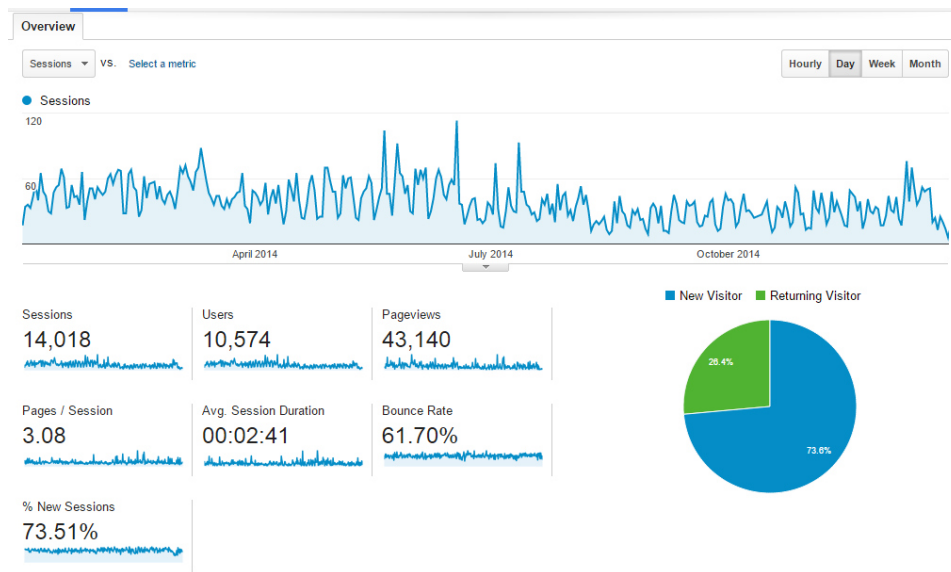
During the reporting year, the *Investing in Your Future* website, which was launched in 2012, continued being updated with new projects being added and audio-visual material included to complement projects which were uploaded upon launch. By the end of the reporting period, 200 projects were featured on the website, of which 119 were ERDF and thirteen (13) were CF projects.

From 1st January 2014 to 31st December 2014, the *Investing in Your Future* website registered a total of 14,018 sessions, 10,574 of which being Unique Users<sup>218</sup>. Figure below hereunder provides the complete audience overview for the reporting year:

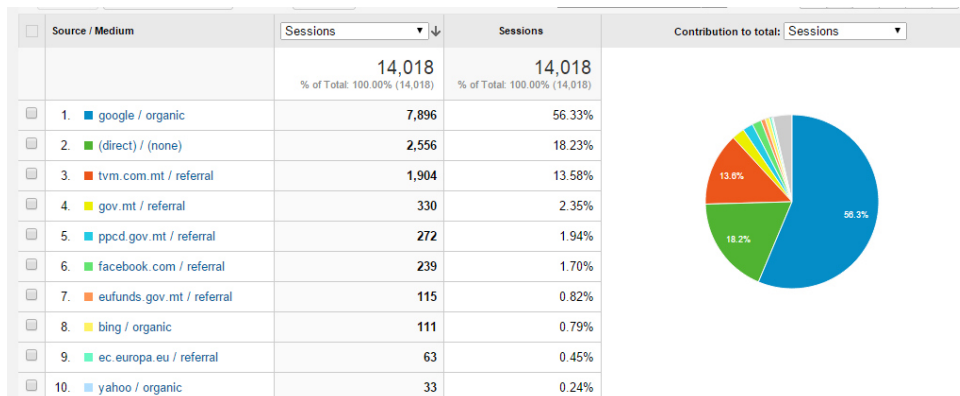
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<sup>218</sup> The number of sessions denotes the number of people who visited the website. Pages/Visit is the average number of pages viewed during a visit to the website (repeated views of a single page are counted). On the other hand, Average Visit 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)

**Figure 116 - Complete audience overview for www.investinginyourfuture.gov.mt for the year 2014**

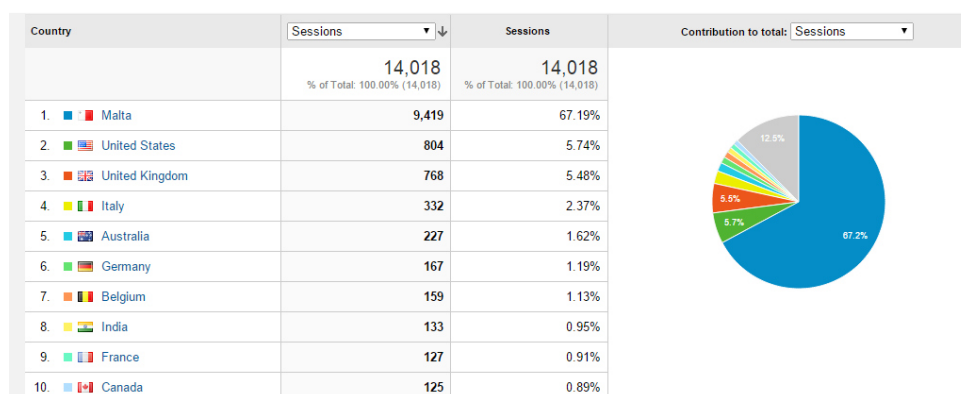


**Figure 117 - Traffic sources to www.investinginyourfuture.gov.mt during 2014**

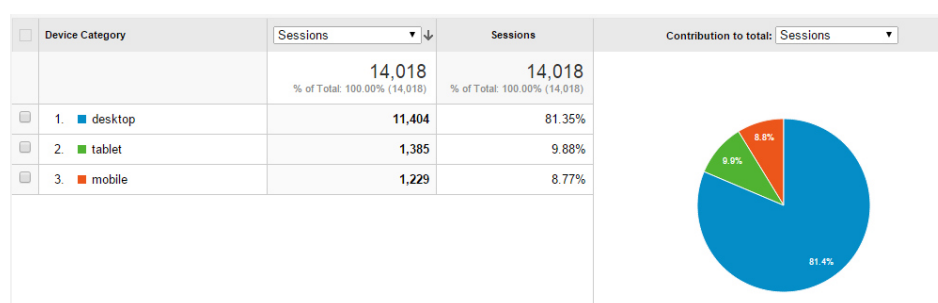


As indicated in the Figure above (Source: Google Analytics), the majority of traffic to the website derives from searches made on the Google search engine or directly through typing the website address in the respective browser's address bar.

On the basis of the users' IP address, the majority of users during the reporting year were, as expected, from Malta, as presented in Figure below. IP addresses based in the United States, the UK, Italy, and Australia also generated substantial traffic, possibly due to the large number of Maltese families who live in these countries and who maintain an interest in local current affairs.

**Figure 118 - Location of users on www.investinginyourfuture.gov.mt during 2014**

The website was designed in a way which could easily and equally be accessed from new mobile technology as well as desktop computers. The figure below indicates that preference in accessing the website is via desktop, perhaps due to the copious amount of information found on the website which may be more easily read on a larger rather than smaller screen. Visits from tablets and mobiles are still considerable, and earlier in 2013, the MA had 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 119 - Devices used for accessing www.investinginyourfuture.gov.mt during 2014**

Complementary to the website are the *Investing in Your Future* Facebook and Twitter accounts. Calls for project proposals are publicised on these channels through Press Releases issued by the Government's Department of Information.

## 06.2.2 Calls for Projects and Information Sessions for Project Promoters

One (1) call for Project Proposals was issued during 2014 and an information session was held on the 28<sup>th</sup> May 2014 in order to guide the potential beneficiaries in preparing their submissions accordingly.

The call was published as a Press Release and on Intranet. Additionally, it was also advertised on the *eufunds.gov.mt* official website.

### **06.2.3 Information and Publicity Networks**

The MA was invited to attend the 13th and the 14th INFORM network meetings of EU Regional Policy communication officers, which were respectively held in Prague on 22nd and 23rd May 2014 and in Brussels on 2nd and 3rd December 2014. The MA attended the 13th INFORM network meeting, however was unable to attend the 14th INFORM network meeting. During these network meetings, Member States' communication officers have the opportunity to discuss and clarify any queries or difficulties in relation to ERDF information and communication activities.

During the 13th INFORM meeting and workshops, Member States discussed the planning and organisation of launch activities for the new programming period 2014-2020. It was highlighted that the launch of the OPs are unique communication opportunities, where every MA needs to raise awareness about the programmes, its priorities and its new rules. A number of other topics were also presented such as the Communication Strategies for 2014-2020, the EU Cohesion policy information and communication rules for 2014-2020, the adoption of the Partnership Agreements and on raising public interest in the EU Regional policy through internet presence.

The 14th INFORM meeting covered topics such as the main purposes of OP launch events and the different ways on how the MA can help and empower beneficiaries to communicate the EU Regional policy. During the meeting, three (3) parallel communication training sessions<sup>219</sup> were held with external experts. Participants were also invited to share their main communication priority for 2015.

### **06.2.4 Website and Social Network Page**

It should be noted that the PPCD website [www.ppcd.gov.mt](http://www.ppcd.gov.mt) was phased out in 2014. A new website, encompassing all EU funds, and providing a 'one-stop-shop' approach to information for the public was set up by the Ministry responsible for European Funds. The new website, [eufunds.gov.mt](http://eufunds.gov.mt) officially started being used on 24 March 2014. All material previously available on the PPCD website was migrated to the new website, including information required in line with Article 7(2)(d) of Commission Regulation 1828/2006.

From 1st January 2014 to 31st December 2014, the OPs section on the *eufunds.gov.mt* portal registered a total of 4,930 sessions, with 152 being the total number of daily unique visitors. The figure hereunder provides the complete audience overview for the reporting year:

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<sup>219</sup> Digital Story Telling, Drafting a communication strategy and "Selling" the story of Regional Policy to the media

**Figure 120 - Complete audience overview for the Operational Programmes section on eufunds.gov.mt for the year 2014**

Category	Metrics	Value (Current)	Value (Previous)	Trend
Traffic				
	Total Number of Page Views	4,930	3,700	33.24 %
	Average Number of Page Views per Day	14	10	40.00 %
	Total Number of Daily Unique Visitors	152	44	245.45 %
	Average Number of Unique Visitors per Day	0	0	-
	Total Number of Referrers	477	431	10.67 %
	Average Number of Referrers per Day	1	1	0.00 %
Inventory				
	Total Number of Sites	17	13	30.77 %

During 2014, the PPCD website and subsequently *eufunds.gov.mt* continued being updated with news related to the implementation of the Programme (AIR, Monitoring Committee presentations, etc). Furthermore, in line with Article 5 of Commission Regulation 1828/2006, the new *eufunds* website – like the previous PPCD website – continued to provide information related to open calls, including the Application Forms and guidance notes required for the submission of project proposals, as well as other information. A direct link to the *Investing in Your Future* website was also included on the *eufunds* website in order to facilitate access to more in-depth information on the various themes targeted through Cohesion Policy and the projects being implemented.

### 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 2014 (Europe Day).

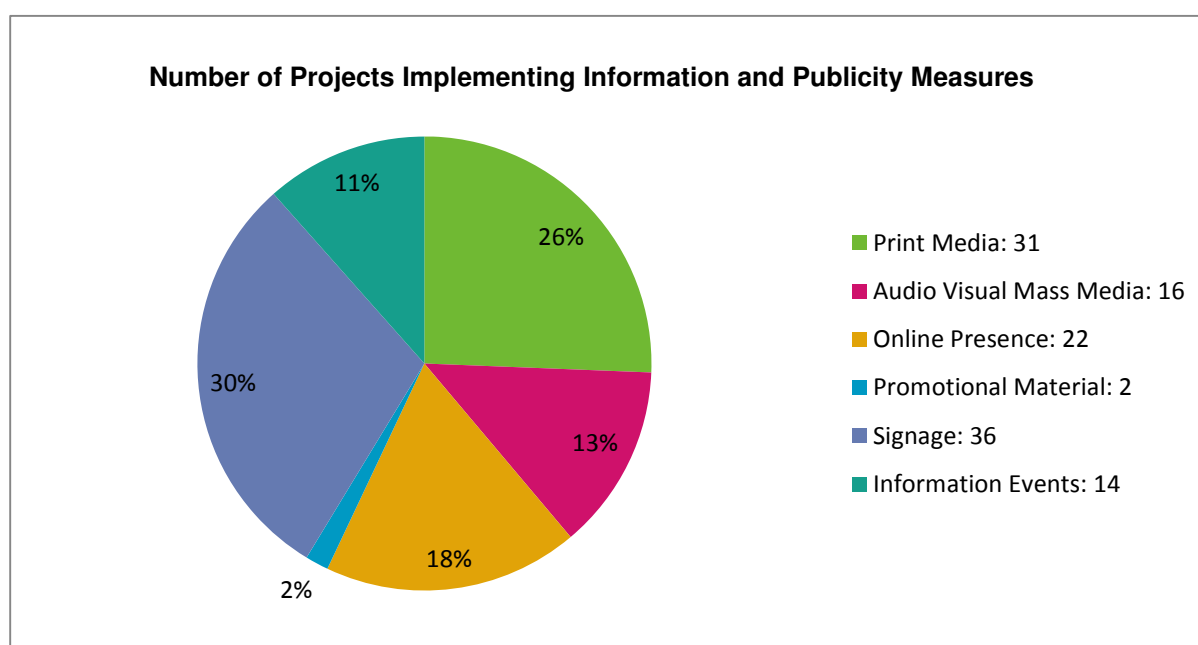
### **06.3 Information and Publicity by Intermediate Bodies in 2014**

As explained earlier in Chapter 3, during 2014, there were no calls for project proposals covering the ERDF Aid Schemes. Therefore, during the year, the three (3) IBs administering the schemes continued providing the necessary information about the schemes through their websites. The lists of Beneficiaries are available on the IB's respective websites and the MA's website.

## 06.4 Information and Publicity by Beneficiaries in 2014

During 2014 the beneficiaries carried out a number of information and publicity measures in order to promote their projects. The below chart shows the different types of measures implemented during the reporting year. The chart shows how OPI projects made use of various information and publicity measures both in accordance with the regulation and respective Grant Agreements. It is worth noting that projects have different budgetary allocations towards publicity actions and are at different stages of implementation; therefore it is difficult to benchmark and compare such activities.

**Figure 121 - Number of Projects Implementing Information and Publicity Measures**



As depicted in the above chart, the most popular measure utilised during 2014 was signage. The main forms of signage used were billboards and plaques with twenty one (21) projects using either or both a billboard and plaque. As noted in previous years there is a trend in OPI projects where signage tends to be the most common measure used amongst the projects. This is mostly due to the fact that 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 in line with regulation.

The second most common measure is print media which consists of mostly press releases which were issued by twenty (20) projects. The use of newspaper articles is the second most utilised print media measure. Other measures such as adverts on local newspapers and magazines, articles on magazines, online newspapers, booklets, brochures, flyers and leaflets also fall within this category.



Online presence is the third most commonly used measure whereby beneficiaries are becoming more adverse in using social networks and websites to promote their project to the wider public.

Sixteen (16) projects made use of audio-visual mass media with TV being the most popular form of media as eight (8) projects made use of TV spots and seven (7) projects held interviews on TV.

A total of fourteen (14) projects held informational events while only two (2) projects made use of promotional material. Given the infrastructural nature of these projects, promotional items may not be considered as relevant publicity measure

## **06.5 Conclusion**

The MA acknowledges the importance of promoting results achieved through the various projects and schemes implemented through the 2007-2013 Programming Period. Given that the 2014-2020 financial framework has kicked in, the best practice examples and success stories from the 2007-2013 period shall be applied to the new projects. It is foreseen that during 2015, the Communication activities will increase in order to promote the closure of the current programming period and set the way forward for 2014+ programming period.

Support of all stakeholders remains crucial in ensuring that the right target audiences are reached and the message put forward is clear. For this reason, the MA will continue 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 and to convey the message of the benefits from the implementation of EU-funded projects.

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## 07.0 Concluding Remarks

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The EU's Cohesion Policy in Malta continues to be an important investment instrument. The OP continues to contribute towards Malta's development and generates growth and employment by funding projects in important economic sectors. The importance of the policy is reflected in the % contribution of Cohesion Policy to government investment budget. In 2014 Cohesion Policy investment in Malta represented 51% of Government Capital Investment of which 43% is expenditure related to OP I.

The year under review presented a number of challenges. The MA, together with other stakeholders, continued to identify mitigating measures to minimise delays in the implementation of operations under the OP in order to achieve the OP objectives. This together with continuous monitoring continued to facilitate the implementation of the programme. Calls for projects continued to be published by the MA in an effort to fully commit the OP.

Looking ahead, 2015 will pose the biggest challenge to the MA and the stakeholders in terms of the need to ensure that the funds allocated to the OP are fully absorbed. To this end, the MA will focus its efforts to ensure that all projects are implemented and fully disbursed during 2015.

Moreover, following the formal approval of the new OP for 2014-2020 by the Commission in 2014, during 2015 the MA will also be launching its first calls for proposals under the new Programme.

## Annex – I Adjustments made by Fund Number and Fund Date<sup>220</sup>

Project Code	Adjustment SoE by Fund Number	Adjustment SoE by Fund Date	Community Amount <sup>221</sup>
CF 116	70	21/05/2014	€986.85
CF 118	72	16/07/2014	€60,311.43
CF 198	72	16/07/2014	€12,166.15
CF 198	82	05/12/2014	€1,383.19
ERDF 017	79	28/11/2014	€1,124.57
ERDF 032	67	14/05/2014	€12,298.18
ERDF 032	74	22/07/2014	€1,644.72
ERDF 039	79	28/11/2014	€1,822.65
ERDF 039	68	14/05/2014	€4,347.42
ERDF 064	79	28/11/2014	€217.70
ERDF 088	67	14/05/2014	€157.03
ERDF 104	74	22/07/2014	€26,269.94
ERDF 104	80	01/12/2014	€938.39
ERDF 104	85	19/12/2014	€3,556.84
ERDF 127	78	27/11/2014	€15,132.51
ERDF 128	78	27/11/2014	€406,618.23
ERDF 129	78	27/11/2014	€48,653.94
ERDF 130	78	27/11/2014	€82,692.44
ERDF 133	78	27/11/2014	€154,928.34
ERDF 134	78	27/11/2014	€287,716.59
ERDF 136	78	27/11/2014	€32,730.85
ERDF 142	68	14/05/2014	€244.00
ERDF 142	79	28/11/2014	€383.65
ERDF 159	80	01/12/2014	€160,008.51
ERDF 309	85	19/12/2014	€461.13
ERDF 332	85	19/12/2014	€65,662.82
ERDF 999	80	01/12/2014	€22.07

<sup>220</sup> Irregularities detected after Certification

<sup>221</sup> Community Amounts are all negative amounts

## Annex – II Commitments per Priority Theme, Economic Activity and Location

Priority Theme	Form of Finance	Territory	Economic Activity	Location	Amount
01	01	03	6	MT001 - Malta	€ 273,177.85
				MT002 - Gozo & Comino	
02	01	03	18	MT001 - Malta	€ 38,722,524.99
				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	€ 1,691,284.53
				MT002 - Gozo & Comino	€ 94,525.10
03	01	03	6	MT001 - Malta	€ 1,293,177.85
				MT002 - Gozo & Comino	€ 0.00
03	01	03	5	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
03	01	03	8	MT001 - Malta	€ 306,000.00
				MT002 - Gozo & Comino	
03	01	03	10	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
03	01	03	11	MT001 - Malta	€ 0.00

				MT002 - Gozo & Comino	
04	01	03	6	MT001 - Malta	€ 1,993,302.06
				MT002 - Gozo & Comino	
04	01	03	18	MT001 - Malta	
				MT002 - Gozo & Comino	
04	01	03	20	MT001 - Malta	€ 1,210,908.94
				MT002 - Gozo & Comino	
04	01	03	22	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
05	01	03	5	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
05	01	03	6	MT001 - Malta	€ 15,568,795.27
				MT002 - Gozo & Comino	€ 241,119.22
05	01	03	8	MT001 - Malta	€ 1,836,000.00
				MT002 - Gozo & Comino	
05	01	03	20	MT001 - Malta	€ 34,504.64
				MT002 - Gozo & Comino	€ 5,959.27
05	01	03	10	MT001 - Malta	
				MT002 - Gozo & Comino	
05	01	03	11	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	

06	01	03	3	MT001 - Malta	€ 71,750.84
				MT002 - Gozo & Comino	€ 6,900.41
06	01	03	6	MT001 - Malta	€ 554,022.40
				MT002 - Gozo & Comino	€ 94,050.87
06	01	03	11	MT001 - Malta	€ 25,522.11
				MT002 - Gozo & Comino	
06	01	03	12	MT001 - Malta	€ 74,038.20
				MT002 - Gozo & Comino	€ 60,859.01
06	01	03	18	MT001 - Malta	€ 56,341.26
				MT002 - Gozo & Comino	
06	01	03	19	MT001 - Malta	€ 15,891.12
				MT002 - Gozo & Comino	€ 12,949.19
06	01	03	21	MT001 - Malta	€ 4,454.33
				MT002 - Gozo & Comino	
06	01	03	22	MT001 - Malta	€ 401,852.84
				MT002 - Gozo & Comino	€ 43,607.98
07	01	03	3	MT001 - Malta	€ 167,418.62
				MT002 - Gozo & Comino	€ 16,100.96
07	01	03	6	MT001 - Malta	€ 1,292,718.94
				MT002 - Gozo & Comino	€ 219,452.02
07	01	03	11	MT001 - Malta	€ 59,551.59

				MT002 - Gozo & Comino	
07	01	03	12	MT001 - Malta	€ 172,755.79
				MT002 - Gozo & Comino	€ 142,004.36
07	01	03	18	MT001 - Malta	€ 131,462.94
				MT002 - Gozo & Comino	
07	01	03	19	MT001 - Malta	€ 37,079.29
				MT002 - Gozo & Comino	€ 30,214.78
07	01	03	21	MT001 - Malta	€ 10,393.44
				MT002 - Gozo & Comino	
07	01	03	22	MT001 - Malta	€ 937,656.63
				MT002 - Gozo & Comino	€ 101,751.96
08	01	03	5	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
08	01	03	6	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
08	01	03	8	MT001 - Malta	€ 306,000.00
				MT002 - Gozo & Comino	
08	01	03	11	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
08	02	03	15	MT001 - Malta	€ 5,100,000.00



				MT002 - Gozo & Comino	
09	01	03	3	MT001 - Malta	€ 83,417.07
				MT002 - Gozo & Comino	€ 21,329.90
09	01	03	4	MT001 - Malta	€ 71,979.01
				MT002 - Gozo & Comino	
09	01	03	6	MT001 - Malta	€ 2,442,152.85
				MT002 - Gozo & Comino	€ 167,414.29
09	01	03	10	MT001 - Malta	€ 414,032.35
				MT002 - Gozo & Comino	
09	01	03	12	MT001 - Malta	€ 28,599.19
				MT002 - Gozo & Comino	
09	02	03	15	MT001 - Malta	€ 5,100,000.00
				MT002 - Gozo & Comino	
09	01	03	16	MT001 - Malta	€ 57,850.28
				MT002 - Gozo & Comino	
09	01	03	18	MT001 - Malta	€ 198,467.63
				MT002 - Gozo & Comino	
09	01	03	19	MT001 - Malta	€ 210,731.60
				MT002 - Gozo & Comino	
09	01	03	20	MT001 - Malta	€ 10,670.04

				MT002 - Gozo & Comino	
09	01	03	21	MT001 - Malta	€ 45,207.35
				MT002 - Gozo & Comino	
09	01	03	22	MT001 - Malta	€ 1,220,269.76
				MT002 - Gozo & Comino	€ 74,143.39
13	01	03	17	MT001 - Malta	€ 13,189,506.95
				MT002 - Gozo & Comino	€ 370,804.00
13	01	03	18	MT001 - Malta	€ 132,033.05
				MT002 - Gozo & Comino	
13	01	03	20	MT001 - Malta	€ 354,001.40
				MT002 - Gozo & Comino	
15	01	03	3	MT001 - Malta	€ 19,497.77
				MT002 - Gozo & Comino	
15	01	03	6	MT001 - Malta	€ 214,984.13
				MT002 - Gozo & Comino	
15	01	03	10	MT001 - Malta	€ 73,921.99
				MT002 - Gozo & Comino	
15	01	03	11	MT001 - Malta	€ 73,243.81
				MT002 - Gozo & Comino	
15	01	03	12	MT001 - Malta	€ 33,909.17

				MT002 - Gozo & Comino	
15	01	03	13	MT001 - Malta	€ 241,602.83
				MT002 - Gozo & Comino	
15	01	03	16	MT001 - Malta	€ 46,625.11
				MT002 - Gozo & Comino	
15	01	03	19	MT001 - Malta	€ 185,313.61
				MT002 - Gozo & Comino	
15	01	03	22	MT001 - Malta	€ 806,360.04
				MT002 - Gozo & Comino	
21	01	03	11	MT001 - Malta	€ 70,872,640.22
				MT002 - Gozo & Comino	€ 8,811,865.85
22	01	03	11	MT001 - Malta	€ 10,432,273.30
				MT002 - Gozo & Comino	€ 3,573,672.16
23	01	03	6	MT001 - Malta	€ 6,033,970.22
				MT002 - Gozo & Comino	€ 924,679.81
23	01	03	20	MT001 - Malta	€ 281,787.91
				MT002 - Gozo & Comino	€ 48,667.36
23	01	03	22	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
24	01	03	11	MT001 - Malta	€ 2,160,578.98

				MT002 - Gozo & Comino	€ 0.00
26	01	03	11	MT001 - Malta	€ 4,283,023.67
				MT002 - Gozo & Comino	€ 12,906.67
26	01	03	21	MT001 - Malta	€ 380,424.56
				MT002 - Gozo & Comino	
28	01	03	11	MT001 - Malta	€ 5,655,079.17
				MT002 - Gozo & Comino	€ 27,426.68
30	01	03	11	MT001 - Malta	€ 29,896,291.23
				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	3	MT001 - Malta	€ 511.68
				MT002 - Gozo & Comino	€ 13.92
39	01	03	4	MT001 - Malta	€ 56.85
				MT002 - Gozo & Comino	
39	01	03	6	MT001 - Malta	€ 1,695.98
				MT002 - Gozo & Comino	€ 82.10
39	01	03	8	MT001 - Malta	€ 15,863.46

				MT002 - Gozo & Comino	
39	01	03	10	MT001 - Malta	€ 55.25
				MT002 - Gozo & Comino	
39	01	03	11	MT001 - Malta	€ 329.91
				MT002 - Gozo & Comino	
39	01	03	12	MT001 - Malta	€ 160.95
				MT002 - Gozo & Comino	€ 113.59
39	01	03	13	MT001 - Malta	€ 2,572.80
				MT002 - Gozo & Comino	€ 219.58
39	01	03	14	MT001 - Malta	€ 852.79
				MT002 - Gozo & Comino	€ 163.89
39	01	03	16	MT001 - Malta	€ 312.29
				MT002 - Gozo & Comino	€ 94.12
39	01	03	18	MT001 - Malta	€ 62,125.29
				MT002 - Gozo & Comino	€ 13.70
39	01	03	19	MT001 - Malta	€ 129.72
				MT002 - Gozo & Comino	
39	01	03	20	MT001 - Malta	€ 80.07
				MT002 - Gozo & Comino	
39	01	03	21	MT001 - Malta	€ 18.42

				MT002 - Gozo & Comino	
39	01	03	22	MT001 - Malta	€ 1,097.02
				MT002 - Gozo & Comino	€ 59.96
40	01	03	3	MT001 - Malta	€ 435,948.26
				MT002 - Gozo & Comino	€ 11,862.87
40	01	03	4	MT001 - Malta	€ 48,438.70
				MT002 - Gozo & Comino	
40	01	03	6	MT001 - Malta	€ 1,444,974.04
				MT002 - Gozo & Comino	€ 69,945.58
40	01	03	8	MT001 - Malta	€ 27,838,962.27
				MT002 - Gozo & Comino	€ 6,243,727.45
40	01	03	10	MT001 - Malta	€ 47,074.22
				MT002 - Gozo & Comino	
40	01	03	11	MT001 - Malta	€ 308,160.62
				MT002 - Gozo & Comino	
40	01	03	12	MT001 - Malta	€ 137,129.26
				MT002 - Gozo & Comino	€ 96,782.90
40	01	03	13	MT001 - Malta	€ 2,192,021.52
				MT002 - Gozo & Comino	€ 187,083.35
40	01	03	14	MT001 - Malta	€ 726,580.43
				MT002 - Gozo & Comino	€ 139,631.86

40	01	03	16	MT001 - Malta	€ 266,071.71
				MT002 - Gozo & Comino	€ 80,187.84
40	01	03	18	MT001 - Malta	€ 59,181.56
				MT002 - Gozo & Comino	€ 11,668.40
40	01	03	19	MT001 - Malta	€ 110,522.09
				MT002 - Gozo & Comino	
40	01	03	20	MT001 - Malta	€ 68,223.51
				MT002 - Gozo & Comino	
40	01	03	21	MT001 - Malta	€ 61,800.15
				MT002 - Gozo & Comino	
40	01	03	22	MT001 - Malta	€ 966,850.20
				MT002 - Gozo & Comino	€ 51,081.66
41	01	03	21	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
43	01	03	3	MT001 - Malta	€ 75,216.42
				MT002 - Gozo & Comino	€ 2,046.76
43	01	03	4	MT001 - Malta	€ 8,357.38
				MT002 - Gozo & Comino	
43	01	03	6	MT001 - Malta	€ 249,308.90
				MT002 - Gozo & Comino	€ 12,068.07
43	01	03	8	MT001 - Malta	€ 9,472,072.52

				MT002 - Gozo & Comino	€ 5,648,204.99
43	01	03	9	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
43	01	03	10	MT001 - Malta	€ 8,121.96
				MT002 - Gozo & Comino	
43	01	03	11	MT001 - Malta	€ 292,214.00
				MT002 - Gozo & Comino	
43	01	03	12	MT001 - Malta	€ 23,659.63
				MT002 - Gozo & Comino	€ 16,698.46
43	01	03	13	MT001 - Malta	€ 378,200.90
				MT002 - Gozo & Comino	€ 32,278.47
43	01	03	14	MT001 - Malta	€ 125,360.71
				MT002 - Gozo & Comino	€ 24,091.41
43	01	03	16	MT001 - Malta	€ 45,906.74
				MT002 - Gozo & Comino	€ 13,835.23
43	01	03	18	MT001 - Malta	€ 59,261.79
				MT002 - Gozo & Comino	€ 2,013.21
43	01	03	19	MT001 - Malta	€ 19,068.95
				MT002 - Gozo & Comino	
43	01	03	20	MT001 - Malta	€ 11,770.96



				MT002 - Gozo & Comino	
43	01	03	21	MT001 - Malta	€ 10,686,833.53
				MT002 - Gozo & Comino	
43	01	03	22	MT001 - Malta	€ 165,556.83
				MT002 - Gozo & Comino	€ 8,813.39
44	01	03	21	MT001 - Malta	€ 28,401,520.70
				MT002 - Gozo & Comino	€ 7,130,920.99
45	01	03	9	MT001 - Malta	€ 7,753,034.03
				MT002 - Gozo & Comino	€ 918,395.25
46	01	03	9	MT001 - Malta	€ 74,734,589.10
				MT002 - Gozo & Comino	€ 1,944,380.95
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	€ 0.00
				MT002 - Gozo & Comino	€ 0.00
50	01	03	6	MT001 - Malta	€ 5,621,323.24
				MT002 - Gozo & Comino	€ 735,969.65
50	01	03	8	MT001 - Malta	€ 612,000.00

				MT002 - Gozo & Comino	€ 0.00
50	01	03	10	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	€ 0.00
50	01	03	11	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	€ 0.00
50	01	03	20	MT001 - Malta	€ 224,280.17
				MT002 - Gozo & Comino	€ 38,735.24
50	01	03	21	MT001 - Malta	€ 12,605,769.45
				MT002 - Gozo & Comino	€ 1,578,325.90
51	01	03		MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
52	01	03		MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
53	01	03	21	MT001 - Malta	€ 36,418,166.70
				MT002 - Gozo & Comino	
54	01	03	21	MT001 - Malta	€ 3,575,832.17
				MT002 - Gozo & Comino	€ 96,354.20
55	01	03	21	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	€ 313,151.17
55	01	03	22	MT001 - Malta	€ 0.00

				MT002 - Gozo & Comino	
56	01	03	21	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	€ 72,265.65
56	01	03	22	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	€ 1,658,827.70
57	01	03	14	MT001 - Malta	€ 1,987,193.28
				MT002 - Gozo & Comino	€ 495,484.16
57	01	03	20	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
57	01	03	21	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	€ 0.00
57	01	03	22	MT001 - Malta	€ 23,791,721.77
				MT002 - Gozo & Comino	€ 8,467,369.32
58	01	03	14	MT001 - Malta	€ 423,463.73
				MT002 - Gozo & Comino	€ 28,168.65
58	01	03	18	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	
58	01	03	20	MT001 - Malta	€ 516,379.59
				MT002 - Gozo & Comino	
58	01	03	22	MT001 - Malta	€ 37,816,268.86

				MT002 - Gozo & Comino	€ 6,674,426.63
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	€ 57,375.51
				MT002 - Gozo & Comino	
59	01	03	22	MT001 - Malta	€ 10,285,606.73
				MT002 - Gozo & Comino	€ 8,063,134.58
60	01	03	14	MT001 - Malta	€ 352,258.18
				MT002 - Gozo & Comino	€ 94,080.84
60	01	03	21	MT001 - Malta	€ 0.00
				MT002 - Gozo & Comino	€ 0.00
60	01	03	22	MT001 - Malta	€ 466,649.09
				MT002 - Gozo & Comino	€ 122,645.35
61	01	03	11	MT001 - Malta	€ 2,112,219.68
				MT002 - Gozo & Comino	
61	01	03	21	MT001 - Malta	€ 3,596,482.15
				MT002 - Gozo & Comino	
75	01	03	18	MT001 - Malta	€ 54,343,187.37
				MT002 - Gozo & Comino	€ 7,227,129.62

75	01	03	20	MT001 - Malta	€ 151,105.36
				MT002 - Gozo & Comino	
76	01	03	19	MT001 - Malta	€ 46,805,751.50
				MT002 - Gozo & Comino	€ 6,001,709.98
77	01	03	6	MT001 - Malta	€ 655,588.19
				MT002 - Gozo & Comino	€ 113,226.10
77	01	03	20	MT001 - Malta	€ 427,110.29
				MT002 - Gozo & Comino	€ 5,959.27
78	01	03	11	MT001 - Malta	€ 324,956.87
				MT002 - Gozo & Comino	
78	01	03	21	MT001 - Malta	€ 553,304.95
				MT002 - Gozo & Comino	
79	01	03	18	MT001 - Malta	€ 151,105.36
				MT002 - Gozo & Comino	
79	01	03	20	MT001 - Malta	€ 151,105.36
				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	
<b>Total</b>					<b>€ 729,409,894</b>