

Rural Development Programme

For Malta

2007 – 2013

Annual Progress Report

For 2011

Managing Authority for Rural Development

Ministry for Resources and Rural Affairs

June 2012

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ABBREVIATIONS

ADSL	Asymmetric Digital Subscriber Line
AEM	Agri-Environmental Measure
APR	Annual Progress Report
ATB	Assocjazzjoni tal-Bdiewa
BOV	Bank of Valletta
BWA	Broadband Wireless Access
CAP	Common Agricultural Policy
CAPi	Computer Aided Photo Interpretation
CMO	Common Market Organisation
DSL	Digital Subscriber Line
EAFRD	European Agricultural Fund for Rural Development
EAGGF	European Agricultural Guidance and Guarantee Fund
EC	European Community
EENRD	European Evaluation Network for Rural Development
EIA	Environmental Impact Assessment
ENRD	European Network for Rural Development
ERDF	European Regional Development Fund
ETC	Employment and Training Corporation
EU	European Union
FAS	Farm Advisory Service
FEE	Foundation for Environmental Education
GAEC	Good Agricultural and Environmental Condition
GAGF	Gozo Action Group Foundation
GAL Xlokk	Grupp Azzjoni Lokali Xlokk
GDP	Gross Domestic Product
GXF	GAL Xlokk Foundation
GIS	Geographic Information System
GNI	Gross National Income
GVA	Gross Value Added
ha	Hectare
IACS	Integrated Administration and Control System
ICT	Information and Communication Technology
IER	Interim Evaluation Report
ICT	Information and Communication Technology
IT	Information Technology
IMCC	Inter-Ministerial Co-ordination Committee
IPPC	Integrated Pollution Prevention and Control
KPH	Koperattiva Produtturi tal-Halib Ltd
LAG	Local Action Group
LDS	Local Development Strategies
LEADER	Liaison Entre Actions de Développement de l'Economie Rurale
LFA	Less Favoured Area
MA	Managing Authority
MAGF	Majjistral Action Group Foundation

MC	Monitoring Committee
MCA	Malta Communications Authority
MEPA	Malta Environmental and Planning Authority
MEUSAC	Malta EU Steering and Action Committee
MFEI	Ministry of Finance, the Economy and Investment
MMA	Malta Maritime Authority
MNRN	National Rural Network Malta
MoPs	Manual of Procedures
MRA	Malta Resources Authority
MRRA	Ministry for Resources and Rural Affairs
MTE	Mid-Term Evaluation
NBSAP	National Biodiversity Strategy and Action Plan for Malta
NGO	Non-Governmental Organisation
NRN	National Rural Network
NSO	National Statistics Office
NSP	National Rural Development Strategy Plan
ODZ	Outside Development Zone
OPM	Office of the Prime Minister
PA	Paying Agency
PG	Producer Group
PPCD	Planning & Priorities, Coordination Department
PV	Photovoltaic System
RD	Rural Development
RDC	Rural Development Committee
RDIM	Rural Development Investment Measures
RDP	Rural Development Programme
SFC2007	System for Fund management in the European Community 2007-2013
SMPPMA	Special Market Programme for Maltese Agriculture
SMEs	Small and Medium Enterprises
SMR	Strategic Monitoring Report
SMRs	Statutory Management Requirements
TA	Technical Assistance
tu	Tumolo
TVM	Television Malta
UAA	Utilised Agricultural Area
VHR	Very High Resolution
WFD	Water Framework Directive

EXECUTIVE SUMMARY

- 1.1 The Annual Progress Report to the European Commission on the Malta Rural Development Programme 2007-2013 covers the period 1st January to 31st December 2011 and is submitted in accordance with Article 82 of Council Regulation No1698/2005.
- 1.2 The structure and elements of the annual progress report are guided by Article 82 of Regulation (EC) No 1698/2005. In accordance with Community regulations, the annual report is accompanied by a detailed set of common monitoring tables setting out key input and output data in a format applicable to all Member States.
- 1.3 Malta's Rural Development Plan (RDP) for the period 2007-2013 sets out a strategic plan for the use of European Agricultural Fund for Rural Development (EAFRD). Following a detailed sectoral analysis four priorities were identified:
 - Improving the competitiveness of the agricultural sector;
 - Improving the environment and the countryside;
 - Improving the quality of life in Rural areas and diversification of the rural economy;
 - LEADER.

In addition, Technical Assistance has been allocated to assist in the implementation of the Programme.

- 1.4 Each Priority Axis is divided into a number of Measures. There are 18 Measures in total: 10 Measures under Priority Axis 1; 2 Measures under Priority Axis 2; 3 Measures under Priority Axis 3; and 3 Measures under Priority Axis 4.
- 1.5 The focus of 2011 centred on the implementation and disbursement of funds as a result of the project selection and contracting of beneficiaries which took place in previous years of the 2007-2013 programming period. Additionally, several Measures were launched or re-launched throughout 2011.
- 1.6 Several Measures under Priority Axis 1 were re-launched namely: 114, 115, 121, 123, 124, 132, 133 and 142, while Measure 125 was launched twice in 2011. Measures 212 and 214 under Priority Axis 2 were also re-launched while Sub-Measure 10 of Measure 214 was launched for the first time in 2011. The three Local Action Groups launched the relevant actions under Measure 313 while Majjistral Action Group Foundation also launched two of its Actions as part of its Local Development Strategy.
- 1.7 As at end 2011 a total of 318 beneficiaries were committed under Axis 1 (Measure 111, Measure 115, Measure 121, Measure 123, Measure 124, Measure 125, Measure 132 and Measure 142) with the public expenditure exceeding €15.7 million.
- 1.8 For Priority Axis 2, a call for new applications was issued for both Measure 212 and Measure 214 on 13th June 2011. When the call closed on 30th September 2011, 524 new applications were received for M212 and 228 new applications were received for the M214. For Priority Axis 2, a total of 8,539 payment claims were received. 5 applications were received for M214 Sub-Measure 10.

- 1.9 As at end of 2011, 30 beneficiaries were committed collectively under M313 and M323 with public expenditure exceeding €10.5 million. As for Measure 341, there were no disbursements since this Measure was launched and all actions implemented in 2010. Three Local Action Groups were contracted under Measure 41 of Priority Axis 4 in 2010.
- 1.10 Initiatives by the LAGs commenced under Measure 431, with a public expenditure of €0.23 million. Significant progress is expected during 2012 under Measure 41 since the three LAGs started to launch Actions under this Measure in the latter half of 2011. Further launches by the LAGs will continue in 2012. Measure 421 is also expected to be launched in 2012.
- 1.11 Payments and subsequent committed certifications envisaged for 2011 were affected. Requests for reimbursement were submitted to the Commission as at end of 2011 for Measure 111, Measure 121, Measure 123, Measure 124, Measure 125, Measure 132 and Measure 142 under Priority Axis 1, Measure 212 and Measure 214 under Priority Axis 2, Measure 313 and Measure 323, under Priority Axis 3, Measure 431 under Priority Axis 4 and Measure 511, Technical Assistance, as explained under Section C.
- 1.12 The major risks include the following:
- Lack of administrative capacity in key organizations;
 - Lack of awareness regarding the National Rural Network;
 - Delays in planning permits;
 - Lengthy tendering procedures
- 1.13 Action taken by the Managing Authority to mitigate these risks can be found under Section E.
- 1.14 Following the call for applications in 2011, Measure 111¹ received 3 bids while 1 application was received under Measure 115. Measure 121 received 503 applications, 38 applications were received for M123 and 5 applications were submitted for Measure 124. 1 application was received for Measure 125, however this Measure was also launched by the LAGs, attracting 36 Expressions of Interest. Measure 142 received 4 applications. Under Priority Axis 2, 6,301 applications were received under Measure 212, 2,238 under Measure 214 and 5 under Measure 214 Sub-Measure 10. Under Priority Axis 3, the three LAGs issued a call for applications for Measure 313, receiving 24 applications. Majjistral Action Group Foundation also launched 2 Actions under Measure 41, receiving a total of 22 applications.
- 1.15 By way of conclusion, the year 2011 was taken up primarily by the re-launching of several Measures, the contracting of eligible applications as well as the implementation of projects contracted in previous years. Calls for 10 Measures under Axis 1 were open for submission of applications in 2011. Measures 212 and 214 under Priority Axis 2 were also re-launched, for renewal of commitments for applicants from previous year/s and the commencement of new commitments. The LAGs launched their call for Measure 313 under Priority Axis 3 while 2 actions under Measure 41 were launched by Majjistral Action Group Foundation. Controls and checks were undertaken by the Control Unit for each respective Measure. There was the contracting of beneficiaries who applied under Measure 111, Measure 115, Measure 124, Measure 125, Measure

¹ Measure 111 was launched in 2010 but closed in January 2011.

132 and Measure 142 under Priority Axis 1 and Measure 313 and Measure 323 under Priority Axis 3.

1. SECTION A CHANGES TO THE GENERAL CONDITIONS (ARTICLE 82(2)(A) OF REGULATION (EC) NO 1698/2005)

This section examines changes in the agricultural and rural economy sectors in the period since the Rural Development Programme was approved by the Commission, updating as appropriate the information contained in the previous annual reports. In accordance with the structure prescribed in Article 82 of Regulation (EC) No 1698/2005, this part of the report provides information about changes to conditions and trends and main policy developments and the impact they had on agriculture and rural environment.

The Rural Development Programme is part of a wider programme of actions to deliver economic, social and environmental outcomes in rural areas. Consequently, one aim of this section is to explain any changes to the wider context within which the RDP operates.

Legislative changes in 2011

In accordance with Article 82(a) of Regulation (EC) No 1698/2005, there were no legislative changes during the period under review which had an impact on the conditions for implementing the Rural Development Plan for programming period 2007-2013.

The Economy in 2011

The small size of the economy of Malta gives rise to a set of inherent difficulties. Firstly, it primarily limits the possibility of economies of scale and also restricts production possibilities. This in turn also increases Malta's dependence on a limited range of exports which leads to higher risks deriving from decreased diversification with respect to other larger economies. Moreover, insularity also gives rise to higher transportation and transaction costs with the rest of the world. The Maltese economy is also a very open one, whereby this high degree of openness makes the domestic economy very susceptible to demand and supply shocks from the rest of the world. Furthermore, given the lack of any major natural resources, Malta is also dependent on a number of imports which retain strategic importance. These characteristics constitute a challenge in that the economy's performance is highly sensitive to external events and to sector specific shocks.

Malta produces only about 20% of its food needs, has limited fresh water supplies and has few domestic energy sources. Malta's geographic position between the EU and Africa makes it a target for illegal immigration, which has strained Malta's political and economic resources. Malta adopted the euro on 1st January 2008. Malta's financial services industry has grown in recent years and in 2008-09 it escaped significant damage from the international financial crisis, largely because the sector is centred on the indigenous real estate market and is not highly leveraged. Locally, the restricted damage from the financial crisis has been attributed to the stability of the Maltese banking system and to its prudent risk-management practices. The global economic downturn and high electricity and water prices hurt Malta's real economy, which is dependent on foreign trade, manufacturing - especially electronics and pharmaceuticals - and tourism, but growth bounced back as the global economy recovered in 2010. Following a 2.7% contraction in 2009, GDP grew 2.3% in 2010. In early 2011, the European Commission pointed out that the Maltese authorities had taken effective action towards timely and sustainable correction of the excessive deficit and that at present no further steps under the excessive deficit procedure are necessary.²

² MFEI, 2012

National income

Gross Domestic Product (GDP) for 2011 amounted to €6.4 billion, an increase of 4.4% compared to 2010. In real terms, GDP went up by 2.1%.³

During 2011 growth in gross value added was generated by the following economic activities: financial and insurance activities; information and communication; professional, scientific and technical activities; arts, entertainment and recreation, repair of household goods and other services; wholesale and retail trade; repair of motor vehicles and motorcycles; transportation and storage; accommodation and food service activities; manufacturing; public administration and defence; compulsory social security; education; human health and social work activities; agriculture, forestry and fishing and real estate activities. A drop in gross value added was registered in the construction, electricity, gas, steam and air conditioning supply, and water supply activities. Against the backdrop of a faster growth rate in the previous three quarters, provisional estimates indicate that GDP growth for the last quarter of 2011 stood at 1.8 per cent at current prices and -0.1 per cent in real terms.⁴

Total final consumption expenditure in nominal terms increased by 4.2% and by 3.3% in real terms. Gross fixed capital formation fell by 11.6% at nominal prices and by 13.4% in real prices. Real exports edged up and real imports declined. The annual change in GDP at current prices, amounting to €270 million, is estimated to have been distributed into €84.7 million increase in compensation of employees, €114.5 million rise in gross operating surplus of enterprises and €70.8 million increase in net taxation on production and imports. Considering the effects of income and taxation paid and received by residents to and from the rest of the world, Gross National Income (GNI) at market prices for 2011 is estimated at €5.8 billion.⁵

Harmonised Index of Consumer Prices

In December 2011, the Harmonised Index of Consumer Prices went up to 114.24 from 112.76 in December 2010 and to 113.91 in November 2011 which was resulted an increase by 1.3% over the previous year and 0.3% over the previous month. This primarily reflected an increase of 2.7 % in the Alcoholic Beverages and Tobacco Index due to higher prices of cigarettes. Seasonal price increases in garments caused the Clothing and Footwear Index to go up by 0.9%. The Transport Index went up by 0.8%, mainly due to higher airfares. Seasonally higher prices for accommodation services underlay an increase of 0.4% in the Restaurants and Hotels Index. Costlier non-durable household goods resulted in a 0.2% increase in the Furniture, Household Equipment and Routine Maintenance of the House Index. An upward movement in the fees charged for dental services caused the Health Index to edge up by 0.1%.⁶

Lower fees for television services brought about a decrease of 0.3% in the Recreation and Culture Index. The Miscellaneous Goods and Services Index went down by 0.2%, mainly on account of lower-priced jewellery. Cheaper mobile phones caused the Communication Index to edge down by 0.1%.⁷

In December 2011, the twelve-month moving average rate of inflation stood at 2.4%, whereas the annual rate of inflation stood at 1.3%.⁸

³ NSO, 2012

⁴ *ibid*

⁵ *ibid*

⁶ *ibid*

⁷ *ibid*

⁸ *ibid*

Retail Price Index

In December 2011, the Retail Price Index went up to 105.44 from 105.13 in November 2011 and from 103.25 in December 2010 which was resulted an increase of 0.29% over November 2011 and 2.1% over December 2010. This primarily reflected an increase of 1.43% in the Beverages and Tobacco Index, mainly due to higher prices of cigarettes. Costlier airfares caused the Transport and Communication Index to rise by 0.81%. Seasonally higher prices of garments underlay an increase of 0.77% in the Clothing and Footwear Index. Higher prices of carpets, household appliances and textiles brought about an increase of 0.20% in the Household Equipment and House Maintenance Cost Index. A rise of 0.17% was registered in the Personal Care and Health Index, mainly on account of higher prices of toiletries and hygienic articles. The Other Goods and Services Index edged up by 0.09%, mainly due to higher prices for veterinary services and pet food. Cheaper books and TV services caused the Recreation and Culture Index to go down by 0.52%. The Food Index decreased by 0.07%, mainly due to lower prices of vegetables and fish. In December 2011, the twelve-month moving average rate of inflation stood at 2.72%, whereas the annual rate stood at 2.12%.⁹

Agriculture in general

Local agricultural production consists mainly of fruits and vegetables, livestock and dairy products. These constitute inputs for the domestic processing of produce such as meat and meat preparation, canning of fruits and vegetables, wines and beer, and animal feeds. Even though the small size of the agricultural industry might be unfavourable to its performance, this industry still bears an important role in the Maltese economy. However, the Maltese agricultural sector faces problems of water as irrigation scarcity, a scenario of fragmented land ownership as well as the absence of economies of scale.

The agriculture sector comprises of a small share of the Maltese economy, over the last years the agricultural sector has maintained a low but stable share in the Maltese economy. Agriculture provides an integrated framework within the varied produce of its sector and in marketing and distribution. Agriculture serves the welfare of the farming community and also helps to enhance the islands' countryside as well as the rural landscape.

The 2010 Census of Agriculture which was published in 2012, revealed an increase in the utilised agricultural area, more sheep and goats and fewer cattle and pigs over a decade ago. Over the past ten years, the number of agricultural holdings went up by 4.8%. The total utilised agricultural area advanced by 1,796 hectares or 18.6%. Stocks of sheep and goats increased, while those of cattle, pigs, broilers and layers declined. An increase of 4,649 persons or 36.9% was registered in part time employment in agriculture, while full-time employment went down by 14.6%. The total Utilised Agricultural Area (UAA) amounted to 11,453 hectares. Agricultural holdings in Malta and Gozo are quite small with nearly 9,203 agricultural holdings (73.5%) having a UAA of less than 1.0 hectare each. Medium-sized agricultural holdings made up 24.4% of the total; such holdings comprise between one and five hectares, while 2.2% are considered large, each having a minimum of five hectares of UAA. Arable land accounted for 79.3% of the total, while permanent crops and kitchen gardens made up the remaining 10.9% and 9.8% respectively. The cultivation of forage crops (61.2%) is predominant in the use of arable land. 1,251 hectares of UAA were devoted to plantations, of which 49.1% was dedicated to vineyards. Fruit and berry plantations, mainly peaches, had a share of 29.7% of total permanent crops, while citrus, olive and nurseries accounted for 8.9%, 11.2% and 1.1% respectively. As at 31 August 2010, the total cattle population amounted to 15,688 heads, with 6,740, or 43.0%, being dairy cows. The Census revealed that the pig population amounted to 70,593 heads, while sheep and goat stocks numbered 11,873 and 4,384

⁹ Census of Agriculture 2010 Results, National Statistics Office, published in 2012

heads respectively. A total of 1.2 million poultry heads was registered, of which 73.1% were broilers. The remaining 26.0% were laying hens.¹⁰

During 2011 the Maltese Government continued to provide assistance to the agricultural sector through the Special Market Policy Programme for Maltese Agriculture (SMPPMA) whereby assistance was given to producers in the form of direct income support, additional aid on an area basis, marketing aid, plant aid, restructuring aid and quality enhancement. The total aid given by the Maltese Government in agricultural support schemes in 2011 amounted to €4.2 million. The highest amounts were given to support Vegetable Growers €1.26 million, followed by the Tomato Growers with aid amounting to €1.02 million, the Milk Producers with €578,206 and the Pig Meat Producers with €461,184.¹¹

The total volume of pork slaughtered in 2011 amounted to 7,260 tonnes and 83,140 heads while beef slaughtering during the same period under review reached a total amount of 944 tonnes of 4,201 heads. The above resulted in decrease of 3.34% when compared to the total amount in tonnes of pork slaughtered in 2010 and decrease of 33.63% when compared to the total amount in tonnes of beef slaughtered in 2010. Total volume of broiler slaughtering amounted to 2.2 million in 2011 which resulted in a decrease of 15.38% when compared to the total amount of broiler slaughtered in 2010.¹²

Meat production and the producer value declined by 12.5% and 9.4% respectively in the fourth quarter of 2011 when compared to the same quarter of 2010. Meat production dropped by 12.5% to 3,188 tonnes during the fourth of 2011, as a result of a decrease in the production of beef, pig meat and broiler meat of 2.9%, 13.6 % and 12.9% respectively. This was brought about by declines in the number of slaughtered cattle, pigs and broilers by 2.0%, 7.4% and 9.4% respectively during the same quarter. During the same quarter the producer value of animals slaughtered at licensed slaughterhouses amounted to €6.1 million, down by 9.4% from €6.8 million in the fourth quarter of 2010. This was a result of the decline in the producer value of slaughtered pigs and broilers of 13.6% and 8.5% respectively. On the other hand, the producer value of beef slaughtered rose by 8.4% on account of an increase in the average price per kilogram of beef fetched on the market. The average carcass weight of cattle, pigs and broilers slaughtered declined by 1.0%, 6.7% and 3.9 % respectively.¹³

The volume of fresh fruit and vegetables passing through official markets in the fourth quarter of last year went up by 4.1%, amounting to 8.9 million kilograms, when compared to the corresponding quarter in 2010. The wholesale value of fresh fruit and vegetables increased by 2.5% to €4.4 million. The supply of fresh vegetables rose by 4.4 per cent to 8.5 million kilograms over the comparative period. Increases were registered in the supply of Potatoes (+58.9%), Cabbages (+11.5%), Tomatoes (+10.4%) and Vegetable marrows (+4.1%). Furthermore, the wholesale value of fresh vegetables rose by 3.9 per cent to €4.1 million in the fourth quarter of last year. On the other hand, the supply of fresh fruit decreased by 1.3%, mainly on account of a decline in the availability of Oranges (-16.0%) and Sweet oranges (-13.6%). Similarly, the wholesale value of fresh fruit fell by 13.2% to €0.3 million. The volume of fresh fruit and vegetables supplied by Maltese farmers amounted to 8.1 million kilograms, up by 4.6% over the corresponding period in 2010. During the fourth quarter of the period under review, the wholesale value of fresh fruit and vegetables rose by 4.9% to €4.0 million. The produce represented 91.4% of the total supply of fresh fruit and vegetables. Gozitan farmers produced 0.8 million kilograms of fresh fruit and

¹⁰ ibid

¹¹ Source: MRRA, Paying Agency, 2012

¹² ibid

¹³ NSO, 2012

vegetables, or 8.6% of the total supply. The volume of fresh fruit and vegetables edged down by 0.8%, while the wholesale value dropped by 14.6% over the comparative quarter in 2010.¹⁴

Contribution by the Agricultural sector to the national GVA

Contribution by the Agricultural sector to the national Gross Value Added (GVA) accounted for around 1.76% and over €97 million in 2011. This outcome represented slight decline rate in GVA for the Agricultural industry over the year 2010. The GVA of Agriculture increased in all quarters of 2011 except during the fourth quarter, mostly as a result of a drop in the sales of fruit and vegetables. There were also minor drops in poultry and meat during the third and fourth quarter of 2011 when compared to the same quarters of 2010. Contribution of Agriculture to the total economy, shown above, depends also on the performance of the other industries.¹⁵

Socio-economic trends

According to the Population and Housing Census, the total estimated population of Malta at the end of 2007, stood at 410,290. Females accounted for 50.3 per cent of the total population while male accounted for 49.7 per cent. The number of residents having a Maltese citizenship amounted to 394,830 persons equivalent to 96.2 per cent of the total population. Results from The Population and Housing Census held in November 2011 will be published in the second quarter of 2012.¹⁶

Employment

Labour Force Survey figures for the fourth quarter of 2011 indicate that employment went up by 2% points when compared to the corresponding quarter of 2010. The number of employed persons was estimated at 167,627, or 47% of the total number of persons aged 15 and over. The number of unemployed persons stood at 11,778, and the number of inactive persons stood at 176,783, amounting to 3% and 50% of the total population aged 15 and over respectively.¹⁷

Out of every 100 persons aged 15 to 64, 57 were employed. The employment rate registered an increase of 1% point when compared to the corresponding quarter of 2010. Similar increases were recorded for both male and female employment rates. The largest proportion of employed men (31%) was engaged in the following economic activities: wholesale and retail trade, repair of motor vehicles and household goods; hotels and restaurants, and transport and communication. On the other hand, most of the female employed population (46%) worked in other service activities, which includes jobs in the government departments and ministries, education, health sector, and other community, social and personal service activities. The largest share of employed persons worked in service-oriented jobs, 17%. This category includes occupations such as hairdressers, waiters and salespersons. Service-oriented occupations were predominant among female workers (23%), while men were mostly engaged in craft-related jobs (17%). In terms of professional status, a majority of 87% of employed persons were employees with the remaining 13% working as self-employed. The majority of employed persons, 146,129 or 87%, were working on a full-time basis. On the other hand, 21,498 were engaged in part-time jobs or were working on full-time with reduced hours. During the period under review, the average gross annual salary of employees was estimated at €15,013. This amount refers to the basic salary and excludes extra payments such as overtime, bonuses and allowances as explained in the methodological notes. The highest average gross annual salary for employees was recorded in financial, real estate, renting and business activities.

¹⁴ ibid

¹⁵ MFEI, 2012

¹⁶ ibid

¹⁷ NSO, 2012

Moreover, the highest average salary by main occupation was for legislators, senior officials and managerial occupations.¹⁸

The unemployment rate for the quarter under review was estimated at 7%, at par with the corresponding quarter in 2010. The unemployment rate for males stood at 6% and that for females was estimated at 7%. The largest share of unemployed persons was recorded within the 15-24 age groups. Nearly half of the unemployed persons said they had been seeking work for 12 months or more.¹⁹

The latest data available from the Employment and Training Corporation (ETC) as at September 2011 shows slight increase comparing to the same period of 2010. The population of agricultural labour force stood at 2,858 of which full and part time stood at 2,629 while 229 were unemployed. Part-time employment amounted to 743 persons while 1,886 persons worked on a full time basis. The employment of men within the agricultural labour force amounted to 2,509 persons which is equivalent to 87.8% of the agriculture labour force.²⁰

Environmental policy

Malta faces a number of environmental challenges due to its small size and its high population density whereby the islands possess limited natural resources. In fact, freshwater is scarce and fossil fuels (largely oil), which is one of the main sources of energy on which the country is dependant, is imported. Despite Malta's potential for renewable energy such as solar and wind power, penetration of these technologies remains limited and the country's energy demand is strongly linked to its economic performance.

The Environment and Development Planning Act, 2010 (also referred to as the MEPA Act) was published on 13 July 2010 to regulate Environment Protection and Development Planning. In order to do so, the Act confirms the existence of the Malta Environment and Planning Authority as the Competent Authority regulating both matters. Other entities are being confirmed and/or constituted through this Act. One of the new entities set under the new Act is the Environment and Planning Review Tribunal. This Tribunal, which is constituted by full time members, and is a quasi judicial tribunal which has the necessary legal safeguards under Article 6 of the Convention on Human Rights, whilst taking over the role of the previous Planning Appeals Board, has an extended jurisdiction to review decisions of the Authority on environmental and planning matters, included but not limited to Environment Impact Assessment (EIA), Access to Information and the prevention and remedying of Environmental Liability (refer to Article 41 of the Act). Through this new procedure, any person intending to contest any decision of the Authority in relation to environment protection and planning control can do so before the Tribunal and not before the Courts of Justice under the general provisions of judicial review (Article 469A of Chapter 12 of the Laws of Malta). One of the most apparent benefits of this new procedure is that any such redress is less formal, less costly and also intended to be more expeditious and direct. The Maltese Government has appointed the members of the various entities constituted under the new Act. A number of Regulations transposing EU law and other Regulations establishing procedure and which are currently in force will remain in force under the new Act. These have now been complemented by new Regulations issued under the new Act. Another set of Regulations are currently being finalised. One of these new Regulations is intended to regulate the EIA process. These new Regulations have removed the distinction between an EIA and an Environmental Planning Statement and have also streamlined the process of the preparation and finalisation of the EIA process. Enforcement powers have been enhanced under the Act. Complementary Regulations will be published to introduce a new concept of daily fines and other fines in relation to such

¹⁸ *ibid*

¹⁹ NSO, 2012

²⁰ ETC, 2012

infringement. As a result of new provisions in the law, such as revised application fees, the number of applications for development in outside development zone (ODZ) areas received by MEPA in 2011 has fallen by about one-third of that received in previous years.²¹

In addition, Malta has recently launched the draft National Environment Policy for a public consultation which closed on 17 November 2011. This policy will provide direction for the environment sector, in the shape of an integrated policy framework that provides new direction and impetus for the environment and related sectors, as well as incorporating existing initiatives. Importantly, Malta sees this policy as providing a national direction; a blueprint for all stakeholders.²²

In March 2010, the Government had announced that it was setting in motion a process to formulate Malta's first National Environment Policy for the years 2011-2020, with the aim of strengthening the environmental pillar of sustainable development. The rationale behind the National Environment Policy is the need to:

- provide policy direction to all players in the environment field;
- ensure the integration of all policies such that stakeholders work in a coordinated manner to achieve the national objectives and key priorities, not only in the environmental field but also in areas that impact upon or are impacted by the environment, exploiting synergies and addressing potential conflicts across sectors;
- clearly articulate and communicate national environmental commitments and priorities in a transparent manner.²³

In 2011, the Malta Environment and Planning Authority issued the following two nature-related policy guidance documents for public consultation:

- Guidelines on managing non-native plant invaders and restoring native plant communities in terrestrial settings in the Maltese Islands – These have been compiled (a) to assist in the planning and implementation of management programmes, aimed at counteracting the spread of extant plant invaders in important natural and semi-natural areas, and (b) to serve of assistance when designing and implementing native species recovery programmes, aimed at reinstating native plant communities to a favourable conservation status in compliance with the relevant legislation in force at the time.
- Dossier on Wild Fauna in the Maltese Islands - This document addresses species of fauna that are, or are likely to be, threatened by deliberate and/or incidental capture and killing, as well as animal species whose exploitation should be managed. The Dossier ultimately responds to mandates of biodiversity-related multilateral environmental agreements, and, in particular the EC Habitats Directive. It aims to assist Malta to further build a strict protection regime, by devising strategic recovery plans for each species or group of species addressed in the Dossier.

Both documents are undergoing revision following completion of public consultation.²⁴

²¹ MEPA, 2012

²² *ibid*

²³ *ibid*

²⁴ *ibid*

The development of the National Biodiversity Strategy and Action Plan for Malta (NBSAP) proceeded during the year 2011. The development of the NBSAP is taking in consideration the results of the 10th Conference of the Parties of the Convention on Biological Diversity and the new CBD Strategic Plan 2011-2020 and accompanying Aichi Targets. An inter-ministerial meeting and consultation period were undertaken on the completed draft of Malta's NBSAP, which has been given the theme "Working hand-in-hand with Nature". The document is under revision following completion of the inter-ministerial consultation. Public consultation shall follow. MEPA is also currently discussing a National Action Plan on groupers which will probably be released in 2012, following public consultation, and another National Action Plan on sharks is currently being discussed.²⁵

Two non-hazardous waste landfills with Integrated Pollution Prevention and Control permits are currently operating. Ta' Żwejra started operating as of 1 May 2004, following Government's commitment to close and rehabilitate the Magħtab and Qortin dumps. As at the start of 2012 a volume of approximately 28,688 m³ remains at Żwejra which is to be utilised for the deposit of municipal waste. This remaining volume is expected to be in filled by October 2012. An IPPC permit for the other landfill, located in Għallis was issued in April 2007. Capping and waste gas extraction in Żwejra is planned to be in place in 2012, while in Għallis it is planned to start in 2012, with subsequent phases to start in 2013 and 2015.²⁶

Over the years the quantity of waste being land filled has gradually decreased, also thanks to improving recycling practices. Some 400 bring-in-sites had been set up across the Maltese Islands, by 2011, in different localities and in schools. Five civic amenity sites were established, four in Malta and one in Gozo. The 'Recycle on Tuesday scheme', a system of collection of recyclable waste from households, was launched in 2008. The amount of dry recyclable waste collected each week has increased from 2,800 tonnes in 2008 up to 9,519 tonnes in 2010 and to 9,748 tonnes in 2011.²⁷

Over the 2005-2008 period the Maltese Government has initiated the construction of three sewage treatment plants: one in Gozo, one in the northern part (Mellieħa) and one in the southern part (Ta' Barkat) of Malta. The new plants are meant to ensure that all treated sewage conforms to the standards laid out in the Urban Wastewater Directive and reduce the water leakage index by 5% compared to 2008 figures. The Gozo plant became operational in 2008, and the North plant was become operational in March 2009, purifying 20 percent of wastewater in Malta. The third and largest wastewater treatment plant at Ta' Barkat (Malta South) became operational in June 2011.²⁸

In 2007 St. George's Bay became the first beach in Malta to obtain Blue Flag status for meeting international standards for environmental management. The Maltese government has embarked on a policy of creating new beaches to reduce tourism pressure during peak months and improving management practices. The marine environment is a major attraction to tourists and it is in Malta's interests to preserve the quality of this environment. Conservation of the marine environment is also more important given Malta's dependence on desalinated drinking water. Conservation of our marine biodiversity, which is crucial for the proper functioning of our marine ecosystem, is also being addressed through specific conservation measures like development of national Action Plans for important species and to streamline important issues like stranding of cetaceans. Collaboration and cooperation takes place both with the Fisheries (FAC) and Transport Malta (previous MMA) for a better conservation of the

²⁵ MEPA, 2012

²⁶ *ibid*

²⁷ *ibid*

²⁸ *ibid*

marine species concerned taking into account any potential threats and/or activities which can affect them.²⁹

Measure 323 (Conservation & upgrading of rural heritage) under Axis 3 of RDP of EAFRD envisages support for the development of Natura 2000 management planning coverage for all terrestrial Natura 2000 sites in the Maltese Islands. A €3.5 million project proposal to this effect was submitted by the Malta Environment & Planning Authority in May 2009. This proposal was accepted by the Paying Agency and the grant agreement was signed in January 2011. The relevant tendering process was on going as at end 2011 and following award of the tender, the implementation of the project can commence. The project is expected to be completed by December 2013.³⁰

During 2010, eTwinning Malta (an action that supports online-based projects between at least two schools from at least two different European countries) and EkoSkola Malta (empowering students in environmental decisions and actions) discussed the possibilities of liaison between the two. The same discussions were being made at a European level by other countries involved in eTwinning and EcoSchools and also by the International Eco-Schools and the eTwinning Central Support Services. A two-day training session took place in Malta on the 14th and 15th October 2010. The main aim of this training session was for a group of Eco-Schools teachers to start off projects within their Eco-Schools programme involving the use of ICT and thus using the tools offered by eTwinning. There are a number of voluntary environmental schemes in Malta. One of these is the Malta Tourism Authority's tourism eco-certification scheme that was launched in 2002. As at the end of 2011 twenty one hotels held this certification and the Malta Tourism Authority became an official member of the Global Sustainable Tourism Council, an international initiative dedicated to promoting sustainable tourism practices around the world.³¹

Broadband in Malta

Broadband in Malta is provided by the following service providers and relative infrastructure: GO's ADSL Network, GO's WiMax Network, Vodafone's WiMax Network and Melita's Cable Network. There are three distinct Mobile 3G networks owned by Melita, Vodafone and GO respectively and two additional market offerings of broadband services provided over networks built using unlicensed radio spectrum. Overall coverage had reached approximately 100% of the geographic territory of Malta and Gozo by 2010. A total of 30.68% of Maltese population was subscribed in 2011 and 89.17% of Maltese households. The above resulted in an increase of 1.82% while 4.32% when compared to subscribed population in 2009 and 5% when compared to the number of household subscribed in 2010 while 12.8% when compared to number of households subscribed in 2009. Given that the number of population is higher than the number of households in Malta, the percentage of subscribers within households is respectively higher than the percentage of subscribers among the Maltese population. As a comparison below are figures for Broadband subscribers for years 2009, 2010 and 2011 respectively, that show increasing the number of subscribers for DSL and Cable Broadband and decreasing the number of subscribers for BWA.

²⁹ ibid

³⁰ MEPA, 2012

³¹ ibid

	2009	2010	2011
DSL	51,650	63,394	66,584
CABLE	54,380	53,600	57,116
BWA	3,813	4,660	4,426
Total	109,843	121,654	128,126
% share	2009	2010	2011
DSL	47.02%	52.11%	51.97%
CABLE	49.51%	44.06%	44.58%
BWA	3.47%	3.83%	3.45%

Table 1 - Broadband Subscribers by type in 2009, 2010 and 2011

Source: Malta Communication Authority, 2012

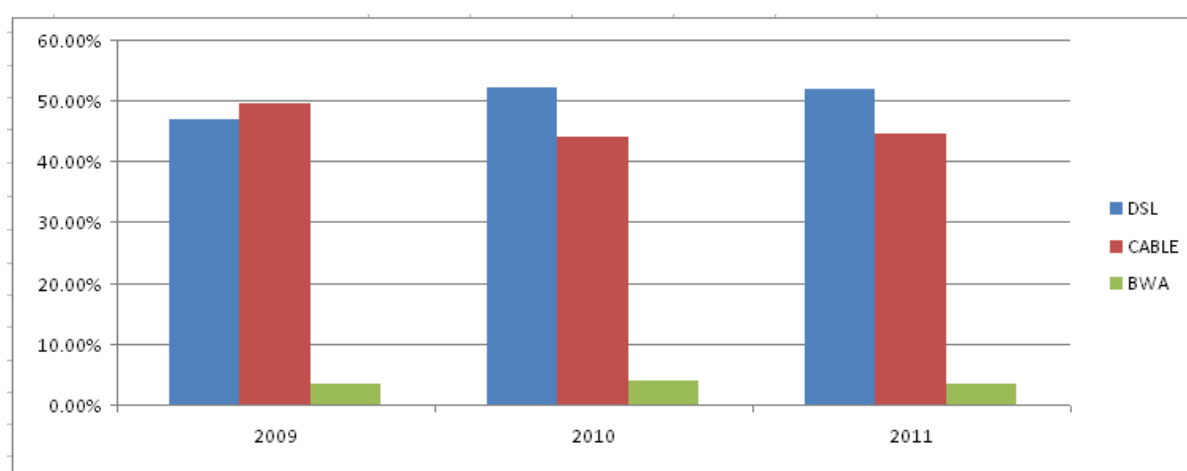


Figure 1 - Broadband Subscribers by type in 2009, 2010 and 2011

Source: Malta Communication Authority, 2012

Number of connections	As at end December 2009					As at end December 2010					As at end September 2011				
	BWA	DSL	Cable	Other	Total	BWA	DSL	Cable	Other	Total	BWA	DSL	Cable	Other	Total
<144 kbps	-	-	1,230	-	1,230	-	-	425	-	425	-	-	265	-	265
≥144 kbps but <2 Mbps	-	74	1,364	-	1,438	10	82	607	-	699	12	69	400	-	481
≥2 Mbps but <4 Mbps	3,130	1,025	-	-	4,155	691	8	-	-	699	531	2	24	-	557
≥4 Mbps but <6 Mbps	551	34,232	45,110	-	79,893	320	49,023	42,505	-	91,848	3,825	46,934	40,751	-	91,510
≥6 Mbps but <10 Mbps	102	12,237	-	-	12,339	118	13,613	-	-	13,731	154	13,404	-	-	13,558
≥10 Mbps	30	4,082	6,676	-	10,788	52	4,137	10,063	-	14,252	55	6,000	15,700	-	21,755
TOTAL	3,813	51,650	54,380	-	109,843	1,191	66,863	53,600	-	121,654	4,577	66,409	57,140	-	128,126

Table 2 - Broadband Speed in 2009, 2010 and 2011

Source: Malta Communication Authority, 2012

The table above shows speeds and penetration rates for three consecutive years (2009, 2010 and 2011) which clearly indicate the improvements that have been achieved recently. From 2008 onwards, there was significant amount of subscribers with speed more than 10Mb within Cable and DSL Broadband and the trend continued in 2009, 2010 and 2011 respectively. In 2011 the amount of subscribers went up 10 times with speed between 4 and 6Mb for BWA and went down in 2011 for DSL and Cable for the same speed for 4.3% and 4.2% respectively over 2010. Overall number of Broadband subscribers went up for 5.1% in 2011 over the year 2010 and 14.3% over the year 2009. Data presented above is provided by Malta Communications Authority (MCA) and show through the increase in number of subscribers in internet speed of 2-10Mb and more than 10Mb that Broadband speed has significantly strengthened over the recent years.

ICT related initiatives are also being specifically catered for through the RDP under Measure 313. In the tourism market, where the purchase is often made prior to the consumption, the way the product is presented to potential buyers is of crucial importance. In this respect, the development of ICT-based services is presenting new opportunities in terms of marketing, distribution, and communication and therefore marketing services that make use of ICT technology, is supported. Projects financed under Measure 313 consist ICT related activities namely: websites, documentaries, interactive panels, virtual tours and DVD/it, IT hardware/software computer stations & printers, point of sale systems, photocopiers, webpage procurement and installation of audio-visual information panels and improvement in security systems are also being financed under this Measure with the scope of enhancing the level of provision of ICT in relation to rural areas. Total allocated volume of investment related to ICT activities financed, amounted to €0.5 million.

2. SECTION B PROGRESS OF THE PROGRAMME IN RELATION TO THE OBJECTIVES SET, ON THE BASIS OF OUTPUT AND RESULT INDICATORS (ARTICLE 82(2)(B) OF COUNCIL REGULATION 1698/2005)

Highlights of Programme Implementation in 2011

In 2011, the Managing Authority (MA), in collaboration with the Paying Agency (PA), was responsible for the launching, management and reporting of the various measures funded from the European Agricultural Fund for Rural Development (EAFRD) through the Rural Development Programme 2007-2013 which was formally adopted in December 2007 through Commission Decision CCI Number 2007 MT06RPO001. The following Table lists all Measures launched and/or re-launched during 2011:

Measure	Call	Launched	Closed	Extended
111	2 nd call	22 nd November 2010	14 th January 2011	N/A
114	2 nd call	18 th July 2011	Open until further notice	N/A
115	2 nd call	31 st January 2011	4 th March 2011	N/A
121	2 nd call	3 rd October 2011	2 nd December 2011	16 th December 2011
123	2 nd call	24 th October 2011	16 th December 2011	N/A
124	2 nd call	24 th October 2011	16 th December 2011	N/A
125	1 st call	24 th June 2011	25 th July 2011	N/A
125	2 nd call	17 th October 2011	2 nd December 2011	N/A
132	2 nd call	24 th October 2011	16 th December 2011	N/A
133	2 nd call	3 rd October 2011	2 nd December 2011	N/A
142	2 nd call	3 rd October 2011	2 nd December 2011	N/A
212	5 th call	13 th June 2011	30 th September 2011	N/A
214	4 th call	13 th June 2011	30 th September 2011	N/A
214 (10)	1 st call	3 rd October 2011	2 nd December 2011	16 th December 2011

Table 3 – List of Measures launched in 2011

2011 was characterised with the re-launching of several Measures, the contracting of eligible applications as well as the implementation of projects contracted in previous years.

As outlined above, calls for 10 measures under Axis 1 were open for submissions of applications in 2011. A second call was launched under Measure 111 in November 2010 which closed on 14th January 2011. Four bids were received and three beneficiaries were contracted.

A second call under Measure 114 was launched on 18th July 2011 and with no definite deadline targeted. A second call for Measure 115 was issued on January 31st 2011: one application was received and later contracted. The second call for Measure 121 was launched on 3rd October and closed on 16th December 2011. A total of 509 applications were received. The second call for Measure 123 and Measure 124 was launched on October 24th with the application period closing on 16th December 2011 for both measures. 38 applications were received for Measure 123 and 5 applications were received for Measure 124³².

Measure 125 was launched twice in 2011: on 25th June, where 1 application was received and later contracted, and a second call was launched on October 17th, where no applications were received. The

³² The project selection process for the call under Measure 121, 123, 124 will be completed in 2012.

second call for Measure 132 was launched on the 24th of October 2011 until the 16th of December and no applications were received during this call. The second call for Measure 133 was launched on 3rd October 2011, closing on December 2nd 2011 and no applications were received. The second call for Measure 142 was launched on 3rd October and closed on December 2nd. Four applications were received during this call with the project selection process due to be completed in 2012.

For Priority Axis 2, a call for new applications was issued for both Measure 212 and Measure 214 on 13th June 2011. When the call closed on 30th September 2011, 524 new applications were received for M212 and 228 new applications were received for the M214. For M212, 6,059 payment claims were made for the year 2011 while 2238 payment claims were received for Measure 214.

Under Priority Axis 3, in 2010 Measure 313 contracted 24 beneficiaries while Measure 323 contracted 17 beneficiaries. During 2011, 4 Beneficiaries under Measure 313 and 1 beneficiary under Measure 323 informed the PA of their intention to withdraw their respective project. Therefore the total number of beneficiaries as at end of 2011 were 20 beneficiaries for Measure 313 and 16 beneficiaries for Measure 323. The formal withdrawal procedure of these projects will be completed in 2012.

In 2011, the three LAGs continued with their operations by launching their respective calls under Measure 313. Applications were opened on 7th March 2011 and closed on the 6th of May 2011. A total of 24 applications were received, 19 from the public sector and 5 from the private sector. The applications were evaluated by the LAGs together with their Technical Experts and ranked by their respective Decision Committees. The MA will carry out its assessment of these applications in 2012 and contracts shall be drawn up with the selected applicants.

The LAGs also designed and launched an expression of Interest for Measure 125. Expressions of Interest were submitted between the 17th October and 2nd December 2011. In 2012, Expressions of Interest will be reviewed by an architect from the Project Design and Implementation Department within MRRRA as the latter will be assisting the MA through the provision of the technical expertise required. The architect will ensure that the project is eligible and that no planning permits are required for the proposed works. Following this evaluation, a call for applications will be launched in 2012 where only those applicants who applied under the Expression of Interest will be allowed to apply. The three LAGs received a total of 36 Expressions of Interest: 12 were received by the Majjistral Action Group Foundation, 10 by GAL Xlokk and 14 by Gozo Action Group Foundation.

The Majjistral Action Group Foundation launched their first action under Measure 413, '413.3 - Open Call for Craft Workers'. Applications were received between the 19th of September and 2nd November 2011. A total of 6 applications were received. The applications have been evaluated by the LAG Technical Expert and will subsequently be ranked by the LAG Decision Committee with the MA completing the evaluation of these applications in 2012 and contracts shall be drawn with the successful applicants.

MAGF also launched Action 'M413.6 - Support Arts and Culture Organizations to undertake Capital Projects'. Applications were received between the 19th of December and 3rd February 2012. 16 applications were received following this call. In 2012, the applications will be evaluated by the LAG Technical Expert, ranked by the LAG Decision Committee, evaluated by the MA and contracts shall be drawn up.

As reported in the Annual Progress Report for 2010, three programme modifications had been submitted with the first modification being accepted in August 2010 while the second modification was accepted by the European Commission in 2011. This modification concerned a number of changes to the programme budget, aimed at satisfying the demands and objectives of rural development in Malta whilst ensuring absorption of funds. This modification affected the financial allocations of the following Measures:

Measure 111, Measure 114, Measure 121, Measure 123, Measure 125, Measure 212, Measure 214, Measure 313, Measure 323, Measure 41 and Measure 421, The Commission services sent its feedback on 22nd February 2011 which was taken on board by the MA and eventually the modification was accepted on 31st March 2011.

Measures Launched in 2011

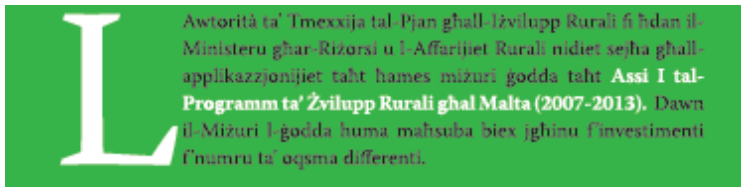
Axis 1

Measure 111 – Vocational training and information actions

The legal basis for this Measure is found in Article 21 of Regulation (EC) No 1698/2005.

This Measure was launched in 2010 but its application period closed on January 14th 2011. Measure 111 seeks to improve the competitiveness and the sustainability of the agricultural sector by investing in human potential. The main aim is to provide the opportunity and the means for farmers and other adult persons involved in agricultural activities and those working within the agro-food industries to be trained and to improve their skills, thus meeting the challenges that result from the new standards and demands of the rural economy.

The specific objectives of this Measure are to facilitate the evolution and specialisation of agriculture and to enable acquisition of an appropriate level of technical and economic training, including expertise in new information technologies, as well as adequate awareness in the fields of product quality, sustainable management of natural resources, including cross-compliance requirements, and the application of production practices compatible with the maintenance and enhancement of the landscape and the protection of the environment. In particular, the obligations for beneficiaries of Measure 121 and of Measure 214 to attend a minimum number of hours of training, will contribute to achieve these results. Thus Measure 111 is also linked with the success of Measure 121 and Measure 214 and in its contribution to the entire programme.



Tnejn mill-Miżuri l-godda li ġew mnedija huma **Miżura 142 - Twaqqif tal-Għaqdiet tal-Produtturi u Miżura 111 - Tahriġ**. Informazzjoni u Diffużjoni ta' Tagħrif.

L-Għaqdiet tal-Produtturi jghinu sabiex titjeb l-effiċjenza tas-suq tal-prodotti tal-biedja mkabbla lokalment. Dan isefh minhabba li l-għaqdiet huma obbligati li jadattaw il-produtturi ta' prodotti agrikoli skond il-bżonn tas-suq kif ukoll jghinu u jteju l-mod ta' kif prodotti agrikoli jiġu pprezentati fis-suq. Dan jinkludi l-mod kif prodotti agrikoli jiġu ppreparati u pprezentati għaċ-ċentralizzazzjoni tal-bejgħ kif ukoll il-fornitura lil min jixri bi kwantitajiet. L-għaqdiet tal-produtturi jappoggaw u jstabilixxu wkoll id-dhul ta' regoli komuni fuq informazzjoni dwar il-produtturi b'mod partikolari l-hsad u d-disponibilità ta' prodotti agrikoli. Miżura 142 għandha l-ghan li tgħin fit-twaqqif u l-amministrazzjoni ta' dawn l-għaqdiet tal-produtturi.

B'kollox hemm madwar €990,000 allokati għal din il-miżura li €742,500 ġejjin mill-Unjoni Ewropea waqt li €247,500 ġejjin mill-Gvern ta' Malta.

Izda sabiex titjeb l-effiċjenza tas-suq tal-prodotti tal-biedja, sabiex tiġi adattata l-produtturi ta' prodotti agrikoli skond il-bżonn tas-suq u jitjeb il-mod ta' kif prodotti agrikoli jiġu pprezentati fis-suq hemm bżonn li bdiewa u persuni adulti oħra involuti f'attivitajiet agrikoli u dawk li jahdmu f'industriji tal-agri-ikel jiġu mharrġa biex itejbu l-kapaċitajiet tagħhom u b'hekk ikunu jistgħu jiġu ffaċċjati l-isfidi li jirriżultaw minn standards godda u l-esiġenzi tal-ekonomija rurali. Miżura 111 hija mahsubabiex ittejjeb il-kompetittività u s-sostenibilità tas-settur agrikolu billi tinvesti fil-potenzjal uman

Il-benefiċjarji immedjati taht din il-Miżura ser ikunu kumpaniji jew agenziji li jiġu appuntati mill-Ministeru għar-Riżorsi u l-Affarijiet Rurali wara sejha għal espressjoni ta' interess biex jiġi organizzat it-tahriġ kif ukoll riċerka xjentifika u attivitajiet sperimentali fl-agrikoltura, żvilupp rurali u setturi tal-ikel, u nies oħra li huma involuti f'attivitajiet relatati mal-agrikoltura u ikel. Il-benefiċjarji finali ta' din il-miżura ser ikunu persuni adulti li huma impenjati f'attivitajiet relatati ma' agrikoltura u ikel, inklużi uffiċjali pubbliċi li għandhom funzjoni regolatorja.

B'kollox hemm €1,160,000 allokati għal din il-miżura li €870,000 ġejjin mill-Unjoni Ewropea waqt li €290,000 ġejjin mill-Gvern ta' Malta.

Aktar informazzjoni tista' tinkiseb billi oċempel fuq 25904256 jew tibgħat posta elettronika fuq: rdd.mrra@gov.mt, kif ukoll mis-sit elettroniku www.agric.gov.mt

STAMPAT FUQ KARTA REĊIKLATA

Figure 3 - Part of the Naturalment Malti brochure 'Il-Majjal' promoting Measure 111



Il-Programm tal-Iżvilupp Rurali għal Malta 2007-2013 jinkorpora diversi miżuri bl-ghan li jibbenefikaw minnhom bdiewa u rahhala Maltin. L-ghan tal-Miżura 111 – Tahriġ, Informazzjoni u Diffużjoni ta' Tagħrif hu li tinkuraġġixxi lill-bdiewa u lir-rahhala biex jattendu korsijiet ta' tahriġ mingħajr hlas.

It-tahriġ provdut jinkludi korsijiet, seminars u anke tahriġ fuq il-post. Dan it-tahriġ ikopri diversi setturi fosthom dak tal-frott u l-haxix, tal-baqar, tal-mogħoż u n-nagħaġ, tal-majjali u tat-tiġieġ. It-tahriġ jinvolvi aspetti marbuta mal-prattiċi ta' produzzjoni kompatibbli mal-protezzjoni tal-ambjent kif ukoll dwar l-obbligi tal-Cross Compliance.

Din il-Miżura hi opportunita` fejn il-bdiewa u r-rahhala jingħataw informa zżjoni fuq kif jistgħu jteju l-kapaċitajiet tagħhom sabiex ikunu jistgħu jmexxu l-azjenda tagħhom ahjar u għaldaqstant titjebutikberil-produttività u s-sostenibbiltà tal-istessprodutturi.

Il-benefiċjarji taht il-Miżura 121 'Immodernizzar t'Azjendi Agrikoli' kif ukoll dawk taht il-Miżuri Agro-Ambjentali huma obbligati li jattendu programm ta' tahriġ fi hdan din il-Miżura.

Dawk interessati jistgħu japplikaw hekk kif tinhareġ sejha mill-entitajiet awtorizzati sabiex jipprovdu dan it-tahriġ. It-tahriġ ser ikun bla hlas għal kulhadd u sejjer jingħata kemm f'Malta kif ukoll f' Għawdex.

Aktar informazzjoni tista' tinkiseb minn fuq is-sit tal-Aġenzija għall-Pagamenti: www.mrra.gov.mt/pa jew billi oċempel il-'Front Office' tal-Aġenzija għall-Pagamenti fuq 25904204.

Figure 2 - Part of the Naturalment Malti brochure 'Il-Frawli' promoting Measure 111

A new call was launched on the 22nd of November 2010 and closed on 14th January, 2011. When the call for applications under Measure 111 closed 4 eligible bids were received out of which 3 applicants were contracted by the end of 31st December 2011.

This call has been restructured compared to the previous one: it included 6 lots all linked to a specific sector:

- Lot 1 – Fruit and vegetable sector
- Lot 2 – Dairy sector
- Lot 3 – Pork sector
- Lot 4 – Poultry sector
- Lot 5 – Sheep and Goats sector
- Lot 6 – Control function

Each lot was designated to one or more service providers. For the first 5 lots, the beneficiaries are paid:

- € 90 per farmer successfully trained
- € 100 per farmer successfully trained and currently benefitting from financial assistance under any of the Measures of the 2007-2013 Rural Development Plan.

For the 6th lot, the beneficiary is paid €100 for each participant successfully trained.

In 2011, all training was related to 'Lot 1 – Fruit and Vegetable Sector' with 948 farmers received such training and €81,490 were disbursed, with a total EARFD contribution of €61,117.50. Out of the 948 farmers who have received training, 826 completed the training successfully. This means that 826 farmers have exceeded the 80% attendance threshold.

Targets for output indicators, namely number of participants in training and number of training days received are 2,500 and 2,635 respectively. Till the end of 2011 a total of 948 participants received training and 4,181 training days were received. The execution rates for this measure are of 38% and 159% respectively.

Target for result indicator, namely number of farmers successfully ending training is 2,000. Till the end of 2011, 826 farmers had successfully ended training. The execution rate for this measure is 41%.

Until the end of 2011, impact indicators were not updated since ongoing evaluators responsible for these updates are due to be contracted in the first quarter of 2012.

The formation of human capital remains a critical factor for the long-term sustainability and competitiveness of the farming sector in Malta. Following the issuing of the second call for applications, progress was achieved with respect to this measure as a result of the three contracts signed. This progress was achieved following a number of MTE recommendations which were implemented by the MA prior to launching of the call. The following actions were taken as to ensure better uptake of this measure:

- Training was made a compulsory element following the receipt of financial support under popular measures such as Measure 214 and Measure 121; and
- Farmers' organisations were involved in the development, marketing and delivery of training activities to farmers.

Measure 114 – Use of Advisory Services

The legal basis for this Measure is found in Article 24 of Regulation (EC) No 1698/2005.

Measure 114 was launched for the second time on the 18th of July 2011 and will remain open until further notice.

Measure 114 aims to encourage farmers to make the best possible use of the Farm Advisory Services set up through Measure 115, in order to align their practices and operations with new developments in the sector. Farmers will also be directed to adopt sustainable practices that decrease the impact of agricultural activities on the wider environment. Through this Measure farmers will also increase their access to rural development measures which may then be used to improve the farm holding.

MIZURA 114

Użu ta' Servizzi ta' Konsulenza fl-Qasam tal-Agricoltura

L-Agenzja għall-Pagamenti qed taprovdi qiegħina permezz ta' Mizura 114 biex il-bdiewa u rishhala jkoprju l-ispejjes marbuta mal-użu ta' servizzi ta' konsulenza għas-settur agrariku.

L-għan ta' din il-misura huwa li ssostni bdiewa u rishhala li jgħidqu jagħmlu użu minn servizzi ta' konsulenza għas-settur agrariku sabiex:

- Jjgu addottati prattiki aktar sostenibbli u joperaw fi "bidja" li parametri stabbiliti mill-iskwittar tal-Cross Compliance;
- Tingħata għajruha b'leq jindamm tagħrif u jkri jppenar ta' fertillizzazzjoni;
- Jnqasaw parri u assistenza li jipprovdu tagħrif ta' kompetittività tal-operaz.



► Min jista' japplika?

Bdiewa jew rishhala li jkwalifikaw għal din l-għajruha jridu jkun:

- bdiewa jew rishhala full-time jew part-time registrati fis-sistema ta' IMIS tal-Agenzja għall-Pagamenti jew;
- entità (teampju kumpanja) li hi involuta fi attivitá agrarika primarja u hi/ji registrata fis-sistema ta' IMIS tal-Agenzja għall-Pagamenti.

Is-servizz ta' konsulenza jridu jkun taprovdu minn waħda minn dawn l-entittajiet:

- APS Consult
- FAS Consortium

Is-servizz ta' konsulenza jkoprji parti relatati mar-rekwiziti obbligatorji tal-Cross Compliance.

Servizzi

- Bidja jew rishhala jata' jagħraf li japplika għall-servizz ta' bidja jew multi-annwali.
- Tassew' tigi jppreventabli applikazzjoni waħda lix għal kull bidja jew entità.

A) Servizz ta' Darba

Dan jinkludi servizz speċifiku relatat mal-wieħed jew aktar mill-aspettjiet li ġejjn:

- Rapport ta' status ta' Evalwazzjoni tal-Cross Compliance (Mandatorju);
- Planijiet ta' Immanigġjar tal-iskart;
- Planijiet ta' Immanigġjar ta' Nutrijenti (Mandatorju F'kazji li japplikant jopera fis-settur tal-frott u hasax);
- Planijiet ta' Konservazzjoni;
- Planijiet ta' Negozju;
- Planijiet ta' Protezzjoni tal-Bjant u;
- Rapport ta' Verifika tal-Ambjent/Energija.

B) Servizz Multi-annwali

Dan jinkludi dawk il-bdiewa jew rishhala li jidhru f'Pjanijiet Multi-FAS sabiex jgħidqu s-servizz ta' konsulenza għall-qasam agrariku u tagħhiru fuq perjodu minimu ta' sennetj għal massimu ta' 4 snin. Is-servizz għandu jingħata sa mhux aktar tard minn Diċembru, 2014.

Dan is-servizz għandu jigi limitat għal aspettjiet ekwalibbli u għandu jinkludi dawn is-servizzi:

- Appoġġ personali (konsulenza u għajruha ibrida);
- Spezzjonijiet ta' mazzetti;
- Servizz ta' appoġġ permezz ta' toletar;
- Permezz ta' sugġerimenti speċifiċi;
- Avvenimenti u seminars fuq qiegħna kugenzja;
- Ughodol li jkollu fuq l-Internet.



Figure 4 – M114 Information leaflet. This leaflet was published to promote this Measure and is being distributed during fairs and activities and from specific locations popular with farmers, such as Pitkali Markets, LAG offices and farmers cooperatives

The agricultural sector in Malta needs to improve its competitiveness and farmers and livestock breeders need to be more reactive to technological developments as to improve their efficiency. Those in the agricultural sector need to switch to more intensive forms of agriculture and move away from traditional technologies in the field. This is required since farmers need to adapt and conform to several standards, including those related to the environment, health and safety on the farm and animal welfare.

New requirements and standards require advisory services to which farmers can resort to in order to bring their practice in line with such standards. Farmers and livestock breeders need to be more aware of EU and National regulations, particularly those related to Cross Compliance. This Measure provides farmers with tailor made advice, related specifically to their holdings.

Through these advisory services, farmers are given tools to improve their production practices and at the same time ensure that production practices are compatible with maintaining and improving the

rural landscape, and protect the environment. The final aim is to disseminate knowledge and information related to preserving water resources, sustainable management of pests and proper use of pesticides and fertilisers.

This Measure is aimed at farmers registered with the Employment Training Corporation (ETC), both full time and part time, that make use of advisory services, offered by Farm Advisory consultants or companies that have been included in the register of farm advisory consultants and companies as per Legal Notice 113 of 2010. The advisory service covers advice related to mandatory requirements. There are two types of support eligible under this Measure: a one time service and a multi annual support where the farmer and FAS sign a contract for at least two years of consultancy services.

Support for the use of advisory services covers up to a maximum of 80% of the eligible costs related to the use of advisory services, not exceeding the maximum of €1,500 per farmer per comprehensive service. The remaining 20% of the eligible costs is to be borne by the farmer. The budget allocation for this measure is €1,500,000. The initial budget allocation for this Measure was €3,000,000. However, a Programme modification was carried out in 2010 where €1,500,000 in public expenditure were transferred to Measure 121, as to achieve better concentration of funding in areas where it is more required and demanded and also to ensure utilisation and absorption of programme funding.

Since the launch of the second call for this Measure in July 2011, no applications have been received as at end of 2011. Therefore no funds were disbursed as at end of December 2011 and no results could be reported for end of the period under review. Since there were no applications until the end of 2011, result and impact indicators cannot be updated.

In order to increase the uptake of this Measure, the MA is coordinating with the LAGs and the Department of Agriculture. The LAGs will help by promoting the Measure during their activities and by distributing information brochures from their offices. FAS Consortium will also be invited to set up a stand during LAG activities. Further promotion is being carried out by the Department of Agriculture whose representatives will target the farmers directly. A procedure has been put into place where farmers will be asked to register and pay a small membership fee. LAGs can also help with the registration process. An expert will visit the farm as to determine the needs of the farmer who will then be invited for consultation services at the FAS. These consultation services will be co-financed at a rate of 80%, with a 20% contribution from the beneficiary. A contract will then be drawn with the PA for further consultations regarding for example Cross Compliance, together with follow up visits to check upon any improvements.

Measure 115 – Setting up of Advisory Service

The legal basis for this Measure is found in Article 25 of Regulation (EC) No 1698/2005.

Farmers need to keep themselves updated on new developments in Community Legislation in the field of Cross Compliance in order to comply with mandatory standards and provide the consumer with a product that has been produced using methods compatible with the environment. Farmers also need to respond to market demands and upgrade their management systems in order to become more competitive. Farm advisory services are therefore required to support farmers handle these challenges and facilitate change. Availability of recognised advisory services also prevents farmers from resorting to unofficial sources of information and assistance.

This measure aims to aid the setting up of farm advisory services bodies that are competent to provide advisory services related to at least the following: statutory management requirements (SMRs), GAEC, animal welfare standards, good agricultural practices, occupational health and safety standards and preparation of supporting documentation required for applications related to EAFRD measures.

Eligible expenditure is related solely to costs incurred by the farm advisory service during the first years of operation from the date of recognition and may include ICT hardware and software, instruments for field analysis and monitoring, instruments for laboratory analysis and monitoring, office ware, library, archive, and catalogue materials, and course fees related to continuous professional development.

The rate of support provided is up to a maximum of 100% of the total eligible costs up to a threshold not exceeding €100,000 paid over the entire 5 year period. The budget allocation for this measure is €600,000 and support shall be paid annually over five years. Support rates will be reduced by the same percentage every year, such that they will be completely phased out by the sixth year.

2009 Call

Measure 115 was launched for the first time on 20th February 2009 with the call closing on 29th May 2009. A total of 5 applications were received for this call, however only 2 were eligible since they were registered FAS providers as contemplated by the conditions of the call but failed to obtain the minimum score required. The other 3 were considered as ineligible as they did not have the recognition from the Farm Advisory Service Board.

2011 Call

This Measure was launched for the second time on 31st January 2011 and the call closed on 4th of March 2011. One application was received and subsequently contracted. The amount contracted under this Measure is that of €100,000 and no disbursements have been carried out as at end December 2011.

Targets for output indicators, namely number of newly set up services, is 6 according the RDP. Until the end of 2011, one FAS has been set up therefore the execution rate for this Measure stood at 17%. As at end of the period under review and it was too early to gauge the result and impact indicators

The MA does not envisage any more calls for applications under this Measure. Members of the FAS Consortium, the beneficiary contracted, include all the major representatives from all sectors. A second registered FAS has dropped out and locally there are no other organisations licensed to act as a FAS. MA will request a change in budgetary allocation, away from this Measure in favour of Measure 123 in view of the fact that the latter has a higher likelihood of success and presents better potential for the setting up of a solid competitive foundation for the agricultural sector in Malta.

Measure 121 – Modernisation of Agricultural Holdings

The legal basis for this Measure is found in Article 26 of Regulation (EC) No 1698/2005.

One of the main challenges facing Maltese agriculture is its structural weakness due to the limited real capital expenditure channelled to upgrade existing production structures, introduce the latest technologies and modernise systems. Tougher competition and changing conditions in the agricultural sector resulting from reforms in agricultural policy have increased the need for investments in agricultural holdings. Farm investments aid can facilitate conversion to more competitive and more sustainable production, in accordance with existing food and rural development policy goals. Increased productivity depends on the use of newly adopted farm management practices, adoption and enhancement of new practices and the use of modern technologies.



Figure 5 – Dairy farm of a beneficiary under Measure 121. For the livestock sector in particular, restructuring and modernisation are essential not only to improve management but also to improve the efficiency and productivity and attain higher quality products.

Aid for the modernisation of agricultural holdings ensures that the agricultural sector becomes more competitive and market-oriented and that supported investments contribute to the improvement of agricultural incomes and to the living, working and production conditions. At times, this Measure could encourage investments that lead to the development of more differentiated production with clear added value in food quality, sustainable use of natural resources, and environmentally friendly production that builds upon principles of animal welfare and high standards of hygiene and occupational health and safety.

Figure 6 – Pig Farm - M121 beneficiary



Figure 7 – Poultry Farm - M121 beneficiary

Funding under this Measure is available for full time farmers, part time farmers and agricultural enterprises engaged in agricultural production registered as a legal entity.

This measure aims to support tangible or intangible investments that improve the overall performance of the agricultural holding and respect the Community Standards applicable to the investment concerned. This Measure supports three types of investments:

- Sub-Measure 1: General modernisation and improvements in the performance of agricultural holdings;
- Sub-Measure 2: Environmental investments;
- Sub-Measure 3: Investments in order to comply with the newly introduced Nitrate Directive.

For each of the three sub-measures beneficiaries are granted 50% of the total eligible expenditure. A beneficiary may receive up to 50% of €300,000 or 50% of the total eligible expenditure of his/her proposed investment cost. Funding will support up to a maximum eligible amount not exceeding €150,000. The total project investment must exceed €5,000.

2008 Call

Measure 121 was launched for the first time on 15th November 2008 and 360 applications were received, out of which, 280 were subsequently contracted. The overwhelming response received following the first call shows that there is a substantial level of commitment to invest, modernise and become more competitive. This has a strategic value for the success of the entire programme, as through Measure 121, the agricultural sector can build a solid foundation upon which other measures can be implemented.

As at end 2011, 280 applicants had been contracted: 113 beneficiaries from the Animal Husbandry sector, 159 from Crop Sectors, 5 from both Crops and Livestock and 3 from other sectors. The largest number of contracted beneficiaries comes from the crop sector with 57% of contracted beneficiaries.

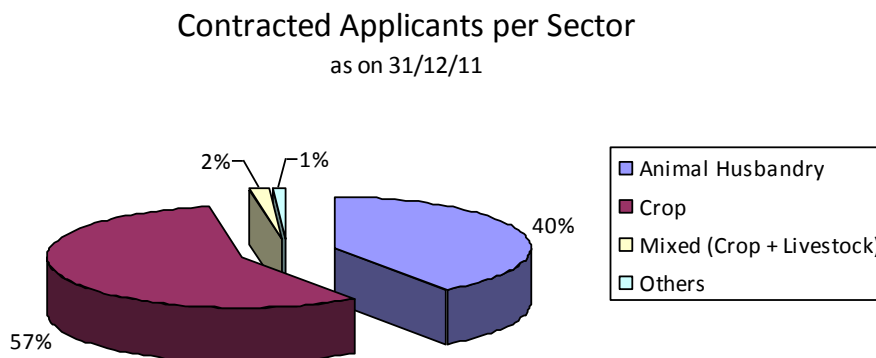


Figure 8 – Contracted applicants per Sector

The Animal Husbandry can be further divided into various types of livestock as can be seen in Figure 9 below. The largest number of contracted beneficiaries comes from the dairy sector, with 56% followed by poultry, 25%.

Contracted Beneficiaries (Animal Husbandry Sector)
as on 31/12/11

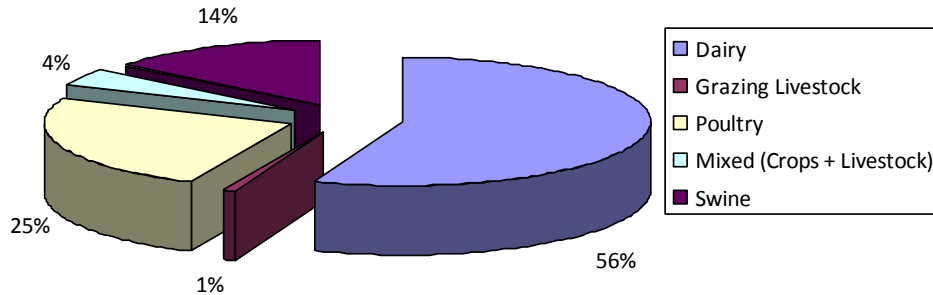


Figure 9 – Contracted beneficiaries in the Animal Husbandry Sector

The Crop sector was also further divided into type of crops. Figure 10 below indicates that the largest number of beneficiaries contracted came from the field crop sector, amounting to 70% of contracted beneficiaries.

Contracted Beneficiaries (Crop Sector)
as on 31/12/11

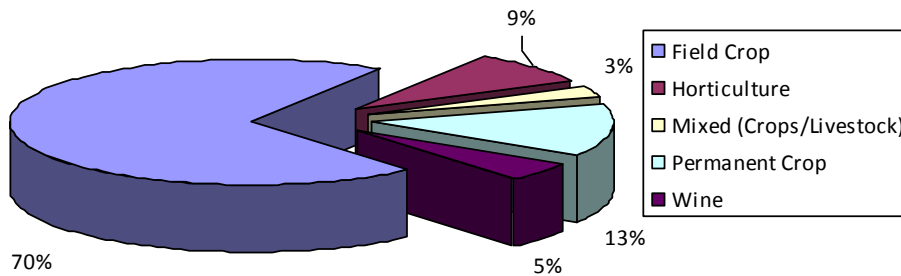


Figure 10 – Contracted Beneficiaries in the Crop Sector

Table 4 below shows the number of contracted applicants from each sector, further subdivided into types:

Sector	Type	No of Contracted Applicants (as at end 2011)
Crop	Field Crops	115
Crop	Horticulture	14
Crop	Wine	8
Crop	Permanent Crops	22
Animal Husbandry	Dairy	66
Animal Husbandry	Grazing Livestock	1
Animal Husbandry	Pigs	17
Animal Husbandry	Poultry	29
Mixed	Crops + Livestock	5
Other	Other	3

Table 4 – Number of contracted beneficiaries per type

Figure 11 shows the number of contracted beneficiaries for each type, expressed as a percentage of the total number of contracted beneficiaries. For example, 41.1% of all contracted beneficiaries are from the field crop sector while 23.6% of contracted beneficiaries come from the dairy sector.

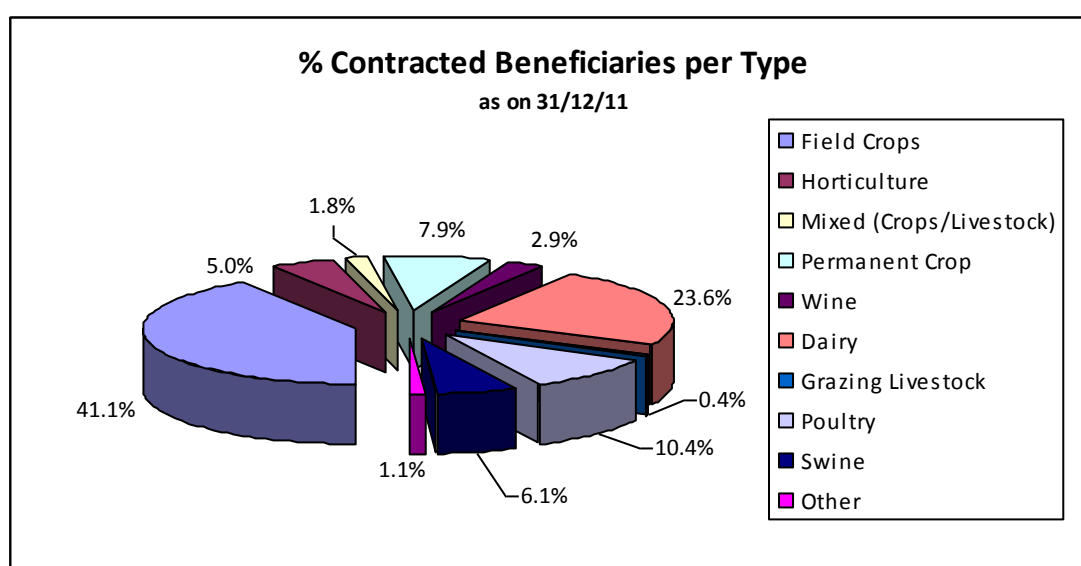


Figure 11 – Percentage of contracted beneficiaries per type

The budget allocation for this Measure is €19,869,000. This amount was increased from the €14,820,000 initially allocated in the original RDP, with transfer of funds from Measures 111, 114 and 123. This was done following the large number of applications received after the first call for applications in 2008. This transfer of funds ensures that funds are absorbed through Measures which complement and strengthen the priorities identified in the National Strategy Plan.

Out of the €19,869,000 allocated for this Measure, €15,318,668.10 had been contracted by the end of 2011. This means that about 61% of funding available has now been contracted. As at end 2011, €12,055,660.45 had been disbursed, with an EAFRD contribution of €9,041,745.34. During 2011, €4,535,052.05 were claimed. Following controls, €4,531,508.95 were eventually disbursed, with an EAFRD contribution of €3,398,631.71.

Figure 12 below gives percentages for Total Volume of Investment. Under Measure 121, beneficiaries are granted up to 50% of the total eligible investment. The Total Volume of Investment is the total cost of the project, including the amount to be paid by the beneficiary. In Figure 11, for example, the value for the dairy sector is 48.1%. This means that 48.1% of the Total Volume of Investment comes from the Dairy sector. Therefore, the Dairy Sector will be investing the highest amounts, followed by the Poultry Sector, with 14.9%.

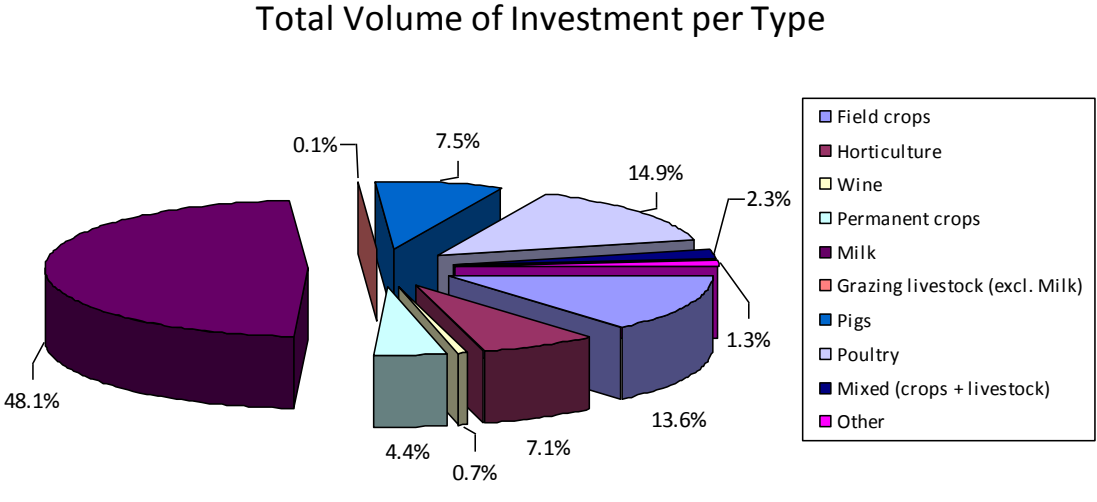


Figure 12 – Percentage total volume of investment per type

Figure 13 gives percentages for the Public Expenditure paid. This means that of all disbursements carried out until end December 2011, 45.9% went to the dairy sector. Also, 15.8% were disbursed to the field crop sector while 16.6% were disbursed towards the poultry sector.

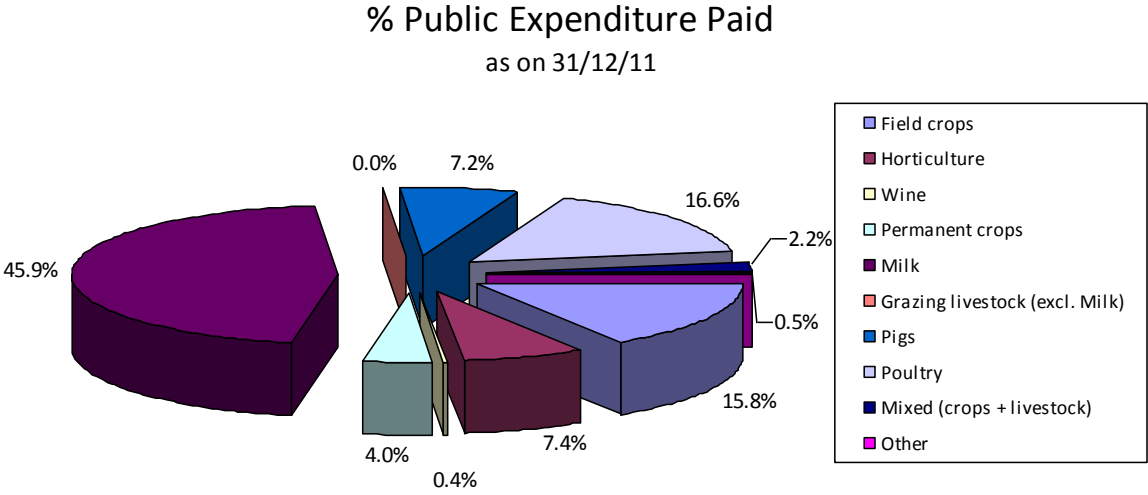


Figure 13 – Percentage public expenditure per type



Figure 14 – A beneficiary was awarded a grant for funding for agricultural machinery under Measure 121



Figure 15 – Greenhouses and PV panels, L/O Bingemma, Mġarr

On-the-Spot Control

Throughout the modernization of agricultural holdings measure, farmers and entities engage in agricultural activities are supported to improve the performance of their holdings, not only in terms of economic criteria, but also the environment, occupational safety, hygiene and animal welfare status. For the livestock sectors restructuring and modernization are essential not only to improve management, the efficiency and productivity of the sectors but also to attain higher quality products and to support enhancements in the housing and sanity conditions of farm animals. This will be achieved through

investments that aim to go beyond the minimum standards for animal hygiene and welfare involving improvements in animal production cubicles, pens and cages, ambient conditions of housing units including ventilation, ambient temperature control and humidity, and installation of flooring.

The on-the-spot checks of the holdings inspected were executed in accordance to Articles 27-30 of Regulation 1975/2006 which lays down detailed rules for the implementation of Council Regulation (EC) 1698/2005. For the purpose of Article 30 checks, the control unit performed 100% checks upon completion of the investment, before the payment was effected.

The control methods were based on a physical assessment of the project by means of:

- A physical inspection on site to verify that the project has been completed, is in operation and according to the approved specifications;
- Data entry of the results of on-the-spot control;
- A control report.

2010

Throughout claim year 2010 the control unit received ninety (90) Measure 121 payment claim applications; these included a variety of investment types including agricultural machinery, environmental investments and structural investments.

Each individual payment claim application was scrutinised for compliance with the contracted and relevant guidelines/MoPs issued by the Paying Agency. For each case at least one physical check has been carried out therefore 100% controls. Inspections were concluded throughout all of 2010 at project completion. As required by the internal guidelines mentioned above, all inspections were carried out by at least two inspectors to maintain the four-eye principle.

Whenever beneficiaries have benefitted from past schemes such as Meeting Standards, Measure 3.1 or Measure 3.2 through the 2004-2006 programming period, an ex-post check was carried out during the Measure 121 inspection, to verify that within five years from the contract date, the project did not undergo any substantial modification in line with the durability clause. Under Measure 121, eighty-seven (87) payment claims out of ninety (90) were referred for payment by the Control Unit.

2011

During 2011 the Control Unit processed ninety seven M121 applications which included various investment projects including agricultural machinery, as well as environmental and structural investments.

Each individual application was scrutinised for compliance with the contracted and relevant guidelines/MoPs issued by the Paying Agency. For each case at least one physical check was carried out (100% controls). Inspections were conducted throughout 2011 after completion of the project.

Wherever beneficiaries have benefitted from past schemes such as Meeting Standards and Measures 3.1 and/or 3.2 of the Single Programming Document 2004-2006, an ex-post check was carried out during the M121 inspections, to verify that the projects have not undergone any modifications within five years from the date of contract, these ex-post checks amounted to 17. As required by internal guidelines all inspections were carried out by at least two inspectors to maintain with the four eyed principle.

Under Measure 121, 97 payment claims out of the 117 received by the Control Unit were referred for payment by the Control Unit. The remaining 20 claims will be processed in 2012.

With regards to result indicators, result indicator namely ‘Number of holdings introducing new products or new techniques’ showed that, as at end 2010 there were 87 holdings with finalised projects, out of which 4 introduced new products while 83 introduced new techniques. In 2011, there were 97 finalised projects out of which 92 introducing new technique and 5 introducing new product. Cumulatively as at end 2011, there are 175 completed projects introducing new techniques and 9 introducing new products.

Targets for output indicators, namely number of farm holdings supported and total volume of investment are 445 and €39.7 million respectively. Until the end of calendar year 2011, the number of farm holdings supported was 280 and the total volume of investment was €32.2 million. The execution rates for this measure are of 63% and 81% respectively.

2011 Call

The second call for this Measure was launched on the 3rd of October 2011 with the date for submission being extended from 2nd December to 16th December 2011. As expected, the call attracted a substantial number of applications with a total of 503 applications being received. The evaluation and selection process for the applications submitted through this second call will be undertaken in 2012.

Figure 16 below provides the percentage of applications received from the three sectors: crops, animal husbandry and others. 303 applications were received from the crop sector, 194 from the animal husbandry sector and 6 from other sectors.

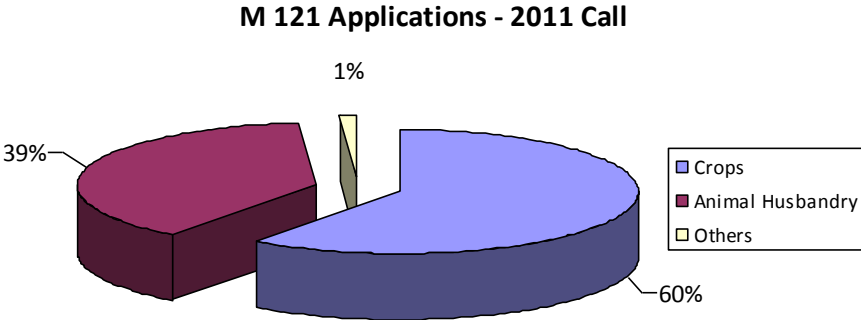


Figure 16 – Percentage applications following the 2011 call

Figure 17 provides the percentage of funds requested per sector. For example, the Animal Husbandry sector represents 63% of all the funding requested under this measure following the 2011 call. Therefore, despite the fact that the number of applications for the crop sector is higher, the animal husbandry sector requested more funding under this second call.

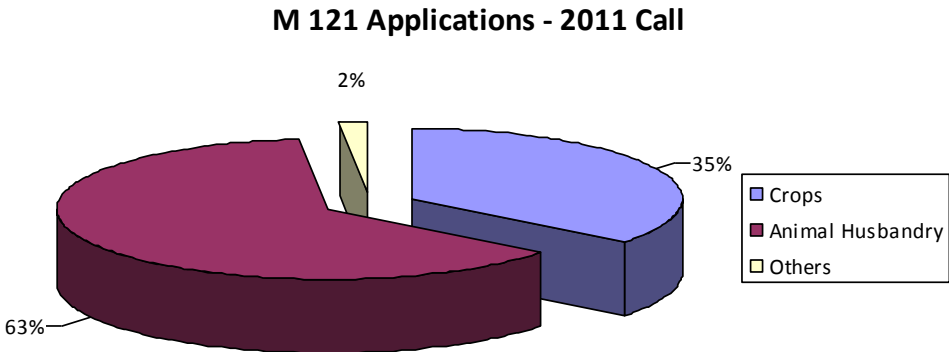


Figure 17 – Percentage funding requested following the 2011 call

European Economic Recovery Package and Health Check Commitments

The dairy industry in Malta has over the years faced a number of natural and structural disadvantages such as limited agricultural land, scarcity of rainfall, a small local market and high transport costs incurred to import animal feeds given that there is no local production of grains.

The dairy sector has also been facing further market pressures due to the gradual removal of the milk quota system. In Malta the quota system has been a very important instrument which has so far provided the dairy sector with stability by enabling the industry to find a daily balance between production and demand as well as a balance between adequate income for the dairy producers and prices to the consumer. With the gradual removal of the dairy quota it is likely that this vital balance and stability will be lost due to the fact that supply could well outstrip demand. In the meantime competition from international suppliers has continued to intensify.

The situation is further exacerbated by the fact that given the size of the market, Malta continues to be unable to make use of market support measures such as private storage and export subsidies which means that the dairy industry does not have any kind of safety net to maintain stability when there is a greater supply than demand.

The € 1.02 available from the European Economic Recover Package (EERP) were not channelled towards the enhancement of the coverage of broadband in rural areas due to the fact that there is practically full coverage of broadband across the whole population of the Maltese territory. Therefore there was no scope for utilisation of Recovery Package funds for the upgrading of broadband infrastructure. Also, ICT related investments such as websites, virtual tours and documentaries, and interactive panels were funded under Action 6 of Measure 313 for a contracted total of €607,424.90. A further €262,558 was contracted to ICT related projects under Measure 323. In view of the situation described above the Government of Malta took the decision to allocate the additional funds which were made available from the Recovery Package to the dairy sector where such funds were to be aimed at improving the management, efficiency and productivity of the sector.

M121 (funds allocated from EERP & HC)	Annual payments Year 2009	Annual payments Year 2010	Cumulative payments from year 2009 to year 2010
No of beneficiaries paid	14	16	16 ³³
EAFRD amount paid in Euros	603,327	416,673	1,020,000

Table 5 – EERP and HC

The EERP funds were subsequently allocated to one of the six ‘new challenges’ defined in the Health Check (HC), namely Dairy Restructuring. The total allocated funds addressed to Axis 1, Measure 121 for the Modernization of Agricultural holdings. It was deem necessary for Malta to provide incentives to the dairy sector to disseminate modern and innovative technologies and systems to guarantee safe and high quality products as well as more sustainable modes of production.

³³ 16 beneficiaries is the total for both years since most of the beneficiaries were paid partially in 2009.

Funding allocated to Malta towards the Dairy Restructuring were disbursed as at end 2010. The following table presents a clearly financial tracking of how the allocated budget from Health Check and Recovery Package were distributed to farmers:

Clearly given the limited amount of the additional funds made available from the Recovery Package it is not possible to individualise the impact that these funds on their own have had on the dairy sector. It is however useful to see the considerable efficiency and productivity improvements that have been achieved by the sector between 2009 and 2010.

Year	Dairy Herd	% Change	Milk Production	% Change
2009	6,931		39,454,536	
2010	6,362	<8.2>	42,126,640	6.8%

Table 6: Milk Production / Efficiency

As can be seen from the figures presented in Table 6, in 2010 the dairy herd was reduced by 8.2% whilst the amount of milk produced increased by 6.8%. This means that through better farm management and through improved farm efficiency more milk was produced using some 569 heads less. A smaller herd means less impact on the environment as well as less costs incurred by the industry.

A production rate of 5,692 kgs per head in 2009 was improved to 6,621 kgs per head in 2010. It is also interesting to note that in spite of the harsh competition from imported products, all local production was sold on the local market.

Year	TBC (>100,000)	Somatic Cell Count (>400,000)
	% of total Raw Milk	% of total Raw Milk
2009	95.8	98.6
2010	99.8	99.7

Table 7: Milk Quality / Hygiene

Table 7 presents the values concerning the Total Bacterial Count (TBC) and the Somatic Cell Count for milk produced in Malta. Both values are considered to be the main measurements that denote quality and hygiene.

As can be seen from the values presented, 99.8% of the milk produced in Malta in 2010 had a TBC count of less than 100,000 (which is the benchmark value established by the EU). This is up from the 95.8% registered in 2009. The same picture emerges when it comes to readings concerning the Somatic Cell Count. 99.7% of all milk produced locally in 2010 was found to have a reading of less than 400,000 (which is the benchmark value established by the EU). This is up from 98.6% in 2009, which amount was already very high.

The picture that emerges from the data provided above clearly shows that the dairy industry has registered important progress in the fields of farm efficiency and milk quality and hygiene. Whilst it is impossible to attribute such improvement solely to the additional funds made available to the dairy sector from the Recovery Package, there is no doubt that the investments undertaken through the funds from Measure 121 and through the funds from the Recovery Package are having an important impact on the dairy sector in Malta.

Measure 123 – Adding Value to Agricultural Products

The legal basis for this Measure is found in Article 28 of Regulation (EC) No 1698/2005.

This measure aims to improve the competitiveness of agro-processing enterprises. It complements Malta's strategic direction of increasing the value added by Maltese enterprises and builds on other funds which address this same priority for the manufacturing industry. It is specifically orientated at facilitating improvements in processing and marketing of agricultural products and concerns investments aimed at improving efficiency, opening new market opportunities for agricultural products, introducing new technologies, and improving quality, environmental protection, occupational safety, hygiene and animal welfare.

The investment needs to fit within the list of actions identified in this Measure, namely quality marks, traditional characteristics of products, freshness, cottage industry and new markets. The proposed investment should be either processing or marketing and should go beyond operations that increase the efficiency of the general operations. Proposed investments under this measure should respect Community standards including occupation health and safety and food hygiene.

Beneficiaries are limited to micro, small and medium-sized enterprises in accordance with the definition of Commission Recommendation 2003/361/EC. Enterprises that are not covered by Article 2(1) of this recommendation but employ less than 750 employees or with a turnover of less than €200 million are also eligible but the aid intensity will be halved. The applicant must not be an enterprise in difficulty (EU Commission Communication 2004/C224/02). Input products shall be Annex I products and the proposed investment should aid primary producers.

This Measure is of relevance to Malta due to its high predominance of micro enterprises (with less than 5 persons employed), particularly in the food manufacturing sector. Generally locally-owned, micro and small sized enterprises operate alongside a small number of relatively large export-oriented companies, in some cases foreign-owned subsidiaries of multinational companies. Although micro and small enterprises are more in number, it is the larger enterprises (with 50 or more persons employed), which provide the highest number of jobs in the food manufacturing sector, and this same pattern is observed with regard to turnover.

Maltese micro and SMEs are considered to be the backbone of the local commercial and social infrastructure. Being small gives them a number of advantages such as flexibility and adaptability, a low degree of bureaucratic time wasting and minimal industrial relations problems. They also suffer from a number of disadvantages, which combined with those characteristic of the Maltese economy, exacerbate their vulnerability.



Figure 18 – Range of locally produced liquors by a beneficiary under Measure 123

EU Accession also carried the added burden of compliance costs, possibly leading to the closure of a number of enterprises in the sector which seized operations due to intensified competition and import penetration following the dismantling of import levies. Some operators have adapted successfully, with some penetrating foreign markets. Micro enterprises oriented at serving the local market continue to proliferate. Such enterprises are also tapping niche markets by offering differentiated and specialised products that appeal to consumers because of their unique quality characteristics.

Through Measure 123, beneficiaries are granted up to 50% of the total eligible expenditure. For investments exceeding € 300,000, the maximum eligible grant amount shall be of €150,000. The aid intensity granted varies between 25%-50% on the total eligible cost depending of the category of the enterprise. The rate of aid intensity varies depending on the size of the enterprise, its number of employees and its annual turnover, as indicated in the table below.

Enterprise Size	Range of Employees	Annual Turnover (€)	Aid Intensity
Micro Size	0 – 9	0 – 2,000,000	50%
Small Size	10 – 49	2,000,001 – 10,000,000	50%
Medium Size	50 – 249	10,000,001 – 50,000,000	40%
Other	250 - 749	50,000,001 – 199,999,999	25%

Table 8 – Rates of aid intensity

2009 Call

Following a first call for applications launched in February 2009, 29 applications with a total grant request of €2,553,599.48 were received, out of which 25 were contracted for a total of €2,238,903.10. These beneficiaries come from a wide variety of sectors including the production of local products, wine, dairy, potatoes, poultry, tomatoes fruits and vegetables. Six projects were completed as at end 2011.

On the Spot Control

During 2011 the Control Unit processed ten M123 applications, which included various investment projects.

Each individual application was scrutinised for compliance with the contracted and relevant guidelines / MoPs issued by the Paying Agency. For each case at least one physical check was carried out (100% controls). Inspections were conducted throughout 2011 after completion of the project.

Under Measure 123, 9 payment claims out of 10 received by the Control Unit were referred for payment.

2011 Call

As reported in previous years, the uptake of this measure under the first call was limited mainly due to the fact that agro-processors involved in the first transformation of food products had already received similar financial assistance through the 2004-2006 RPD. Also, food manufacturers engaged in further transformation of non-Annex 1 products, applied for assistance under the ERDF schemes managed by Malta Enterprise. Under this measure, food manufacturers were restricted to those utilizing Annex 1 product as inputs. As a result €3 million were transferred to Measure 121 while the remaining unallocated €1,760,000 were ear-marked for a second call due in 2011.

The second call for this Measure was launched on 24th October 2011 and closed on 16th December 2011. Following this call, 38 applications were received, 30 in Malta and another 8 in Gozo. The total expenditure being requested following this call amounted to €5,633,101.81 Applications from various sectors were received following this call including the swine, poultry, horticulture, field crops, dairy, livestock and wine sectors. The project selection process for this call is expected to be completed in the former half of 2012.

As at end 2011, €1,450,304.39 have been disbursed, with an EAFRD contribution of €1,087,728.30.

Targets for output indicators, namely number of enterprises supported and total volume of investment are 45 and €11.4 million respectively. A total of 25 enterprises have been supported with a total volume of investment of €5.3million. The execution rates for this measure are of 56% and 46%.

Target for result indicator, namely number of enterprises introducing new products or techniques is 7. Till the end of 2011, 9 enterprises have introduced new techniques.

Impact indicators will be updated once the on-going evaluation gets underway since these indicators will be updated by the evaluators who will carry out the on-going evaluation of the RDP 2007-2013 and the contract for the on-going evaluation is expected to be awarded by the first quarter 2012.

Measure 124 – Cooperation for development of New Products, Processes and Technologies in the Agricultural and Food Sectors

The legal basis for this Measure is found in Article 29 of Regulation (EC) No 1698/2005.

The general aim of this measure is to increase the competitiveness of the farming sector and of the agro-food processing industry through the development of new products (goods and services), processes and technologies. This measure also aims to instil better working relationships between producers and processors, raise the level of innovation in the agricultural and food sectors, increase the marketability of agricultural products and improve consumers' perception of high quality local food products.

This Measure covers various sectors of agriculture (geared towards both food and non-food products), the processing industry, and third parties. Third parties may include organisations that specialize in trade and/or marketing of agricultural related products, and the industry supplying the

agricultural sector. The participation of primary producers is the only condition that is obligatory for this type of co-operation to be supported.

The main actors supported under this Measure include either individual entrepreneurs, or a partnership of entrepreneurs from the following sectors: primary producers (farmers, farmers' associations and cooperatives and producer groups and organisations), agro-food processors, other manufacturing industries involved in the agricultural sector and establishments involved in food preparation.

The rate of support is limited to 60% of the total eligible costs of the investment for cooperation. Support is limited to €120,000 per project over a maximum duration of three years.



Figure 19 – Logo of local grape producer organization for Maltese wine, one of the beneficiaries under Measure 124

For a project to be eligible, it must fit in one or more of these categories:

- New product: the elaboration of product that finds a new use for fresh agricultural produce; the development of value added attributes, leading to the lodging of an application for a quality mark;
- New process: the development of an improved production process, especially at farm or holding level, geared at improving agricultural production or having clear environmental benefits;
- New technology: an innovative technological development related to primary production or agro-food processing that can be registered or patented.

2009 Call

The first call was launched on 26th September 2009 with the call closing on 18th December 2009. For this call 3 applications were received with a total request for only € 437,645.95. This fell short of the intended effect, mainly due to an insufficient culture towards research and development in Malta, particularly in the agri-food industry, where the elements of research and innovation are present in merely a handful of operators. There is also an insufficient culture towards the undertaking of collaborative projects, which is a key element under the support provided by this measure. The extent of co-financing should also be considered.

All three applicants were contracted in 2010, for a total Public Expenditure of €255,317.44. These applicants came from the wine production, dairy and farming sectors. The total disbursed as at December 31st 2011, €21,168.00 had been disbursed, with an EAFRD contribution of €15,876.00.

On the Spot Control

During 2011 the Control Unit processed two M124 applications.

Each individual application was scrutinised for compliance with the contracted and relevant guidelines / MoPs issued by the Paying Agency. For each case at least one physical check was carried out (100% controls). Inspections were conducted throughout 2011 after completion of the project.

2 claims for payment were received under Measure 124 and both payment claims were referred for payment by the Control Unit.

2011 Call

The second call for this measure was issued on 24th October and closed on 16th December 2011. Five applications were received, from the general farming sector, tomato growers and the dairy sector, with a total request for €257,135.16. None of the applicants had been contracted by the end of 2011 as the selection process for this call was due to be undertaken in 2012.

The target for output indicators, namely number of cooperation initiatives supported is 8. A total of 3 cooperation initiatives have been supported. The execution rate for this measure is 38%.

Result and impact indicators will be updated once the on-going evaluation gets underway since these indicators will be updated by the evaluators who will carry out the on-going evaluation of the RDP 2007-2013 and the contract for the on-going evaluation is expected to be awarded by the first quarter 2012.

Measure 125 – Infrastructure related to the Development and Adaptation of Agriculture

The legal basis for this Measure is found in Article 30 of Regulation (EC) No 1698/2005.

Malta has a limited natural supply of freshwater and this is a major significant restriction on the productivity of the Maltese agricultural sector. This issue is of an increasing concern in view of the anticipated climate changes that are expected to affect southern European countries as a result of global warming, including shifts in rainfall patterns.

Water must therefore be used efficiently and effectively to ensure the survival of this essential and limited natural resource. Over the years farmers have developed an over-reliance on groundwater for irrigation purposes since this is extracted for free, giving farmers little incentive to invest in the necessary infrastructure to reduce reliance on groundwater. Inefficient irrigation practices further exacerbate wastage of this resource. This uncontrolled use is not sustainable, contributes to a number of environmental problems and threatens the continued availability and quality of groundwater for public drinking water supplies.



Figure 20 – Controlled use of water resources leads to the development of irrigation practices that are more efficient than the one pictured above

A limited amount of treated sewage effluent is produced by the Sant' Antnin Sewage Treatment Plant and is used for irrigation purposes in the surrounding agricultural areas. Another two urban wastewater treatment plants (one in Gozo and one in the North of Malta) have been set up while an additional plant in Xgħajra has been inaugurated June 2011. Notwithstanding all of this, the quality of the treated sewage effluent is not necessarily suitable for irrigation, and water from the treatment plants must be further treated to reach irrigation quality standards.

The scope of Measure 125 is to support a range of off-farm investment type actions as well as on-farm actions aimed at enhancing water management which will enable the agricultural sector to develop and adapt so as to meet the challenges of water scarcity.

Projects eligible under this Measure must only and exclusively be for agricultural purposes. Eligible investments under this Measure are limited to the development of on-farm infrastructure required to measure and monitor the amount of groundwater extracted for agricultural purposes and the construction of new storage facilities and distribution networks for treated sewage effluent, including the replacement of existing open channels.

Beneficiaries will be granted 90% of the total eligible expenditure while the beneficiary shall provide the remaining 10% of the eligible investment. The total budget allocation under this Measure is of €5,200,000. This Measure was launched for the first time on the 25th of June 2011 and closed on the 25th July 2011. One application was received and later contracted, for a total of €4.6million. This project, which is implemented by Water Services Corporation (the local regulator), provides for the installation of water meters in boreholes which will be used to measure the quantity of ground water utilised for agricultural purposes. A total of €2,023,812.90 have been disbursed by the end of December 2011 through this project, with an EAFRD contribution of €1,517,859.68.

An expression of interest in relation to Action Type 4 (Actions aimed to increase accessibility to agricultural holdings by farmers including the upgrading of existing farm access roads and passageways), was launched by the three Local Action Groups in 2011. A total of 36 expression of interest were received by the LAGs:

LAG	Number of Expressions of Interest
Majjistral Action Group Foundation	12
GAL Xlokk	10
Gozo Action Group Foundation	14

Table 9 – M125 Expressions of Interest received by the three LAGs

These expressions of interest will be evaluated by an architect from the Project Design and Implementation Department within the Ministry for Resources and Rural Affairs in 2012 and will subsequently be followed by a call for submission of actual applications. However, the call will be restricted to only those who had originally submitted an expression of interest.

Targets for output indicators, namely number of operations supported and total volume of investment are 250 and €5.7 million respectively. A total of 15 operations have been supported with a total volume of investment of €5.1 million. The execution rates for this measure are of 6% and 90%.

Result and impact indicators will be updated once the on-going evaluation gets underway since these indicators will be updated by the evaluators who will carry out the on-going evaluation of the RDP 2007-2013 and the contract for the on-going evaluation is expected to be awarded by the first quarter 2012.

Measure 132 – Participation of Farmers in Food Quality Schemes

The legal basis for this Measure is found in Article 32 of Regulation (EC) No 1698/2005.

The certified quality of agricultural food products constitutes an added value and confers a competitive advantage over food products that although similar in composition, do not bear the quality mark. Producers may benefit considerably if agricultural food products are promoted as quality items on the market. Participation in quality schemes imposes certain fixed costs to the farmers that are not necessarily compensated for by the product price return, especially if this is not produced in sufficiently large quantities. This Measure specifically aims to encourage farmers to participate in Community and national food quality schemes by compensating them for additional costs and obligations arising from participation in such schemes.

Support provided under this Measure is limited to agricultural products intended for human consumption and recognised by either Community or National Food Quality Schemes. In the case of organic farming, support shall also be provided to products that are still in the period of conversion.

Farmers participating in this Measure are eligible for a refund of the expenses incurred as a result of participation in the organic farming quality scheme. Funding can be used to cover the cost of certification which comprises charges related to professional analysis and administrative fees and/or the annual contribution consisting of expenditure on checks requiring verifying compliance with the specifications of the scheme and the annual certification fee.



Figure 21 – Organic Olive Oil produced by one of the beneficiaries under Measure 132

Support under this Measure is limited to a maximum annual amount of €3,000 per applicant for a maximum duration of five years. Applicants are requested to provide a copy of the certification documents which are checked for authenticity and validity. Validity of certification shall be checked on an annual basis, concurrently with the requests for payment.

2009 Call

Measure 132 was launched for the first time on 26th September 2009 with the call closing on 18th December 2009. For this call a total of 8 applications were received with a total request for €21,023.73. A total of 4 applications were deemed as eligible for funding under this Measure however only 3 applicants were originally contracted in 2010 whilst the 4th applicant was contracted in 2011 in view of the fact that the beneficiary obtained organic certification from another EU recognized control body, namely Bio Zoo. The certification provided was in accordance with the standards required under EC Regulation 834/2007.

Therefore, as at end 2011, the number of beneficiaries was increased to 4 and €11,594.60 had been contracted. A total of €1,200,000 are available under this Measure and by the end of December 2011, €1,618.32 had been disbursed, with an EAFRD contribution of €1,213.74.

Targets for output indicators, namely number of farm holding supported are 400. A total of 4 farm holdings have been supported. The execution rate for this measure is 1%.

Result and impact indicators will be updated once the on-going evaluation gets underway since these indicators will be updated by the evaluators who will carry out the on-going evaluation of the RDP 2007-2013 and the contract for the on-going evaluation is expected to be awarded by the first quarter 2012

2011 Call

The second call for this Measure was launched on the 24th of October and closed on 16th December 2011. No applications were received during the second call.

Following the lack of uptake after the call issued in 2009, attributed to the difficulties encountered by Maltese growers to switch to organic farming, the MA increased the amount of publicity in relation to this Measure. In fact in 2011, the importance of this Measure was highlighted during information sessions organised to raise awareness of RDP Measures launched. Also, Measure 132 was promoted on various TV programmes including *Malta u lil Hinn Minha*. Adverts on local newspapers and the Government Gazette were also published following the launch of the call in October 2011.

Even though several efforts were made to promote this Measure, no applications were received following the call issued in October 2011. In light of this, the MA will request a change in budgetary allocation, away from this Measure in favour of Measure 123. Measure 123 has a higher likelihood of success and presents better potential for the setting up of a solid competitive foundation for the agricultural sector in Malta.

Measure 133 – Information and Promotion Activities on Food Quality Schemes

The legal basis for this Measure is found in Article 33 of Regulation (EC) No 1698/2005.

This Measure aims to support producer groups in promoting products that have been certified under one of the community or national food quality schemes. Promotion improves the competitiveness of the local agricultural and food sectors by encouraging and enabling them to produce better quality products. It also stimulates the development of quality products that exploit niche markets and encourages the establishment of quality standards for products and their certification.

The beneficiaries eligible for this measure are producer groups that produce agricultural products intended for human consumption and that are certified as organic products in line with the provisions of Council Regulation (EC) No 2092/91. For the purpose of this measure, 'Producer Group' does not only imply an organisation of any legal form that gathers operators actively participating in the organic Community quality scheme, but also a group of producers (2 or more) of organic products that are formally constituted.

The proposed investment must concern information and promotion of certified products in line with the scope of the Measure. Promotion actions shall only take place in the internal market should not relate to a particular commercial brand. Also, proposed information and promotion actions should not promote the place of origin of the product.

Aid will be in a form of reimbursement of up to 70% (with a maximum grant of €100,000) of the eligible costs incurred to develop and implement information, promotion and advertising activities. These activities should draw the attention of consumers to the specific characteristics and advantages on the products concerned.

The first call for applications was launched on 26th September 2009 with the call closing on 18th December 2009. The allocation for this call was set at €670,000, however no applications were received. The second call for applications was launched on 3rd October and the call closed on 2nd December 2011. No applications were received following this call either. Public funding allocated to this Measure amounts to €670,000.

Following the first call issued in 2009 where no applications were received, the MA sought to improve the uptake of this Measure by enhancing publicity. In fact, the importance of this Measure

was highlighted during information sessions held in 2011 in relation to RDP Measures launched throughout the year. Also, similarly to what was done for Measure 132, Measure 133 was promoted through various TV programmes and in the TV series *Malta u lil Hinn Minnha*. Several adverts featured in local newspapers and the Government Gazette. However, still no applications were received following the second call for applications in October 2011.

The low uptake has been attributed to the fact that the agricultural sector finds it difficult to move forward and enter into collaborative research projects and the effective establishment of producer groups. In 2011, very little progress was registered in the context of the establishment of national food quality schemes. Talks are still ongoing between entities involved but limited progress is expected to be achieved until the end of this programming period. The setting of such parameters required to establish national food quality schemes is a key element to the success of this Measure. There is also the need to enhance the collaboration potential operators of food quality schemes and relevant authorities in order to register progress in this field. The MA will continue to pursue progress in this area through the NRN platform with the scope of encouraging cooperation between the private sector and the relevant authorities with the scope of enticing the setting up of food quality schemes.

This Measure accounts for a small proportion of the output and the value added targeted to be generated by the programme. In the absence of significant progress, the MA will request a change in budgetary allocation, away from this Measure in favour of Measure 123 given that the latter has a higher likelihood of success and presents better potential for the setting up of a solid competitive foundation for the agricultural sector in Malta.

Since there were no applications until the end of 2011, no progress in relation to result and impact indicators could be reported for the period under review.

Measure 142 – Setting up of Producer Groups

The legal basis for this Measure is found in Article 35 of Regulation (EC) No 1698/2005.

Given the specific difficulties facing the Maltese agricultural sector and the limited levels of producer cooperation, producers require specific encouragement and assistance with the setting up of Producer Groups and the administrative operations tied to setting up of such groups. This Measure aims to cover the setting up and administrative operation of producer groups and only supports Producer Groups in sectors that are not covered by the Common Market Organization, since these are already the beneficiaries of support provided by the CMO under the CAP. This Measure aims to support potatoes, pig meat, poultry, milk, cheeselets, rabbits, honey and grapes for wine production sectors. Producer Groups should be formally recognised as Producer Groups (PGs) by the Director of Agriculture of the Ministry for Resources and Rural Affairs in accordance with the provisions of the Producer Organisations Act, Act IX of 2002 (Cap 447) of the Laws of Malta.



Figure 22 - This Measure aims to support PGs for the potatoes, pig meat, poultry, milk, cheeselets, rabbits, honey and grapes for wine production sectors

Groups of primary producers interested in acquiring PG status must submit an application to the Director of Agriculture. Recognition as a PG is given once the applicant satisfies a set of conditions concerning the minimum number of members and the minimum value of marketable production as explained in the eligibility criteria below.

For a Producer Group to benefit under this measure, it must be recognised, located in the Maltese Islands and operate under any of these sectors: potatoes, poultry (broilers & egg producers), milk, cheeselets, honey, rabbits or wine. Specific conditions exist for each of these sectors: for pig meat, poultry and milk the Producer Group must have a minimum of 5 members and 10 % production of total marketable production. For other sectors except wine, the Producer Group must have minimum 2.5% of total marketable production. For wine grapes, the Producer Group must have a minimum of 50 members and a minimum volume of marketable production of not less than 200 tonnes of wine grapes.

All members of the Producer Group must give a specific percentage of their production to the Producer Group. This amount is specified in the Statute (the only exception is when a member produces more than one product and these products are not the Producer Group's main products. In such case, the Producer Group must give the member a written authorization to sell such goods on his/her own initiative); and the annual turnover must be at least €200,000.

Eligible expenses under this Measure include establishment costs for the administration, running and operation of a Producer Group, including the rent of office space, purchase of office furniture, computer hardware and other office equipment. Eligible expenses shall also include preparatory costs for the establishment and recognition of the Producer Group such as legal fees. Operating costs such as salaries of a manager and a clerk or administrative officer shall also be eligible.

Aid granted under this Measure shall consist of a flat rate which is granted annually over a period of five years from the date of the grant agreement. The grant is calculated on the basis of the Producer Group's annual marketed production and shall not exceed 5%, 5%, 4%, 3% and 2% of the value of the

annual production up to €1million marketed respectively in the 1st, 2nd, 3rd, 4th and 5th year; and 2.5%, 2.5%, 2.0%, 1.5% and 1.5% of the value of the annual production exceeding €1million marketed respectively in the 1st, 2nd, 3rd, 4th, and 5th year.

The support granted shall not exceed the following amounts:

Aid Granted	Year
€100,000	For the 1 st year
€100,000	For the 2 nd year
€80,000	For the 3 rd year
€60,000	For the 4 th year
€50,000	For the 5 th year

Table 10 – Aid granted per year under Measure 142

The minimum amount of support for Producer Groups in Malta, calculated on the basis of the costs necessary to form a small producer group is established in Annex III of Commission Regulation (EC) No 1974/2006. Therefore, the following minimum aid levels shall apply for sectors with a small turnover (i.e. potatoes, cheeselets, honey and rabbits):

Aid Granted	Year
€63,000	For the 1 st year
€63,000	For the 2 nd year
€63,000	For the 3 rd year
€60,000	For the 4 th year
€50,000	For the 5 th year

Table 11 – Minimum aid granted per year under Measure 142

2009 Call

Measure 142 was launched for the first time on 26th September 2009 with the call closing on 18th December 2009. The allocation for this call was set at €990,000. A total of 11 applications were received with a total request for €1,579,701.30. However, only one applicant was eligible to receive support under this Measure, namely Viticulture Producers' Organisation for a total eligible grant allocation of €390,000, over a five-year period. The contract for Measure 142 with Viticulture Producers' Organisation was signed on 15th February 2011. At the end of 2011, €34,187.71 had been disbursed, with an EAFRD contribution of €25,640.78.

2011 Call

The second call for applications for this Measure was launched on 3rd October and closed on 2nd December. A total of 4 applications (three from the poultry sector and one from rabbit growers sector) were received following this call and the selection process will be completed in 2012.

The MA and PA believe that it is vital to benefit from this Measure since there may be little scope left for such Measures in future programmes. Given that the selection process of the second call for this Measure will be completed in 2012 it is not yet known whether all these producer groups will be eligible. In order to increase uptake of this Measure, the MA ensured that this Measure is well promoted on TV and radio. In fact, the importance of this measure was highlighted in various TV and radio programmes, and also in the popular TV series *Malta u lil hinn Minnha*.

Targets for output indicators, namely number producer groups supported and turnover of supported producer groups are 4 and €28 million respectively. One producer group was supported as at end of 2011, with a turn over of €1.97 million. The execution rates for this Measure are 25% and 7% respectively.

Reporting on result and impact indicators will be more tangible once the selection progress of the second call is completed and, the relevant eligible applicants are contracted. It is anticipated that achievement will be more visible and the on-going evaluators who will be contracted in 2012, will be in a position to report on the progress achieved in terms of the indicators.

Axis 2

Measure 212 – Natural Handicap Payments in other Areas with Handicaps

The legal basis for this Measure is found in Article 37 of Regulation (EC) No 1698/2005.

The objective of this Measure is to ensure the continued farming of areas that are naturally disadvantaged as a result of the poor climate conditions and low soil productivity prevalent in Malta. Support for areas with handicaps is aimed to compensate, at least in part, for the disadvantage that farming in these areas implies.



Figure 23 - Due to certain environmental handicaps affecting Maltese agricultural land, the EU has agreed that all the agricultural land in the Maltese Islands qualifies for funds under the less-favoured area (LFA) measure.

Support for areas with handicaps is available to all farmers who have at least a holding of 1 tumolo (0.1124 ha) of utilisable agricultural land in all the territory of Malta. Farmers receiving support commit to farm the area in respect of which compensatory payment is granted for a minimum of five years.

Until the end of December 2011, a total of five calls have been launched. The first call was launched in 2007 and a second one in March 2008. A third call for applications was launched in 2009 with a total of 5,831 applications being received out of which 568 were new commitments. A fourth call for new applications was launched on 1st December 2009 and closed on 31st January 2010 with a total of 160 new applications being submitted.

The fifth call was launched on 13th June 2011 and closed on the 30th of September 2011. Following the 5th call 6,069 applications were received, out of which, 524 were new applications. Out of the 524 new applicants, 516 were deemed eligible, committed and paid. The total number of beneficiaries committed was 6,069. New commitments cover an area of 448.6721ha while the total area committed is 8633.3476ha. Total area paid under this Measure in 2011 is 8633,3476ha.

The total financial allocation for this Measure amounts to € 14,500,000 of which € 11,600,000 is the contribution from EAFRD. The EU co-financing rate for this Measure is 80%.

On the Spot Control

The Control Unit conducted on-the-spot checks on applications submitted under the Less Favoured Area Measure in accordance with Article 12 of Commission Regulation (EC) 1975/2006. The control sample was controlled through rapid field visits and photo interpretation of 2010 VHR images.

In accordance with Article 31 of Regulation (EC) 1122/2009, the control sample was selected according to the following criteria:

- Random 20 %
- Risk analysis 80 %

The risk based sample was composed of those beneficiaries who have the highest amount of points according to a pre-established weighting grid described in the risk analysis document. The criteria used for the selection of the risk based sample were the following:

- Amount of payment [euro]
- Sanction in previous year [%]
- Number of Schemes
- Total area claimed (ha)
- Total number of parcel claimed for any scheme
- Age group of the farmer (years)
- Number of parcel with area close to 1tu
- First application
- Farmers having parcels claimed for LFA in zones ML2 and GZ2
- Selected in previous year and had no anomalies

2010

The total number of on-the-spot checks carried out on eligible payment claim applications (5,921) received in during 2010 were 445, selected on the basis of a 7.5% sample in accordance with Article 12 of Commission Regulation (EC) 1975/2006. Beneficiaries declared in the conflict of interest form by Paying Agency officials were also included in the risk based sample as manual additions. The inspections were conducted between 1st August and 15th October 2010.

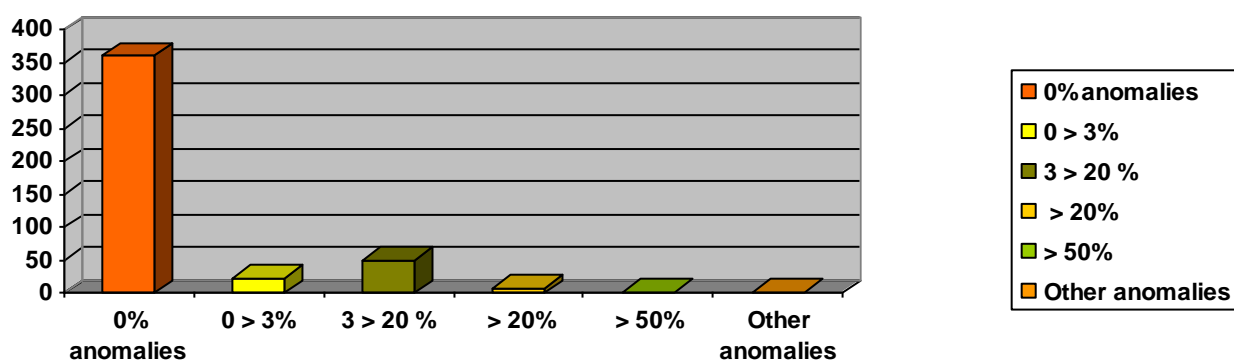


Figure 24 - On-the-spot check findings for 2010 call of M 212

Risk Sample	Hectares (ha)	Percentage (%)
Total area declared in Risk Sample	1,552.82	100
Total area found in Risk Sample	1,517.34	97.67
Total area not found in Risk Sample	35.48	2.33

Table 12 - Measure 212 Risk Sample in 2010

Random Sample	Hectares (ha)	Percentage (%)
Total area declared in Random Sample	134.14	100
Total area found in Random Sample	133.25	99.34
Total area not found in Random Sample	35.48	0.66

Table 13 - Measure 212 Random Sample in 2010

$$\text{(Random Sample) } 0.66\% + \text{(Risk Sample) } 2.33\% = \underline{1.49\% \text{ area not found}}$$

2

In 2009, the area not found for the LFA measure was of 6.3%, therefore in 2010 there was a decrease of 4.81%. This factor proves that the risk analysis criteria used in 2010 were effective.

2011

In 2011, controls were carried out to ensure effective verification of compliance with the terms specified in the Regulation 1698/2006 and 1975/2006. The total number of on-the-spot checks carried out on eligible applications received during the call for payment claims for the year 2011 were 376, selected on the basis of a 6% sample in accordance with article 12 of Commission Regulation (EC) 1975/2006. The control sample was controlled through rapid field visits and photo interpretation of 2011 VHR images.

In accordance with article 31 of Regulation (EC) 1122/2009, the control sample was selected according to the following criteria;

- Random 20 %
- Risk analysis 80 %

The risk based sample was composed of those beneficiaries who have the highest amount of points according to a pre-established weighting grid described in the risk analysis document. The inspections were conducted between the 1st of August and the 30th of October 2011. A summary of the outcomes of the controls is provided in Figure 25 below.

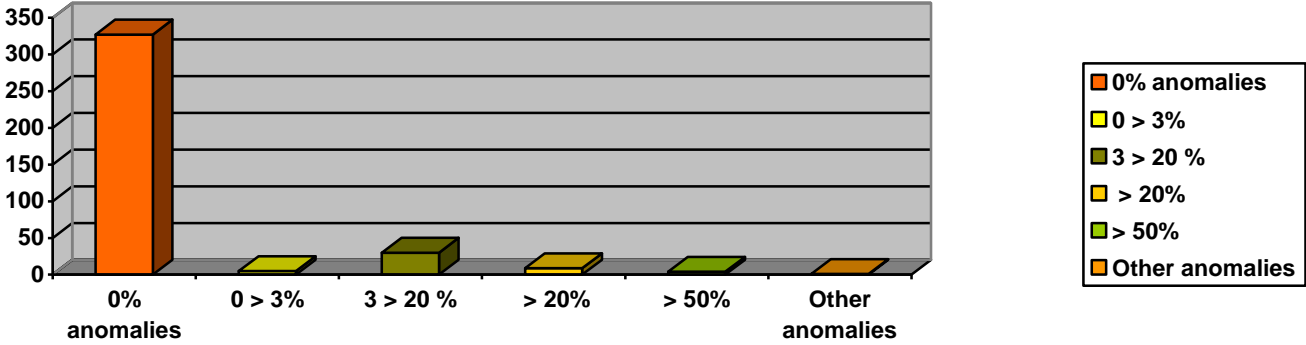


Figure 25 - Beneficiaries with anomalies for M 212 in 2011

Random + Risk Sample	Hectares (ha)	Percentage (%)
Total area declared	1263.65	100
Total area found	1246.64	98.6%
Total area not found	17.01	1.4%

Table 14 – On-the-spot check findings for M 212 in 2011³⁴

As indicated in Table 14 above, 98.6% of the beneficiaries resulted with no anomalies in the area.

For Measure 212, the total amount claimed in 2011 was €1,880,671.55. Following controls, €1,829,588.72 were paid, with an EAFRD contribution of €1,463,670.98. As at end 2011, €9,184,597.60 had been disbursed, with an EAFRD contribution of €7,347,678.07.

The total financial allocation for this Measure amounts to € 14,500,000 of which € 11,600,000 is the contribution from EAFRD. The EU co-financing rate for this Measure is 80%.

Targets for output indicators, namely number of holdings and UAA supported (in ha) are 6000 and 8500ha respectively. A total of 6,069 farm holdings and 8633,3476ha have been supported. The execution rates for this Measure are 101% and 102% respectively.

Furthermore as at end 2011, under result indicator ‘Area under successful land management contributing to avoidance of marginalisation and land abandonment’ for ‘Natural handicap payments in mountain area/other areas with handicaps’, 8633.3476ha were committed under ‘Avoidance of marginalisation’.

³⁴ Other anomalies, refers to outcomes with administrative anomalies.

Result and impact indicators will be updated once the on-going evaluation gets underway since these indicators will be updated by the evaluators who will carry out the on-going evaluation of the RDP 2007-2013 and the contract for the on-going evaluation is expected to be awarded by the first quarter 2012.

Measure 214 – Agri-environment Measures

The legal basis for this Measure is found in Article 39 of Regulation (EC) No 1698/2005.

Agri-environment Measures (AEMs) compensate farmers for voluntarily entering a 5 year commitment to carry out actions considered to be of benefit to the environment. This concept was introduced in Malta with the first Rural Development Programme for 2004-2006. Different actions carry different levels of support, however, across all sub-Measures the payment is calculated on an area basis.

The total public expenditure for this Measure amounts to €10,525,000 of which €8,420,000 is the contribution from EAFRD due to a co-financing rate of 80%, the remaining 20% is provided by the Maltese Government.



Figure 26 – AEM 4 encourages the suppressed use of herbicides in orchards and vineyards

On 13th June 2011, the fourth call for new applications under Measure 214, Sub-Measures 1 to 9 was launched for which application period closed on the 30th September 2011. A total of 274 new applications were received for a total area of 206.0696ha.

The total number of payment claims received for 2011 under Measure 214 was of 2,529 claims with a total area supported of 1,831.3979ha and a request of €962,465.86. Following controls, €941,469.11 were paid, with an EAFRD contribution of €753,175.29.

The figures above indicate that this Measure was successful in contracting a large number of farmers. According to the targeted output indicator related to the number of holdings supported as at end 2011, an execution rate of 100% was reached. Agricultural holdings in Malta are highly fragmented with very small land parcels which make it difficult to cover extensive areas under agri-environmental commitments. Because of this, output indicator for the total area supported only covered 20% while the physical area supported amounted to 40%. The output indicator for the number of contracts reached 258%, which reflects the particular context of Maltese Agriculture. These figures are slightly lower compared to 2010. The total number of claims in 2010 was 2,236 while that in 2011 was 2,529

which means that the number of applications is almost constant. However, the total area supported decreased from 1,671.53ha in 2010 to 1,831.3979ha in 2011.

As at end 2011, under result indicator 'Area under successful land management contributing to biodiversity, water quality, mitigating climate change, soil quality, avoidance of marginalisation and land abandonment' for Agri-Environment, 249.3397ha were committed under 'Biodiversity', 1262.7047ha under 'Water Quality' and 310.3535ha under 'Soil Quality'.

Impact indicators will be updated once the on-going evaluation gets underway since these indicators will be updated by the evaluators who will carry out the on-going evaluation of the RDP 2007-2013 and the contract for the on-going evaluation is expected to be awarded by the first quarter 2012.

Table 9 below shows a low uptake of a number of sub-measures, mainly AEMs 2, 5 and 8. AEM 2 concerns the 'Traditional cultivation of sulla through crop rotation' for which only 1 application was received, possibly since the commitment level required is too high as opposed to the low aid provided.

A low uptake of AEM 5 'Establishment and maintenance of conservation buffer strips' can also be observed. For farmers to be eligible under this Measure, they need to have a minimum of one tumolo of continuous agricultural land with a water course. The number of possible beneficiaries is therefore quite limited since watercourses are not very common on the Maltese Islands and few farmers have agricultural lands located next to water courses. Therefore, a limited uptake of this Measure is in fact expected. No further payments will be effected under this Sub-Measure as from the start of 2012. The standard on establishment of buffer strips along water courses shall apply from the 1st of January 2010 at the earliest and by the 1st of January 2012 at the latest (Article 149 of Regulation (EC) 73/2009).

Uptake of AEM 8 is also low, further reflecting the reluctance towards Organic Farming by the local farming community. This lack of uptake stems from the fact that the request for organic produce is quite low so it is not very profitable for farmers to switch to organic production. Also, possibly due to extensive land fragmentation, it is hard for farmers to adhere to organic requirements.

The uptake of the combined measures (Packages) was poor possibly also due to the fact that the payment rate when combining measures is actually less than if applied separately. Thus, the low take-up is expected to translate into minimal impacts on the measure given that payments are calculated on cost incurred and income foregone, meaning such costs cannot be financed twice. For this reason the payment rate worked out to be very low.

The MA sought to increase the uptake of the Measure through better publicity and education in terms of the environmental benefits of all the sub-measures of Measure 214. Officers from the MA and PA took part in several TV and radio programmes, during which, the public was invited to call and put forward any queries. Several Information Sessions were also held around the Island. Radio adverts were also transmitted on the national radio station. Furthermore, farmers could also avail themselves of one-to-one meetings during the application phases. Uptake of this Measure however remained fairly low due to the fragmentation of land issues outlined above.

The following are the nine sub-Measures for Measure 214:

Sub-Measure	Name of the Sub-Measure	No. of new applications targeting the sub-Measure in 2011	New Area (ha) Committed by sub-Measure	Amount Requested (€) prior to controls by new applicants	Total number of applications by sub-Measure as at end 2011	Total Area (ha) Committed by sub-Measure as at end 2011	Total Amount (€) Requested by all applicants as at end 2011	Total Amount (€) Requested after Controls as at end 2011
1	Use of environmentally friendly plant protection products in vineyards	3	1.1798	297.19	26	17.7081	10,996.08	10,885.95
2	Traditional cultivation of sulla through crop rotation	1	0.0472	50.25	1	0.0472	50.25	50.25
3	Low input farming	184	158.3104	41,620.01	1,497	1259.63	657,987.10	649,982.22
4	Suppression of use of herbicides in vineyards and fruit orchards	47	21.7316	7,956.38	513	310.3063	178,475.52	174,157.83
5	Establishment and maintenance of conservation buffer strips	0	0	0	10	3.0694	3,060.69	3,051.24
6	Conservation of rural structures providing a natural habitat for fauna and flora	18	6.8701	2209.54	156	96.0140	43,677.54	38,323.47
7	Provision of healthy forage area for bees	6	1.8153	331.74	49	18.3035	6,294.23	5,517.57
8	Organic farming	4	6.8441	0	4	6.8441	0	0
8.1	Forage plants (Sulla and wheat)	0	0	0	0	0	0	0
8.2	Vines (and other fruit trees)	0	0	0	0	0	0	0
8.3	Open field vegetables	0	0	0	0	0	0	0
9	Conservation of species in danger of genetic erosion	0	0	0	0	0	0	0
9.1	Conservation of endangered breeds	0	0	9,161.20	1	9	9,161.20	9,161.20
9.2	Conservation of endangered plant species	8	4.6438	1,046.79	202	76.3528	38,404.30	36,821.20
Pak 1 (AEM 2&3)	Support for traditional cultivation of sulla through crop rotation and Support for low input farming	1	2.0493	2,181.86	2	2.2393	2,268.53	2,268.53
Pak 2 (AEM 1&4)	Support for reduced use of plant protection products in vineyards and Support to suppress the use of herbicides in vineyards and fruit orchards	3	2.5870	42.84	68	31.8779	21,251.62	20,410.85

Table 15: The nine sub-Measures for Measure 214

On-the-Spot Control 2011

In 2011, controls were carried out to ensure effective verification of compliance with the terms specified in Regulations 1698/2005, 1975/2006 and 1122/2009.

Agri-environmental measures provide an excellent opportunity to reinforce the role of farmers as stewards of the rural landscape and to support farmers in return for providing an environmental service to the community.

The Rural Areas Conservation Scheme is available to farmers who decide to undertake a number of agri-environmental commitments for a minimum of 5 years in respect of, a number of or all, the parcels within their holding on a voluntary basis. The scheme builds upon the experience of the agri-environmental measures of the previous rural development programme implemented between 2004 and 2006 and is composed of two levels: a primary level that is compulsory and a pre-condition for participants to accede to the scheme; and a secondary level, that is also compulsory, but which consists of a number of sub-measures from which participants choose to commit to at least one measure.

The Rural Areas Conservation Scheme consists of:

- a mandatory obligation related to the acquisition of training;
- a number of agri-environmental measures for which farmers shall receive support if they fulfil the corresponding environmental obligations.

The Control Unit conducted on-the-spot checks on applications submitted under the M214 in accordance with Article 12 of Commission Regulation (EC) 1975/2006.

The total number of on-the-spot checks carried out on eligible applications (2168) received in the period 1st February and 15th May 2011, were 132, selected on the basis of 6% random/risk sample in accordance with Article 12 of Commission Regulation (EC) 1975/2006. The control sample was controlled through on-the-spot checks and area updated through 2011 VHR images measured by CAPI. Those beneficiaries selected under the M214 sample had all the applications relating to M214 checks. Therefore if a Beneficiary who has multiple applications under AEM was selected for a check on one application, all other applications pertaining to that Beneficiary were also checked.

In accordance with Article 31 of Regulation (EC) 1122/2009, the control sample was selected according to the following criteria;

- Random 20 %
- Risk analysis 80 %

The risk based sample was composed of those beneficiaries who have the highest amount of points according to a pre-established weighting grid described in the risk analysis document.

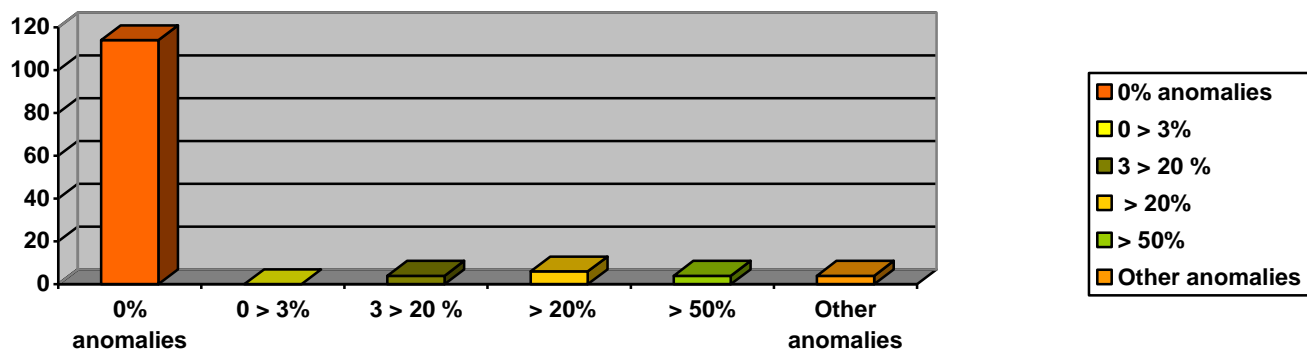


Figure 27 - Beneficiaries with anomalies for M214 in 2011

The inspections were conducted between the 21st of May and the 30th of October 2011. A summary of the outcomes of the controls is provided in Table 16 below.

Random + Risk Sample	Hectares (ha)	Percentage (%)
Total area declared	90.0412	100
Total area found	86.8466	96.4%
Total area not found	3.19	3.5%

Table 16 - Beneficiaries with anomalies for M 214 in 2011³⁵

As indicated in Table 16 above, 87% of the beneficiaries resulted with no anomalies in the area. In comparison to claim year 2010, the compliance rate increased by 12%, indicating that the error rate decreased from 4.4% in Calendar Year 2010 to 3.5% in Calendar Year 2011. This increase in compliance rate has been attributed to the fact that farmers have received training under Measure 111 and so were better prepared and informed. Also, in 2011, controls were more Measure oriented and better executed.

Targets for output indicators are:

- number of holdings supported 2241,
- total area supported (ha) 7794ha,
- physical area supported (ha) 3897ha,
- number of contracts 2298,

The results achieved as at end of 2011 are:

- A total of 2,530 holdings supported,
- 1831.3979 ha of area support,
- 1822.3979 ha of physical area supported; and
- 6838 contracts.

The execution rates for this Measure are 113%, 23%, 47% and 298% respectively.

³⁵ *Other anomalies*, refers to outcomes with administrative anomalies.

Furthermore as at end 2011, under result indicator 'Area under successful land management contributing to biodiversity, water quality, mitigating climate change, soil quality, avoidance of marginalisation and land abandonment' for Agri-Environment, 243ha were committed under 'Biodiversity', 1016ha under 'Water Quality' and 307ha under 'Soil Quality'. However, impact indicators were too early to gauge.

Impact indicators will be updated once the on-going evaluation gets underway since these indicators will be updated by the evaluators who will carry out the on-going evaluation of the RDP 2007-2013 and the contract for the on-going evaluation is expected to be awarded by the first quarter 2012.

Measure 214 (10) – Support for the Conservation of Genetic Resources in Agriculture

The legal basis for this Measure is found in Article 33 of Regulation (EC) No 1698/2005.

Over the past century, Malta has witnessed the introduction of newly imported varieties of livestock and plants which has contributed to an element of disregard of all local populations in favour of these new exotic hybrids. This has resulted in a shift in the local genotype of plant and livestock species, with an increased risk of them becoming lost or in danger of extinction.

The scope of Measure 214 Sub-Measure 10 is to conserve and possibly also reverse the trend of erosion of genetic resources in agriculture, including plant species and varieties and livestock breeds. This is to be achieved through project type actions directly focused on conservation procedures, both specialised and technical, that will in broad terms include ex-situ and in-situ conservation.

Support for the conservation of genetic resources in agriculture shall be extended to public bodies or public equivalent bodies only. In order to be eligible for assistance under this Measure the scope of the conservation measure must be strictly targeted towards the conservation of genetic resources in plant species and/or livestock breeds.

Research institutions, NGOs, producer organisations and agricultural associations may act as partners to the public organization and/or public equivalent body. All costs claimed are to be incurred by the lead partner.

Support offered under this Measure is aimed towards the conservation of plant and animal genetic resources. Conservation-type operations supported under this Measure shall target either one or more of the following actions:

- Targeted actions: actions promoting the *ex-situ* and *in-situ* conservation, characterisation, collection and utilisation of genetic resources in agriculture, including web-based inventories of genetic resources currently conserved *in-situ*, including *in-situ* / on-farm conservation, and *ex-situ* collections (gene banks) and databases.
- Concerted actions: actions promoting the exchange of information for the conservation, characterisation, collection and utilisation of genetic resources in agriculture, among competent organisations in the Member States.
- Accompanying actions: information, dissemination and advisory actions involving nongovernmental organisations and other relevant stakeholders, training courses and the preparation of technical reports.

The aid intensity for this measure is 100%. The sum of €2,500,000 is allocated to this Sub-Measure. This Measure was launched for the first time on 3rd October 2011 and the applications closed on 2nd December

2011. A total of 5 applications were received, requesting a total of €1,760,217.01 in funding. The selection process for this call will be completed in 2012 and contracts will be issued upon completion of the process.

Axis 3

Measure 313 - Encouragement of Tourism Activities

The legal basis for this Measure is found in Article 55 of Regulation (EC) No 1698/2005.

Rural areas contribute to the cultural and natural diversity of the Maltese Islands, and offer a unique recreational facility that is much sought after by both locals and foreign tourists. Rural villages possess a wealth of cultural and archaeological heritage that gives them a distinct character to the urban and more modern environment. This measure aims to promote economic growth and rural heritage as a tourist product in rural areas.

The encouragement of rural tourism, in a broad sense including cultural tourism, ecotourism and agri-tourism, would offer support for individual initiatives that build on the traditional, cultural and natural heritage of rural areas. As a result of the flourishing of such initiatives, the tourism product offered would become more varied and activities in rural areas would diversify into high value added economically sustainable activities. Encouragement of tourism in rural areas would rekindle entrepreneurial activities, lead to diversification, growth and employment in rural areas, and contribute to a better territorial balance.

Operations supported under this Measure launched by the three LAGs shall be as follows:

1. setting up of trails that interlink various sites of tourist value;
2. provision and one-time restoration of small-scale recreational amenities, such as leisure parks, which are a tourist attraction

Financial assistance varied depending on the type of beneficiary: public entities are entitled up to 100% of the total eligible expenditure while private entities are entitled to 50% of the total eligible expenditure.

2009 Call

Projects financed under Measure 313 aim to build upon the rural dimension and the physical setting in which the operations are taking place. The following are the type of operations being financed, namely:

- the provision of small-scale infrastructure for tourism and countryside recreation;
- the creation and facilitation of access to areas of high nature, cultural, archaeological, geological/geomorphological and landscape value;
- the setting up of trails that interlink various sites of tourist value;
- the provision and one-time restoration of small-scale recreational amenities;
- the development of tourism products based on the rural tourism concept and that promote the traditional character of rural communities; and
- the development of regional marketing services relating to rural tourism including the creation of ICT platforms.

Measure 313 was launched on 20th February 2009 with the call closing on 29th May 2009. The total public expenditure allocated for this Measure was €11,536,667 and the allocation for the above mentioned call was set at €7,000,000. 45 applications were received under this call, with 8 being contracted, 16 were eligible but were placed on the reserve list while the remaining 21 were not eligible. In 2010, a Programme modification was carried out with respect to this Measure whereby €2,907,288.76 in Public expenditure funds were shifted from Measure 323 to Measure 313, increasing the budget allocation for Measure 323 to a total allocation of €14,443,956. This modification was officially accepted by the Commission on 31st March 2011. This transfer of funds enabled the PA to contract those projects which were on the reserve list following completion of the project selection process for this Measure. In fact, out of the 16 eligible on the reserve list, 14 were contracted in March 2011 since 2 eligible applicants withdrew their projects before being contracted. Two beneficiaries that were already contracted requested to withdraw their projects in 2011 thus, reducing the number of contracted beneficiaries to 20 as at the end of 2011.

Out of the 20 beneficiaries benefiting from financing under Measure 313, 15 are Local Councils, covering an area of 101.02km² and a total population of 83,122. Out of these Local Council, 9 are located in Malta (covering an area of 65.78km² with a population of 61,432) while the remaining 6 are located in Gozo (covering an area of 35.24km² with a population of 21,690). These projects will improve the touristic product of these localities, for the benefit of tourists and residents alike.

Projects under this Measure have progressed in 2011 in terms of acquiring the necessary planning permits and issuing the relevant tenders. All public entity beneficiaries are bound by the public procurement process which is rather lengthy therefore, physical progress will be more significant in 2012 once all tenders are awarded and implementation is well underway. However, a number of beneficiaries have registered progress, albeit limited in 2011.



Figure 28 – Restoration works financed under Axis 3

In addition, the one project implemented by a private entity under this Measure, has been completed and operations have commenced and well underway.



Figure 29 – Beneficiary under Measure 313. With the help of the EAFRD this bird park evolved from a private collection to an attraction for tourists and locals alike

The amount contracted under this measure is of €14,096,524.91. This amount includes the allocation contracted to the three LAGs since the amounts were included in the contract signed between the PA and LAGs. €4,536,667 were allocated to the LAGs: MAGF and GAL Xlokk were allocated €1,542,466.78 each while €1,451,733.44 was allocated to Gozo Action Group Foundation. These amounts will then be contracted to beneficiaries through the LAGs, following the completion of the project selection process of the 2011 as discussed below. Until the end of 2011, €4,326,555.98 of Public funds were disbursed, with an EAFRD contribution of €3,244,916.98.

2011 Call

The three LAGs issued a call for applications for this Measure with applications being received by the LAGs at their respective offices, between 7th March 2011 and 6th May 2011. A total of 24 applications were received, 19 from the public sector and 5 from the private sector. The applications were evaluated by the LAGs together with their Technical Experts and ranked by their respective Decision Committees. The MA will evaluate these applications in 2012 and contracts shall be drawn for eligible applicants. Majjistral Action Group Foundation received 8 applications, GAL Xlokk received 6 while Gozo Action Group Foundation received 10 applications but one of the applications was subsequently withdrawn.

The amount of funds disbursed under this Measure is projected to increase significantly in 2012 since many of the projects which were contracted following the 2009 call were still at a tendering stage at the end of 2011. Some funds related to the 2011 call will also be disbursed, after beneficiaries have been contracted in 2012.

Targets for output indicators, namely number of new tourism activities supported and total volume of investment are 24 activities and €28.9 million respectively. As at end 2011, 52 new tourism activities have been supported with a total volume of investment of €9.9 million. The execution rates for this Measure are 217% and 35% respectively.

Result and impact indicators will be updated once the on-going evaluation gets underway since these indicators will be updated by the evaluators who will carry out the on-going evaluation of the RDP 2007-2013 and the contract for the on-going evaluation is expected to be awarded by the first quarter 2012.

Measure 41 – Implementation of Local Development Strategy

The legal basis for this Measure is found in Article 64 of Regulation (EC) No 1698/2005.

This Measure consists of three sub-Measures with the support to be granted towards three types of investments (competitiveness, environment/land management, and quality of life/diversification). The EU co-financing rate for this Measure is 80% amounting to an EAFRD allocation of €2,080,000, out of €2,600,000 total public expenditure. Allocation of funds for the three types of initiatives is split as follows:

- Competitiveness: Sub-Measure 411 – the financial public expenditure allocation for this sub-Measure amounts to €780,000;
- Environment/land management: Sub-Measure 412 – the financial public expenditure allocation for this sub-Measure amounts to €520,000;
- Quality of life/diversification: Sub-Measure 413 – the financial public expenditure allocation for this sub-Measure amounts to €1,300,000.

The scope of the Measure is mainly to stimulate local actors to successfully implement the strategy they developed for their respective region, to effectively administer actions reserved to them under Axis 1 and 3 of the RPD, and to animate local stakeholders especially farmers and land managers to tap funds under Axis 1, Axis 2 and Axis 3 of the RDP.

As reported in previous annual progress reports, the Local Development Strategies (LDS's) submitted by the three LAGs were approved by the Selection Committee in April 2010 and the three Foundations applied for the status of Local Action Groups under the LEADER Programme. The LDS were then approved by the MA and the Paying Agency signed contracts with the three Local Action Groups in September 2010, and the total amount of public expenditure contracted under Measure 41 was that of €2,935,000, 80% of which is the EAFRD co-financing. No funds had been disbursed as at end 2011.

During 2011, LAGs were actively preparing for the launch of their Actions and Measures by holding numerous meetings with several stakeholders within their region as to further understand the needs of the individual sectors. The LAGs were also involved with the preparation of application forms and guidelines for Measure 125 and Measure 313. Applications for these two Measures were submitted through the LAGs.

Further to this, during 2011, guidelines and application forms for Actions to be launched in 2012 were prepared by the LAGs and submitted to the MA for approval. The LAGs have also participated in various training sessions, road shows, seminars, T.V. and radio programmes and conferences to promote the Actions and Measures launched, the LEADER programme and each respective territory.

The budget allocated to Measure 41 was increased by €355,000, following transfer of funds from Measure 421. This modification was approved in March 2011. This transfer of funds is likely to increase budgetary utilisation by LAGs as well as optimise the effectiveness of funding utilised.

2011 Call

Under Measure 41 each LAG had to develop a number of Actions that would address the needs of the region as highlighted in the LDS. Before Actions are launched by the LAGs, the MA reviewed all documentation: application, guidelines, checklists and the call to be issued. When the call for applications closes, all applications are reviewed, evaluated and ranked by the LAGs' Decision Committee. Applications are then presented to the MA who then reviews all applications and approves or otherwise the ranking proposed by the LAG. Majjistral Action Group Foundation launched two of their Actions during 2011.

Gozo Action Group Foundation and GAL Xlokk Foundation plan to start launching their Actions early on in 2012.

The first action launched by MAGF was M413.3 - Open Call for Craft Workers. The crafts sector was identified as one of the major sectors requiring support under the Majjistral LDS. This open call was designed to provide small scale capital support to new craft businesses which require support to establish their business through the purchase of equipment, fixtures and fittings. Support was also available for existing producers wishing to upgrade or expand an existing business. This action aims to improve competitiveness of the sector by ensuring that producers have modern and efficient equipment, machinery and facilities. The sum of €48,000 was allocated for this Action. 80% of eligible expenses will be financed through Public Funding while the applicant must contribute the remaining 20%.

This Action was launched during a press conference held on 6th September 2011. Applications were received between the 19th September and 2nd November 2011. A total of 6 applications were received following this call. The applications have been evaluated by the Technical Expert and ranking will be undertaken by the LAG Decision Committee in 2012.



Figure 30 – Press conference held on 6th September by MAGF for the launch of M413.3 - Open Call for Craft Workers

The second action launched by MAGF was M413.6 - Support Arts and Culture Organizations to undertake Capital Projects. Arts and culture organizations serve an important cultural role in the region and in Malta. In such organisations residents spanning all generations come together and share common interests and ideas. Support to such organizations means also supporting educators, entertainers, employers and social clubs which are the roles performed, sometimes indirectly, by these arts societies. These societies also offer a socialisation network for young people who are increasingly at a risk of a number of social problems. This Action aims to offer seed capital support to these organizations, especially since they usually rely on donations to cover their costs. Moreover, this action shall also offer support for the preparation and undertaking for the investment of the seed capital so as to ensure that the funds are utilized in the correct manner and are eventually fruitful.

This action was launched on 7th December 2011 and applications were received between the 19th of December and 3rd February 2012³⁶. The sum of € 144,000 was allocated for this Action. 80% of eligible expenses will be financed through Public Funding while the applicant must contribute the remaining 20%.

Additional calls for the LAG related actions are expected to be launched in 2012 with contracts to be signed between the LAG and its contractors and/or beneficiaries shall aim to ensure completion of projects by December 2013.

Targets for output indicators, namely number of LAGs, total size of the LAG area and total population in LAG area were all achieved as explained in Table 17. Targets for number of projects financed by LAGs and number of beneficiaries have not yet been achieved since as explained, LAGs started launching their actions late in 2011 and no beneficiaries had been contracted as at end 2011.

Output Indicator	Total Realised by end 2011	Target in RDP 2007-2013	Execution Rate
Number of LAGs	3	3	100%
Total size of LAG area (km ²)	287.9	287	100%
Total population in the LAG area	260,635	260,635	100%
Number of projects financed by LAG	0	23	0%
Number of beneficiaries	0	140	0%

Table 17 – Output indicators for Measure 41

Measure 421: Inter-territorial and transnational cooperation

The legal basis for this Measure is found in Article 63 of Regulation (EC) No 1698/2005.

This measure seeks to spur cooperation initiatives within regions and across different countries by supporting local initiatives and local drive for diversification. This Measure aims to bring together partners with common interest, leading to the generation of new ideas, the development of innovative approaches and new entrepreneurial activity.

Measure 421 aims to provide support for cooperation projects between LAGs in different territories and between LEADER groups and non-LEADER groups, provided that the project is led and co-ordinated by a LEADER group. Projects should be in line with the Rural Development objectives of increasing the competitiveness of the agricultural sector, improving the environment and the countryside and improving the quality of life in rural areas, although the nature of cooperation initiative and cohesion of partners may lend itself better to projects targeting the latter objective. In this respect the MA will have a crucial role to play in providing guidance, support, and assistance to LAGs as may be required, given the fact that these are still development within the Maltese context.

Originally Measure 421 had allocation of €500,000 of public expenditure, out of which €400,000 is the EAFRD part. A programme amendment was however carried out to transfer €335,000 from Measure 421 to Measure 41. This transfer of funding was carried out since the LEADER programme is a completely new concept for Maltese LAGs and so training and assistance were of a higher priority. The transfer of funds was aimed to further support the implementation of the local development strategies and reduce the risk of having unutilised programme funding. Therefore, following the deduction in the allocation, Measure

³⁶ 16 applications were received following this call for applications which closed on the 3rd of February 2012.

421 had a total of € 165,000 available which was contracted but no disbursements were reported under this Measure as at end 2011.

Measure 421 is foreseen to be implemented during 2012, once further progress is registered by the LAGs under Measure 41 and Measure 431 and progress is achieved in relation to the target indicators set out for the respective Measures.

RDP Measures launched between 2007-2010

Measure 323 – Conservation and upgrading of the rural heritage

The legal basis for this Measure is found in Article 57 of Regulation (EC) No 1698/2005.

The main objective of this Measure is to improve the quality of life in rural areas by undertaking tangible and intangible investments that serve to reverse the trends leading to ecological, economic and social decline, thus making the rural areas more attractive to live within and to visit. The specific objectives of this Measure are to support the conservation, restoration and upgrading of the rural heritage; to increase awareness of the value of the natural and built rural heritage; to instil a sense of ownership and civil pride in the rural community; to engage their participation in the conservation of the rural heritage in a way that adds value to it; and to ensure the sustained use of rural heritage resources for economic and social benefits.

The scope of this Measure includes support for preparatory work including studies and conservation plans, and support for restoration actions. Support under this Measure covers:

- the drawing-up of protection and management plans relating to Natura2000³⁷ sites and other places of high natural value, environmental awareness actions and investments associated with maintenance, restoration and upgrading of the natural heritage and with the development of high natural value sites; and
- studies and investments associated with maintenance, restoration and upgrading of the cultural heritage such as the cultural features of villages and the rural landscape.

Measure 323 was launched on 20th February 2009 with the call closing on 29th May 2009. Originally the allocation for the call was set at €21,000,000 but was subsequently reduced to 18,092,711 following a Programme amendment whereby €2,907,288.76 in Public expenditure was transferred from this Measure to Measure 313. This was done since the key objectives of the Measure will be achieved as the projects contracted under Measure 323 will lead to the drawing up of protection and management plans of all the designated Natura 2000 sites in Malta together with the conservation of key rural archaeological and natural heritage sites.

³⁷ Malta has a total of 34 terrestrial Natura 2000 sites. 27 sites are terrestrial Special Areas of Conservation (SACs) that are designated under the Habitats Directive and provide increased protection and management for rare and vulnerable animals, plants and habitats. 13 sites are Special Protected Areas (SPAs) which are designated under the Birds Directive to help protect and manage areas which are important for rare and vulnerable birds because they use them for breeding, feeding, wintering and or migration. Through Measure 323, MEPA will be undertaking management planning for all Natura 2000 sites in the Maltese Islands and increase awareness of Natura 2000 sites amongst the general public and stakeholders.

Under this Measure there will be about 25 management plans. Due to some delays in the tendering process including a number of appeals, the selection process for the winning bid has not been finalised. Timeline for completion might go into Quarter 1 of 2014 however, efforts are being made to achieve the original completion date: end 2013.



Figure 31 – Christian Catacombs at Bistra in dire need of restoration – one of the historical structures to benefit from M323

A total of 38 applications were received through the call which was launched in 2009, out of which, 17 applications were deemed eligible while 21 were non-eligible.

As at end December 2011, the total number of contracted beneficiaries remained at 16 beneficiaries in view of the fact that one beneficiary requested to withdraw the project while an additional beneficiary was contracted in January 2011. The total amount contracted as at end of 2011 amounted to €18,084,223.02. The economic impact expected from the investment under this Measure is significant as it encourages niche-market tourism. Attracting tourism in low-seasonal periods is another economic impact which is expected to enhance economic growth as the seasonality effect would be reduced. By end 2011 a total of € 6,184,357.56 Public expenditure was disbursed, with an EAFRD contribution of €4,638,268.18.

The projects selected under Measure 323 consist of operations oriented towards the provision of improved rural surroundings for the general public. Out of the 16 beneficiaries contracted, 11 are Local Councils, covering an area of 67.21km² and a total population of 50,869. Out of these, 6 localities are found in Malta (covering a surface area of 46.62km² with a population of 44,753) and 5 in Gozo (covering a surface area of 20.79km² with a population of 6,116). The remaining 5 beneficiaries contracted are Government Ministries, Departments or Authorities that tasked with responsibilities at a national level.

The projects implemented under this Measure include:

- drawing up of studies and plans for the conservation, restoration, rehabilitation, protection and management of Natura 2000 sites and other areas of high natural value;
- environmental awareness and educational actions and events;
- investments associated with the conservation, restoration and upgrading of the natural and the man-made rural heritage, different tourist amenities found in rural areas, development of leisure and historic parks, cleaning facilities; and
- investment in ICT.



Figure 32 – Restoration of rubble walls under Measure 323

In 2011, projects under this Measure have progressed in parallel with those projects implemented under Measure 313. In terms of project cycle, the Measure 323 projects progressed in terms of planning permits and procurement of tenders. All beneficiaries under Measure 323 are public entities and therefore all are bound by public procurement. Physical progress will be more pronounced in 2012 once all tenders are awarded and implementation is well underway.

The impact of this Measure is foreseen to be relatively strong on the enhancement of the rural environment, in promoting sustainability and the development of Natura 2000 sites in addition to the highly valued natural environments. Such investments, combined with investment under Measure 313, will enable Malta to diversify, and potentially improve its tourism offering whereby the preservation and conservation of rural areas could attract more visitors, enhancing their environmental education and awareness. The impact will be also relatively strong in relation to the quality of life within rural environments.

Targets for output indicators, namely number of actions supported and total volume of investment are 17 and €17.3 million respectively. As at end 2011, there were 23 actions supported with a total volume of investment of €19.6 million. The execution rates for this Measure are 135% and 113% respectively.

Given that current state of implementation of the projects co-financed under Measure 323, it is still too early to gauge the relevant result and impact indicators for this Measure.

Measure 341: Skills acquisition, animation and implementation

The legal basis for this Measure is found in Article 59 of Regulation (EC) No 1698/2005.

The objective of this Measure is to provide a sound foundation for the Leader initiative and to facilitate its successful operation. By contributing to a series of activities - animation of rural actors about the possibilities offered by Leader and the way it operates; gathering of information about rural territories; dissemination of information about the rural area and promotional events and training of Leaders – this Measure will contribute to the mobilisation of broad-based partnerships and to the elaboration of the local development strategies.

Hence, the scope of this Measure extends to the financing of area-related activities for partnerships under the preparation phase as LAGs. Such activities cover studies of the region, animation of the territory to get rural actors together and to source their insights about the how well the study reflects the reality of the region and the soundness of the strategy in addressing weakness, building on strengths and tapping opportunities, dissemination of information about the rural territory and about the local development strategy, skills acquisition for participants contributing to the local strategies and participating in future

implementation of the strategy, and information and animation Measures designed to support and facilitate the introduction and implementation of rural development Measures via the Leader approach.

Measure 341 was launched on 20th February 2009 with the call closing on 29th May 2009. The allocation for the call was set at € 450,000. The applications for this Measure were processed and the 3 selected applications were contracted in June 2009 for a total amount of € 318,600. Measure 341 was a one-time call and the Measure is now closed. The Foundations contracted are composed of Local Councils that are bordering localities as well as economic and social parties, civil society organisations and public entities within a public-private partnership. As at end 2011 the total public expenditure disbursed for Measure 341 was that of €308,437.93, the EU part amounting to €231,328.45. The Control Unit performed 100% checks on all the payment claims submitted for funding. Contracting and implementation of Measure 341 was completed and the development of Local Development Strategies (LDS) kicked off.

The three Local Action Groups that were granted funding to prepare the Local Development Strategies for three areas in Malta, were namely:

1. LAG Gozo: covers an area of 68.67km² and a total population of 31,053;
2. LAG Xlokk: covers an area of 51.16km² and a total population of 70,218; and
3. LAG Majjistral: covers an area of 130,120km² and a total population of 80,012.

The eligible actions under this Measure were restricted to studies of the area concerned; measures to provide information about the area and the local development strategy; training of staff involved in the preparation and implementation of a local development strategy; promotional events and the training of leaders.

According to the targets set for output indicators in the RDP, as at end 2011 the execution rate related to number of actions supported was four times more than the target set in the RDP. In fact, the target output indicator was set at 6 actions while a total of 26 actions were supported under this Measure. The targeted result indicator 'Number of participants that successfully ended a training activity' was set at 25 participants successfully completing the training activity and, as at end of 2011 the actual results achieved were 3 LAG managers and 27 Decision Committee members successful completing their respective training activity. However, impact indicators were too early to gauge.

Furthermore, since the formation of LAGs is experiencing a learning curve in Malta and the degree of commitment and success likely to be achieved by different groups may differ from one another, the effects are to be felt in the longer term when the capacity built would start impinging on the activities of LAGs. As a result, the MA is assisting the LAGs closely since experience and internal capacity within the LAGs themselves is relatively limited.

However, with the progress undertaken till now, the Measure has contributed to a relatively strong extent on enhancing the capabilities of the parties involved in developing and implementing local strategies and measures in the context of rural development. Moreover, Measure 341 is foreseen to have indirect positive impacts on the rural environment provided that the training will include a focus on environmental protection and sustainability.

Measure 431 – Running costs, acquisition of skills and animation

The legal basis for this Measure is found in Article 63(c) of Regulation (EC) No 1698/2005.

The scope of the Measure is to provide Local Action Groups with sufficient resources and expertise to effectively implement their respective Local Development Strategy and to efficiently administer identified actions under mainstream Measures in Axis 1 and Axis 3. This need is more pronounced in the local scenario where the LEADER initiative is being implemented for the first time.

Following the call launched under Measure 341 of Priority Axis 3 in 2009 the three LAGs were officially approved in 2010 by the MA and contracted by the PA in September 2010. Furthermore, by end of 2010, all the public expenditure allocated under this Measure was contracted meaning a total of €775,000 public expenditure was committed, out of which €620,000 is the EAFRD part, (80% co-financing). As at end 2011, a total of €229,373.51 were disbursed under this Measure, with an EAFRD contribution of €183,498.80. The costs incurred so far typically cover administration costs for the management of the respective LAG, salaries of the respective LAG manager and secretary, professional services required, leasing of LAG office premises, purchase of office furniture and administration costs.

Target for output indicators, namely number of actions supported is 30. As at end 2011, 47 actions were supported. The execution rate for this Measure is 157%.

Result and impact indicators will be updated once the on-going evaluation gets underway since these indicators will be updated by the evaluators who will carry out the on-going evaluation of the RDP 2007-2013 and the contract for the on-going evaluation is expected to be awarded by the first quarter 2012.

Measure 511: Technical Assistance Operations

The legal basis for technical assistance is Article 66 of Council Regulation 1698/2005.

The Technical Assistance (TA) allocation in the Rural Development Programme for 2007-2013 is used to finance activities and costs required to ensure the smooth implementation of the programme. The technical assistance funds are managed by the Managing Authority. The allocated budget for technical assistance operations is that of €4,084,473, of which the EAFRD contribution rate is 75%. The technical assistance funds are utilised for the preparation and programming, management and support, monitoring, evaluation, information and control functions of the programme. In addition, the technical assistance allocation is also utilised for the establishment and operations of the National Rural Network including the implementation of the action plan and the structures required to run the network.

As at end of 2011, the total public expenditure committed under the Technical Assistance was that of €1,493,158.81, with an EAFRD contribution of €1,119,869.11. The funds were committed as follows:

- Preparation and programming - the funds were utilised for training of personnel involved in the running of the programme and structures needed to run the National Rural Network, namely seminars, networking activities and the training programme.
- Management and support - funds were all allocated towards the setting up and running of the I.T system, new functionalities to implement the CAP effectively and for professional services.
- Monitoring - funds were taken up mostly for the preparation of amendments in the RDP, organising of the Monitoring Committee meetings, and the service of professionals.

- Evaluation - financial support was directed towards contacting of professionals to undertake the necessary evaluations in accordance with EC regulations and information seminars concerning the European Evaluation Network for Rural Development
- Information – this section of TA was divided mainly in two sections, namely €0.4 million allocated for the Communication Action Plan, amounting to around 10% of the budget allocated for TA, and around another €0.4 million for the implementation of the NRN action plan. The commitment of funds towards the Communication Action Plan were allocated for holding information meetings and seminars, printing and distribution of information material concerning the Measures launched, active participation in the Naturalment Malti Fairs, setting up of billboards, publishing of advertisements and articles in both in Maltese and English on national newspapers, press releases, and in the Government Gazette, and participating in programmes on national TV and radio broadcasts.
- NRN –funds were mainly allocated towards various conferences and seminars such as the information session on the findings and recommendations following the Mid-Term Evaluation Report of Malta’s RDP held in April 2011, a public seminar related to the Sustainable Development of Agriculture post 2013 held in June 2011, the NRN steering committee meeting held in August 2011, and the NRN event held during EU Commissioner Ciolos’ visit to Malta in October 2011.
- Control functions - the focus of the funds was on the photo interpretation and digitalisation of non-eligible features, control equipment, contracting of service inspections and lab analysis.

Transitional Measures

Transitional arrangements were only necessary for Agri-environment measures from RDP 2004-2006. Estimates showed that the bulk of disbursements related to commitments undertaken in relation to the programming period 2004-2006 were affected by June 2009, leaving a limited amount to be changed to the EAFRD as till 2011. The contractual conditions embodied in the previous set of regulations will continue to apply to commitments approved in the 2004-2006 Programme. The good farming practice principle has to be respected in the case of commitments entered into until end 2006.

In accordance with Article 5 of Regulation 1320/2006, for commitments undertaken till 31st December 2006, payments accruing to 2007 and 2008 were charged to the EAGGF. Expenditure related to Agri-environment commitments undertaken as from 1st January 2007 was charged to EAFRD and shall comply with the provisions of 1698/2005.

Table 15 shows that during the year 2011, only commitments for Holm Oak and Organic Farming were paid from EAFRD funds and the payments through the transitional measures was only for commitments for Holm Oak and Organic Farming claimed in 2010 as no applications for claims were submitted in 2011.

The last payment for Transitional Measures was effected in 2011 for payment claim year 2010.

Measures of RDP 2004-2006	No of Beneficiaries	Area paid	Amount paid in 2011	Cumulative Amount paid in 2009&2010
Rubble Walls	-	-	-	-
Maltese Ox	-	-	-	-
Holm Oak	6	0.96ha	€433.32	€3,129.94
Organic Farming	3	4.24ha	€2423.29	€10,289.77

Table 18 - Transitional Measures Payments in 2011

3. SECTION C FINANCIAL IMPLEMENTATION OF THE PROGRAMME GIVING, FOR EACH MEASURE, A STATEMENT OF THE EXPENDITURE PAID TO BENEFICIARIES (ARTICLE 82(2)(C) OF COUNCIL REGULATION 1698/2005)

The focus of 2011 centred on disbursement of funds as a result of the project selection and contracting of beneficiaries which took place in previous years of the 2007-2013 programming period. Additionally, several measures were launched or re-launched throughout 2011.

Several Measures under Priority Axis 1 were re-launched namely: 114, 115, 121, 123, 124, 132, 133 and 142, while Measure 125 was launched twice in 2011. Measures 212 and 214 under Priority Axis 2 were also re-launched while Sub-Measure 10 of Measure 214 was launched for the first time in 2011. The three Local Action Groups launched the relevant actions under Measure 313 while Majjistral Action Group Foundation also launched two of its actions as part of its Local Development Strategy. Following the closure of the call for applications, the Paying Agency commenced administrative checks to ensure that applicants have submitted all the requested information with the aim to proceed to the selection process.

The Figure hereunder shows the total amount of public expenditure committed for the seventeen measures contracted as at end 2011. The percentages shown in Figure 33 below reflect the percentage of the total public expenditure contracted from the funds as allocated to each Measure. Thus out of the €101 million allocated to the RDP for Malta, €82.6 million were committed as at end 2011. Taking the scenario of Measure 121, the 17%, refers to the funds committed under Measure 121 in relation to the €82.6 million total funds committed for the whole RDP as at end December 2011.

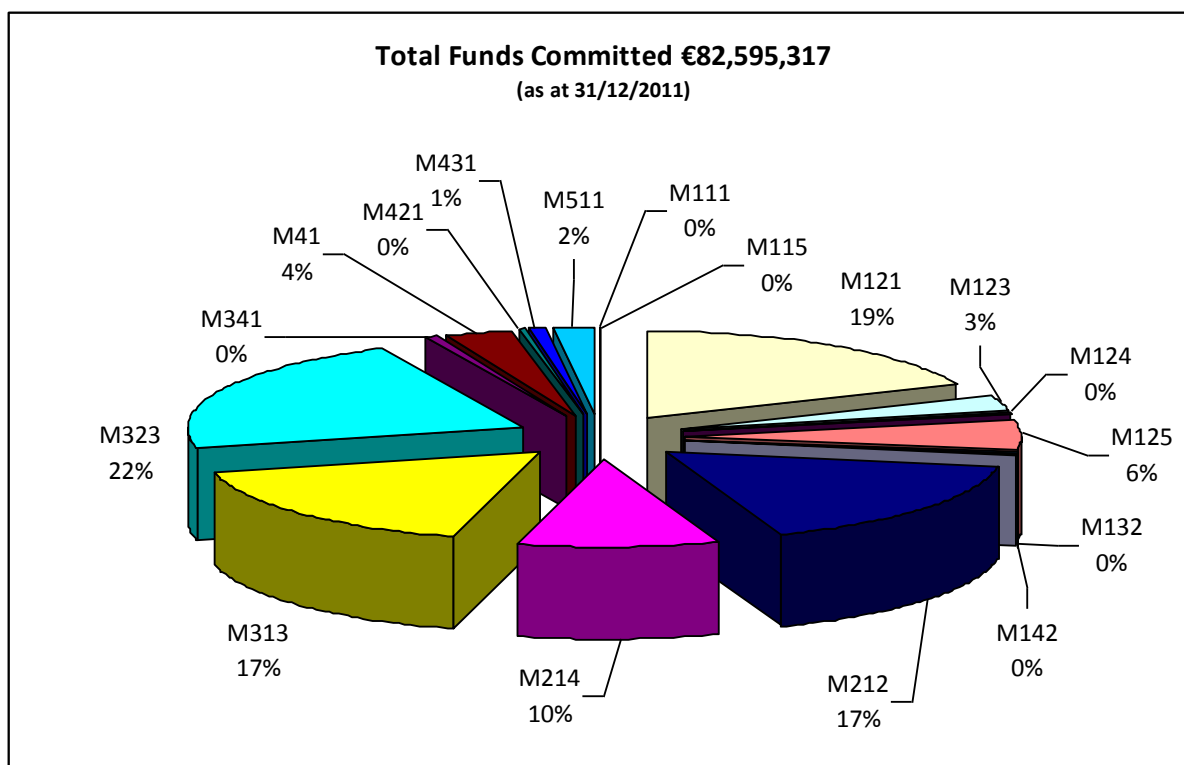


Figure 33: Funds Committed for Measures launched as at 2011

The table below represents the number of beneficiaries contracted in 2011, the number of beneficiaries who were paid in 2011 and the total payment issued for the Measures mentioned hereunder as at end 2011.

Measure Number	Title Title of the Measure	Legal Basis	Total Beneficiaries Contracted in 2011	Total Number of Beneficiaries Paid in 2011	Total Public Expenditure Allocation for the Measure (€)
Measure 111	Vocational training and information schemes	Article 20(a)(i) and 21 of Regulation (EC) No 1698/2005	3	1	611,000
Measure 114	Use of advisory services	Article 20(a)(iv) and 24 of Regulation (EC) No 1698/2005	0	0	1,500,000
Measure 115	Setting up of advisory services	Article 20(a)(v) and 25 of Regulation (EC) No 1698/2005	1	0	600,000
Measure 121	Modernisation of agricultural holdings	Article 20(b)(i) and 26 of Regulation (EC) No 1698/2005	0	176	19,869,000
Measure 123	Adding value to agricultural products	Article 20(b)(iii) and 28 of Regulation (EC) No 1698/2005	0	17	4,000,000
Measure 124	Cooperation for development of new products, processes and technologies in the agriculture and food sector	Article 20(b)(iv) and 29 of Regulation (EC) No 1698/2005	3	1	1,000,000
Measure 125	Infrastructure related to the development and adaptation of agriculture	Article 20(b)(v) Article 30 of Regulation (EC) No 1698/2005	1	1	5,200,000
Measure 132	Participation of farmers in food quality schemes	Article 20(c)(ii) and 32 of Regulation (EC) No 1698/2005	1	3	1,200,000
Measure 133	Information and promotion activities	Article 20(c)(iii) and 33 of Regulation (EC) No 1698/2005	0	0	670,000
Measure 142	Setting up of producer groups	Article 20(d)(ii) and 35 of Regulation (EC) No 1698/2005	1	1	990,000
Measure 212	Natural handicap payemnts in other areas with handicaps	Article 36(a)(ii) and 37 of Regulation (EC) No 1698/2005	6,059	5,376	14,500,000
Measure 214	Agri-environmental payments	Article 36(a)(iv) Article 39 of Regulation (EC) 1698/2005	2,238	1,597	10,525,000
Measure 313	Encouragement of tourism activities	Article 55 of Regulation (EC) No 1698/2005	12	18	14,443,956
Measure 323	Conservation and upgrading of the rural heritage	Article 57 of Regulation (EC) No 1698/2005	1	4	18,092,711
Measure 341	Skills acquisition, animation and implementation	Article 59 of Regulation (EC) No 1698/2005	0	0	450,000
Measure 41	Implementation of Local Development Strategy	Article 64 of Regulation (EC) No 1698/2005	0	0	2,935,000
Measure 421	Inter-territorial and transnational cooperation	Article 63 of Regulation (EC) No 1698/2005	0	0	165,000
Measure 431	Running costs, acquisition of skills and animation	Article 63(c) of Regulation (EC) No 1698/2005	0	2	775,000

Table 19: Number of beneficiaries contracted and paid in 2011

As can be seen in Table 19 above, the beneficiaries under M111 were all contracted in 2011. Applications for this Measure closed in January 2011 and the beneficiaries were contracted later on in the same year. Training by one of the contracted beneficiaries started in 2011, followed by disbursement of payments. One FAS was contracted in 2011, under Measure 115, however no disbursements were carried out during the period under review.

All beneficiaries under Measure 121 were contracted in 2009 and 2010. During the period under review, a substantial amount of payments were made, with 176 distinct beneficiaries being paid a total of €4,531,508.95. As at end 2011, €15.3 million had been contracted while as at end 2010, this figure stood at €15.6 million. This decrease can be attributed to the fact that number of contracted beneficiaries went down from 284 as at end 2010 to 280 at the end of 2011.

All beneficiaries under Measure 123 were contracted in 2010. During the period under review, no new beneficiaries were contracted but 17 distinct beneficiaries were paid a total of €642,967.82 with a total of six projects being completed in 2011. Beneficiaries under M124 were all contracted in 2011, however only one disbursement was paid during 2011. Measure 125 was launched in 2011 and one beneficiary was contracted during the period under review and a total of €2,023,812 was disbursed in 2011.

One new beneficiary was contracted in 2011 under Measure 132 and three distinct beneficiaries were paid during this year. €1,618.32 were disbursed in 2011. One new beneficiary was contracted for Measure 142 in 2011 and this beneficiary was paid €34,187.71.

Under Measure 212, 6,059 beneficiaries were contracted, out of which 5,376 have been paid in 2011 for a total of €1,829,588.72. For Measure 214, 2,238 beneficiaries were contracted out of which 1,597 beneficiaries were paid a total of €941,469.11.

During 2011, 14 new beneficiaries signed contracts under Measure 313. These projects had been deemed eligible in 2010 however the Measure had been oversubscribed. Following transfer of funds to M313 these beneficiaries were contracted in March 2011. 2 of these beneficiaries requested to withdraw their respective project in 2011 while 18 distinct beneficiaries were paid under M313, for a total of €1,981,337.62.

One new beneficiary was contracted in 2011 under Measure 323 whereas 4 beneficiaries have been paid a total of €177,668.66. Under Measure 431, no new beneficiaries were contracted. However, €229,373.51 were disbursed to two LAGs who are the beneficiaries under this Measure.

Additionally, there were no beneficiaries contracted or disbursements made in 2011 for Measures 114 and 133. As for Measure 341 there were no disbursements in view of the fact that this Measure was launched and all actions undertaken in 2010. Significant progress should be made under Measure 41 during 2012 since the three LAGs started to launch Actions under this Measure in the latter half of 2011. Further launches by the LAGs will continue in 2012. Measure 421 is also expected to be launched in 2012. Furthermore, the table below represents the financial implementation for Measure 511 as at end of 2011.

Measure No	Title of the Measure	Legal Basis	Total Public Expenditure (€) Allocation for the Measure	Payments (€) Issued as at 2011
Measure 511	Technical Assistance	Article 66 of Council Regulation (EC) No 1698/2005	4,084,473	1,493,158.81

Table 20: Payments issued for Technical Assistance as at end 2011

Priority Axis	Measure	Title of Measure	Funds (€) Allocated to the Measure as per RDP as at 31/12/2010	Funds (€) Committed as at 31/12/2011	Annual Payments Executed in 2011	Funds Disbursed as at 31/12/11	Funds (€) certified to the European Commission as at 31/12/2011
1	111	Vocational training and information actions	611,000	€90/€100 per farmer trained	81,490.00	81,490.00	61,117.50
1	114	Use of advisory services	1,500,000	0	0	0	0
1	115	Setting up of advisory services	600,000	100,000	0	0	0
1	121	Modernisation of agricultural holdings	19,869,000	15,318,668.10	4,531,508.95	12,055,660.45	9,041,745.34
1	123	Adding value to agricultural products	4,000,000	2,238,903.10	642,967.82	1,450,304.39	1,087,728.29
1	124	Cooperation for development of new products, processes and technologies in the agriculture and food sector	1,000,000	255,317.44	21,168.00	21,168.00	15,876.00
1	125	Infrastructure Related To the Development & Adaptation of Agriculture	5,200,000	4,600,000	2,023,812.90	2,023,812.90	1,517,859.68
1	132	Participation of farmers in food quality schemes	1,200,000	11,594.60	1,618.32	1,618.32	1,213.74
1	133	Information and promotion activities	670,000	0	0	0	0
1	142	Setting up of producer groups	990,000	212,750	34,187.71	34,187.71	25,640.78
2	212	Support for areas with handicaps	14,500,000	14,051,062.99	1,829,588.72	9,184,597.60	7,347,678.07
2	214	Agri-environment Measures	10,525,000	7,939,514.04	941,469.11	3,409,112.91	2,727,290.33
3	313	Encouragement of tourism activities	14,443,956	14,096,524.91	1,981,337.62	4,326,555.98	3,244,916.98
3	323	Conservation and upgrading of the rural heritage	18,092,711	18,084,223.02	177,668.66	6,184,357.56	4,638,268.18
3	341	Skills acquisition, animation and implementation	450,000	318,600.00	0.00	308,437.93	231,328.45
4	41	Implementation of Local Development Strategy	2,935,000	2,935,000.00	0	0	0
4	421	Inter-territorial and transnational cooperation	165,000	165,000.00	0	0	0
4	431	Running costs, acquisition of skills and animation	775,000	775,000.00	229,373.51	229,373.51	183,498.81
5	511	Technical Assistance Operations	4,084,473	1,493,158.81	588,850.11	1,493,158.81	1,119,869.11
Total			101,611,140	82,595,317.01	13,085,041.43	40,803,836.07	31,244,031.26

Table 21 - Cumulative Financial Scenario as at 31st December 2011

N+2 Commitments

The Maltese RDP 2007-2013 was approved on 18th February 2008 through Commission Decision C(2008)730-18/2/2008 and the implementation of the Measures started in 2009. Thus, as reported in the annual implementation report for 2010, the Managing Authority introduced the uptake of Advanced Payments under a number of Measures of the RDP. During 2011, the Paying Agency issued advance payments under Measures 125³⁸, 313, 323 and 431. The 2009 commitment was totally paid by the end of Quarter 4 of 2011.

³⁸ Payment for M125 was issued in December 2011.

4. SECTION D SUMMARY OF THE ONGOING EVALUATION ACTIVITIES (ARTICLE 86(3) OF REGULATION (EC) NO 1698/2005)

As reported in the Annual Progress Report for 2010, the Managing Authority undertook the on-going evaluation for the 2007-2013 programming period whereby the on-going evaluation is a tool through which the progress of the programme in relation to the objectives set out by means of the attainment of the indicators established in the RDP can be analysed. In 2011 the Managing Authority provided the necessary response to the European Commission in relation to feedback submitted by the Commission service in relation to the Strategic Monitoring Report and the Mid-Term Evaluation Report.

1. The Strategic Monitoring Report (SMR): Following submission to the Commission in September 2010 of the Strategic Monitoring Report which focused on the progress achieved in implementing the NSP, the objectives and the contribution to the achievement of the Community strategic guidelines, the Commission services acknowledged receipt of this SMR on 14th January 2011 and provided the necessary feedback on the report. Based on the Commission's feedback, Malta provided a revised version of the SMR on 30th May 2011. The revised version was accepted by Commission Services on 17th June 2011.
2. The Mid-Term Evaluation (MTE) Report: As reported in the annual progress report for 2010, the Managing Authority also submitted the mid-term evaluation report to the Commission services. The MTE aimed to assess the effectiveness, efficiency and relevance of the measures proposed and being implemented in the RDP 2007-2013 for Malta and also provided recommendations on improving the quality of programme implementation and programme design for the forthcoming programming period. The MTE Report was submitted to the Commission via SFC2007 on the 31st December 2010 and the Commission acknowledged receipt of this report on 14th January 2011. The MTE Report was sent to all the Monitoring Committee members for their review on 25th January 2011.

An information session on the findings and recommendations emanating from the Mid-Term Evaluation Report of Malta's RDP was held on Friday 15th April 2011. During this session, these findings were presented to the rural stakeholders. A Question & Answer session was held where stakeholders were given the opportunities to make queries and comments regarding this report. A discussion on the potential impact of the RDP was also held.

Following submission of this report, the MA received the official comments on the report by the Commission on 23rd June 2011. The MA held meetings with the evaluators for feedback and prepared a document with answers to all queries raised by the Commission. This document was discussed during the Annual Bilateral Meeting held with the Commission on December 9th 2011.

Tender for Ongoing and Ex-Post Evaluation

In April 2011 the MA issued the tender for the Ongoing & Ex-Post Evaluation of the Rural Development Programme for Malta (2007-2013) with the deadline for submission of tenders closing on 24th of May 2011³⁹.

The objectives of the on-going and ex-post evaluation are to:

³⁹ The evaluation of the bids was completed and the contract was awarded by the 1st quarter of 2012.

- Continue with the on-going evaluation of the 2007-2013 Rural Development Plan;
- Carry out strategic reviews of the implementation and results of the 2007-2013 Rural Development Plan for the period January 2010 to December 2013; and
- Undertake an Ex-Post evaluation in 2015 of the 2007-2013 Rural Development Plan as per Article 86(5) of Council Regulation 1698/2005.

The main scope of work under this service contract will be twofold whereby on the one hand the evaluators will examine the progress of the RDP in relation to its goals by means of result and impact indicators (Article 86.3 of Regulation 1698/2005). The evaluators are expected to provide the following deliverables:

- Annual Interim Evaluation Reports (IERs) covering the period January 2010 to December 2014;
- Strategic Monitoring Reports which will cover the period January 2010 to December 2013 with the first Strategic Monitoring Report covering the period January 2010 to December 2011 and the second one covering the period from January 2012 to December 2013;

In terms of the ongoing evaluation, the evaluators will seek to take stock on the actual implementation of the RDP and identify areas which need to be enhanced and put forward recommendations in how to achieve such improvements.

The second milestone to be achieved by the evaluators will be that of undertaking a comprehensive evaluation of the results achieved through the RDP 2007-2013 in comparison with the goals and objectives set out at the onset of this programming period. The evaluation will also analyse the way in which the recommendations put forward throughout the on-going evaluation activities have been taken on board and the impact that such recommendations have had in improving the implementation of the RDP. In addition, the ex-post evaluation will also provide the basis of lessons to be learnt in lieu of the next programming period.

Data Collection

The MA has the main responsibility in this regard and works in close collaboration with statistical institutes at national level, mainly the National Statistics Office (NSO), as they provide the economic data in the appropriate format for monitoring and evaluation. The MA also acquires published statistical sources from the Ministry of Finance, the Economy and Investment (MFEI), the Employment Training Centre (ETC), Malta Communications Authority (MCA), the Ministry for Resources and Rural Affairs (MRRRA), the Malta Resource Authority (MRA) and the Malta Environmental and Planning Authority (MEPA). For evaluation purposes the MA also uses records maintained by the MA and PA including project application forms, and data elicited from surveys and interviews.

In addition, a vital tool for data collection lies within the I.T system which provides detailed statistics at the different levels as may be required, as explained in Section E of this Annual Implementation Report.

Networking Activities

As in previous years, in 2011, the MA participated actively in the 7th & 8th meetings of the Evaluation Expert Committee forum which were both held in Brussels on 16th June and 27th October 2011 respectively. The main aim of the 7th meeting was to discuss the mid-term evaluation (MTE) of the Rural Development Programmes (RDPs) and the future orientation of rural development policy post 2013 while the focus of the 8th meeting concerned the Legal Proposal for Monitoring and Evaluation post 2013, on-going

evaluation, collection and use of monitoring data in relation to Single CMO, the current situation of First Pillar evaluation and evaluation of rural development policy. Discussions also focused on the feedback achieved from the Stakeholder Conference on Monitoring and Evaluation post-2013 which was held in Brussels on 21st September 2011. The Managing Authority participated in this first Stakeholder Conference on Monitoring and Evaluation CAP post-2013 which was organised by the Directorate General for Agriculture and Rural Development and took place as part of an ongoing process of preparing the monitoring and evaluation system for post-2013. The participants discussed issues such as:

- simplification and proportionality;
- good and better integrated data;
- timing of evaluations and methodologies.

Complimentary to its involvement in the above mentioned meetings, the Managing Authority participated in the Evaluation Needs Assessment focus group workshop organised in Malta by the European Evaluation Network on Rural Development (EENRD) on 10th October 2011. The meeting was conducted by Mr Andreas Resch, the EENRD Geographic Expert for Malta from the Evaluation Helpdesk. The topic discussed during the meeting was the mid-term evaluation recommendations on monitoring and evaluation and their follow-up in the context of ongoing evaluation, the main practical recommendations and how will they be addressed in the current programming period and beyond. The outcomes of the discussions were sent to the Evaluation Helpdesk by Andreas Resch. These outcomes will be analysed and synthesized in the Needs Assessment Report for 2011.).

5. SECTION E STEPS TAKEN BY THE MANAGING AUTHORITY AND THE MONITORING COMMITTEE TO ENSURE THE QUALITY AND EFFECTIVENESS OF PROGRAMME IMPLEMENTATION (ARTICLE 82(2)(E) OF COUNCIL REGULATION 1698/2005)

Monitoring Activities

Managing Authority

The Managing Authority, as outlined in Article 74.2(a) of Regulation (EC) 1698/2005, is the representative of the Ministry for Resources and Rural Affairs (MRRRA) for rural development policy, planning and implementation, and as reported in previous progress reports for the previous years, has the overall responsibility for the Rural Development Programme for the period 2007 – 2013.

The responsibilities of the MA also include formulation of amendments required to the RDP, the undertaking of evaluations in accordance with the Common Monitoring and Evaluation Framework and to ensure for the provision of information and publicity to beneficiaries and the general public through the dissemination of information, promotion and animation of EAFRD Measures at programme level.

The Managing Authority maintains a relatively linear structure whereby the Authority is headed by the Permanent Secretary aided by a Senior Programme Manager, five EU Fund Officers and another officer engaged on contract basis. The MA is complemented by the MRRRA Paying Agency that is responsible for the implementation and execution of the Measures. Each officer has been assigned a set of specific tasks related to implementation, monitoring and evaluation of the programme, coherent with Community Policies and regulations.

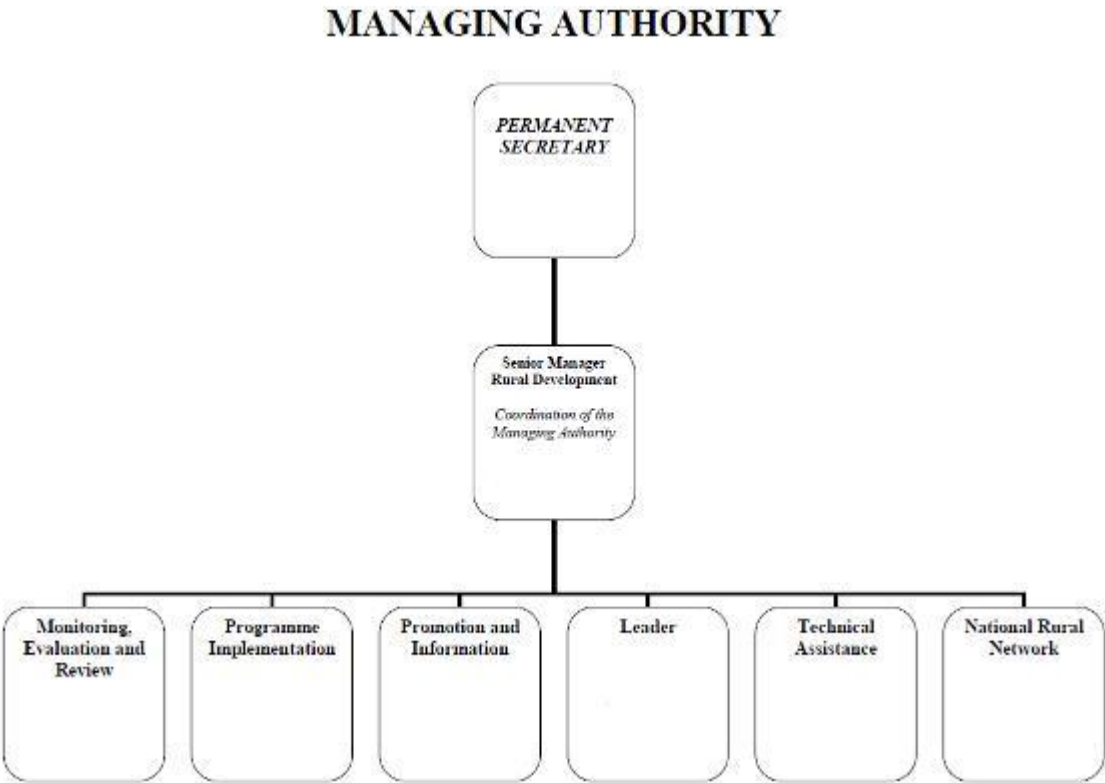


Figure 34 – Organisational Chart for the MA

Paying Agency

The MRRA approved Paying Agency manages the EAGGF and EAFRD funds. The PA is fully in line with the obligations and responsibilities in accordance with Council Regulation (EC) No 1290/2005 as well as Commission Regulations (EC) No 883/2006 and No 885/2006. Accreditation was achieved by the PA in July 2010, covering the period between 2007 and 2009. The next accreditation will be carried out in 2013, covering the period between 2010 and 2012. The International Audit and Investigations Directorate carried out a Certification Audit in January 2012, for the Financial Year 2011 Certification Audits also go through the accreditation criteria and are held every year.

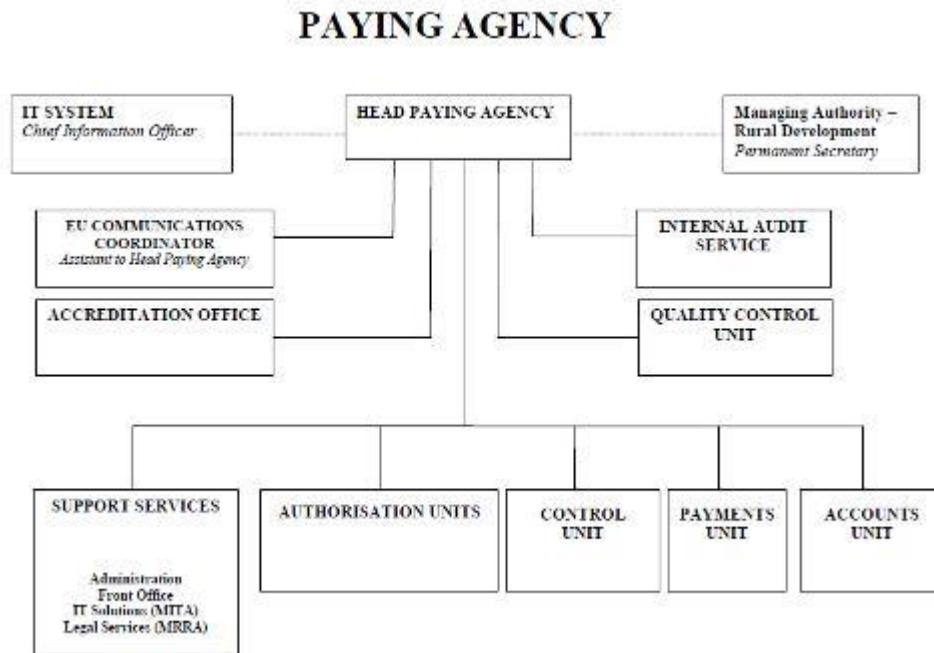


Figure 35 – Organisational Chart for the PA

In order to ensure effective demarcation with other systems of EU funding and to avoid duplication, management arrangements have been put into place. This ensures compliance with Community policies as it follows Council Regulation No 1257/1999 and No 1698/2005. The MA and PA have a clear demarcation with regards to their respective roles, even though they work in synergy with each other as outlined in the Community Strategic Guideline for Rural Development. The MA is mainly responsible for the implementation, amendments and evaluation of the programme, while PA is responsible for the implementation of the measures, processing of payment claims and expenditure reporting to the Commission. However, reciprocal support between the two entities with regards to the programme execution is constant and continuous in order to strengthen the process required for the effective execution of the programme.

The MA is responsible for monitoring for the programme. In fact, whilst the officers within the PA have the day-to-day contact with the beneficiaries, the information being received from their end is fed to the MA whereby the latter utilizes this information to monitor programme implementation at Measure and Priority Axis level. Where difficulties are encountered, the officers within the MA draw the attention of senior management for the necessary action to be taken and for liaising with relevant stakeholders (where necessary).

The Managing Authority has delegated some implementing functions from the Managing Authority to the Paying Agency, as was the case in previous years whereby the Paying Agency has a regular contact with the individual project beneficiaries which enables the PA to closely register the progress being achieved by the individual projects. This is mainly achieved through the desk-officer approach adopted by the PA to review progress whereby each officer in the PA has been assigned responsibility to review the progress of a number of the Measures and this is carried out through regular contact with the beneficiaries which enables the respective officer to gauge a thorough understanding of the individual project, its complexities and likelihood to achieve the expected outcomes within the timeframes stipulated in the respective grant agreement.

As a means of ensuring sound financial management and value for money, in 2011 the MA prepared a tender for the provision of project management services whereby a pool of technical experts such as civil engineers, quantity surveying etc who will assist the PA in ensuring that the works undertaken as part of the respective project co-financed through EAFRD, have been implemented appropriately and in line with the planning permit and grant agreement conditions stipulated. The tender will provide for consultancy services required for the monitoring and control of projects contracted under Measure 121, Measure 123, Measure 313 and Measure 323 of the Rural Development Programme (2007-2013).⁴⁰

The I.T System

The electronic system required in Article 75 of Council Regulation (EC) 1698/2005, has been set up and enables the processing of project proposals, effect payment claims and provision of reports with aid the monitoring and evaluation functions.

The objective behind the I.T. system is to develop one integrated system wherein one farmer registry is used for both Pillars. At present the new I.T. application supports both applications under Pillar I and Pillar II as follows:

- IACS measures for 2007 – 2013 period;
- AEMs - along with SPS, LFA and National Measures -integrated GIS;
- the Rural Development Investment Measures (RDIM);

The IT system assists the Managing Authority and the Paying Agency both in terms of implementation of the programme as well as in terms of monitoring in view of the fact that the system can provide real time information on the progress achieved at project and programme level. The system provides for the EU hierarchy established for the RDP in that it provides data, project application process, controls, payments and monitoring, and to leave a chronological sequence of audit records, each of which contains evidence directly pertaining to and resulting from the execution of the process. During the period under review, the development of the IT System gained further momentum whereby development focused on ironing out the contracting data to be inserted in the system as well as the payment process through which the PA issues the relevant payments. The system now provides for the day to day financial monitoring of each project whereby the PA and MA officials are able to monitor the contracting and disbursement progress.

Testing

As reported in the Annual Progress Report for 2010, submission of an application goes through a process which consists of fourteen steps. Before applications can be inputted on the 'Live' environment (actual inputting of real data), a number of applications are inputted on the 'Testing' environment as to ensure

⁴⁰ The tender was launched in January 2012 and the tender evaluation process will be completed in the first half of 2012.

that no problems arise on the 'Live' system when real data is inputted. Testing was underway in 2011 and shall continue in 2012 with respect to:

- Measure 115
- Measure 121 (Second Call)
- Measure 125 (LAGs)
- Measure 214
- Measure 313 (LAGs)
- Measure 41
- Measure 421
- Measure 431
- Measure 511

On the other hand, the following Measures are already on the 'Live' environment and applications can be inputted in the system:

- Measure 111
- Measure 114
- Measure 124
- Measure 125
- Measure 142

Enhancements

The Rural Development Investment Measures (RDIM) software developed has been operational for all aspects of application processing as at end 2009 and over the past two years a number of issues have been encountered while using the system and different solutions have been suggested. However the RDIM software has been found to be too rigid in its validations. This approach was initially taken to enhance automation, but has been found to be too rigid for the real world scenarios encountered by the PA. Therefore, in 2011 a number of enhancements were carried out to the RDIM functionality of the IACS system. These enhancements aimed to streamline the process and make it more robust and capable of handling the types of real life scenarios encountered by the PA whilst implementing the process in a fully audited and transparent manner.

Monitoring through Bilateral Meetings

In 2011 the Managing Authority continued to hold bilateral meetings with the beneficiaries of the projects being implemented under Measure 313 and 323 of Priority Axis 3 with the scope of ensuring that projects are on track in achieving the established end product in line with the terms and conditions set out in the respective grant agreement.

The bilateral meetings were held on a monthly basis and the beneficiaries updated the MA with the progress of their projects with respect to issuing of tenders, MEPA planning permits, disbursement schedules and any other matters arising.

In addition to the above bilateral meetings, beneficiaries submitted quarterly project progress reports in relation to project implementation achieved as at end of the relevant quarter. The report also provides a clear financial snapshot of the actual financial implementation in relation to the planned implementation

which was envisaged by the beneficiary at the time when the grant agreement was signed. This enables the MA to monitor real progress in relation to planned progress which assists in monitoring the annual N+2 commitments.

Strategic Monitoring Level

The Monitoring Committee for the Rural Development Plan for 2007-2013 was established on 2nd July 2008 after the approval of the RDP as required by Article 77 of Council Regulation (EC) 1698/2005. In 2011 one Monitoring Committee meeting was organized. The 8th Monitoring Committee meeting, which was held on 27th May 2011, approved the Annual Progress Report for 2010. During this meeting, the state of play of RDP implementation was presented, together with the main findings from the Mid-Term Evaluation. The PA also presented the financial execution of the RDP while representatives from the MA presented the state of play of the LEADER Programme and the National Rural Network.

As reported in the Annual Progress Report for 2010, that same year the composition of the Monitoring Committee was changed with the scope of ensuring an effective contribution of various stakeholders towards the implementation of the RDP. This change in MC membership proved to be fruitful as there was an enhanced participation by MC members in 2011.

Annual meeting between the Commission and the Managing Authority

In Accordance with Article 83 of the Council Regulation 1698/2005, the annual meeting between the Commission and the Maltese authorities for rural development took place in Brussels on 8th December 2011 and discussed the results achieved in the previous year based on the annual progress report submitted by the MA. The agenda of the meeting was structured around various issues concerning mainly the programming period 2007-2013. The following issues were discussed and agreed upon:

Annual Progress Report 2010

The APR 2010 was submitted in due time to the European Commission. After analysing the report, a revised version was submitted to the Commission whereby the main changes were:

- More information was provided in relation to the difference in activities, projects and actions supported for Measures 313, 323 and 341.
- Separate financial tracking was also provided for the operations related to the new challenges and broadband infrastructure (cf. annex VII, point 3a of Commission Regulation (EC) No 1974/2006).
- Amendments to the Monitoring Tables which are annexed to the APR in order to ensure consistency in the information provided in these tables.

Further Implementation of the RDP 2007 – 2013

The Commission and the Maltese Authorities discussed the financial implementation achieved at programme level. Following the last declaration of expenditure, a total amount of €27,909,317.52 has been requested so far by Malta for reimbursement (as at 8th December 2011, when the Bilateral Meeting was held). This represents 36% of the EAFRD funding available for this programming period and the Commission stressed the urgency to ensure that in 2012 expenditure is carried out for all possible Measures in order to ensure compliance with the N+2 target for the year. The Commission also highlighted that as at 8th of December there was no expenditure for 7 measures and the LEADER axis with the exception of M431.

Implementation of the Measures

The Commission and the Maltese Authorities discussed the progress achieved by the respective Priority Axis of the RPD.

Axis 1

In terms of Axis 1 the Commission noted the progress achieved under Measure 111 (Vocational Training and Information Schemes), Measure 121 (Modernising of Agricultural Holdings), Measure 123 (Adding value to Agricultural Products), Measure 125 (Infrastructure Related to the Development and Adaptation of Agriculture) and Measure 142 (Setting up of Producer Groups) while discussions focused on concerns due to low uptake for Measure 114 (Use of Advisory Service), 115 (Setting up of Advisory Services), Measure 124 (Cooperation for the Development of New Products, Processes and technologies in the Agriculture and Food Sector), Measure 132 (Participation of Farmers in Food Quality Schemes) and Measure 133 (Information and Promotion Activities). Remedial action and recommendations were discussed with the scope to enhance uptake of these Measures.

The Commission noted difficulties in disbursing the funds allocated for the quality and human development measures. Therefore the Commission will put forward further recommendations in order to improve measures in difficulty, with special emphasis on Measure 114.

Axis 2

Axis 2 showed a positive scenario with Measure 212 reaching all the established targets (agricultural land area and number of holdings) while in the case of Measure 214, in terms of the targeted output indicator related to the number of holdings supported, as at end 2010 a 99% execution rate was reached.

Axis 3

It was noted that all projects under Axis 3 are actively being implemented and a substantial number of projects co-financed under Axis 3 are scheduled to be completed by 2012. Local stakeholders have demonstrated a high interest in participating in projects falling within the Measures of Axis 3. All funds allocated to Measure 313 and Measure 323 have been committed and the declared expenditure was moving at a steady pace. Measure 341 was a one time call which is now closed. For this measure the declared public expenditure was €308,437.93 with an EAFRD contribution of €231,328.45.

Axis 4

It was noted that the Local Development Strategies were now being implemented and targeted training actions were undertaken. Two Actions under Measure 413 were launched in 2011 and several more will be launched in 2012.

Monitoring and evaluation

Following the Mid Term Evaluation Report (MTE), only an internal evaluation is available since the contract with the external evaluators has expired. The decision for the appointment of the new evaluator has not been taken yet. In order to overcome the probable lack of experience in RDP implementation of the next evaluation the Commission suggested that local professionals should be engaged, together with external consultants so as to bring in a new view of the programme and new ideas to enhance implementation of the existing measures.

Planned RDP Modifications

With reference to the RDP modifications the Commission stated that the total amount of modifications per year is 4, with 3 modifications taking place without a decision of the Rural Development Committee (RDC) (notification) and 1 modification being granted based on a decision of the RDC whereby the modification involved the shifting of funds which was higher than 1%. It was agreed that modifications will be grouped together and submitted in 2012. The Commission stated that Programme objectives should be guarded when proposing to shift funds.

When drafting modifications, the recommendation made by the Audit Unit J4 should be kept in mind whereby baseline values and targets for output, result and impact indicators should be updated so that values included in the RDP, MTE and NSP are aligned.

Audit

A bilateral meeting on audit findings was held in Brussels on 29th September 2011 and the recommendations of Unit J4 (Audit) have been taken into account and will be included in the programme. The possibility to decrease the surface without any limitation for beneficiaries under AEM commitments is not in line with both the notion of 'minor changes' and the 5 year commitments being the achievement of the environmental objectives, should be considered in the planned modification.

RDP 2004 – 2006

It was noted that the letter of the Maltese Authorities on the confirmation of the final balance payable to Malta under EAGGF was received and procedures were closed.

NSP/Strategic Monitoring

A revised bi-annual strategic report version was presented at the end of May 2011, taking into account all comments from Commission. The final letter was sent and the procedure closed.

The Future of the CAP post2013 was also discussed, with the Commission briefly summarising the key elements of the next programming period. The Commission reiterated the importance of advisory services regarding the *ex ante* conditionalities. A higher level of coordination between funds and programmes with a joint approach between national authorities will be required.

Advances payments were also discussed. In order to ensure compliance with Article 61(2) of Council Regulation (EC) 1605/2002, from the 2012, each declaration of expenditure must include information on

the total expenditure paid in establishing the financial engineering instruments and the advances paid to the beneficiaries for investment measures or to the local Leader Action Groups.

Rural Development Committee

The Rural Development Committee (RDC) presides over the implementation of the Rural Development Programmes of each Member State and meetings are regularly held in Brussels. The Committee provides the different Member States with the opportunity to give their input and feedback in relation to important policy decisions, financial implementation and programme revisions that have an effect on rural development at a national and supranational level.

In 2011, the 48th to the 54th RDC meetings were held in Brussels. The MA participated actively in all RDC meetings. Several issues were discussed including EAFRD financial execution, ex-post evaluation for the 2000 – 2006 RDP, support for investments in renewable energy on agricultural holdings, Commission Regulation No 1974/2006, application of the Leader axis, SFC2007, e-Governance, approval of RDP revisions for various Member States, control procedures and cross compliance, audit findings for Axis 1 and 3 and reduction of administrative burden.

Stakeholder Conference on Monitoring and Evaluation CAP post-2013

The MA participated in the First Stakeholder Conference on Monitoring and Evaluation CAP post-2013 held on 20th and 21st September 2011 in Brussels. The conference was organised by the Directorate General for Agriculture and Rural Development and took place as part of an ongoing process of preparing the monitoring and evaluation system for post-2013. The participants discussed issues such as simplification and proportionality, good and better integrated data, timing of evaluations and methodologies amongst others.

Summary of the Major Problems Encountered in Managing the Programme

Insufficient administrative and technical capacity

In 2011 several events led to periods of limited administrative capacity in a number of organisations, including the Managing Authority. During 2011, the Senior Programming Manager resigned from his post within the Managing Authority taking up employment overseas. This resulted in the loss of a senior employee who had vast knowledge and history of the evolution of the RPD thus far. In addition, an EU Funds officer also handed in her resignation at the end of 2011 in order to further pursue her academic studies. This left the MA in a disadvantaged position when considering the small pool of human resource complement of five officers.

Action Taken

A call for the appointment of a new senior manager was issued immediately and one of the EU Funds officers already engaged within the MA was engaged for the post. This provided an advantage to the MA in view of the fact that the new senior manager already had substantial knowledge in relation to the RDP matters and thus required less time to settle in the new post. Two new EU Fund officers were engaged by the MA in 2011. The newly engaged officers experienced a steep learning curve, requiring time and training to familiarise themselves with the procedures and responsibilities presented to them. The MA provided the necessary training and existing officers provided guidance to ensure that the new officers

settle into their respective roles within the shortest possible time. In addition, existing officers had their roles changed in order to ensure that all MA tasks were appropriately undertaken.

The National Rural Network

The concept and structure of the National Rural Network were better understood and more operative in 2011, however, more is required to establish and undertake the NRN activities. Some delays were encountered in the organisation of activities and a poor attendance of stakeholders was observed in some meetings, indicating that stakeholders are not yet fully aware of the NRN potential which is still a relatively new concept in Malta.

Action Taken

To increase the interest in the National Rural Network, the MA organised a number of conferences, meetings and events as to involve all stakeholders and keep them updated on current issues e.g. the progress in the CAP reform at EU level and consultation with regards to drafting of the RDP 2014 – 2020. The MA also sought to inform the general public on the NRN concept and awareness was raised through the MA's website, the NRN newsletter and participation in various fairs and events.

Delays in Planning Permits

Implementation of projects co-financed under Measure 313 and Measure 323 is highly dependent on obtaining the necessary planning permits. While the two Measures were underway in 2011, some projects experienced delays in implementation due to delay in completion of the necessary planning process which, was a cause of concern in order to ensure smooth implementation of these projects in the latter part of the programming period.

Action Taken

The MA followed closely development of planning permits in relation to the projects co-financed under Measure 313 & 323 and liaised with the Malta Environment and Planning Authority where possible in order to ensure timely completion of the relevant planning process.

Lengthy tendering procedures

In the case of EU funded projects managed by Government entities, public procurement procedures in excess of €47,000 are managed by the Department of Contracts that is responsible for vetting and launching of dossiers as well as approving tender evaluation reports and drawing up / signing of contracts on behalf of Beneficiaries. Given the centralised process, it is inevitable that backlogs are created at the various stages of the process. In addition Beneficiaries experienced a number of unsuccessful tendering procedures which are due to lack of sufficient bidders, non-compliant bids or bids which are above the allocated budget for the respective tender. As a result, Beneficiaries find themselves in a situation of having to re-launch the tender/s. Coupled to this is the appeals procedure often lodged by aggrieved bidders which delays the adjudication of tenders by approximately a further 5 months.

Action Taken

Attempts at increasing capacity have been made but the availability of expertise in Malta is limited and new officials joining the procurement process, be it at the Beneficiary level or at the Department of Contracts, experience a steep learning curve. Beneficiaries are also limited in the amount of experts that

they can put at the disposal of the tendering process, resulting often in more delays at the level of tender drafting and tender evaluation.

Other programme-wide activities

Use of Technical Assistance

The Technical Assistance allocation in the Rural Development Programme for 2007-2013 as under Article 66 of Council Regulation 1698/2005 is used to finance activities and costs required to ensure the smooth implementation of the programme.

Technical Assistance is being used to finance activities and costs related to the smooth and effective implementation of the Rural Development Programme particularly for management and support, monitoring, evaluation, information, and control functions. Technical Assistance funds are also being utilised for the running and operations of the National Rural Network including the implementation of the action plan and the structures required to run the network.

Technical Assistance is managed by the Managing Authority has an allocated budget of € 4,084,473 with a 75% EAFRD contribution rate. The MA is responsible for the management and approval of requests for support under Technical Assistance. The eligible beneficiaries under this Measure include the Paying Agency, the Managing Authority and other Government Departments having connections with activities linked with the implementation of the RDP. Beneficiaries are subject to eligibility checks and other controls.

As at end of 2011, €1,493,158.81 of Public funds were disbursed under the Technical Assistance allocation of the 2007-2013 programme, with an EAFRD contribution of €1,119,869.11. The Public expenditure between January 2011 and end December 2011 amounted to €588,850.11, with an EAFRD contribution of €441,637.58. By the end of Calendar Year 2011, 36.6% of the total Public budget was disbursed. Although this figure might seem fairly low, there are significant definite commitments for the next two years that will absorb a substantial amount of the Technical Assistance budget.

Information and Publicity

The scope of Information and Publicity emerges from Article 76 of Council Regulation 1698/2005. The aim of the communication plan, as under Article 58 of Commission Regulation (EC) No 1974/2006 and Annex VI of the same regulation, is to inform all the different stakeholders as well as the general public about the Rural Development Programme 2007 - 2013.

The Managing Authority is implementing its Communication Plan through individual actions co-financed through the Technical Assistance budget. The indicative budget for the implementation of the Communication Plan for the period 2007-2013 amounts to approximately 10% of the budget allocated for Technical Assistance which translates to approximately € 0.4 million.

During 2011, the MA in collaboration with key stakeholders of the RDP, has undertaken a number of publicity and information events such as seminars, one-to-one meetings and exhibitions in respect of Measures launched, projects contracted and various other activities.

The MA is responsible for two types of communication activities which consisted of information that relates to the various opportunities offered via the Rural Development Programme and Measure specific actions which summarise the contents of the specific Measure/s.

Fairs

The MA continued to participate in the series of fairs organised under the auspices of the *Naturalment Malti* Fairs which attract substantial interest. *Naturalment Malti* events aim to promote local products and fresh Maltese agricultural produce is available for sale during such events. These fairs ensure that the general public appreciates and distinguishes local products, indirectly providing a motivation to farmers to remain in agriculture and further invest in their holding to continuously improve their produce.

In 2011 the MA participated in:

- *Festa Halib* on 3rd April 2011 in Għargħur
- *Festa Frawli* on 10th April 2011 in Mgarr
- *Festa tal-Majjal* on 11th December 2011 in Siggiewi

During these fairs the MA set up its own stand and the MA officers provided information on the various Measures of interest to potential applicants and also information on the Rural Development Programme to the general public. Such fairs serve as an opportunity for the MA to publicise the Measures it launches from time to time and ensures the general public increases its awareness and knowledge on the benefits of the Rural Development Programme 2007-2013. Moreover, individuals are provided with clear guidelines on how they can benefit from the RDP.

Several information brochures were distributed to people visiting the MA stand, including leaflets on the Common Agricultural Policy, Overview of RDP 2007-2013, Cross Compliance, Agro-Environmental Measures, individual measures, National Rural Network, DVD on 2004-2006 Funded Projects and also leaflets on typical Maltese agricultural products.

Moreover, in order to encourage young children to take interest in rural development, the MA printed thematic pictures for the children to colour. The MA also produced DVDs of projects funded through the EAFRD and of Malta's rural areas and these DVDs continuously featured throughout on a screen in the stand of the MA.



Figure 36 – The MA stand at *Festa tal-Majjal* in Siġġiewi

Annual Event

At the end of June 2011, the MA once again actively participated in the *Mnarja* Festivities spanning over two days, held in *Buskett* Gardens. The *Mnarja* Festivities provided an opportunity for the Managing Authority to promote the Rural Development Programme 2007-2013 during the most visited rural festival in Malta. Six large stands were set up in relation to the RDP: one stand for the Managing Authority, one for the National Rural Network, Majjistral Action Group, Gozo Action Group and Xlokk Action Group. In addition, the MA also set up another stand wherein an exhibition of rural produce was held. In order to encourage interest in visiting these stands the general public was invited to taste some of the rural produce free of charge. For all the six stands, the MA printed large scale PVC photos of RDP funded projects from LEADER through the 4 Axis of the Programme together with corresponding PVC captions. The captions also included statistics on Maltese agriculture.



Figure 37 – Poster for *Mnarja* Festivities



Figure 38 – The MA stand at *Mnarja* Festivities



Figure 39 – Leaflets distributed from the MA stand during *Mnarja* Festivities



Figure 40 – Majjistral Action Group Foundation Stand

Seminars

A seminar on the Payment Claims Campaign 2011 for farmers, their representatives, agricultural entities and other rural stakeholders was held at Dolmen Hotel, Qawra on 8th February 2011. The key points on the agenda were: an overview of the objectives and benefits of Measures 111 and 114, an assessment of the payments of EU aid for 2010 and 2011, an overview of the online farmer registry and the e-application process, information on the importance of Cross Compliance and, presentation and analysis of results regarding a questionnaire on the customer service of the Paying Agency and Managing Authority. Given the importance of this yearly seminar, which takes stock of all the work of the Paying Agency and Managing Authority in the implementation of the Rural Development Programme 2007-2013, news coverage was secured.

Informative flyers on the Paying Agency newly launched E-Application system, were distributed to all farmers. Brochures and booklets on the RDP 2007-2013, Cross Compliance and Agri-Environmental Measures were also distributed.

Publicity Undertaken for Measures Launched in 2011

The following table gives a list of Measures launched in 2011, including launch dates and closing dates. Before the launch and during the application period, the MA carried out an extensive advertising campaign on newspapers, newsletters, TV and radio, together with several information sessions.

Measure	Launched	Closed
111	22 nd November 2010	14 th January 2011
114	18 th July 2011	Open until further notice
115	31 st January 2011	4 th March 2011
121	3 rd October 2011	16 th December 2011
123	24 th October 2011	16 th December 2011
124	24 th October 2011	16 th December 2011
125	24 th June 2011	25 th July 2011
125	17 th October 2011	2 nd December 2011
132	24 th October 2011	16 th December 2011
133	3 rd October 2011	2 nd December 2011
142	3 rd October 2011	2 nd December 2011
212	13 th June 2011	30 th September 2011
214	13 th June 2011	30 th September 2011
214 (10)	3 rd October 2011	16 th December 2011

Table 22 – Measures launched in 2011

Promotion on TV and Radio

Promotion is carried out on several local TV programmes transmitted during various times of the day as to reach the widest spectrum of farmers possible. In order to promote Measures 212 and 214, the Paying Agency launches a 'Payment Claims Campaign'. To promote this campaign, PA and MA representatives participated in the following local TV programmes and provided relevant information:

- *Bonġu Bundy* on One TV, held on the 10th February 2011
- *Stenbaħ* on Favourite Channel, held on the 17th February 2011

- *Malta Illeġla* on NET TV, held on 22nd February 2011
- *It-Tnejn Li Huma* on NET TV, held on 23rd February 2011
- *Lill Hinn minn Darna* on *Radju Marija*, held on 21st and 28th February 2011



Figure 41 – Logo for *Bongu Bundy*, aired from Monday to Friday from 07.00 to 10.00 on One TV



Figure 42 – Logo for *Malta Lleġla*, aired from Monday to Friday from 17.00 to 18.55 on NET TV

Footage related to Measures 212 and 214 was featured during these TV programmes to raise further awareness. Moreover, some of the above programmes enabled phone-ins by farmers or their families. Considering the number of phone calls received and the viewership rates of these programmes, these programmes contributed positively to reaching the desired target audience.

Promotion on TV and radio was also carried out when other Measures within the Rural Development Programme 2007-2013 were launched:

Radio Programmes:

- Promotion of M121 and M114 –*L-Agricoltura Illum* on *Radju Malta*, held on 3rd October 2011. This programme specifically focuses on agriculture and has a high rate of listenership by farmers and other rural stakeholders.
- Promotion of M121 – *Frott Artna* on *Radju Malta*, held on 9th October 2011. This programme, aired on Sunday morning, specifically targets farmers. Feedback acquired from farmers themselves in relation to the inclusion of RDP related matters on this radio programme, was positive and farmers find the programme very informative.

- Promotion of M114, M123, M132, M133 and M142 - *L-Agricoltura Illum* on *Radju Malta*, held on 7th November 2011.

TV Programmes:

- Promotion of M121 and M114 – *Bongu Bundy* on One TV, held on 5th October 2011. This breakfast show is widely viewed by the general public, including farmers and their families.
- Promotion of M121, M132, M133, M142 and M114 – *ECO* on Favourite Channel, held on 5th October 2011. This programme treats ecological and environmental related themes and is becoming popular among farmers and other environmentalists thereby the MA sought to promote Axis 1 measures including those related to organic agriculture.
- Promotion of M114, M132 and M133 - *ECO* on Favourite Channel, held on 11th November 2011.

The MA showcased projects which have been co-financed under the Rural Development Programme 2007-2013, together with promotional features upon the launch of measures, in a weekly TV programme called '*Malta u lil hinn Minnha*' (Malta and Beyond). This programme proved to be highly popular and is transmitted on the national TV station, TVM, every Sunday morning at 9.45, and repeated at 23.25 on TVM on the same day. Further repeats were aired on another local TV station - TVM2 on Mondays at 11.00, 16.30 and 21.00. It is spread over 39 weeks and kicked off on Sunday 16th October 2011. The Managing Authority and Maltese National Rural Network is sponsoring two weekly features through Technical Assistance.



Figure 43 – Banner of the TV Programme *Malta u lil Hinn Minnha*

The following table gives a list of projects which featured on the programme in 2011.

Date	Feature 1	Feature 2
16/10/11	Processing of Tomatoes – Axis 1	BirdPark Malta – Axis 3
23/10/11	The production of Chicken and Eggs – Axis 1	Embellishment of Hal Millieri – Axis 3

30/10/11	Overview of the Rural Development Programme 2007-2013	San Lawrenz Restoration Project – Axis 3
06/11/11	Promotion of Measure 121 – ‘Modernisation of Agricultural Holdings’ – Axis 1	Restoration of St. Paul’s Catacombs – Axis 3
13/11/11	Promotion of Measure 133, Measure 142 & Measure 214 – Axis 1 & Axis 2	A Visit to an Organic Farm
20/11/11	Organic Olive Trees – Axis 1	Restoration of Bistra Catacombs – Axis 3
27/11/11	Cows for Milk Production – Axis 1	Restoration of the Maltese ‘Girna’ – Axis 3
04/12/11	Promotion of Measure 124 and Measure 132 – Axis 1	Wasteserv Project – Axis 3
11/12/11	The importance of Greenhouses in Malta – Axis 1	Encouragement of Tourism in Gharb Gozo – Axis 3
18/12/11	Investment for the growing of plants in greenhouses – Axis 1	Restoration of the Roman Baths, Rabat – Axis 3
25/12/11	Poultry for food production – Axis 1	Enhancement of Mgarr ix-Xini Valley, Xewkija – Axis 3

Table 23 – List of features for *Malta u lil Hinn Minnha*

More episodes of the series *Malta u lil Hinn Minnha* will be broadcasted in 2012 and amongst other features, the LEADER programme will be discussed, together with more projects from Axis 1 and Axis 3.

Between April and end September 2011, the MA sponsored a weekly feature during the TV series *Mad-Daqqa t’Ghajn* (At a Glimpse), transmitted on One TV. The aim of this programme was to promote local products, in fact the motto used was ‘Naturally Maltese’. The MA sought to highlight the importance of the RDP 2007-2013 and EU funds directed to strengthen the local produce.

The programme was transmitted every Thursday during prime time, between 20.30 and 21.30. In addition, from April to June a repetition of the programme was aired every Saturday at 14.00. Repetitions of the programme featured twice a week between July and September: every Friday at 10.00 and Saturdays at 20.45. Through the features on *Mad-Daqqa t’Ghajn*, the MA had over 15 hours of airtime. Over 21 projects from various sectors were showcased on this programme.

Very positive feedback was obtained from viewers: the general public could understand and appreciate the role of rural development in Malta and the importance of the CAP.



Figure 44 – Logo of TV Programme *Mad-Daqqa T’Ghajn*

In order to promote Measure 111, two radio Adverts of 30 seconds each were transmitted daily on *Radju Malta* between 22nd November 2010 and 14th January 2011 as to ensure farmers participation in training courses. These adverts were transmitted during peak listening hours. Apart from reaching the specific stakeholders, the adverts also raised awareness amongst the general public that the Maltese farmers are undergoing training which was provided through the Rural Development Programme 2007-2013.

The MA issued 13 radio adverts of 1.5 minutes each on *Radju Malta*, the national radio station, in order to encourage application for Axis 2 Measures. These adverts were transmitted between 12th February and 10th May 2011.

Newsletter/Newspaper Promotion

A number of articles were published in local newspapers and newsletters, thus apart from reaching the rural stakeholders, such articles provide information to the general public on the utilisation and benefits provided by the RDP 2007-2013.

Two articles featured on MEUSAC's e-newsletter Funding 360. The first article was entitled 'Unlocking Competitiveness: Agriculture-themed calls under EAFRD launched' and the scope of the article was to further promote Measures 121, 133, 142 and 214 and encourage eligible stakeholders to apply for these Measures which were launched in October 2011. This article was published on 1st November 2011.

Article 7

Unlocking competitiveness
Agriculture-themed calls under EAFRD launched

Contributed by Daniel Grima – EU Funds Officer (Paying Agency – MRRA)



Having a budget of more than €100 million, the Rural Development Programme for Malta 2007-2013 aims at strengthening the Maltese rural sector and ensure its sustainability. To this end, the Managing Authority within the Ministry for Resources and Rural Affairs (MRRA) has launched a call for proposals under Measure 121, 133, 142 and 214.

This month, Funding360 will give an introduction to the first three measures co-financed by the European Agricultural Fund for Rural Development (EAFRD).

Measure 121 - Modernisation of Agricultural Holdings (Budget Allocation: €4 million)

The objective of this call is to support agricultural holdings willing to improve their economic performance through innovation in production methods, development and diversification of local products as well as the adoption of new technologies. Equally, this measure aims to improve environmental, occupational safety and hygiene levels along with the animal welfare status of agricultural holdings.

Measure 121 is applicable to all full-time farmers and live stock breeders. Firms registered as legal entities having the primary agricultural sector as their principal activity are also eligible.

Figure 45 – Part of the article on e-newsletter Funding 360

The second article was entitled 'Towards Sustainable Agriculture: Measure 123, 124 and 132 announced'. The scope of this article was to encourage farmers, farmer organisations, local processors, producer groups and other rural stakeholders to apply for measures 123, 124 and 132, which were launched in October 2011.

An article was also published on the electronic version of a local newspaper, The Malta Independent, on 15th October 2011. This article was related to Measure 125 which was launched by the LAGs and was entitled "Agriculture Measure 125 launched at BOV".

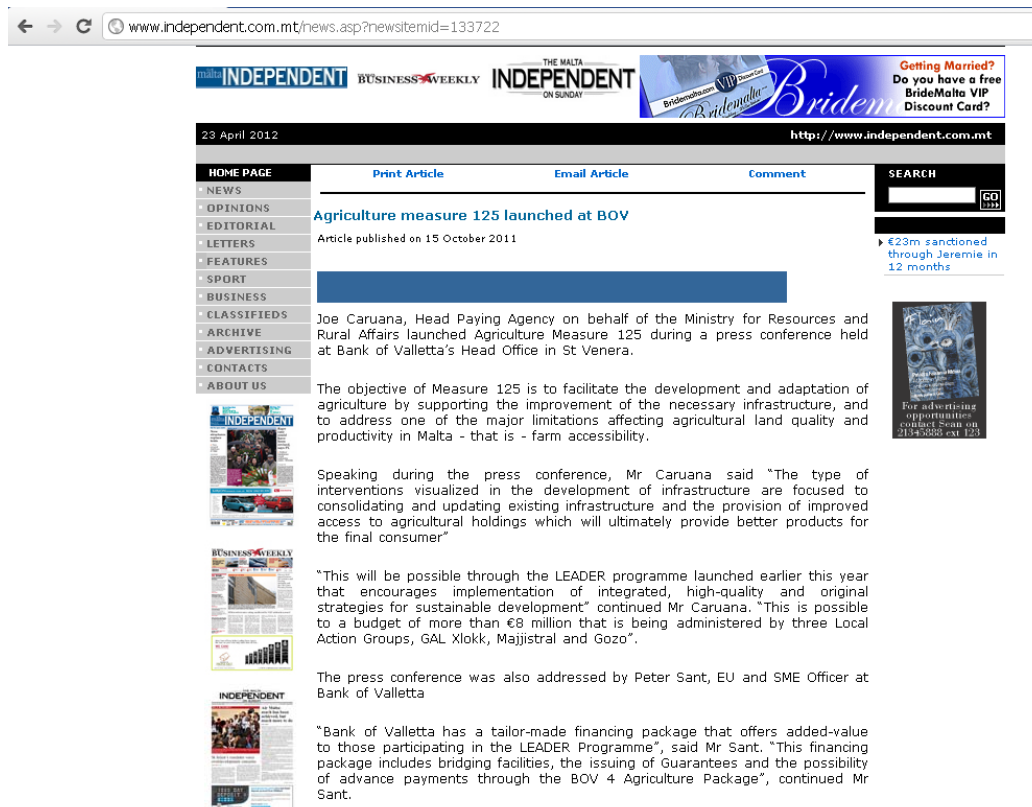


Figure 46 – Measure 125 Launch on The Malta Independent online version

Prominent adverts on local newspapers and/or the Malta Government Gazette were published upon the launch of every Measure, both in Maltese and English, to reach both the desired target audience and to provide information to the general public on RDP funds.

Extensive advertising was carried out for the Measure 111 with 10 adverts in January 2011 (in addition to another 18 adverts in December 2010). These adverts appeared in four local newspapers, with another advert on the Government Gazette in September 2010.

Measures 114, 115 and 125 were advertised on the Government Gazette while Measures 121, 123 and 124 were advertised five times each, in the Government Gazette and once on four local newspapers. Measures 132, 133 and 142 were also advertised five times each, in the Government Gazette and once on four local newspapers. For Measures under Priority Axis 2 there was a total of seventeen advertisements published, in both English and Maltese, in four different local newspapers and the Government Gazette.

Dates when adverts for the respective Measure appeared in various local newspapers and Government Gazette

Measure 111

Government Gazette	19 th September 2010		
Times of Malta	17 th December 2010	18 th December 2010	21 st December 2010
	23 rd December 2010	3 rd January 2011	7 th January 2011
	10 th January 2011		
Malta Independent	17 th December 2010	18 th December 2010	21 st December 2010
	24 th December 2010	3 rd January 2011	8 th January 2011
	10 th January 2011		
In-Nazzjon	17 th December 2010	18 th December 2010	21 st December 2010
	24 th December 2010	29 th December 2010	7 th January 2011
	10 th January 2011		
L-Orizzont	17 th December 2010	18 th December 2010	21 st December 2010
	23 rd December 2010	29 th December 2010	8 th January 2011
	10 th January 2011		

Measure 114

Government Gazette	15 th July 2011
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Measure 115

Government Gazette	1 st February 2011
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Measure 121

Government Gazette	30 th September 2011	2 nd December 2011 (Extension of Applications Period)
Times of Malta	30 th September 2011	
L-Orizzont	19 th October 2011	
In-Nazzjon	31 st October 2011	
Independent	8 th November 2011	

Measure 123

Government Gazette	21 st October 2011
Independent	26 th October 2011
Times of Malta	8 th November 2011
L-Orizzont	3 rd November 2011
In-Nazzjon	14 th November 2011

Measure 124

Government Gazette	21 st October 2011
Independent	26 th October 2011
Times of Malta	8 th November 2011
L-Orizzont	3 rd November 2011
In-Nazzjon	14 th November 2011

Measure 125

Government Gazette	6 th November 2011
Government Gazette	14 th October 2011 (Call issued by LAGs)

Measure 132

Government Gazette	21 st October 2011
Independent	26 th October 2011
Times of Malta	8 th November 2011
L-Orizzont	3 rd November 2011
In- Nazzjon	14 th November 2011

Measure 133

Government Gazette	30 th September 2011
Independent	8 th November 2011
Times of Malta	30 th September 2011
L-Orizzont	19 th October 2011
In- Nazzjon	31 st October 2011

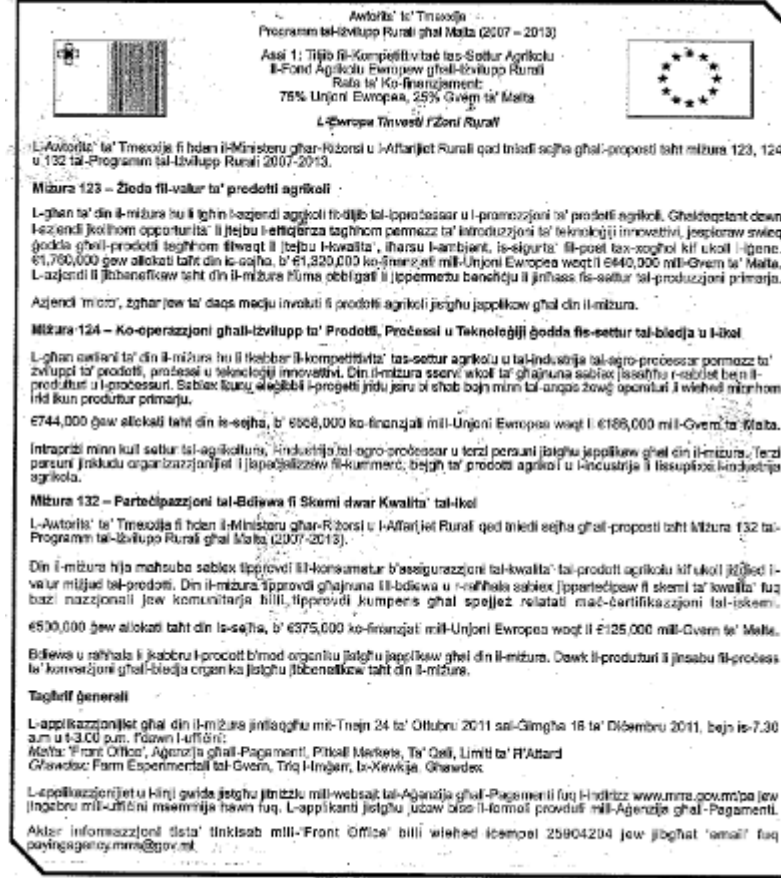


Figure 47 – Advert which featured on a local newspaper for M123, M124 and M132

Measure 142

Government Gazette	30 th September 2011
Independent	8 th November 2011
Times of Malta	30 th September 2011
L-Orizzont	19 th October 2011
In- Nazzjon	31 st October 2011

Measures 212 and 214

Government Gazette	10 th June 2011		
Independent	26 th March 2011	15 th April 2011	
Times of Malta	26 th March 2011	1 st April 2011	
L-Orizzont	22 nd March 2011	7 th April 2011	3 rd May 2011
In- Nazzjon	22 nd March 2011	11 th April 2011	26 th April 2011

Measure 214 Sub-measure 10

Government Gazette	30 th September 2011
	2 nd December 2011 (Extension of Applications Period)
Times of Malta	30 th September 2011
L-Orizzont	19 th October 2011
In-Nazzjon	31 st October 2011
Independent	8 th November 2011

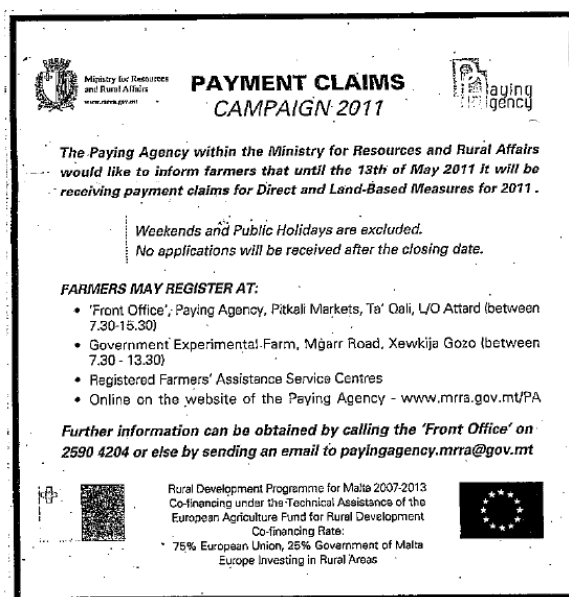


Figure 48 – Advert for the Payments Claim Campaign (Axis 2 Measures) on local newspaper The Malta Independent

Information Sessions

A number of information sessions have been organised in 2011 by the Managing Authority in collaboration with other stakeholders. These information sessions gave farmers the opportunity to meet MA and PA representatives, ask questions and give feedback regarding the relevant RDP Measures. It was also an opportunity for the MA and PA to obtain first hand experience from the people on the field about their difficulties, limitations and requirements.

Axis 1 Measures

Upon the launch of Axis 1 Measures in October 2011, information sessions were held, highlighting the benefits and the process of application with the main focus being that on Measure 121 and also for Measures 123, 132, 133 and 142. Farmers and livestock breeders were also strongly encouraged to apply for Measure 114.

Various meetings were held, each focusing on a particular sector:

- 13th October 2011 at Cooperatives Malta, Qormi at 17.00
- 14th October 2011 at Malta Fairs and Conventions Centre (MFCC), Ta' Qali, 17.00
- 25th October 2011 at Malta Dairy Products, Hamrun at 11.45
- 26th October 2011 at Mgarr Farmers Cooperative, Mgarr at 19.00
- 27th October 2011 at Farmers Central Cooperative Society, Pitkali Markets, Ta' Qali at 18.30
- 27th October 2011 at KPH, Ta' Pinu, Gozo at 11.00
- 27th October 2011 at Magro Brothers (Foods) Ltd, Gozo at 18.00



Figure 49 – Information Session held on 13th October 2011 at Cooperatives Malta



Figure 50 – Attendance to the Information Session held on 14th October 2011 at MFCC in Ta Qali

Measure 125 launched by the LAGs was also promoted during the meeting held at Magro Brothers by a representative from the Gozo Action Group Foundation.



Figure 51 – Information Session held at Magro Brothers, Gozo on 27th October 2011

All the meetings were very well attended by farmers and other rural stakeholders, particularly the one held at the MFCC in collaboration with BOV and MEUSAC on 14th October 2011. An SMS encouraging participation to these meetings was sent by the Managing Authority to registered farmers on 14th October 2011. In order to promote this event, 2000 leaflets were printed and distributed at the Pitkali Farmers Markets.

The schedule of information sessions was also emailed to farmers' representatives as to ensure that all farmers are notified accordingly. Moreover, the schedule of meetings was promoted on the respective website of the Paying Agency and Managing Authority.

On 10th November 2011, another information session was organised by MEUSAC in collaboration with the PA and MA. This information session was held at the NGO Centre in Gozo and was aimed at encouraging farmers to control the use of pesticides and gradually switch to organic practices with the aim of encouraging the uptake of Measures 132 and 133.

It was observed that sending an SMS to farmers was a very effective method of communication since so a wide target audience could be reached in a short period of time. This method was therefore adopted to inform farmers about the launch of Measure 121 whereby an SMS was sent to 6000 farmers on the 28th of October 2011.

Another SMS was sent to 220 Gozitan farmers on 26th October 2011, informing them of the meeting being held on 27th October related to Measure 121 and Measure 125 at Magro Brothers, Xewkija and another SMS was sent out to inform farmers about the information session held on 10th November in Gozo in relation to the control, reduction and possible elimination of the use of pesticides in the farmers' practice.

Axis 2 Measures - Payments Claim Campaign

When the Axis 2 applications campaign was launched, five information sessions were held. Measure 212 and Measure 214 were launched together under the 'Payments Claim Campaign'. In order to reach the largest number of farmers possible and to ensure their participation, these information sessions were held in different localities around Malta and Gozo. Prior to these seminars, an SMS was sent to all farmers whose mobile number is registered with the Paying Agency. An average of 100 people attended each seminar, totalling to around 500 people. PA officials from the Land Based Measures Unit and Front Office delivered various presentations related these Measures.

Information sessions were held on the following dates and locations:

- 22nd February 2011 in Żabbar at 19.00
- 25th February 2011 in Rabat at 19.00
- 1st March 2011 in Gozo at 19.30
- 4th March 2011 in Mgarr (Malta) at 19.00
- 11th March 2011 in Mellieħa at 19.00

Information Leaflets

The MA published a number of informative leaflets, booklets and posters specifically targeted to farmers and other rural stakeholders.

A leaflet was published related to Measure 121. This leaflet featured photos of projects which benefited under this Measure through the first call. It was printed in the Maltese language and provided clear guidelines and benefits of this Measure. 1200 copies have been distributed mainly at Pitkali Farmers' Markets and the Front Office of the Paying Agency.



Figure 52 – Part of the M121 leaflet

Another leaflet was published regarding Measure 114, aimed at encouraging farmers to make use of the two approved Farm Advisory Services and providing contact details of the recognised Farm Advisory Services. 6000 copies have been printed and distributed on an on-going basis to encourage take up of Measure 114. These leaflets were and still are distributed through the Front Office, Farmers Organisations and the Farm Advisory Services.

A leaflet on Cross Compliance was printed in Maltese to ensure that farmers and livestock breeders are well informed on what Cross Compliance is and on its legal requirements.

Figure 53 – Part of the Cross Compliance leaflet

Another informative leaflet on Agro-Environmental Measures was published, also in Maltese. This leaflet includes information on Measure 212 and sub-measures under Measure 214.

Figure 54 – Part of the leaflet related to Axis 2

Distribution of all these leaflets took place during Information Sessions organised specifically for farmers, through the Local Action Groups, through the farmers Organisations and during rural festivals organised by *Naturalment Malti*.

A poster promoting Measure 121 was printed and distributed in locations frequented by farmers such as notice boards of the Front Office of the PA in Malta and Gozo, the 3 Local Action Groups, the Abbatoir, the Pitkali Markets, all farmers' organisations, cooperatives and the Government Experimental Farm.

A leaflet on each of the three LAGs was also published, describing their work through measures and actions. These leaflets were distributed through the Local Action Groups, Local Councils, events and conferences organised by the Managing Authority and the National Rural Network, both locally and in other Member States. For the benefit of both local rural stakeholders and foreign Local Action Groups, the leaflets on LEADER have been printed in both English and Maltese.

Two *Naturalment Malti* leaflets were also printed in Maltese. One leaflet provided information to the general public on the nutritional value of strawberries, their cultivation and other facts and figures on local consumption. Moreover, the leaflet also includes an article promoting the benefits of Measure 111. This leaflets was distributed to thousands of people who flocked the Mġarr square during the *Naturalment Malti* festival which was held on 10th April 2011. The second leaflet concerned local pork and provides information on the benefits of choosing local produce, recipes on how to cook local pork and also an article on the benefits of Measure 111 and 142.



Figure 55 – Part of the *Naturalment Malti* 'Il-Frawli' leaflet

During 2011 the Managing Authority re-printed NRN leaflets and RDP 2007-2013 booklets following the distribution of all of the first printed batch mainly during rural festivals, conferences and other events.

Apart from the information leaflets, a folder containing a set of 26 detailed factsheets on Cross Compliance was prepared in 2011 and will be distributed during 2012 to all farmers and live-stock breeders registered on the IACS system. 7000 copies of each of the 26 different factsheets have been printed, a total of 182,000 factsheets. The factsheets will serve as a point of reference for farmers to ensure that the Statutory Management Requirements and GAEC are respected. The factsheets also stress on the importance that farmers utilise the service of approved Farm Advisory Services in order to tap the full funds they are entitled to. The factsheets have been designed using a system of ticks and crosses so that farmers would know what they can and cannot do under EU Cross Compliance regulations.



Figure 56 – One of the factsheets in the Cross Compliance Folder related to SMR 11

All the material produced or printed, featured the EU flag and the Maltese emblem as well as the wording which indicated the source of funding.



Figure 57 – Banner indicating source of funding

Website

The website of the Managing Authority has been up and running since February 2011. This website includes several sections:

- Managing Authority – describes the roles and functions of the MA in relation to the EAFRD;
- National Rural Network – this section describes the structure of the NRN, its functions and activities, together with information regarding forthcoming and past events;
- Rural Development Programme – information regarding the RDP can be accessed through this section and the latest version of the programme can be downloaded;
- LEADER – links to LAG websites are available, together with details about the LEADER Programme and the three LAGs;
- Downloads and Links – several documents, guidelines and presentations are available for download;
- Contact – this section provides contact details for contacting the MA;
- FAQs – several common questions regarding the CAP and the RDP can be accessed through this section.
- Featured news – this section promotes all measures launched by the LAGs, seminars, information sessions and press conferences.

The MA website also provides links other websites including the ENRD website and newsletter. The website is used as a publicity tool as to ensure that stakeholders and the general public are kept up to date with the work of the MA. Through the MA website, the general public may also download all leaflets and booklets issued by the Managing Authority.



Figure 58 – Screenshot of the MA website homepage

The MA website can be accessed through the following link: www.mrra.gov.mt/ma

Press Releases

A press release was issued by the Department of Information, OPM on 28th September 2011 following the launch of Measures 121, 133, 142 and 214 by Hon. Minister George Pullicino. The Press Release provided an overview of the objectives and benefits of the Measures, application period, an assessment of the RDP 2007-2013 implementation and beneficiaries contracted to date. The Press Release thanked farmers and other agricultural entities for their investments and encouraged them to make use of the RDP Measures being launched.

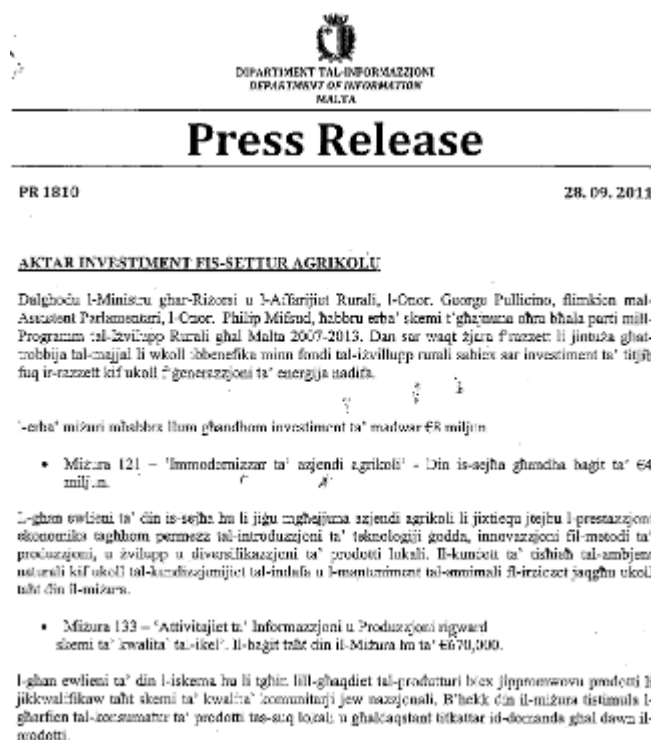


Figure 59 – Part of the Press Release related to the launch of M121, M133, M142 and M214

Other Publicity Measures

With respect to Measure 114, the MA launched an informative campaign, initially targeting agricultural entities representing farmers so that the former can in turn encourage their members to avail themselves of this Measure. On 21st June 2011, the Managing Authority sent a personalised mail to 12 key agricultural entities including *Assoċjazzjoni tal-Bdiewa* (ATB), Farmers Central Cooperative Society, KPH, Gozitano, Mgarr Farmers Cooperative, Breeders Association Poultry Hatcheries, Magro Tomatoes Producers Group, Egg Producers Association, Vernon as to inform them of this Measure.

M313 and M323

The MA also provided ongoing support to beneficiaries under M313 and M323 concerning their publicity obligations in the design of billboards and plaques. Moreover, Axis 3 projects have been promoted weekly on the TV programme *Malta u lil Hinn Minnha* as mentioned above.

Manual of Procedures

The Manual of Procedures (MoP) has been designed as a guide to all key horizontal stakeholders involved in the management and implementation of Malta's Rural Development Programme (RDP) 2007-2013 Axis 1, 2, 3, 4 and Technical Assistance Measures. The MoP is periodically reviewed and updated by the Managing Authority (MA) in order to fully comply with EU Legislation.

An update of the MoP (Version 2), was completed on 16th November 2009 and submitted for certification in accordance with EC Regulation No 885/2006. The MoP was approved by the Internal Audit and Investigations Directorate which is the certification body, on the 5th January 2011.

Leader Operating Rules

In October 2010 the MA published 'The Operating Rules for the 'LEADER Programme'. This document forms an integral part of the agreement signed between the Local Action Group (LAG) and the Paying Agency (PA). The Operating Rules are in line with EU and National regulations and set out the general basis on which each LAG will implement and deliver initiative foreseen under Axis 4 of the Rural Development Programme 2007 – 2013 ('the Programme'), part of Measure 125 under Axis 1, and part of Measures 313 under Axis 3. The Operating Rules apply to the implementation of the Local Development Strategy (LDS) approved by the PA. The rules may be updated from time to time at the discretion of the Managing Authority having regard to the European Commission's guidelines for the Programme. The document is in fact updated periodically, as the need arises. The latest version of this document can be found on the MA website: <https://secure2.gov.mt/MRRA-MA/downloads-links?!=1>. In accordance with the terms of the agreement, the rules are binding on each LAG.

Coordination with relevant stakeholders to ensure complementarity and demarcation with other EU Financial Instruments

Malta has demarcation obligations as laid down in Article 9(4) of EC Regulation 1083/2006. In order to ensure that there is a clear demarcation between the type of actions to be funded through the EAFRD and other financial instruments, demarcation criteria have also been established in the RDP.

The Managing Authority has also held consultation and cross-checking with relevant entities whenever deemed necessary. In order to ensure coordination with other stakeholders, representatives from the MA for the Cohesion Policy 2007-2013 (namely the Planning & Priorities, Coordination Division) are members of the Monitoring Committee for EAFRD.

The MA for EAFRD is a member of both the Inter-Ministerial Coordination Committee (IMCC) on EU Infrastructure and Productive Funding Programmes and the Inter-Ministerial Coordination Committee on EU Human Capital Investment Funding Programmes. In 2011 the MA participated in the Inter-Ministerial Co-ordination Committee for the EU Infrastructure and Productive Funding Programmes on demarcation held on 21st February 2011. The Committee is chaired by the Planning and Priorities Co-ordination Department (PPCD), and it is attended by national contact points involved in the management of EU financial instruments. The scope of these Committees is to ensure that coordination and demarcation are adhered to.

6. SECTION F DECLARATION ON COMPLIANCE WITH COMMUNITY POLICIES, INCLUDING IDENTIFICATION OF THE PROBLEMS ENCOUNTERED AND THE MEASURES ADOPTED TO DEAL WITH THEM (ARTICLE 82(2)(F) OF COUNCIL REGULATION 1698/2005)

The execution of the Rural Measures took place according to EC Regulations No 1257/1999 and Regulation No 1698/2005 in compliance with Community policies and has respected conformity to regulations.

Within the Rural Development Programme for Malta 2007-2013, management arrangements have been put in place to ensure that there is effective demarcation with other EU funding streams, in order to ensure that fair competition is neither distorted nor restricted. Additionally these arrangements were created to ensure open and transparent procedures that lead to more competition, stronger safeguards against corruption, better services and value for money and ultimately, more competition whilst ensuring that there is no duplication of funding. Thus being in line with the Community Strategic Guidelines for Rural Development and other European treaties and directives will encourage synergies between the funds concerned, ensuring complementarity and coherence.

The Managing Authority ensured coherence in the day to day management of socio-economic support under the EAFRD. Administrative arrangements were in place to ensure complementarity and co-ordination.

The MA has taken all necessary steps within the framework of assistance to ensure conformity with Community policies in particular respect of the Common Agricultural Policy as well as environmental policies. In order to ensure such compliance from the onset, the Managing Authority has taken the necessary steps to inform all potential applicants of their obligations emanating from such policies and attendant regulations. This was done through various publications distributed to potential applicants as well as information in the guidelines for applicants of the respective measures. Moreover applicants were asked to seek the advice of the relevant entity responsible for the main policies, in particular MEPA for planning permits and environmental policies, and to submit where relevant the required supporting documentation with the application form. Once applicants are selected, they are once again informed for their obligations as which emanating from the relevant Community policies.

The MA will be also monitoring the development of the applications contracted closely throughout the programming period in order to verify compliance with the relevant community polices as listed in the table below.

The Table hereunder shows the Legal frameworks to be followed by specific measure.

Measure	Legal Frameworks
121	Water Framework Directive (WFD), Nitrates Directive, Community Standards related to animal welfare, high standards of hygiene and occupational health and safety
123	Community Standards related to improving environmental protection, occupational safety, hygiene and animal welfare
125	Water Framework Directive (WFD)
132	Organic production of agricultural products as specified in Council Regulation (EC) no 2092/91
212	Cross Compliance, Good Agricultural and Environmental Condition (GAEC)
214	Cross Compliance, Good Agricultural and Environmental Condition (GAEC)

313	National planning and environmental legal frameworks
323	National planning and environmental legal frameworks

Table 24 - Legal Frameworks by Measure

In addition, the MA continued to strengthen its close coordination and collaboration with the various Government entities such as the State Aid Monitoring Board and the Superintendence for Cultural Heritage, the Malta Resources Authority as well as Departments and Ministries to ensure conformity and compatibility with Community Policies.

Private entities that applied for the Measures launched in 2011 through the Paying Agency, and for Technical Assistance, have been asked to submit three quotations for the respective cost component envisaged in the respective application. In addition where public entities are eligible to apply for calls under EAFRD, the MA and PA have issued instructions in the respective guidance notes that such entities must ensure compliance with public procurement regulations. Thus the delivery of the 2007-2013 programme operated within the established legal framework to further ensure transparency, proportionality, equal treatment and mutual recognition throughout the procurement process. This proactive approach encouraged the preparation of publicity material and guidance for applicants. During the period under review, all applications for support through the RDP were equally judged on their merits by the respective bodies and the necessary level of accountability was maintained.

During 2011 the Managing Authority ensured that discrimination was prevented at the implementation stage. In the case of beneficiaries being public entities, provisions for equal opportunities are incorporated within the basic tender templates issued by the Department of Contracts of the Government of Malta. When submitting bids in relation to tenders for projects co-financed through EAFRD, the standard principles for gender opportunities applied by the Department of Contracts are also being applied, in that bidders are instructed (and subsequently screened) to ensure that the principle of gender equality is adhered to and shall thus refrain from discriminating on the grounds of gender, marital status or family responsibility. Tenderers are generally instructed to ensure that these principles are manifested in the organigram of the company and that the principles aforementioned, including the selection criteria for equal access to all jobs or posts, are amply proven at all levels of the occupation hierarchy. The nature of the projects, implemented by public entities constitutes of a service for the public good, and is therefore non-discriminatory. In addition, when the beneficiary is a private enterprise, the beneficiary is encouraged to ensure that the principles of equal opportunities are manifested in the organigram of the company and that these principles including the selection criteria for access to all jobs or posts, are amply manifested at all levels of the company's structure.

7. SECTION G NATIONAL RURAL NETWORK AND LEADER

LEADER

Axis 4, Building local capacity for employment and diversification, is also addressed to the improvement of the quality of life in rural areas through the setting up of Local Action Groups (LAGs). These groups are now operating in distinct parts of the Maltese rural areas mainly to improve governance and mobilise the endogenous development potential of rural areas.

The LEADER Programme was launched during a press conference held in Malta on 29th March 2011 and addressed by the Minister for Resources and Rural Affairs, Hon. George Pullicino.



Figure 60 – Launch of the LEADER Programme in March 2011

The aim of Axis 4 is to implement effective development strategies by stimulating Malta's potential to realize the management of various rural concerns aimed at improving natural and cultural heritage, supporting local tourism and also implement infrastructure related tourist activities. Each LDS was compiled using a bottom up approach through:

- public consultation;
- locality meetings organised in all localities forming part of the each LAG;
- sectoral meetings with the main economic sectors within the region; and
- online public consultation.

The LAGs identified a number of actions for each LDS according to the needs of each area. The following are the specific Actions, related to Measure 410, within the respective Local Development Strategy of the LAGs - Xlokk, Majjistral, and Gozo:

GAL Xlokk Foundation

- Action 1: Capital investment to support artisanal agricultural activity
- Action 2: Communication
- Action 3: Setting up of a Tourist Hub
- Action 4: Open Call – Voluntary Organisations

- Action 5: Training for Project Managers
- Action 6: Embellishment Projects
- Action 7: Cultural/Educational Activities
- Action 8: Community Support for Children
- Action 9: Open Call – Sports Activities/Facilities



Figure 61 – GAL Xlokk logo

Majjistral Action Group Foundation

- Action 1: Culinary and crafts festival
- Action 2: Support for direct marketing for the crafts sector
- Action 3: Support for capital expenditures for the crafts and artisan sector
- Action 4: Support to arts, cultural and musical societies
- Action 5: Creation of a rural tourism network
- Action 6: Assistance to operators to create 3 distinctive products for the Majjistral Territory
- Action 7: Formation of the Foundation of Territorial Rangers



Figure 62 – Majjistral Action Group Foundation logo

Gozo Action Group Foundation

- Action 1: Promotion of Gozo as a Distinct Destination
- Action 2: Promotion of Gozo Produce
- Action 3: Craft Sector Support
- Action 4: Improve Signposting to Sites of Interest
- Action 5: Landscaping
- Action 6: Folk and Traditional Activities Support
- Action 7: Festivals and Events



Figure 63 – Gozo Action Group Foundation logo

Apart from Actions under Measure 410, each LAG will be involved with the implementation of Measure 313, Measure 125 and Measure 421. In 2011 the LAGs prepared application forms and guidelines for Open Calls in relation to:

- Action Type 3, Infrastructure relating to the development of agriculture of Measure 125 with a total of €600,000 available for the three LAGs;
- Action Type 3, Setting up trails that interlink various sites of tourist value of Measure 313;
- Action Type 4, Provision of one time restoration and small scale recreational amenities, of Measure 313.

A total of €4,536,667 was available for the three LAGs for Action Type 3 & Type 4 of Measure 313.

Calls in relation to Measure 421, Inter-territorial and Transnational Cooperation, are expected to be launched in 2012. Contracts signed between the LAG and its contractors and/or beneficiaries will aim to ensure completion of the projects by end December 2013.

Progress under Axis 4 contains an element of risk since Axis 4 is linked to the availability of funding outside RDP sources, and the ability of LAGs to effectively generate value added. The budget allocated to Measure 421, involving transnational cooperation projects was reduced by €355,000 in favour of Measure 411 as to optimise the effectiveness of utilisation of funds.

The following table gives a list of the localities encompassed by each Maltese LAG, following changes which had taken place in 2010:

Gozo Action Group Foundation	Majjistral Action Group Foundation	GAL Xlokk Foundation
Fontana	Attard	Birżebbuġia
Għajnsielem u Kemmuna	Dingli	Għaxaq
Għarb	Għargħur	Gudja
Għasri	Iklin	Kalkara
Kerċem	Lija	Kirkop
Munxar	Mdina (Ċitta' Notabile)	Luqa
Nadur	Mellieħa	Marsaskala
Qala	Mgarr	Marsaxlokk
Rabat (Għawdex) (Ċitta' Vittoria)	Mosta	Mqabba
San Lawrenz	Mtarfa	Qormi (Ċitta' Pinto)
Sannat	Naxxar	Qrendi
Xagħra	Rabat (Malta)	Safi

Xewkija	San Ġwann	Santa Luċija
Żebbuġ (Għawdex)	San Pawl Il-Baħar	Xgħajra
	Sigġiewi (Ċitta' Ferdinand)	Żabbar (Ċitta' Hompesch)
	Żebbuġ (Malta) (Ċitta' Rohan)	Żejtun (Ċitta' Beland)
		Żurrieq

Table 25 – Rural towns and villages within the three LAG territories

Operating Rules for LEADER

The Operating Rules serve as guidelines for LAG Managers, LAG Decision Committee members and any other relevant stakeholders on how the LEADER Programme under the Rural Development Programme shall be administered in Malta. The first version of the Operating Rules was officially issued in October 2010 following consultation with the three LAGs. The document is updated periodically as required. In fact the rules were revised twice in 2011. The latest version of this document can be found on the MA website: <https://secure2.gov.mt/MRRA-MA/downloads-links?l=1>.

Publicity

The MA is continuously working with all LAGs as a means to promote LEADER and related Actions and Measures launched. In April 2011, three leaflets were published, one for each LAG. Each leaflet was printed both in English and in Maltese. These leaflets contain information about the LEADER programme, the LAG, its territory and its Actions and Measures. Such leaflets were distributed during various activities organised by LAGs, the Maltese NRN and the MA.



Figure 64 – Part of the Gozo Action Group Foundation leaflet

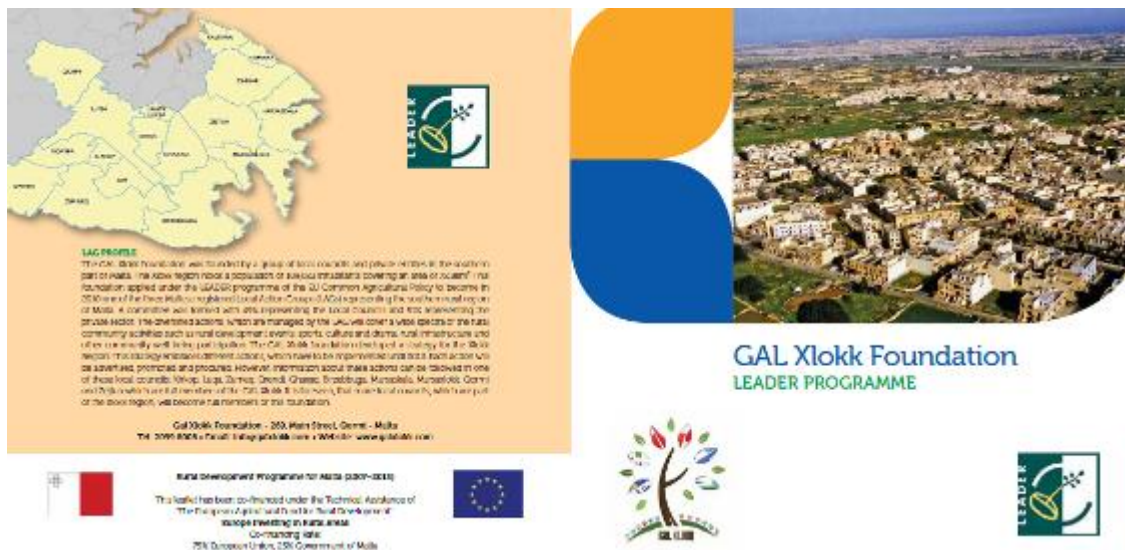


Figure 65 – Part of the GAL Xlokk Foundation leaflet

The MA also prepared a document regarding obligatory publicity requirements for LAGs as to ensure that LAGs adhere to EAFRD publicity requirements.

During 2011, the three Local Action Groups participated in several activities and events in order to promote LEADER and inform the general public about the role of the LAGs within their territory. During these fairs and events, the LAGs set up their own stands and the general public was invited to speak with LAG personnel and obtain information about the benefits that can be achieved through these LAGs. The three LAGs participated in the Mnarja Event held in Buskett at the end of June 2011. Each LAG set up an exhibition stand to promote their region, including products coming from their respective territories. In addition, the three LAGs participated in various events throughout 2011 namely:

Majjistral Action Group Foundation participated in:

- Strawberry Fest at Mgarr – 10th April, 2011
- *Hidma Agrarja u Tradizzjonijiet* at Dingli Cliffs – 15th May, 2011
- *Selmun Mġiebaħ* at Selmum, Mellieħa – 22nd May, 2011
- *Mnarja Fest* at Buskett – 28th and 29th June, 2011
- *Hidmet Missirijietna Festival* at Mgarr – 8th July, 2011
- *Lejla Mġarrija'* at Mgarr Square – 7th August, 2011
- *Festa tal-Majjal* at Siġġiewi - 11th December 2011

Gozo Action Group Foundation participated in:

- *Lejlet Lapsi* at Victoria – 3rd to 5th June, 2011

Grupp Azzjoni Lokali Xlokk participated in:

- *Festa tal-Irkotta* at Kirkop - 21st and 22nd May, 2011
- *Zejt iż-Zejtun* at Żejtun - 24th and 25th September, 2011



Figure 66 – Majjistral Action Group Foundation stand at Selmun Mġiebaħ, Mellieħa



Figure 67 – GAGF Personnel at Lejlet Lapsi

Local Action Groups also participated in a number of local TV and radio programmes in order to promote their Actions, Measures and initiatives. The MA constantly encourages LAGs to participate in such programmes in order to further enhance awareness of the LAGs and their functions.

On the 10th March a radio programme was hosted by MEUSAC where all 3 LAGs Managers were interviewed regarding the LAGs and their work. On 15th March 2011, the 3 LAGs also took part in a radio programme hosted by MEUSAC. The programme was aired on *Radju Malta*, Malta's national radio station. In November 2011 the 3 LAG Managers together with a representative from the MA were invited to participate in the Radio programme '*Frott Artna*' aired on *Radju Malta*. In total 4 programmes were aired, the first was a general introduction to LEADER and the LAGs while the other programmes focused on each individual LAG and their operations.

Articles have been featured in several local newsletters and newspapers. The 69th Issue of the newsletter MEUSAC News published on September 24th featured two articles related to LEADER, one concerning the official opening of the GAL Xlokk offices and one regarding the first Action under Measure 410 launched by Majjistral Action Group, 'Open call for Craft Workers'. The 70th issue of the same newsletter featured another article related to the expression of interest launched by the LAGs for Measure 125.



LEADER programme - Measure 125

A new approach to Maltese rural funding

The Gozo, Majjistral and Xlokk Local Action Groups (LAGs), set up to implement the EU's LEADER programme, are launching a common action entitled Measure 125: Infrastructure related to the development and adaptation of agriculture, under the Rural Development Programme for Malta (2007-2013).

This measure is aimed at assisting in the development and adaptation of agriculture by supporting the improvement of the necessary infrastructure as well as addressing one of the major limitations affecting agricultural land quality and productivity, that is farm accessibility.

Therefore, importance will be given to the upgrading of existing farm access roads and passageways are under particular call.

Eligible applicants are local councils, legally constituted farmers' groups and associations (such as producer organisations, cooperatives, associations and ad hoc farmer groupings legally formed for the purposes of the project), and non-governmental organisations (NGOs).

Potential beneficiaries are to fill in the expression of interest that may be downloaded from the websites of the respective LAGs.

Access roads and passageways must be located within the territory



of the corresponding LAG.

The total budget allocation under this call is capped at €600,000 with 90% being financed through public funds (75% through the EAFRD, 25% by the Maltese Government). The remaining 10% is to be financed by the applicant.

Further information is available on www.leadergozo.eu, www.leadermajjistral.eu and www.galxlokk.com.



Figure 69 - Part of the article in the 70th Issue of MEUSAC News



Majjistral Action Group supports local crafts and artisan sector

The Majjistral Action Group Foundation is launching the first LEADER action developed in line with its Local Development Strategy for the territory.

The aim of this action, Measure 413.3, is to offer small scale capital support for new and existing local crafts producers as well as for joint initiatives of a number of craft workers. For this call for applications, a total of €48,000 have been allocated, funded jointly by EU and national funds.

Only private legal entities (small and micro enterprises) and NGOs proposing projects within

the Foundation's territory can apply for this action. If successful, beneficiaries will be granted up to 80% co-financing.

Applications open on September 19 and close at 12 noon of November 2.

Interested parties are encouraged to contact the Majjistral Action Group Foundation for more information by ringing 20992080 or e-mail at info@leadermajjistral.eu



Figure 68 - Part of the article in 69th Issue of MEUSAC News

Several contributions also appeared in the October issue of the e-newsletter Funding 360. In this issue, the concept of LEADER was introduced, while other articles focused on Measure 125, 'Promoting Gozo as a Distinct Destination' one of GAGF's actions to be launched in 2012 and a further contribution regarding MAGF's Action 'Open call for Craft Workers'. In the December issue of the same e-newsletter, an article regarding MAGF's second Action 'Support Arts and Culture Organizations' was published. Another article was published on the January 2012 edition: 'Developing the Crafts Sector' by GAGF.

In addition to this, LAGs were invited to contribute to the NRN Newsletter which is published every 4 months. Two articles appeared on the 2nd edition of the newsletter: 'Promoting the Sister Isle - Gozo as a distinct destination' and 'LAGs in Action – Measure 125'.



Promoting the Sister Isle - Gozo as a Distinct Destination

The Gozo Action Group Foundation (GAGF) is a public-private partnership composed of representatives of the public sector such as Local Councils and other Government entities together with private entities such as the business community, NGOs and other non-profit organizations. It is running the LEADER Rural Development Programme for Malta (2007-2013). As one of the three Local Action Groups for the Maltese Islands, the Gozo Action Group has developed a local development strategy for its region.

The GAGF will soon be launching its first action: Promotion of Gozo as a Distinct Destination. The purpose of the action is to provide assistance to the development of marketing initiatives focusing on Gozo's distinctiveness. This action aims to generate further tourism demand in Gozo, especially in the shoulder months. The marketing campaign will use different communication channels and will include the creation of a web-portal, setting of Gozo Action Group standards and promotion of the Island, both locally and abroad. The campaign will be targeted towards those forms of tourism that make Gozo a distinct destination from Malta, particularly focusing on the rurality of the Sister Isle.

- Katya Scicluna, Manager GAGF

Figure 70 - Article in the 2nd edition of the NRN Newsletter

Measures Launched

Measure 313

Applications for Measure 313 were launched by the three LAGs on 7th March 2011 and closed on the 6th of May 2011. This Measure was advertised through several adverts on local newspapers and on the Government Gazette (edition published on 4th March 2011). Two Action types were eligible under this call by LAGs:

- Action Type 3, Setting up trails that interlink various sites of tourist value;
- Action Type 4, Provision of one time restoration and small scale recreational amenities.

Eligible projects had to be located in a rural area, build upon the rural dimension and physical setting of the area and should fit within the scope of the actions listed under the Measure. Operations supported under this Measure were limited to small-scale infrastructure and recreational amenities having a local dimension, with the exception of projects that build upon the participation of more than one locality, such as the setting up of trails.

Beneficiaries eligible for funding under Measure 313 were public and private legal entities. The aid intensity granted depended on the type of beneficiary: public entities shall receive up to 100% of the total eligible expenditure while private entities shall receive up to 50% of the total eligible expenditure.

A total of 24 applications were received, 19 from the public sector and 5 from the private sector:

LAG	Public Entity	Private
Gal Xlokk Foundation	5	1
Majjistral Action Group Foundation	5	2
Gozo Action Group Foundation	9	2
Total	19	5

Table 26 – Applications received by LAGs for M313

The applications were evaluated by the LAGs together with their Technical Experts, ranked by their respective Decision Committees and have now been presented to the MA for approval. The MA will assess these applications in 2012 and contracts shall be drawn and signed by the Paying Agency with the respective beneficiaries. A total of €4,536,667 is available for the three LAGs for Action Type 3 & Type 4 of Measure 313. ⁴¹

Measure 125

M125 Expression of Interest was launched on 17th October and closed on the 2nd December 2011. The Expression of Interest was launched during a meeting held at Bank of Valletta's head office in Santa Venera for which several stakeholders were invited to attend. The three LAGs issued an Expression of Interest for those potential beneficiaries wishing to improve access to their agricultural holdings through the upgrading of existing farm access roads and passageways located within each LAG territory. In 2012, Expressions of Interest will be reviewed by a MRRA architect who will also consult with MEPA regarding any planning permits required. Following this evaluation, a call for applications will be launched in 2012, once eligible roads have been identified. Only those applicants who had applied under the Expression of Interest will be allowed to apply under the Call for Applications. This call will co-finance eligible projects up to a maximum of €30,000 (excluding VAT) for each application. LAGs shall finance 90% of eligible expenses while the applicant must contribute the remaining 10%. A total of €600,000 for the three LAGs is available under this Measure.

Measure 410

M410 is a combination of Actions and Measures for the implementation of each Local Development Strategy. When the LAGs were founded and contracted under M431 they were required to draw up and submit a Local Development Strategy which reflects the needs and particularities of their respective regions. Under Measure 410 each LAG had to develop a number of Actions that would address the needs of the region as highlighted in the LDS. In 2011 the Majjistral Action Group Foundation launched two of their Actions these being 'Open call for craft workers' and 'Support to arts, cultural and musical societies'. GAGF and GXF plan to start launching their Actions in the former half of 2012.

Before launching calls for actions by the LAGs, the Managing Authority reviews all documentation concerning the call namely the call itself, the application, guidelines and the checklists. Actions are launched only after all documentation has been reviewed and approved by the MA. When the call for applications closes, all applications are reviewed, evaluated and ranked by the LAGs' Decision Committee. If the beneficiary is a third party, applications are then presented to the MA who then reviews all applications and approves or otherwise the ranking proposed by the LAG.

⁴¹ As at end May 2012, three beneficiaries had been contracted and works have already started.

M413.3

The first action by MAGF, 'Open Call for Craft Workers', was launched during a press conference on 6th September 2011. Applications were received between the 19th of September and 2nd November 2011. The call was also advertised on a number of local newspapers.

The crafts sector was identified as one of the major sectors requiring support under the Majjistral LDS. This open call was designed to provide small scale capital support to new craft businesses which require support to establish their business through the purchase of equipment and fixtures and fittings. Support was also available for existing producers wishing to upgrade or expand an existing business. This action aims to improve competitiveness of the sector by ensuring that producers have modern and efficient equipment, machinery and facilities. MAGF shall finance 80% of eligible expenses through EAFRD while the beneficiary must contribute the remaining 20%.

A total of 6 applications were received following this call. The applications have been evaluated by the LAG Technical Expert and the ranking will be undertaken by the LAG Decision Committee in 2012.

M413.6

The second action, 'Support Arts and Culture Organizations to undertake Capital Projects' was launched on 7th December 2011 with applications being received between the 19th of December 2011 and 3rd February 2012⁴².

Arts and culture organizations serve an important cultural role in the region and in Malta. In such organisations residents spanning all generations come together and share common interests and ideas. Support to such organizations means also supporting educators, entertainers, employers and social clubs which are the roles performed, sometimes indirectly and mostly voluntarily, by these arts societies. These societies also offer a socialisation network for young people who are increasingly at a risk of a number of social problems. This action aimed to offer seed capital support to these organizations, especially since they usually rely on donations to cover their costs. Moreover, this action shall also offer support for the preparation and undertaking for the investment of the seed capital so as to ensure that the funds are utilized in the correct manner and are eventually fruitful. MAGF shall finance 80% of eligible expenses while the beneficiary must contribute the remaining 20%.



Figure 71 - Official launch of Measure 413.6 by MAGF

⁴² 16 applications were received following this call for applications which closed on the 3rd of February 2012.

Measure 421

This Measure concerns Transnational Cooperation and shall be launched by the LAGs in 2012. During 2011 Maltese LAGs received various requests for cooperation which are currently being assessed by the LAGs. This Measure seeks to initiate cooperation activities within regions, across different countries by supporting local initiatives and local drive for diversification. Cooperation shall take place between at least two Member States. There are various eligible investments which can be supported under this Measure, including training and capacity building, organisation of events, support for innovation in products or services in rural areas, marketing activities, job creation and sustaining existing jobs. The application and guidelines for this Measure have been drafted by the MA in 2011 and the call is expected to be launched in 2012.

Measure 431

During the first week of the month, the three LAGs present monthly payment claims for running costs, Under M431. These claims are processed by the MA in a timely manner in order to ensure adequate cash flow management.

Study Visits

GAGF travelled to Bari, Italy on the 27th of June 2011, to meet with GAL Cosvel (Rotondella, Basilicata Italy). The scope of this study visit was to share experiences with this LAG which has a vast experience in carrying out projects and implementing strategies for the region within which it operates. The Gozo LAG also explored the possibility of trans-national cooperation with this LAG.

In November 2011, GAL Xlokk travelled to Abruzzo, Italy in order to share experiences with GAL Marsica from Municipio di Celano. While in Abruzzo, the LAG visited several factories and other places of interest that benefitted from EU Funding under the LEADER programme. This visit was beneficial for LAG members since it enabled them to see how funds are being administered by other LAGs outside of Malta.

Other Activities

GAL Xlokk inaugurated their offices in Qormi on the 2nd of September 2011. Several stakeholders were invited for this official opening, including LAG members from the public and private sector together with officials from the Managing Authority and Paying Agency. During this event the LAG showcased the project plans submitted under M313.



Figure 72 - Official Opening of GAL Xlokk Offices

GAL Xlokk also organised a workshop on 31st May 2011 in collaboration with representatives from several Slovakian LAGs. The aim of this seminar was to share experiences with the Slovakian contingent on LEADER in Malta, the implementation of LAG strategy in Malta, potential of the LAG area and rural tourism in the region of the LAG.

National Rural Network

The Maltese National Rural Network was set up in July 2009 with the scope of incorporating a networking forum of the four axes of the RDP and to bring together stakeholders involved in rural development, to support the implementation and evaluation of the rural development policy through communication, discussions and knowledge transfer.

11th NRN Meeting

The 11th NRN meeting was held on 27th April 2011 in Bad Schandau, Germany. During this meeting the RDP Projects Database was introduced and NRNs were requested to maintain an on-going commitment in contributing project examples. The ENRD Contact Point also provided a brief overview of the Rural Entrepreneurship Initiative, including a presentation of the draft Rural Entrepreneurship Gateway. The web-based NRN Self-Assessment ToolKit was also presented, together with a comprehensive overview of initial proposals for the 4th year of ENRD activities. Through its participation at this meeting, the Maltese NRN representatives enhanced the networking opportunities with NRNs from other Member States. Such meetings also enable the Maltese NRN to keep abreast on developments taking place within other Member States and in the ENRD.

12th NRN Meeting

The Maltese NRN representatives participated actively in the 12th NRN meeting held on 28th June 2011 in Brussels whereby the main issues for 2010 - 2015 were identified as being:

- the CAP reform and
- the 50th anniversary of the CAP

Innovative means of communication were discussed, including online tools and the use of social media to target specific groups. A new NRN initiative on communication was also launched. This proposes to enhance the partnership with NRNs and to focus on activities at a local level with respect to communication tools and initiatives under the Rural Development Programmes across Europe.

13th NRN Meeting

The 13th NRN meeting was held between the 10th and 12th November, 2011 in Den Haag, The Netherlands. Presentations were given by a number of NRNs, including the Maltese NRN, in order to highlight current and future activities. The Maltese NRN explained that preparations were underway to prepare for a conference as part of the consultation process for the development of the 2014-2020 Rural Development Plan for Malta. A general NRN update was then given, highlighting the progress already made with the NRN Thematic Initiatives, but stressed that further real actions need to be taken, including linking thematic activities to the 2014-2020 programming period. An overview of the Commission's legislative proposals for the 2014-2020 programming period with particular emphasis upon the enhanced networking approach was also presented. A workshop session was then launched with the aim of identifying potential success stories and case studies that the NRNs can contribute for demonstrating the added value of networking.

An overview of the RDP Projects Database was also given, including an overview of the evolving dynamics of the tool; the number of projects received from the NRNs and those published;

information on the nature of the projects and under which Axis these have been supported; the number of contributions by the NRNs and, the tools on the ENRD website that allow NRNs to upload project information fiches. A target of 400 published projects by the end of June 2012 should be reached. The Maltese NRN has contributed to this database and a number of projects have been uploaded, including. Investment in Energy Efficient Mushroom Cultivation (Casa Fungi Ltd., project co-financed through Measure 121), Upgrading a Local Tourist Attraction ('BirdPark Malta' project co-financed through Measure 313), and Conservation of Natural and Cultural Heritage (Salini Rehabilitation Project, co-financed under Measure 323).

Mid-Term Evaluation Report of Malta's RDP

On 15th April 2011 an information session was held on the findings and recommendations emanating from the Mid-Term Evaluation Report of Malta's RDP. The NRN Steering Committee and Coordination Committee members, together with all rural stakeholders were invited to attend. The MTE Report examined the degree of utilisation of resources, the effectiveness and efficiency of the programme, its socioeconomic impact and its impact on the Community priorities.



Figure 73 – Presentation during MTE Information Session

Public Seminar - The Sustainable Development of Agriculture post 2013

A public seminar to discuss the sustainable development of agriculture post 2013 in relation to the Common Agricultural Policy was held on June 30th 2011. One of the main speakers was Prof. Janet Dwyer, Professor of Rural Policy, University of Gloucestershire, who delivered a walkthrough on the evolution of the CAP, the reforms undertaken and the developments for a new policy post 2013. Economist Dr. Gordon Cordina also delivered a presentation concerning planning ahead for the next Rural Development Programme (2014 – 2020).



Figure 74 – Presentation by Dr. Gordon Cordina during the Public Seminar

Imnarja Event

In 2011 the NRN continued to promote the work undertaken by the NRN and the EAFRD during the Imnarja feast held on the 28th and 29th June 2011. Two stands were set up, one for the MA and another one for the NRN. The scope was to promote the EAFRD by showcasing captioned photographs of several projects financed with the help of the EAFRD. Information on the various RDP Measures, the EAFRD and NRN was also available. During the fair reference was made to the extensive investments carried out by local farmers, with co-financing from the EAFRD for projects that enhance competitiveness, improve product quality, bolster economic growth and promote sustainable agricultural practices.



Figure 75 – NRN Stand at Mnarja Festivities

NRN 3rd Steering Committee Meeting

During the 3rd NRN Steering Committee meeting several important issues were discussed, including:

- the role of NRN following the Mid-Term Evaluation Report;
- the NRN Consultation Process for CAP Post-2013;
- NRN Newsletter; and
- ENRD initiatives.

It was agreed that the NRN should serve as an advisory and consultative body and should also have a role in monitoring, evaluation and analysis of the effectiveness of delivery mechanisms. The NRN should act as a forum for debate and facilitate the uptake of Measures in order to reach the objectives of the RDP. The NRN Consultation Process for CAP Post-2013 was also discussed. This process commenced in September

2011 and was planned to be completed by the first quarter of 2012. This process involves local and foreign experts in the field of rural development who will assess the involvement of the NRN and the stages linked to development of a strategic framework. The issues of sustainable agricultural and rural development will also be taken into consideration. The key challenges and opportunities need to be identified, from an environmental, social and economic aspect and highlighted in the final report which will be drawn after this consultation exercise.

The NRN newsletter was also discussed and Steering Committee members were invited to suggest themes on which this newsletter should focus. ENRD initiatives related to how the younger generation views agriculture and the relevance of short supply chains was also discussed.



Figure 76 -The 3rd NRN SC Meeting held at BirdPark Malta
Photo Courtesy of DOI

The Maltese NRN

Newsletter

The scope of the NRN newsletter is to reach out to stakeholders via an additional channel of communication. This newsletter is published every 4 months and stakeholders are periodically invited to suggest important topics, contribute articles and promote forthcoming activities. This newsletter is distributed directly to all NRN stakeholders and is available for download from the website of the Managing Authority.

During 2011, two issues of the NRN newsletter were published. The first issue (June 2011) introduced the Maltese NRN and the Rural Development Programme for Malta under the current programming period. This issue also focused on NRN activities which had just taken place, such as the seminar held in relation to the official establishment of the NRN operational framework and the 9th NRN meeting which was held in Malta between June 29th and July 1st 2010. The first issue also promoted activities which were due to be held in the near future.

The second edition highlighted the importance of water (Figure 77 below), together with the launch of Measure 125 by the three LAGs as well as one of the Gozo Action Group Foundation's actions related to promoting Gozo as a distinct tourist destination. The newsletter also featured articles on two activities which took place within the Majjistral Action Group Foundation territory as well as information on Rural Development Measures which had just been launched.

Water - The driving force of all nature

Sustainable Water management for the Rural Environment

With only 315km² and limited rainfall, it is thanks to our rock formation that underground aquifers store our most precious and strategic resource - water. Currently, groundwater supplies around half of the water used, the rest comes from desalination. Demand arises from a population over 409,000 and around a million visitors annually. We often forget that our natural environment is also dependent on fresh water. Healthy ecosystems secure greater biodiversity, which in turn sustain natural process including soil formation. The link between the importance of water to the rural environment, the rural landscape and the value that these provide for residents and tourists alike is now recognised.

Many a time the agriculture sector was under the spotlight on issues related to water management. As the largest consumer of groundwater, agriculture used this resource without restrictions and through lack of proper management contributed to exacerbate the issues of over exploitation and nitrate pollution.

A balancing act is needed by all water users. Different plans tackle different aspects of water management, and all call for greater co-operation amongst stakeholders. The Rural Development Plan, the Water Catchment Management Plan, the Draft Water Policy and the Draft National Climate Change Adaptation Strategy set the way forward. The National Environment Policy, which has been issued for public consultation provides the overarching government direction and commitment towards policy integration in the environment field. Implementation is the remaining challenge.

The farmer is a key environmental manager. Harnessing better water management through better practices sustains agriculture, the rural environment, and enriches the economic performance of rural communities. This is our chance to hand down a precious resource in good status rather than creating environmental debt to the future generation which is already living amongst us.

- Tourism and Sustainable Development Unit (OPM)

Climate Change, Water and Agriculture

Global climate change is one of the most important and serious environmental issues which have emerged in the past few decades. The impacts of climate change are numerous and include changes in temperature, a higher frequency of heat waves, changes in precipitation patterns, extreme weather phenomena, melting of glaciers, flooding of low-lying areas, higher migration pressures, spread of disease, water scarcity and lower agricultural yields.

Globally there is enough freshwater to meet everyone's needs however not all areas have access to water. In certain locations extraction rates exceed recharge rates, putting pressure on this resource. Water demand and competition with rural areas have increased as urbanisation spreads and cities expand. Also, as global food requirements increase and change, greater water quantities will be required to guarantee food security for expanding populations.

The IPCC in its Fourth Assessment Report (2007) states that since 1950 more regions are being affected by droughts as precipitation on land has decreased and evaporation increased. Heavy daily precipitation which leads to flooding has also increased. Climate models suggest that global precipitation will increase during the 21st century. However, this increase will not be experienced by all regions. Whereas in North America and Northern Europe precipitation has increased over the past 40 years, a decrease was observed in Southern Europe, the Sahel and West Africa.

Climate change therefore exacerbates water scarcity in the driest areas of the world, home to more than 2 billion people and half of the world's poor. Changes in rainfall intensity, duration and frequency will negatively effect crop growth since they alter the existing pattern of soil moisture, groundwater recharge and runoff. In locations where agriculture is mainly rain-fed, adaptation measures will be required, such as change in type of crops and growing periods. Irrigated land is also at risk since if rivers, reservoirs and underground water sources are depleted faster than they can regenerate, water shortage will result.

- Marilyn Tanti, EU Fund Officer, Managing Authority

In order to highlight the importance of water, the Ministry for Resources and Rural Affairs launched the 'Catch the Drop Campaign' earlier in 2011. The scope of this campaign was to provide water saving tips and emphasise that all individuals should safeguard this important resource. For more information please [click here](#)

Figure 77 – A snapshot from the Second NRR Newsletter

Visit by EU Commissioner Dacian Ciolos

On 28th October 2011 the European Commissioner for Agriculture and Rural Development, Mr. Dacian Ciolos, visited Malta. This visit came at a time when the Common Agricultural Policy is being reformed in view of the current realities. Throughout his visit, Commissioner Ciolos visited several agricultural holdings which benefited from various Measures under the Rural Development Programme 2007 – 2013. Meetings were held with various high-level officials from the Ministry for Resources and Rural Affairs and with the main rural stakeholders. The MA set up an exhibition of fresh rural produce and local crafts manufactured in rural areas. Commissioner Ciolos also met members of the NRR Steering Committee and Coordination Committee, and stressed the importance of the NRR and stated that it should continue focusing on innovation and at the same time maintain what is valuable and traditional. This NRR meeting was also addressed by Hon. Minister George Pullicino and Mr Joseph Caruana, Head PA. Discussions ensued on the roadmap for the NRR consultation process and the new legislative proposals, focusing on the Maltese perspective.



Figure 78 – Hon. Minister Pullicino with Commissioner Ciolos
Photo Courtesy of DOI

NRN Estonia Study Visit

Between the 16th and 18th November 2011 the Maltese NRN hosted a short study visit for a delegation from Estonia. This visit was related to the First Leader Award, an event organised by the Estonian NRN to award a number of LEADER projects under various categories. Winners from each category were invited to visit Malta, together with representatives from the Estonian NRN and the Estonian Ministry of Agriculture. This study visit was coordinated by the Managing Authority and the three Maltese LAGs.

The Estonian representatives had the opportunity to visit the three LAG territories including visits to local farms which enabled direct interaction with the Maltese farmers thus enhancing networking as well as showcasing of local produce.

A meeting was held where representatives of the respective NRN gave a short presentation on each NRN. Various aspects of the LEADER programme were then discussed among participants, focusing on differences and similarities between the two member states thus enabling lessons learnt and exchange of best practices.



Figure 80 – GAGF personnel with the Estonian delegation at Ta' Mena Estates in Gozo



Figure 79 – Display of Local Specialities

Financial Implementation of NRN

The total public expenditure allocated for NRN for the 2007 – 2013 period is of € 500,000 from Technical Assistance, which is co-financed at a rate of 75%. The following is a financial table showing the financial implementation of the programme, distinguishing between the elements covered by points (a) and (b) of Article 68(2) of Regulation (EC) No 1698/2005.

Type of Expenditure for NRN	Annual payments for 2009 (€)	Annual payments for 2010 (€)	Annual payments for 2011 (€)	Cumulative payments from 2007 to 2011 (€)
(a) for running the structure of the national rural network	20,286.00	45,534.86	25,077.41	90,898.27
(b) for implementing the action plan of the national rural network	883.44	6,828.00	841.72	8,553.16
Total	21,169.44	52,362.86	25,919.13	99,451.43

Table 27 - Financial Implementation of NRN

Publicity Actions undertaken by NRN

The MA prepared an agricultural photographic portfolio and used these prints on PVC during the visit of EU Agricultural Commission in October 2011 as well as for the NRN event.

The MA prepared a DvD which gave an overview of the different segments of the local agricultural sector as well as various rural localities in Malta. The DvD was featured during the EU Commissioner's visit to Malta.

In order to further promote the Maltese National Rural Network, a section on the MA website was specifically dedicated to the local NRN. This section contains information about the structure on the NRN, its functions and also describes its thematic initiatives. A calendar of events is also included in order to keep the general public and stakeholders updated. Past events can also be accessed through this website while the past and current issues of the NRN newsletter can be downloaded.

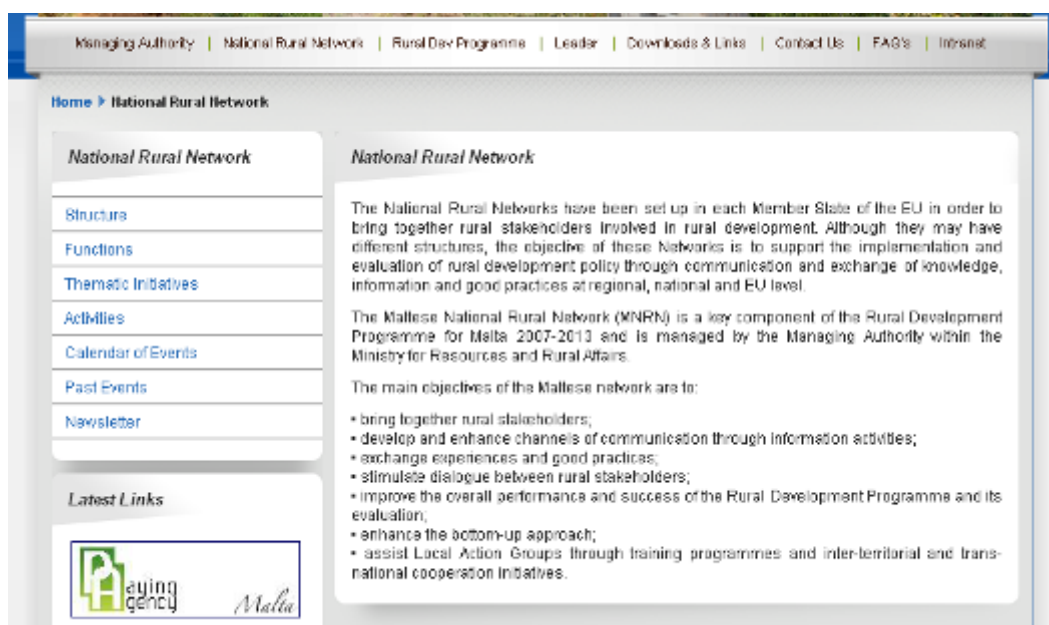


Figure 81 – Screenshot from part of the MA website dedicated to the [NRN](#)

Work Envisaged on NRN for 2012

- Discussions are underway at MA Level as to restructure the format of the NRN by integrating the Steering Committee and Coordinating Committee into a single entity. Discussions on the matter will continue throughout 2012.
- In 2012 consultation regarding the CAP reform will continue with rural stakeholders. These consultations will lead to a final report on which the RDP for the next programming period will be based. This draft report will be presented in April and an NRN event will be organised to discuss this report. Various stakeholders shall be invited, including officials from various ministries, farmers, those related to tourism and environmental experts as to populate workshops.
- Following this conference a number of working groups will be set up, each of which will be facilitated by Managing Authority and Paying Agency representatives and will include rural stakeholders together with representatives from relevant Government Ministries and Departments. A theme will be assigned to each group and the outcomes of these discussions will be used as a basis for the drafting of the RDP 2014 - 2020.
- In 2012 the NRN section on the MA website shall be continuously updated with planned events, activities, latest copies of the newsletter and other useful material.
- In 2012 NRN Malta shall focus further on all thematic areas and continuously work on promoting the newsletter and the website apart from raising further awareness of the Maltese NRN via the focus groups that shall be a tool during the CAP consultation process, in order to enhance the bottom – up approach.
- NRN Malta will continue to participate actively in NRN meetings organised by ENRD throughout 2012.

- NRN Malta shall maintain its commitment to publish its NRN newsletter every four months. The newsletter will focus on several topics that had been identified in discussions throughout 2011. The NRN will continuously invite stakeholders to contribute to this newsletter.
- The Monitoring Committee will be updated on any changes related to NRN status as to further improve the communication between the various actors involved in the implementation, monitoring and evaluation of the RDP.
- The Maltese NRN will once again participate in the Mnarja Event held in Buskett at the end of June 2012. A stand will be set up with information concerning all Measures in the RDP together with a second stand focusing on Measures 313, 323 and LEADER.
- Throughout 2012 the NRN shall target Maltese youngsters in order to promote the CAP and its reform. A competition will be organised where students of various ages shall be invited to write a short article on rurality in Malta and how the CAP can improve it. A design competition will also be launched.
- This educational campaign shall include school visits by the MA and NRN representatives and students will also be invited to visit stands exhibiting information on the CAP, EAFRD and NRN. This educational campaign shall take place in both Malta and Gozo.
- A small exhibition fair will be organised in October, with the participation of beneficiaries of projects co-financed through M313, M323 and LEADER beneficiaries. This fair will be held both in Malta and in Gozo and shall update stakeholders and the general public on the progress of the Maltese NRN. The importance of rural areas in Malta will be highlighted.
- NRN Malta shall submit more projects to be showcased on the ENRD website.