

**Rural Development Programme
for Malta**



2007 – 2013

Annual Progress Report

For 2012

Managing Authority for Rural Development

**Ministry for Sustainable Development, the Environment and
Climate Change**

June 2013

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ABBREVIATIONS

| | |
|-----------|---|
| ADSL | Asymmetric Digital Subscriber Line |
| AEM | Agri-Environmental Measure |
| APR | Annual Progress Report |
| ATB | Assoċjazzjoni tal-Bdiewa |
| BWA | Broadband Wireless Access |
| CAP | Common Agricultural Policy |
| CCRI | Countryside and Community Research Institute |
| CIHEAM | Centre International de Hautes Etudes Agronomiques Mediterraneeenne |
| CLLD | Community-Led Local Development |
| CMEF | Common Monitoring and Evaluation Framework |
| CMO | Common Market Organisation |
| CPR | Common Provisions Regulation |
| CSF | Common Strategic Framework |
| DOI | Department of Information |
| DOP | Protected Designation of Origin |
| 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 |
| ENRD | European Network for Rural Development |
| ERDF | European Regional Development Fund |
| ETC | Employment and Training Corporation |
| EU | European Union |
| ExCo | Evaluation Expert Committee |
| FAS | Farm Advisory Service |
| 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-Ħalib Ltd |
| LAG | Local Action Group |
| LDS | Local Development Strategies |
| LEADER | Liaison Entre Actions de Développement de l'Economie Rurale |

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|---------|--|
| LFA | Less Favoured Area |
| LPIS | Land Parcel Identification System |
| MA | Managing Authority |
| MAGF | Majjistral Action Group Foundation |
| MC | Monitoring Committee |
| MCA | Malta Communications Authority |
| MCAST | Malta College of Arts Science and Technology |
| MDP | Malta Dairy Products |
| 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 |
| MTCE | Ministry for Tourism, Culture and the Environment |
| MTE | Mid-Term Evaluation |
| NBSAP | National Biodiversity Strategy and Action Plan for Malta |
| NEP | National Environment Policy |
| NGO | Non-Governmental Organisation |
| NRN | National Rural Network |
| NSO | National Statistics Office |
| NSP | National Rural Development Strategy Plan |
| ODZ | Outside Development Zone |
| OTS | On the Spot |
| OPM | Office of the Prime Minister |
| PA | Paying Agency |
| PAMS | Paying Agency Management System |
| 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 |
| SEA | Strategic Environmental Assessment |
| 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 |
| SPD | Single Programming Document |
| TA | Technical Assistance |
| tu | Tumolo |
| TVM | Television Malta |
| UAA | Utilised Agricultural Area |
| UCA | Urban Conservation Areas |
| 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 of 1st January to 31st December 2012 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:
 - Axis 1 - Improving the competitiveness of the agricultural sector;
 - Axis 2 - Improving the environment and the countryside;
 - Axis 3 - Improving the quality of life in Rural areas and diversification of the rural economy; and
 - Axis 4 - 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, together with Technical Assistance:
 - 10 Measures under Priority Axis 1;
 - 2 Measures under Priority Axis 2;
 - 3 Measures under Priority Axis 3;
 - 3 Measures under Priority Axis 4.
- 1.5 The focus of 2012 centred mainly on disbursement of funds as a result of project selection and contracting of beneficiaries following the call for applications which took place in 2009. Additionally, several Project Selection Committee meetings were held in order to evaluate applications received in 2011. Results were then issued in the fourth quarter of 2012 and the first quarter of 2013.
- 1.6 One Measure under Priority Axis 1 was re-launched namely Measure 111. Measure 114 was launched in 2011 but was kept open throughout 2012. Measures 212 and 214 under Priority Axis 2 were also re-launched. The three Local Action Groups also launched a number of actions as part of their Local Development Strategy.
- 1.7 As at end 2012 a total of 317 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 €18.1 million.
- 1.8 For Priority Axis 2, a call for new applications was issued for both Measure 212 and Measure 214 on 14th March 2012. When the call closed on 14th May 2012, 287 new applications were received for M212 and 145 new applications were received for the M214. For Priority Axis 2, a total of 9,031 payment claims were received. The public expenditure for Axis 2 exceeds €16.7 million.

- 1.9 In 2012, 25 beneficiaries were committed collectively under M313 and M323 with public expenditure exceeding €16.5 million. As for Measure 341, there were no disbursements since this Measure was launched and all actions undertaken in 2010. Three Local Action Groups were contracted under Measure 41 of Priority Axis 4 in 2010.
- 1.10 Initiatives by the LAGs continued under Measure 431, with a public expenditure of €0.40 million. Further progress is expected during 2013 under Measure 41 since the three LAGs have now started to launch Actions and will continue to do so throughout 2013. In 2012 GAL Xlokk launched four Actions, Majjistral Action Group Foundation launched two actions while Gozo Action Group Foundation launched three actions. €0.12 million have been disbursed as at end 2012. Measure 421 was launched in 2012, with each LAG submitting one application. Applications will be reviewed and evaluated in 2013.
- 1.11 In June 2012, the MA submitted requests for the 4th Programme Modification. This modification concerned a number of changes to the programme budget, affecting the financial allocations of: Measure 115, Measure 123, Measure 132, Measure 133, Measure 313 and Measure 341. The MA also requested the removal of threshold for projects of a national dimension under Measures 121 and 123. A minor amendment was also made in the RDP text related to M214. Commission Services accepted these modifications in September 2012.
- 1.12 Payments and subsequent committed certifications envisaged for 2012 were affected. Requests for reimbursement were submitted to the Commission as at end of 2012 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 413 and Measure 431 under Priority Axis 4 and Measure 511, Technical Assistance, as explained under Section C.
- 1.13 The major risks and difficulties encountered by the MA include the following:
- Insufficient administrative capacity in key organizations;
 - Delays in planning permits;
 - Lengthy tendering procedures;
 - Learning process.
- 1.14 Actions taken by the Managing Authority to mitigate these risks can be found under Section E. By way of conclusion, the year 2012 was taken up primarily by disbursements and the implementation of projects contracted in previous years. Measures 212 and 214 under Priority Axis 2 were re-launched, for renewal of commitments for applicants from previous year/s and the commencement of new commitments. Local Action Groups issued 9 Actions between them. Also, controls and checks were undertaken by the Control Unit for each respective Measure.

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 in conditions and trends, 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 2012

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.

Maltese Economy in 2012

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 caused a strain on Malta's political and economic resources. Malta adopted the euro on 1st January 2008.

The relative small size of the Maltese economy gives rise to a number of challenges in reflection of limited possibility for economies of scale and insularity. In addition, the Maltese economy is also very open, rendering economic performance highly sensitive to external events and to sector-specific shocks. In recent years the Maltese economy has operated in a highly challenging international economic environment where the global economy has not yet recovered from the effects of the international financial crisis that started in 2007 and the subsequent economic recession. Indeed, the incipient recovery weakened significantly towards the end of 2011 and the first six months of 2012. Amid this sluggish international economic environment, the Maltese economy recorded negative growth during the last quarter of 2011 and the first quarter of 2012. Nevertheless, economic growth turned positive during the rest of 2012, primarily propelled by the positive performance in the external sector. Emerging services sectors continued to register positive growth rates during 2012 while further increases were also registered in more traditional services sectors. Tourist earnings and the number of tourists visiting Malta in 2012 were also encouraging even when compared to the notable performance of 2011 and in spite of a weak start in the first quarter of 2012. Nevertheless, growth in gross value added stalled primarily in the construction and in the utilities sectors.

The performance of the Maltese economy in recent years suggests that it was not affected by the global recession to the same extent as other EU Member States. In the years leading to 2012, Malta's economic growth rate was relatively higher than that of its EU counterparts. Hence the relative resilience of the Maltese economy was partly the result of the significant diversification that the economy underwent throughout the past decade. This is evident in the higher share of services sectors in the economy as well as the emergence of new growth areas in both services and the manufacturing industry. On the back of this relatively positive performance, Malta's GDP per capita (measured in purchasing power standards) increased from 80.8% in 2008 to 85.7% of the EU-27 average in 2011.

National Income

Gross Domestic Product (GDP) for 2012 amounted to €6.76 billion, an increase of 3% compared to 2011. In real terms, GDP went up by 0.8%¹.

During 2012, growth in gross value added was generated by the following economic activities: financial and insurance activities; arts, entertainment and recreation; repair of household goods and other services; information and communication; public administration and defence; compulsory social security education; human health and social work activities; agriculture, forestry and fishing; professional, scientific and technical activities; administrative and support service activities; wholesale and retail trade; repair of motor vehicles and motorcycles; transportation and storage; accommodation and food service activities; manufacturing; and real estate activities. A drop in gross value added was registered in mining and quarrying, electricity, gas, steam and air conditioning supply, water supply, sewerage, waste management and remediation activities and in construction².

Total final consumption expenditure in nominal terms increased by 2.7%. In real terms, total final consumption expenditure went up by 0.8%. Gross fixed capital formation increased by €26.8 million in nominal terms. In real terms gross fixed capital formation decreased. Real exports and real imports increased by 4.4%. The year-on-year increase in GDP at current prices amounted to €199.5 million and is estimated to have been distributed into a €123.6 million increase in compensation of employees, €71.8 million rise in gross operating surplus of enterprises and a €4.2 million increase in net taxation on production and imports³.

Harmonised Index of Consumer Prices

In December 2012, the Harmonised Index of Consumer Prices went up to 117.57 from 114.42 in December 2011, but went down from 118.23 in November 2012, which resulted in increase of 2.8% over the previous year and decrease by 0.6% over the previous month accordingly⁴. This primarily reflected a decrease of 7.7% in the Communications Index, mostly due to lower fees for Internet services. The Restaurants and Hotels Index registered a decrease of 3.2%, mainly on account of seasonally lower-priced accommodation services. Cheaper package tours were the main reason behind a drop of 0.5% in the Recreation and Culture Index⁵.

The Clothing and Footwear Index advanced by 2.2% due to seasonally higher-priced garments. An upward movement in cigarette prices caused the Alcoholic Beverages and Tobacco Index to go up by 0.6%, while higher airfares brought about a similar increase in the Transport Index. Higher fees for certain financial services underlay an increase of 0.5% in the Miscellaneous Goods and Services Index. The Food and Non-alcoholic Beverages Index and the Housing, Water, Electricity, Gas and Other Fuels Index both went up by 0.2% due to higher prices of vegetables and gas respectively. The Furniture, Household Equipment and Routine Maintenance of the House Index edged up by 0.1%, mostly due to higher priced tableware. A similar rise was recorded in the Health Index, mainly on account of higher fees for medical and paramedical services⁶.

¹ NSO, 2013

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ Ibid.

In December 2012, the twelve-month moving average rate of inflation stood at 3.2% and the annual rate stood at 2.8%⁷.

Retail Price Index

In December 2012, the Retail Price Index edged up to 108.38 from 108.34 in November 2012 and increased from 105.44 in December 2011. In December, the Retail Price Index went up by 0.04% comparing to November 2012. This primarily reflected an increase of 2.20% in the Clothing and Footwear Index, mainly due to seasonally higher priced garments. Costlier gas prices brought about an increase of 0.47% in the Water, Electricity, Gas and Fuels Index. A rise of 0.42% was recorded in the Beverages and Tobacco Index, mainly due to an upward movement in the price of cigarettes. The Food Index went up by 0.27%, on account of higher prices of vegetables. Costlier travel articles were the main reason behind an increase of 0.21% in the Other Goods and Services Index. Higher prices of household textiles and tableware underlay a rise of 0.17% in the Household Equipment and House Maintenance Cost Index. An increase of 0.15 % was recorded in the Personal Care and Health Index due to higher prices of skincare preparations. The Housing Index edged up by 0.05% primarily as a result of higher prices of materials for the maintenance and repair of the dwelling. The Transport and Communication Index declined by 1.06% on account of cheaper communication services. Lower prices of computers caused the Recreation and Culture Index to decrease by 0.11%⁸. In December 2012, the twelve-month moving average rate of inflation stood at 2.42%, whereas the annual rate was 2.79%⁹.

Socio-economic Trends

According to preliminary results from Population and Housing Census in 2011, total estimated population of Malta at the end of 2011 stood at 416,055. In 2005 the population stood at 404,962. In the last census held in 2011, the population grew to 416,055 individuals, i.e. by 2.7% indicating a slowdown in population growth with an average annual increase of 1,849 compared to nearly 2,700 evidenced in the previous decennium. Malta remains by far the most densely populated European Union Member State, with an average of 1,320 persons per square kilometre, compared to an overall average of 116.6 persons per square kilometre for the EU. On a regional basis, the population density of Malta is more than three times that of Gozo. In fact, Malta has a population density of 1,562 persons per square kilometre, compared to 454 for Gozo. In addition, population density in Malta has increased at a higher rate since 2005 (45 persons/km²) compared to Gozo, where the increase was marginal (2 persons/km²).¹⁰

The total population includes both Maltese and non-Maltese nationals. Of the total population of 416,055 persons, 20,086 (4.8%), are non-Maltese nationals, an increase of 65.8% over 2005, where the number of non-Maltese nationals stood at 12,112 (3%), of the total population.¹¹

In 2011 the population of Malta was still made up of more females than males, although the gap between the two sexes continued to narrow. In fact, males continued to increase at a higher rate than females after 1957. Compared to 2005, males increased at a rate of 3.2% compared to 2.3% for females. This trend is also highlighted by the gender ratio, where the number of females per 1,000 males has gone down to 1,008 in 2011, from 1,088 and 1,024 in 1957 and 1995 respectively.¹²

⁷ NSO, 2013

⁸ Ibid.

⁹ Ibid.

¹⁰ Census of Population and Housing 2011, Preliminary Report 2012

¹¹ Ibid.

¹² Ibid.

Employment

Labour Force Survey figures for the fourth quarter of 2012 indicate an increase of 3.4% in employment when compared to the previous year. In light of this, the employment rate stood at 59.5%, up from 57.3% recorded during the same period of 2011. Meanwhile, the unemployment rate stood at 6.5%, a decrease of 0.1% relative to the rate recorded in 2011. Almost half the population (173,456) aged 15 and over was employed during the fourth quarter of 2012. On the other hand, the number of unemployed persons reached 11,970 (3%), while 173,359 persons (48%) were inactive. The activity rate for the quarter under review stood at 63.6%, an increase of 2.2% relative to the rate recorded in fourth quarter of 2011. When compared to 2011, the male activity rate decreased marginally by 0.2% to 77.7% while the female activity rate increased by 4.6% to 49.0%¹³.

Employed men were mostly engaged in wholesale and retail trade, repair of motor vehicles and household goods, hotels and restaurants and transport and communication. On the other hand, employed women were mostly engaged in other service activities, which include jobs in Public Administration, education, the health sector, and other community, social and personal service activities. Nearly a quarter of females employed were engaged in service-oriented jobs. This category includes occupations such as hairdressers, waiters and salespersons. Moreover, men were mostly engaged in craft-related jobs (17.2%) such as builders, plasterers, and maintenance persons, among other occupations. The majority of employed persons (148,961 persons) were on a full-time basis, whereas an estimated (20,370 persons, 12%) were on a part-time basis. A further 4,125 were in full-time jobs with reduced hours. The self-employed accounted for 12.9% of the total work force.¹⁴

Labour Force Survey results for the fourth quarter of 2012 indicate that out of every 100 persons in the labour supply around 6.5 persons were unemployed. The unemployment rate for males stood at 5.9% while that for females stood at 7.4%. The largest share of unemployed persons was recorded among persons aged 15-24. The majority, or 43.7% of the unemployed, stated they had been seeking work for 12 months or more.¹⁵

The latest data available from the Employment and Training Corporation (ETC) as at October 2012 indicates trends in employment indicators that are broadly in line with the results of the Labour Force Survey. The number of persons employed in crop and animal production, hunting and related service activities on a full-time basis stood at 1,613 whilst the number of part-timers stood at 720. Full-time employment in crop and animal production, hunting and related service activities accounted for 1.0% of the gainfully occupied population in October 2012.¹⁶ The Table below shows trend in employment in Agriculture and related activities over the past four years.

¹³ NSO, 2013

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ ETC, 2013

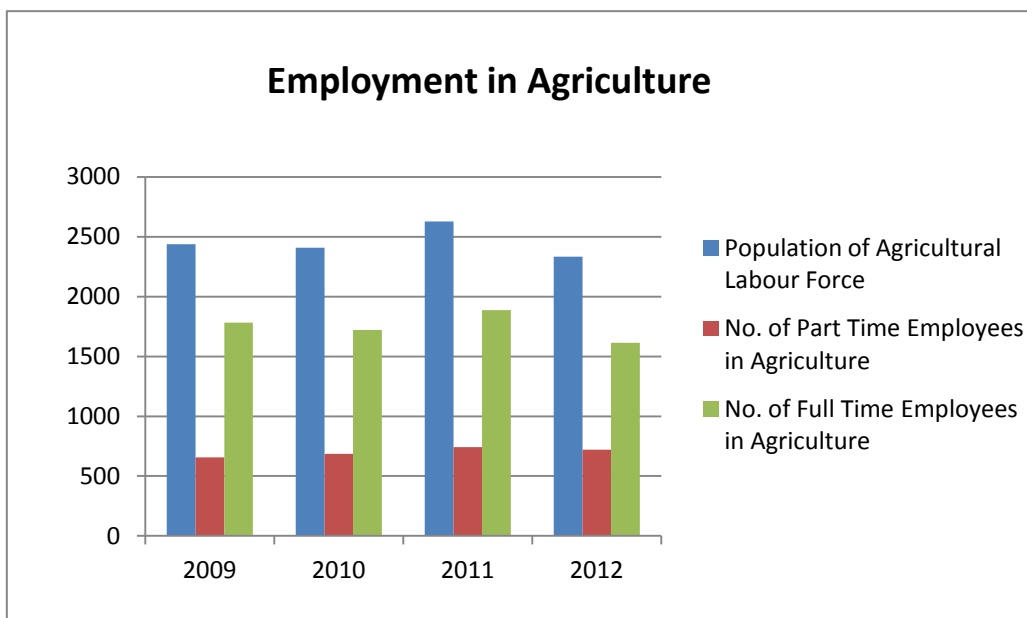


Figure 1 – Employment in Agriculture between 2009 and 2012

Figure 1 indicates that the population of the agricultural labour force has fluctuated to a very small extent between 2009 and 2012. The overall value has decreased in 2012, compared to the previous three years. The number of full time farmers has decreased while the number of part timers employed in agriculture has increased. However as can be seen from Figure 1 above, the fluctuations are minimal.

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 irrigation, water scarcity, 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 its rural landscape.

During 2012 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 2012 amounted to €2.99 million. The highest amounts were given to support vegetable growers €1.18 million, followed by the tomato growers with aid amounting to €0.7 million, vine growers €0.35 million, the milk producers with €0.32 million and the pig meat producers with €0.3¹⁷.

The total volume of pork slaughtered in 2012 amounted to 5,291 tonnes and 64,276 heads while beef slaughtering during the same period under review reached a total amount of 1,009 tonnes of 3,793 heads. The above resulted in decrease of 27.12% when compared to the total amount in tonnes of pork slaughtered in 2011 and increase of 6.88% when compared to the total amount in tonnes of beef

¹⁷ MSDEC, 2013

slaughtered in 2011. Total volume of broiler slaughtering amounted to 2.2 million in 2012 which shows no changes when compared to the total amount of broiler slaughtered in 2011¹⁸.

The volume of fresh fruit and vegetables passing through official markets in the fourth quarter of 2012 amounted to 8.1 million kilograms, yielding €4.1 million. This represents a drop of 8.6% in weight and a 7.9% decline in the wholesale value over the comparative period in 2011. Drops were registered in the supply of potatoes (-52.6%), vegetable marrows (-19.6%), tomatoes (-15.5%) and cauliflowers (-15.1%). The wholesale value of fresh vegetables decreased by 8.5% to €3.8 million in the fourth quarter of 2012.

Fresh fruit supplied decreased by 18.8% mainly on account of a decline in the availability of oranges (-25.3%) and sweet oranges (-6.4%). Similarly, the wholesale value of fresh fruit fell marginally by 0.3% to €0.3 million. Maltese farmers supplied 7.4 million kilograms of fruit and vegetables, a decline of 9.0% over the corresponding period in 2011. During the quarter under review, the wholesale value of fresh fruit and vegetables went down by 9.4 per cent from €4.0 million to €3.6 million. The produce represented 91.0% of the total supply of fresh fruit and vegetables. Gozitan farmers supplied 0.7 million kilograms of fresh fruit and vegetables or 9.0% of the total supply. The volume of fresh fruit and vegetables declined by 4.3%, while the wholesale value increased by 5.4% over the comparative quarter of 2011¹⁹.

Contribution by the Agricultural sector to the national GVA

Contribution by the Agricultural sector to the national Gross Value Added (GVA) accounted for around 1.3% and almost € 74 million in 2012. This outcome showed that there were no significant changes in GVA for the Agricultural industry over the year 2011. The GVA of Agriculture increased in all quarters of 2012.²⁰

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.

Following the finalisation of the National Environment Policy (NEP) which was published and launched in February 2012, the Ministry for Tourism, Culture and the Environment (MTCE)²¹ is driving the implementation of this policy. The Ministry is working on:

- Securing policy integration: A number of policies such as the national action plan on sustainable use of plant protection and the national research and information strategy now include aspects relating to environment. The national curriculum framework also incorporates sustainable development.
- Regulatory and enforcement measures: the Sustainable Development Act, the White Paper on noise, the Regulations on crime against the environment has been published. With respect to enforcement, an enforcement network has been set up to ensure greater coordination among enforcement agencies. The Enforcement Directorate within the Malta Environment and Planning Authority (MEPA) has also been strengthened.

¹⁸ Ibid.

¹⁹ NSO, 2013

²⁰ Ibid.

²¹ Following the General Elections held in March 2013, the name of this Ministry has changed to Ministry for Tourism (MOT)

- Financial measures: a series of funding schemes for restoration of scheduled buildings and those in urban conservation areas (UCAs) have been launched with a view to improving urban heritage. MTCE is currently looking into how to best utilise Structural Funds for the next programming period to assist in the implementation of the NEP measures;
- Awareness and educational campaigns: work is being done on valorising built cultural heritage and on a joint campaign relating to environmental health;
- Voluntary schemes and environmental certification: environmental certification is being promoted with manufacturing and tourism enterprises; additionally legislation has been issued whereby new hotels must be eco-certified within a six-month period of operation (eco-certification is voluntary for existing hotels); and work is being done on linking environmental permitting to environmental certification.

In 2011, MEPA submitted a proposal under LIFE+ for a project aiming at assessing the conservation status of and identifying potential Sites of Community Interest for the Bottlenose dolphin (*Tursiops truncatus*) and the Loggerhead turtle (*Caretta caretta*), if these are present. The proposal was evaluated and awarded by the LIFE+ unit in August 2012. The project was initiated on 1st October 2012 and is envisaged to end in April 2016. MEPA submitted a proposal under the LIFE+ call of 2012 with the overall aim to designate marine Natura 2000 sites hosting habitat types listed under Annex 1 of the Habitats Directive within Malta's marine waters.

Following the Malta Environment and Planning Authority's application in 2009 for EAFRD funds under Measure 323 of the Rural Development programme for the development of management plans for all terrestrial Maltese Natura 2000 sites, a grant of €3.5 million was awarded in August 2010. The grant agreement was signed in January 2011. The project was awarded in September 2012 and commenced in October 2012. After the tenders were adjudicated the cost of the project was €1.276 million. The implementation of this project will result in the establishment of management plans and/or legislative provisions and implementation of communication measures for all terrestrial Natura 2000 sites in the Maltese Islands.

Upon request of the European Court of Justice, while the sentence was pending, no legislation permitting spring hunting in Malta was adopted in 2008 and in 2009. The findings of the Court consequently opened up the possibility for Malta to authorise hunting of the Turtle Dove and Quail in spring, although, only so far as it is strictly necessary and provided that the other objectives pursued by the Directive were not jeopardised.

Following this judgement, in line with the provisions of Directive 2009/147/EC on the Conservation of Wild Birds (Birds Directive) the Government of Malta allowed derogation for hunting in spring in 2010, 2011 and 2012. Following discussions with the European Commission, the Government published the following legal instruments to provide a framework structure on how to implement a spring hunting derogation: Conservation of Wild Birds (Framework for Allowing a Derogation Opening a Spring Hunting Seasons for Turtle Dove and Quail) Regulations, 2010 (LN221/10) and subsequent (Amendment) Regulations, 2011 (LN 83 of 2011) and (LN113/11). The two amendments to the Framework Regulations were specifically developed following consultations with the European Commission, in order to ensure that legal provisions fully respected the spirit of the Birds Directive and the jurisprudence of the Court of Justice of the EU, with particular emphasis on the strict observance and enforcement of the conditions linked to the granting of any spring hunting derogation.

The National Biodiversity Strategy and Action Plan for Malta (NBSAP) entitled 'Working Hand-in-Hand with Nature' was finalised and officially launched by the Ministry for Tourism Culture and Environment together with the Malta Environment and Planning Authority on 12th December 2012 following the completion of a period of inter-ministerial and public consultations. It defines a comprehensive framework for safeguarding Malta's biodiversity over the period from 2012 to 2020. Malta's NBSAP adopts a long term vision and sets out 19 national targets accompanied by a suite of action-driven and outcome-oriented measures grouped under thematic areas. The NBSAP acts as a policy driver to set Malta on the right track to meet its own biodiversity and environmental objectives as identified in the National Environment Policy, as well as the 2020 global and EU targets for biodiversity. The next step is the implementation phase during which the collaboration of all relevant stakeholders will be crucial in order to translate into action the NBSAP measures, while acknowledging that various ongoing activities already positively contribute towards the implementation of the NBSAP.

MEPA is also currently discussing the National Action Plan on groupers which will probably be released again for public consultation in 2013, following public consultation, and another one National Action Plan on sharks is currently being discussed.

Transposition of the Water Framework Directive (WFD) 2000/60/EC into Maltese law via Legal Notice 194 of 2004 (The Water Policy Framework Regulations) has been an important milestone in the management of water in the Maltese islands since it is the very first piece of legislation that has nationally brought together a holistic framework to manage water at the scale of the water catchment. In order to translate all the aims of the Directive into national action, a management tool also known as the Water Catchment Management Plan was drawn up and adopted in 2011. The plan is holistic in that it addresses all waters (groundwater and surface waters). The principal goal of the WFD, and thus of the plan, is to achieve "good status" in all surface waters and groundwater by 2015.

The Malta Environment and Planning Authority is currently in the process of updating Malta's Waste Management Strategy. This process will be carried out through the publication of an issues paper, which is the first step towards the revision of Malta's 2010 National Waste Strategy, and the formulation of a National Waste Management Plan, which will align national waste management policies with the provisions of the new Waste Framework Directive (Directive 2008/98/EC). As the first step towards the formulation of Malta's revised Waste Strategy and Waste Management Plan, the aim of this paper is to put forward ideas to stimulate discussion and obtain a clear idea of public concerns and expectations in this field, with a view to setting out the key elements of Malta's National Waste Strategy and Waste Management Plan.

Out of a total of 304 environment-related infringement cases in the EU at the end of November 2012, Malta accounted for 6 cases: 2 on air, 1 on water, 1 on nature, 1 on waste and 1 on public access to environmental information. Instances of non-conformity included a number of incorrect transposition cases relating to the Packaging Waste Directive and the Directive on public access to environmental information. Examples of incorrect applications of legislation includes nature protection (autumn trapping), water and air quality.

Malta has a number of quarry operators that are engaged in the extraction of resources particularly through blasting operations. The Malta Environment and Planning Authority is responsible for overseeing the implementation of regulations and legal obligations related to quarry operations through an environmental permitting system. In this regard, the Authority requires the monitoring of vibration levels from blasting operations as part of the environmental permit. On 29th February 2012, MEPA brought into effect a Guidance Document and Terms of Reference for the monitoring of blasting activities in quarries. The documents published provide quarry operators with details as to how and what is required in order

to monitor vibrations from blasting operations in quarries. The documents also provide threshold levels for vibration monitoring, together with other specifications related to location, design and sensitivity of the monitoring equipment.

On 17th January 2013, the Malta Environment and Planning Authority, has also published Terms of Reference for the monitoring of the Total Deposited Dust from quarries as part of its ongoing process of environmental permitting. Malta has a number of quarry operators that are engaged in the extraction of resource and backfilling operations and in this regard, the Authority is requesting quarry operators to monitor a number of parameters, including dust emissions resulting from operations carried out within their installations as part of their environmental permit. The Terms of Reference published provide quarry operators with details as to how and what is required in order to monitor dust emissions at various stages of quarry operations and restoration. The document also provides guidance threshold levels for Total Deposited Dust monitoring.

The Maltese Government implemented a new Scheduled Bus Service through a 10 year contract with Arriva Malta Ltd. in July 2011. This service continues to be monitored and adjusted on regular basis in order to improve the level of service to commuters. Although it has been already reported that bus passenger numbers have increased substantially, one has to note that traffic congestion continues to be major problem (especially during peak hours). In October 2012 the public transport reform was fully implemented as also envisaged in the air quality plan for the Maltese Islands through the provision of scheduled ferry services in between different passenger alighting and embarking sites both in the Grand Harbour as well as in Marsamxett Harbour was also implemented. This scheduled ferry service on the south side of Valletta was coupled with the introduction of the High Capacity passenger Barrakka Lift, which started operating on 15th December 2012. Transport Malta has also secured European Regional Development Fund (ERDF) funding to introduce additional measures in a bid to assist public transport operators to become more efficient and improve on journey time. This project, entitled MODUS, will not only assist public transport operators but will also address general traffic congestion and traffic bottlenecks.

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 32.81% of Maltese population and 65.32% of Maltese households were subscribed in 2012 (Table 1). The above resulted in an increase of 6.32% when compared to the subscribed population in 2009 and 11.33% when compared to the number of household subscribed in 2009. Given that the 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 (Table 1) for Broadband subscribers for years 2009, 2010, 2011 and 2012 respectively, that show increasing the number of subscribers for DSL, Cable Broadband and Fixed Wireless.

| BB subscribers by type | | | | |
|------------------------|--------|--------|--------|--------|
| Total Subs | 2009 | 2010 | 2011 | 2012 |
| Cable | 54,380 | 53,600 | 59,084 | 64,768 |
| DSL | 51,650 | 63,394 | 66,084 | 68,053 |
| Fixed Wireless | 3,813 | 4,660 | 4,152 | 4,188 |
| | | | | |
| % Share | 2009 | 2010 | 2011 | 2012 |
| Cable | 49.51% | 44.06% | 45.69% | 47.27% |
| DSL | 47.02% | 52.11% | 51.10% | 49.67% |
| Fixed Wireless | 3.47% | 3.83% | 3.21% | 3.06% |

Table 1 - Broadband Subscribers by type in 2009, 2010, 2011 and 2012

Source: Malta Communication Authority, 2013

| BB Subscribers by speed | | | | |
|-------------------------|--------|--------|--------|--------|
| Speed Classification | 2009 | 2010 | 2011 | 2012 |
| less than 5Mbps | 86,716 | 93,671 | 96,598 | 16,661 |
| >= 5Mbps but < 10Mbps | 12,339 | 13,731 | 883 | 14,878 |
| >= 10Mbps but < 20Mbps | 8,781 | 11,342 | 19,693 | 83,598 |
| >= 20Mbps but < 30Mbps | 1,132 | 2,614 | 10,548 | 9,029 |
| >= 30Mbps but < 50Mbps | 163 | 34 | 2 | 10,053 |
| >= 50Mbps but < 100Mbps | 712 | 262 | 964 | 1,921 |
| 100Mbps and more | - | - | 632 | 869 |

Table 2 - Broadband Subscribers by speed in 2009, 2010, 2011 and 2012

Source: Malta Communication Authority, 2013

Table 2 above shows internet speed for four consecutive years (2009, 2010, 2011 and 2012) which clearly indicate the improvement that has been achieved recently. From 2009 onwards, there was a significant amount of subscribers with speed more than 10Mb within Cable and DSL Broadband and the trend continued in 2010, 2011 and 2012 respectively. In 2012 the amount of subscribers with speed between 10 and 20Mbps went up 4 times while that for speed less than 5Mbps went down. Data presented above is provided by Malta Communications Authority (MCA) and show an increase in the number of subscribers with internet speed of 30-50 Mbps and of 50-100 Mbps. This indicates that Broadband speed has significantly strengthened over the recent years.

| Population Penetration Rate | | | | |
|--|-------------|-------------|-------------|-------------|
| | 2009 | 2010 | 2011 | 2012 |
| Penetration Rate | 26.49% | 29.30% | 31.08% | 32.81% |
| Population | 414,723 | 415,198 | 416,110 | 417,620 |
| Household & Business Penetration Rate | | | | |
| | 2009 | 2010 | 2011 | 2012 |
| Penetration Rate | 53.99% | 58.82% | 61.72% | 65.32% |
| Households | 142,182 | 143,677 | 144,587 | 144,814 |
| Registered Business Units | 61,278 | 63,139 | 64,933 | 64,933 |

Table 3 - Population Penetration Rate & Household and Business Penetration Rate in 2009, 2010 and 2011

Source: Malta Communication Authority, 2013

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 hardware/software computer stations and printers, point of sale systems, photocopiers, 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 2012

In 2012, the Managing Authority (MA), in collaboration with the Paying Agency (PA), was mainly responsible for the selection, implementation, management, promotion 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 re-launched in 2012:

| Measure | Call | Launched | Closed |
|---------|----------------------|--------------------------------|---------------------------------|
| 111 | 3 rd call | 14 th August 2012 | 14 th September 2012 |
| 114 | 2 nd call | 18 th July 2011 | Open until further notice |
| 212 | 6 th call | 15 th February 2012 | 15 th May 2012 |
| 214 | 5 th call | 15 th February 2012 | 15 th May 2012 |

Table 2 – List of Measures launched during 2011

2012 was characterised with the re-launching of Measures 111, 212 and 214, the evaluation and selection of applications under several Measures whose applications were received in the last quarter of 2011, as well as the implementation of projects contracted in previous years.

Nine Project Selection Committee meetings were held between July and December 2012. During these meetings, the outcome of evaluation carried out by the Investment Measures Unit was reviewed and issues regarding eligibility were cleared. Eventually, preliminary results for Measure 142 were published in December 2012. Final results for Measure 123, Measure 124 and Measure 214 (Sub-measure 10) were published in January 2013. Provisional results for Measure 121 were published in April 2013. Several applicants were deemed eligible but placed on the reserve list. This Measure was oversubscribed and the MA will request transfer of funds in favour of this Measure in the course of 2013.

As outlined above, one call for one Measure under Axis 1 was open for submissions of applications in 2012. The third call for Measure 111 was launched on 14th August 2012, closing on 14th September 2012. Following this call under Measure 111, 15 applications were received, none of which had been contracted as at end December 2012 since evaluation was still underway. A second call under Measure 114 was launched on 18th July 2011 with no definite deadline targeted. In fact, this call remained open throughout 2012 however, no applications were received.

For Priority Axis 2, a call for new applications was issued for both Measure 212 and Measure 214 on 15th March 2012. Applications were received online through the PA website between the 15th February and 15th March and at the Paying Agency Front Office in Malta and Gozo, between 16th March and 15th May 2012. When the call closed on 15th May 2012, 287 new applications were received for M212 and 145 new applications were received for the M214. For M212, 6,367 payment claims were made for the year 2012 while 2,842 payment claims were received for Measure 214.

Under Priority Axis 3, in 2010 Measure 313 contracted 8 beneficiaries and another 14 beneficiaries in 2011. During 2011 two beneficiaries under M313 informed the PA of their intention to withdraw their respective projects. These contracts were withdrawn in 2012, therefore the number of M313

beneficiaries as at end 2012 is 20. Measure 323 contracted 16 beneficiaries in 2010 and one beneficiary in 2011. One beneficiary withdrew its respective project in 2011, therefore the number of beneficiaries under Measure 323 as at end 2012 was 16. The formal withdrawal procedure of these projects was completed in 2012.

In 2012, the three LAGs stepped up their operations by launching a number of Actions under Measure 41 and by evaluating and eventually contracting a number of beneficiaries under Measure 41 and Measure 313. Applications were evaluated by the LAGs together with their Technical Experts and ranked by their respective Decision Committees. The MA then assessed these applications and together with the Paying Agency, drafted a number of contracts under Measure 313 and Measure 41 for eligible applicants.

In 2012, the three Local Action Groups also submitted proposals and applications for Measure 421, Inter-territorial and transnational cooperation.

During 2012, the three Local Action groups issued a number of Actions under Measure 410:

GAL Xlokk:

- Action 413.A1a: *Communication and Branding of the Region*, call for tenders was open between 18th April and 21st May 2012
- Action 413.A3: *Open Call – Voluntary Organisations*, applications were received between 1st May and 31st May 2012
- Action 413.A8: *Open Call – Sports Activities/Facilities*, applications were received between 1st May and 31st May 2012
- Action 413.A6: *Cultural and Educational Activities*, call for tenders was open between 5th December 2012 and 7th January 2013

Majjistral Action Group Foundation:

- Action 413.5: *Creation of Rural Tourism Network*, applications were received between 23rd April and 22nd June 2012
- Action 413.1: *Organisation of Culinary and Crafts Annual Festival* – call for tenders was open between 15th August and 24th September 2012 and *Promotion and Marketing of Culinary and Crafts Annual Festival* – call for tenders was open between 24th August and 3rd October 2012

Gozo Action Group Foundation:

- Action 413.3: *Quality of Life: Craft Sector Support*, applications were received between 16th January and 17th February 2012
- Action 411.1: *Promotion of Gozo Produce*, applications were received between 5th March and 13th April 2012
- Action 413.4: *Landscaping*, applications were received between 2nd July and 17th August 2012

Programme Modifications in 2012

In 2012, the MA submitted requests for the 4th Programme Modification. These requests were submitted on 11th June 2012. 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 115, Measure 123, Measure 132, Measure 133, Measure 313 and Measure 341.

Following the success of the second call for Measure 123, the MA requested a transfer of funds in favour of this Measure. A total of €2,358,405 were transferred to M123 following reallocations from M115 (€500,000), M132 (€1,188,405) and M133 (€670,000). Therefore, as at end 2012, the total budget for Measure 123 amounted to €6,358,405.

Consequently, the budget for M115 was reduced to €100,000, the budget for M132 was reduced to €11,594 while that for M133 was reduced to €0.

Another Programme modification was carried out with respect to Axis 3 Measures whereby €131,400 was transferred from M341 to M313. Therefore, as at end 2012, the total amount allocated towards Measure 313 was €14,575,356 whereas that for M341 was €318,600.

Apart from changes in financial allocations of the above mentioned Measures, the MA also requested the removal of the threshold for projects of a national dimension under Measures 121 and 123. A minor amendment was also made in the RDP text related to M214. Commission Services made a number of remarks on 24th July 2012 and following the revision requested, Commission Services accepted these modifications on 10th September 2012.

Axis I

Measure 111 – Vocational training and information actions

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

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 in new information technologies, product quality, sustainable management of natural resources, cross-compliance requirements, and the application of production practices compatible with the maintenance and enhancement of the landscape and the protection of the environment. The obligation for beneficiaries of Measure 121 and of Measure 214 to attend a minimum number of hours of training, has contributed 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.

Prospective beneficiaries under this Measure included legal entities appointed by MRRA to organise training, natural persons or legal entities engaged in scientific research and experimental activities. The ultimate beneficiary under this Measure will be the farmer who receives the training.

First Call – 2009

This Measure was launched for the first time in December 2009, with the call closing in January 2010. One bid was received following this call, which was however unsuccessful. A factor that contributed to the failure of the take up of the Measure was the timing of the call, which occurred during the festive season, and its limited duration.

Second Call – 2010

A second, restructured call was launched on the 22nd of November 2010 and closed on 14th January, 2011. Following this call, 4 applications were received and 3 were contracted by the end of December 2011. Training started in 2011 and continued throughout 2012.



Figure 2 – Training for farmers at KPH

The second call included 6 lots all linked to a specific sector: fruit and vegetable; dairy; pork; poultry; sheep and goats; and control function.

Each lot was designated to one or more service providers. For the first 5 lots, the beneficiaries were 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 was paid €100 for each participant successfully trained.

Third Call – 2012

The third call was issued on 14th August 2012, with the call for applications closing on 14th September 2012. This expression of interest was open to service providers for the delivery of tailor-made training programmes for adult persons and legal entities engaged in activities related to agriculture and food. This call for applications targeted a variety of trainers to provide a variety of courses:

- Course 1 – Fruit and Vegetable sector
- Course 2 and 3 – Dairy sector covering cattle, sheep and goats
- Course 4 – Nitrates
- Course 5 – Rubble Wall Construction
- Course 6 – Crisis Management Training
- Course 7 – Traditional Products
- Course 8 – Commercial Rabbit Farming
- Course 9 – Young farmers
- Course 10 – Adding Value to Agricultural Produce
- Course 11 – Managing Your Business

- Course 12 – Health and Safety of Agricultural Holdings
- Course 13 – The role of Women in Agriculture
- Course 14 – Adherence to agri-environment obligations

In the third call more emphasis was placed on the practical experience of trainers and less on academic qualifications to ensure that courses relate to the real needs of the farmer.

Individuals eligible for training must be registered as farmers with the Employment and Training Corporation, or have an IACS Registration Number or a Veterinary Services Registration Number. A minimum and maximum number of farmers to be trained has been set for each course. The trainer will receive payment based on the number of farmers trained. A more advantageous rate will be paid for those farmers who are currently benefitting from financial assistance under any of the Measures of the 2007-2013 RDP. All training courses receiving a grant from Measure 111 have to be offered completely free of charge to the farmers.



Figure 3 – Training for farmers at ATB

Following this Expression of Interest, 15 applications were received. As at end of the period under review, these applications were still under evaluation and none had been contracted.

This Measure progressed further in 2012 and several training courses were organised by the three service providers. Training was related to:

1. Maintenance and enhancement of landscape and protection of environment;
2. Management, administration and marketing skills;
3. New technologies processes and machinery/innovative practices; and
4. Product quality.

During 2012, 1,592 farmers received training, 1,535 of whom completed the training successfully. This means that 1,535 farmers (or 96.4%) have exceeded the 80% attendance threshold. In 2012, the total number of training days received were 7,261.

As at end 2012, three beneficiaries had been contracted for a total of €295,413. Disbursements amounted to €276,207, with an EAFRD contribution of €207,155.

As at end 2012, indicator values were as follows:

| | Indicator | Target | Value | Execution Rate |
|--------|--|--------|--------|----------------|
| Output | Number of participants to training | 2,500 | 2,540 | 102% |
| Output | Number of training days received | 2,635 | 11,442 | 434% |
| Result | Number of farmers successfully ending training | 2,000 | 2,361 | 118% |
| Impact | Change in gross value added per full time equivalent | 1.2% | n/a | n/a |

Table 3 – M111 Indicator values as at end 2012

| | Indicator | 2011 | | 2012 | |
|--------|--|-------|----------------|--------|----------------|
| | | Value | Execution Rate | Value | Execution Rate |
| Output | Number of participants to training | 948 | 38% | 2,540 | 102% |
| Output | Number of training days received | 4,181 | 159% | 11,442 | 434% |
| Result | Number of farmers successfully ending training | 826 | 41% | 2,361 | 118% |
| Impact | Change in gross value added per full time equivalent | n/a | n/a | n/a | n/a |

Table 4 – M111 Indicator values end 2011 vs. end 2012

Table 3 above indicates that during 2012, significant progress has been made with respect to this Measure. Further progress is expected in 2013 when a number of new beneficiaries will be contracted and a number of new courses will be available, following the third call for applications.

As at end of the period under review, the impacts of this Measure are still not visible and could not be calculated due to the relatively late start of implementation. Therefore impact indicators could not be updated. The training modules which were held or will be held cover a set of management improvement issues which can promote improvement with respect to economic performance and viability, and are expected to contribute to the spread of professional management attitude across the agricultural sector.

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 has remained open throughout 2011 and 2012. This Measure will remain open until further notice.

Measure 114 aims to encourage farmers to make the best possible use of the Farm Advisory Services that were set up through Measure 115. Measure 114 aims to help farmers 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.

This Measure provides farmers with tailor made advice, related specifically to their holdings. Through these 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.

This Measure is aimed at full time and part time farmers registered with the Employment Training Corporation (ETC) that make use of advisory services offered by the recognised advisory body. 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, 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 as at end 2012 stood at €1,500,000 while the initial budget allocation for this Measure was €3,000,000. 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.

The MA took several actions to encourage uptake of this Measure:

- During the Payment Claims Campaign, held in March 2012, the benefits of this Measure were communicated to prospective beneficiaries during a business breakfast and four meetings held in different localities around Malta and Gozo;
- The FAS General Manager met farmers during the Majjistral Action Group Foundation Christmas Festival held in December 2012. An SMS was sent to all farmers registered on IACS to promote this meeting; and
- A leaflet was published in 2011 to promote Measure 114 and is being distributed during fairs, events, activities and specific locations popular with farmers, such as *Pitkali* Markets, LAG offices and farmers cooperatives.

In spite of these efforts, no applications have been submitted so far for this Measure. The successful implementation was hindered by the fact that only one FAS has been set up, late in 2011. The delay of Measure 115 had a direct effect on Measure 114 as well, as it resulted in a situation where no supplier was appointed to offer the advisory services. At the current stage, the impacts of this Measure cannot be identified and its effectiveness cannot be gauged since no payments have been made.



Figure 4 – Promotion for Measure 114 during the Payment Claims Campaign business breakfast

The lack of popularity of this Measure has been attributed mainly to the following:

- Historical issues: the farmers are used to receiving free advice from the Ministry and other experienced people and they do not yet have trust in the appointed body to provide advisory services.
- Financial issues: farmers in Malta are not used to paying for advisory services as traditionally they have received free advice from the Ministry while under Measure 114, 20% of the fee shall be borne by the farmer.
- Possible overlap between M111 and M114: information and training activities supported under Measure 111 are also interwoven with consultancy services offered by FAS. Since M111 is free of charge, farmers may favour this Measure 111 over M114.

Despite all possible effort done by MA in promoting and increasing demand for M114, there is a high risk of unutilised funds under Measure 114. Considering this lack of progress the MA is proposing to transfer a considerable part of the budget (€1,300,000) from Measure 114 to Measure 121 in the course of the last programme modification in 2013. As a result of this modification, €200,000 would stay for support under Measure 114. This transfer is being requested since demand for M121 greatly exceeds the amount allocated after the second call.



Programm tal-Iżvilupp Rurali għal Malta
2007 - 2013

MIŻURA 114

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



Figure 5 - M114 Information leaflet

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 environmental requirements. 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 in handling 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 and laboratory analysis and monitoring, office furniture 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.

First Call – 2009

Applications for this Measure were received between 20th and 29th May 2009. A total of 5 applications were received for this call, 2 of which were deemed eligible since they were registered FAS providers as required. However they failed to obtain the minimum score required. The other 3 applications were considered as ineligible as they did not have the recognition from the Farm Advisory Service Board.

Second Call – 2011

Applications were received between 31st January and 4th of March 2011. One application was received and subsequently contracted. The amount contracted under this Measure is of €100,000. No disbursements have been carried out as at end December 2012.

As at end 2012, indicator values were as follows:

| | Indicator | Target | Value | Execution Rate |
|--------|---|--------------------|-------------------|-----------------------|
| Output | Number of newly set up advisory services | 6 | 1 | 17% |
| Result | Increase in agricultural gross value added in supported holdings | 5.4% €1,200,000 | n/s ²² | n/a |
| Result | Increase in agricultural gross value added in the whole agricultural sector | 2.7% €1,700,000 | n/s | n/a |
| Impact | Change in gross value added per full time equivalent | 5.4% €886 | n/s | n/a |
| Impact | Change in gross value added per full time equivalent in the whole agricultural sector | 2.7% €441 | n/s | n/a |

Table 5 – M115 Indicator values as at end 2012

²² The abbreviation 'n/s' is used for 'none supported'. It is applied for indicators, where data collection cannot be performed due to lack of beneficiaries.

| | Indicator | 2011 | | 2012 | |
|--------|---|-------|----------------|-------|----------------|
| | | Value | Execution Rate | Value | Execution Rate |
| Output | Number of newly set up advisory services | 1 | 17% | 1 | 17% |
| Result | Increase in agricultural gross value added in supported holdings | n/s | n/a | n/s | n/a |
| Result | Increase in agricultural gross value added in the whole agricultural sector | n/s | n/a | n/s | n/a |
| Impact | Change in gross value added per full time equivalent | n/s | n/a | n/s | n/a |
| Impact | Change in gross value added per full time equivalent in the whole agricultural sector | n/s | n/a | n/s | n/a |

Table 6 – M115 Indicator values end 2011 vs. end 2012

As at end 2012, no applications for advice were received by the FAS therefore result and impact indicators cannot be calculated as yet.

The late start of this Measure is likely to pose some limitations on the positive impacts which the FAS can have. In terms of outputs, Measure 115 can be deemed as moderately successful, as out of the planned 6, 1 FAS has been set up. As additional calls are not envisaged, no further progress can be expected in the current programming period with respect to the number of service providers. Therefore, output indicator 'Number of newly set up advisory services' will not increase. Members of the FAS Consortium, the beneficiary contracted, include all the major representatives from all sectors, comprising different agricultural associations and ministry representatives. A second registered FAS has dropped out and locally there are no other organisations licensed to act as a FAS.

The remaining budget of €500,000 has been transferred to Measure 123. This transfer of funds was carried out in 2012 and this modification was approved by Commission Services in September 2012. As end 2012, no advisory services have been provided for agricultural operators, the FAS Consortium is currently registering farmers. Potential beneficiaries will be farmers who were adversely affected by cross compliance deductions.

Although the contract with FAS Consortium was signed by end 2011, no financial progress has been realised so far. No funds have been disbursed as at end 2012.²³

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 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. This Measure therefore aims to facilitate the 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

²³ There is a pending payment claim submitted to the MA, with the first payment foreseen to be disbursed in the second quarter of 2013.

management practices, adoption and enhancement of new practices and the use of modern technologies.

Aid for the modernisation of agricultural holdings ensures increased competitiveness the improvement of agricultural incomes. At Investments may also lead to the development of more differentiated production with clear added value in food quality, sustainable use of natural resources, and environment friendly production that builds upon principles of animal welfare, high standards of hygiene and improved occupational health and safety.



Figure 6 – Milking robot, Measure 121 investment

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.

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.



Figure 7 – Flooring and feeder at pig farm, funded through Measure 121



Figure 8 – Photovoltaic panels, financed through Measure 121



Figure 9 – Machinery used in greenhouses to navigate through rows of plants, another M121 investment

First Call – 2008

Measure 121 was launched for the first time on 15th November 2008 and 360 applications were received, out of which, 281²⁴ 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 2012, 281 applicants had been contracted. Eight contracts have been terminated²⁵. Contracts were withdrawn for various reasons: works did not start in the stipulated timeframes, voluntary withdrawal by the beneficiary and pending court cases. The contracted applicants can be split as follows:

- 1. 111 beneficiaries from the Animal Husbandry sector;**
- 2. 162 from Crop Sectors,**
- 3. 5 mixed investments (livestock and crops); and**
- 4. 3 from other sectors.**

The largest number of contracted beneficiaries comes from the crop sector with 57% of contracted beneficiaries, followed by the animal husbandry section at 40%.

Table 7 below shows the number of contracted applicants from each sector, further subdivided into types:

²⁴ 280 contracts were reported in the Annual Progress Report for 2011 since one of the beneficiaries which had not started the project was not included.

²⁵ The Paying Agency has decided to terminate contracts which have not kicked off in the stipulated timeframe. These delays in implementation would have increased the risk of decommitment of funds.

| Sector | Type | No of Contracted Applicants (as at end 2012) |
|------------------|-----------------------|---|
| Crop | Field Crop | 114 |
| Crop | Horticulture | 14 |
| Crop | Mixed Crops/Livestock | 5 |
| Crop | Permanent Crop | 22 |
| Crop | Wine | 7 |
| Animal Husbandry | Dairy | 67 |
| Animal Husbandry | Poultry | 30 |
| Animal Husbandry | Rabbit/Sheep | 2 |
| Animal Husbandry | Swine | 17 |
| Other | Apiculture | 3 |

Table 7 – Contracted beneficiaries as at end 2012

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 2009. 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 had been contracted by the end of 2012. This means that about 61% of funding available has now been contracted. As at end 2012, €13,684,960 had been disbursed, with an EAFRD contribution of €10,263,720. During 2012, €1,629,299 were disbursed with an EAFRD contribution of €1,221,974.

Figure 10 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 9, for example, the value for the dairy sector is 47%. This means that 47% of the Total Volume of Investment comes from the Dairy sector. Therefore, the dairy sector will be investing the highest amounts, followed by the field crops, with 23%.

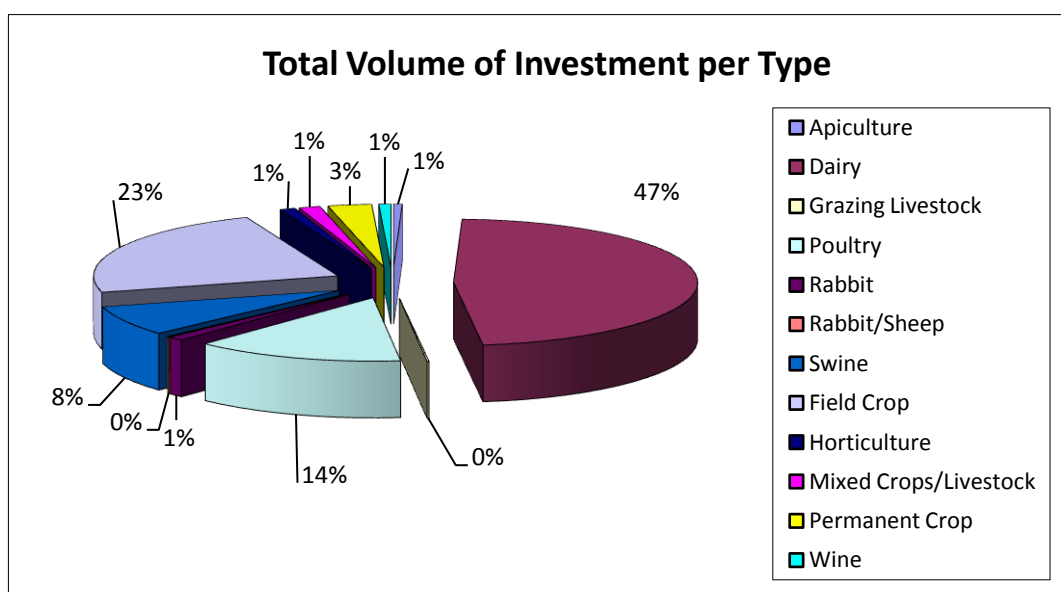


Figure 10 – Percentage total volume of investment per type

Figure 11 below gives percentages for the Total Grant Entitled per type of sector. This means that for example, from the total amount which has been contracted, 47% was contracted towards the dairy sector, 24% to the field crop sector and 14% to the poultry sector. Therefore, as can be seen from Figure 12, the dairy sector will be receiving the highest amount of funding.

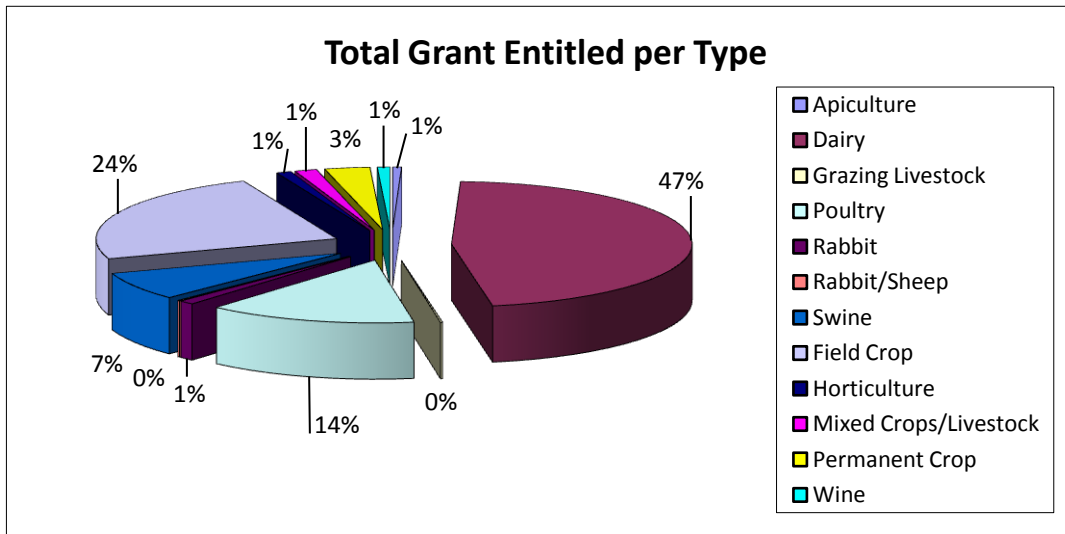


Figure 11 – Percentage total grant entitled per type



Figure 12 – Several reservoirs were constructed or restored back to working order through Measure 121

On-the-Spot Control

The on-the-spot checks of the holdings to be inspected were executed in accordance with Articles 27–30 of Regulation 484/2009 which lay down detailed rules for the implementation of Council regulation (EC) 1698/2005. For the purpose of article-30 checks, the Control Unit performed 100% check 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 the on-the-spot control;
- A control report.

During 2012 the Control Unit processed 67 M121 applications which consisted of various investment projects including agricultural machinery, environmental and structural investments.

Each individual application was scrutinized 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 2012 after completion of the project.

Wherever beneficiaries have benefitted from past schemes such as Meeting Standards and Measures 3.1 or 3.2, 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 14. As required by internal guidelines all inspections were carried out by at least two inspectors to abide with the four eyes principle.

Second Call – 2011

Applications for the second call were received between October and December 2011. 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 were undertaken in 2012 and the first quarter of 2013.²⁶

As reported in the Annual Progress Report for 2011, 303 applications (60%) were received from the crop sector, 194 applications (39%) from the animal husbandry sector and 6 applications (1%) from other sectors.

Regarding the percentage of funds requested per sector, 63% of the total funds requested were from the animal husbandry sector while 35% of the total funds requested came from the crop sector. The remaining 2% were requested from other sectors. 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.

One of the applicants from the swine sector applied for the construction of a water reservoir and a catchment area on the roof of the farm in order to reduce the costs of water consumption. The same applicant will also install solar panels on the roof. The farm will be enhanced and animal welfare improved through the purchase of new flooring and insulated roofing to ensure that the temperature is agreeable to the animals, both in summer and in winter. The farmer therefore aims to improve the conditions in which the animals are kept and also reduce consumption of water and electricity, leading to a more efficient production better use of resources.

Another applicant from the poultry sector aims to upgrade his farm by improving hygiene, animal welfare and reducing consumption of water and electricity. Works on existing sheds will ensure compliance with EU regulations with respect to animal welfare and hygiene. The applicant will invest in an automated climate control system to reduce heat stress in the warm summer months. A doser for medication will also be included to ensure that any supplements to the water are added in the correct amounts, thereby eliminating waste and reducing production costs. Production costs will also be reduced through the construction of water reservoir since this will lead to water savings.

²⁶ Preliminary results were issued in the second quarter of 2013.

An applicant from the apiculture sector will purchase hive boxes, agricultural machinery, solar wax melter and modernise a water reservoir. This project will facilitate honey harvesting while increasing the number of colonies and improving bee health. The solar wax melter will use alternative energy, therefore improve the efficiency of the operation. An applicant from the rabbit sector will invest in the construction of a new rabbit farm which is in line with EU requirements for animal welfare. Investments will ensure that the temperature is kept at a level which is agreeable for the animals. Cleanliness will also be maintained to ensure that the rabbits are reared in the best possible conditions. Water collection and storage facilities will also be constructed to reduce water use.

A sheep and goat farm will be modernised and improved through the construction of better animal housing. A photovoltaic system will also be installed to reduce the farm's dependency on non-renewable energy sources. The construction of a reservoir will also decrease the farm's dependence on fresh water. Eventually the project will lead to the improvement in the quality of milk, improved animal welfare, compliance to waste management and nitrate directives and also improve occupational health and safety of the farmer.

Another beneficiary from the dairy sector will construct a shed for heifers, complete with cubicles, mats, drinking system, pressure washer, solar panels and a reservoir. This will improve the health and welfare of the cattle and improve the hygiene on the farm. Through installation of solar panels, the farm will reduce the consumption of electricity while water storage will be increased through the construction of a reservoir.

Several beneficiaries from the crop sector will also benefit, including a young farmer who is increasing his profitability by selling most of his produce through the local farmers' market. This farmer will invest in a hydroponic system which will increase water conservation and reduce the use of plant protection products and nitrates thereby contributing to environmental and economic sustainability. A greenhouse will be constructed, combined with a water catchment system. This greenhouse will also improve diversification of products, ensuring better profitability for the farmer. Tractor machinery and implements will also be purchased to improve efficiency and save time.

Another beneficiary from the crop sector will construct water culverts in order to create a water catchment system which will address the depletion of the water table. The project also includes the purchase of various tractor implements in order to improve the farming process. The ultimate aim is to increase competitiveness, quality and enhance diversification. Through the purchase of this machinery, the farmer will also improve the health and safety on the farm.

As at end 2012, indicator values were as follows:

| | Indicator | Target | Value | Execution Rate |
|--------|---|--------------------------------|--------------------------------|----------------|
| Output | Number of farm holdings supported | 445 | 273 | 61% |
| Output | Total volume of investment | €39,700,000 | €31,490,200 | 79% |
| Result | Increase in gross value added in supported holdings/enterprises | 9.2% €6,100,000 | 19% €1,414,289 | n/a |
| Result | Number of holdings/enterprises introducing new products or techniques | 80 ²⁷ | 192 | 240% |
| Impact | Net additional value added expressed in PPS | PPS 7,800,000 ²⁸ | PPS 1,415,939 ²⁹ | n/a |
| Impact | Change in gross value added per full time equivalent | 9% ³⁰ €1,475,000 | 2.3% ³¹ €398 | n/a |

Table 8 – M121 indicator values as at end 2012

| | Indicator | 2011 | | 2012 | |
|--------|---|-------|----------------|--------------------------------|----------------|
| | | Value | Execution Rate | Value | Execution Rate |
| Output | Number of farm holdings supported | 280 | 63% | 273 | 61% |
| Output | Total volume of investment | €32.2 | 81% | €31.5 | 79% |
| Result | Increase in gross value added in supported holdings/enterprises | n/a | n/a | 19% €1,414,289 | n/a |
| Result | Number of holdings/enterprises introducing new products or techniques | 174 | 218% | 192 | 240% |
| Impact | Net additional value added expressed in PPS | n/a | n/a | PPS 1,415,939 ³² | n/a |
| Impact | Change in gross value added per full time equivalent | n/a | n/a | 2.3% ³³ €398 | n/a |

Table 9 – M121 Indicator values end 2011 vs. end 2012

²⁷ Target not officially approved by the Commission (it was the object of e-mail exchange in 2009), the update of the value is going to be part of the next programme modification

²⁸ The update of the indicator target is going to be part of the next programme modification

²⁹ Netted out by accounting for deadweight (beneficiary survey), multiplication (input-output-analysis) and double counting (PAMS), converted to PPS (Eurostat)

³⁰ The update of the indicator targets (EUR, %) is going to be part of the next programme modification

³¹ Netted out by accounting for deadweight (difference-in-differences) and double counting (PAMS)

³² Netted out by accounting for deadweight (beneficiary survey), multiplication (input-output-analysis) and double counting (PAMS), converted to PPS (Eurostat)

³³ Netted out by accounting for deadweight (difference-in-differences) and double counting (PAMS)

Until end 2012, 281 beneficiaries had been contracted, with 249 projects being finalised, 24 are still in progress while 8 have been terminated.

Table 7 indicates that the execution rate for 'Number of farm holdings supported' and 'Total volume of investment' have decreased slightly. This was expected since a number of contracts (8) have been terminated. These two output indicators are expected to increase in 2013 since new contracts will be signed following the second call for applications. The 'Number of holdings/enterprises introducing new products or techniques' increased and is also expected to increase over the course of 2013 as most projects from the first call will be finalised.

European Economic Recovery Package and Health Check Commitments

Over the years, the local dairy industry has faced a number of natural and structural disadvantages, including 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. The quota system has been a very important instrument which had 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, therefore 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 Recovery Package (EERP) were not channelled towards the enhancement of the coverage of broadband in rural areas since 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 more than €0.6million. A further €0.26million was contracted to ICT related projects under Measure 323. In view of this situation Malta decided to allocate the additional funds from the Recovery Package to the dairy sector. Such funds were aimed at improving the management, efficiency and productivity of the sector.

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 deemed 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.

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:

| 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 ³⁴ |
| EAFRD amount paid in Euros | 603,327 | 416,673 | 1,020,000 |

Table 10 – EERP and HC

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 | <8.2> | 39,454,536 | 6.8% |
| 2010 | 6,362 | | 42,126,640 | |

Table 11: Milk Production/Efficiency

As can be seen from the figures presented in Table 11, 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 kg per head in 2009 was improved to 6,621 kg 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) % of total Raw Milk | Somatic Cell Count (>400,000) % of total Raw Milk |
|------|---------------------------------------|--|
| 2009 | 95.8 | 98.6 |
| 2010 | 99.8 | 99.7 |

Table 12: Milk Quality / Hygiene

Table 12 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

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

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 this data 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 oriented 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 microenterprises (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.



Figure 13 – Typical Maltese products produced by a M123 beneficiary, including *ġbejniet*, sea salt, local honey, capers, carob syrup and various jams and marmalades made from local fruit

Malta's Single Programming Document (SPD), available between 2004 and 2006, has supported 31 processing companies with €2.7 million. Altogether, the SPD and the 1st call of Measure 123 have supported around 47%³⁵ of Maltese processing companies, which shows that EU funded agricultural programmes have reached a good coverage at industry level so far.



Figure 14 – Tomato processing plant, M123 beneficiary

Measure 123 co-existed with parallel national support schemes, the most important of which was the Special Market Policy Programme for Maltese Agriculture (SMPPMA). Under SMPPMA assistance has been 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. From 2011 on, SMPPMA had regressive amount of funds and continues to lose importance year by year until 2013. The total aid given was €10.16 million and €4.2 million in 2010 and 2011, respectively.

³⁵ Number of processing companies: 117 (source: RDP, 2007, NACE category 15.8 excluded). Calculations assume no overlaps between RDP and SPD beneficiaries.



Figure 15 – An M123 beneficiary manufacturing fresh smoothies



Figure 16 – One of the main poultry processors in Malta, another M123 beneficiary

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 €150,000³⁶. The aid intensity granted varies depending on the size of the enterprise, its number of employees and its annual turnover, as indicated in the table below.

³⁶ In the programme amendments carried out in June 2012, the MA also requested the removal of the threshold for projects of a national dimension under Measure 123. Commission Services accepted this Modification in September 2012.

| Enterprise Size | Range of Employees | Annual Turnover (€) | Aid Intensity |
|-----------------|--------------------|--------------------------|---------------|
| Micro Size | 0 – 9 | 0 – 2,000,000 | 50% |
| Small Size | 10 – 49 | 2,000,000 – 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 13 – Aid intensity for Measure 123

First Call – 2009

Following a first call for applications launched in February 2009, 29 applications with a total grant request of €2,553,599 were received, out of which 25 were contracted for a total of €2,238,903. These beneficiaries come from a wide variety of sectors including the production of local products, wine, dairy, potatoes, poultry, tomatoes fruits and vegetables.

The number of contracted beneficiaries following this call has decreased in 2012 since one contract was withdrawn. Consequently, the total number of contracted beneficiaries as at end 2012 stood at 24, with a contracted value of €2,088,903.

The largest projects are being implemented in the wine, pork and dairy sector with grants averaging over €100,000. The largest number of projects (7) is being implemented in the crops sector, all of them relating to the processing of fruits and vegetables, especially potatoes (3 projects, €245,806). The wine sector is represented with four projects and the poultry sector with three. The cottage industry, the pork, rabbit, and dairy sector, apiculture and processing companies with mixed profile represent the remaining projects. The sectoral distribution of funds already committed is depicted hereunder.

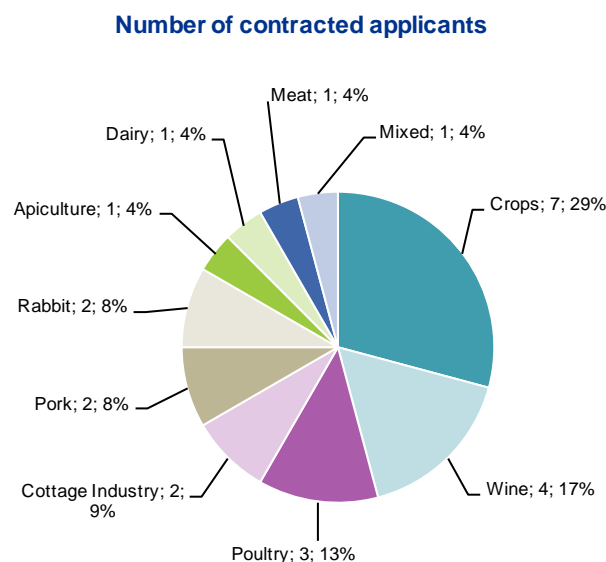


Figure 17 – Number of contracted applicants per sector

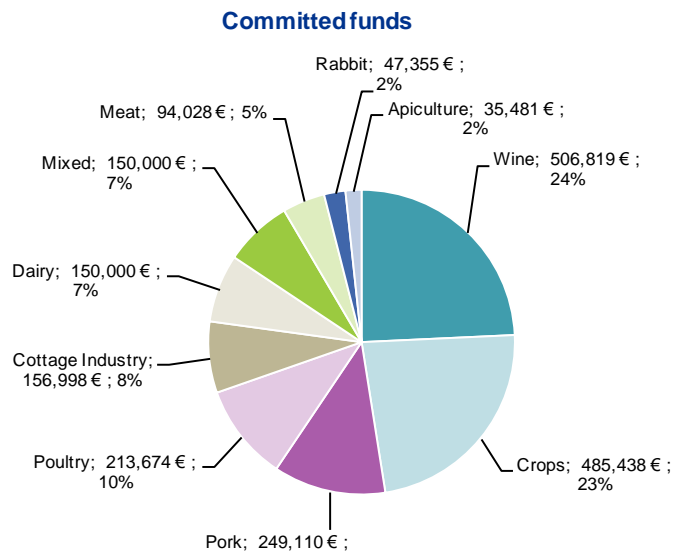


Figure 18 – Amount of committed funds per sector

On the Spot Control

During 2012 the Control Unit processed eight 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 2012 after completion of the project.

Under Measure 123, all 8 payment claims received by the Control Unit were referred for payment.



Figure 19 – Photovoltaic panels being installed at a poultry processing plant

Second Call – 2011

Uptake of this Measure under the first call was limited since agro-processors 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, eligibility was restricted to food-producers utilising Annex 1 product as inputs.

Following the first call, the MA decided to reduce the budget available under this Measure, from €7,000,000 to €4,000,000 with the remaining €3,000,000 being transferred to Measure 121. This modification was approved by Commission Services in March 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 requested following this call amounted to €5,633,101. 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 was carried out in 2012 and the final results were published in January 2013. A total of 22 applicants were deemed eligible and the amount of funds requested by these eligible applicants amounts to €4,046,209. These applicants will be contracted in 2013.

One of the applicants following the second call aims to start producing ready-to-serve traditional Maltese soups made from locally grown vegetables. The company also intends to market a number of soups as organic, using produce from local suppliers. The investment will include the purchase of a peeler, cooking and cooling line, mixer and packaging equipment.

Another applicant aims to introduce on the local market a number of fresh gourmet yogurts, including probiotic yogurts and other yogurts combined with cereals and chocolate. Probiotic and fruit flavoured drinking yogurts will also be introduced. The proposed investment will include a bottling and packaging system.

A third applicant aims to expand its company's range of packed processed vegetables, including salads, fruit salads, soups and readymade meals based on fresh produce. The investment will include the purchase of a processing line, packaging machine, stainless steel works, structural works and a cold room.

A comprehensive reform and upgrade of the Pitkali Market will be carried out and funding under this Measure will be used for a number of physical upgrades necessary to accommodate the new operating entity. Structural upgrading will include improved storage facilities in line with food safety standards. Grading and packaging equipment will also be installed, together with loading equipment, cold stores and refrigeration units, a processing line and hardware and software.

Following the success of the second call the MA requested a further Modification in relation to this Measure. A total of €2,358,405 were transferred to M123 following reallocations from M115 (€500,000), M132 (€1,188,405) and M133 (€670,000). This modification was approved by the Commission Services in October 2012. Therefore, as at end 2012, the total budget allocated towards M123 amounted to €6,358,405.

As at end 2012, €1,909,214 have been disbursed, with an EAFRD contribution of €1,431,910.

As at end 2012, indicator values were as follows:

| | Indicator | Target | Value | Execution Rate |
|--------|---|--------------------------------|------------------------------|----------------|
| Output | Number of enterprises supported | 45 | 24 | 53% |
| Output | Total volume of investment | €11,400,000 | €4,948,920 | 43% |
| Result | Increase in gross value added in supported holdings/enterprises | n/a ³⁷ | 1.0% €388,134 | n/a |
| Result | Number of holdings/enterprises introducing new products or techniques | 7 ³⁸ | 22 | 314% |
| Impact | Net additional value added expressed in PPS | PPS 3,100,000 ³⁹ | PPS 446,592 ⁴⁰ | 14% |
| Impact | Change in gross value added per full time equivalent | 1.7% ⁴¹ €183 | 3.8% ⁴² €2,837 | 223% |

Table 14 – M123 Indicator values as at end 2012

| | Indicator | 2011 | | 2012 | |
|--------|---|------------|----------------|------------------|----------------|
| | | Value | Execution Rate | Value | Execution Rate |
| Output | Number of enterprises supported | 25 | 56% | 24 | 53% |
| Output | Total volume of investment | €5,300,000 | 46% | €4,948,920 | 43% |
| Result | Increase in gross value added in supported holdings/enterprises | n/a | n/a | 1.0% €388,134 | n/a |
| Result | Number of holdings/enterprises introducing new products or techniques | 9 | 129% | 22 | 314% |
| Impact | Net additional value added expressed in PPS | n/a | n/a | PPS 446,592 | 14% |
| Impact | Change in gross value added per full time equivalent | n/a | n/a | 3.8% €2,837 | 223% |

Table 15 – M123 Indicator values end 2011 vs. end 2012

Table 9 above indicates that the execution rates for ‘Number of enterprises supported’ and ‘Total volume of investment’ have decreased in 2012, compared to 2011. This is expected since one contract was withdrawn in 2012. These two output indicators are expected to increase over the course of 2013 since new contracts will be signed following the second call for applications. The ‘Number of holdings/enterprises introducing new products or techniques’ has increased in 2012.

Measure 123 has been successful in tackling the problems encountered by local agro-processors. The Measure has been efficient in meeting the current needs of the sector, and positive impacts are foreseen with respect to raising competitiveness, improving the quality of products, raising market access, increasing operational efficiency and fostering innovation. Moreover, thanks to the relatively large coverage of the industry by the programme, these impacts are perceptible at national level as well. In sum, the intervention logic of the measures was appropriate, and further demand under the

³⁷ The update of the indicator target is going to be part of the next programme modification

³⁸ The update of the indicator target is going to be part of the next programme modification

³⁹ The update of the indicator target is going to be part of the next programme modification

⁴⁰ Netted out by accounting for deadweight (beneficiary survey), multiplication (input-output-analysis) and double counting (PAMS), converted to PPS (Eurostat)

⁴¹ The update of the indicator targets is going to be part of the next programme modification

⁴² Netted out by accounting for deadweight (estimated from difference-in-differences) and double counting (PAMS)

second call underpins its continued relevance. Based on the evidence collected, including previous evaluations, the effectiveness of the measure can be evaluated as good.

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 and agro-food processing industry through the development of new goods, services, processes and technologies. This Measure also aims to instil cooperation and better working relationships between producers and processors. This Measure also aims to increase 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, including food and non-food products, processors and third parties. Third parties may include organisations specialising in trade and/or marketing of agricultural related products, and the industry supplying the agricultural sector. Support under this Measure requires the participation of primary producers.

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.

First Call – 2009

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. 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. These applicants came from the wine, dairy and farming sectors. As at end December 2012, €35,749 had been disbursed, with an EAFRD contribution of €26,811.

The three applicants contracted under this Measure are *Organizazzjoni Produtturi Għeneb għall-Inbid*, *Koperattiva Produtturi tal-Ħalib* (KPH) and Gozitano Producers Organisation.

The Gozitano project is entitled 'Pasteurised Ovine Cheese'. This project will enhance cooperation between producers and processors and is aimed towards the development of traditional pasteurised cheeselets made from goat and sheep milk. Pasteurisation of milk will enable these products to enter new markets. This will provide the new product with more added value and will improve the marketability of

the product. Also thanks to this project, goat and sheep milk producers will have a regular demand for their produce. Funding under this project will finance market research and packaging development, project manager fees, pasteuriser and binding machine.

The project by *Organizzazzjoni Produtturi Gheneb għall-Inbid* is entitled 'Exploring the Girgentina's Silent Potential'. This project shall finance field trials, stainless steel tanks, grape processing and filtering equipment.

The project entitled 'Improved processes and technologies in Dairy Farm, management and nutrition' is being implemented by KPH with the aim to monitor and control dairy cow feeding using modern technologies. Improving cow feeding leads to better milk yields and quality, together with better feeding efficiency. This project involves technical experts and the use of new processes and technologies, together with laboratory analysis. Eventually, KPH will be able to provide farmers with advice on optimal feeding regimes. Funding under this Measure will finance MUN (Milk Urea Nitrogen) Analysis, feed sampling, consultancy fees, out of parlour feeding systems and a digestion system.

On the Spot Control

During 2012 the Control Unit processed one M124 application.

The application was scrutinised for compliance with the contracted and relevant guidelines / MOPs issued by the Paying Agency. At least one physical check was carried out (100% controls). Inspections were conducted throughout 2012 after completion of the project.

One claim for payment was received under Measure 124 and it was referred for payment by the Control Unit.

Second Call – 2011

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. Evaluation and selection of these applications was carried out in 2012 and results were published in January 2013. No new beneficiaries were contracted in 2012.

The three applicants who will be contracted under this Measure are *Għaqda Għawdxija Produtturi tat-Tadam*, Malta Dairy Products Ltd. (MDP) and Ruben Curmi.

The project by *Għaqda Għawdxija Produtturi tat-Tadam* is entitled 'Gourmet Vinegar from Maltese Tomatoes – An Innovative Niche Product'. This project aims to test a new product as to give local farmers more opportunities to provide income diversification. Cooperation between producers and processors has been set up to investigate and test this possibility from an environmental, economical and productive point of view. The project shall identify the fermentation process for tomato pulp and the variety of tomatoes that suits such product. This project will require a market analysis, feasibility studies, identification of the right packaging concept and a suitable market placement.

The project by MDP aims to develop a new cheese and create DOP (Protected Designation of Origin) cheese products from Maltese milk. This project aims to carry out research and development to produce new cheeses and cheese spreads made with Maltese milk. It will also identify microbial cultures best suitable for cheese fermentation and maturation. The investment includes the setting

up of a mini cheese production plant which includes cheese vats, cheese moulds, curd trolleys, cheese press and a clean-in-place system.

Mr Curmi's project, entitled 'The Carob Tree' aims to experiment and design a new production process that may be used for the production of carob syrup, also known as *ġulepp*. Current processes require the use of large quantities of sugar, making this syrup unhealthy. This new process aims to reduce the amount of sugar used during production. Experimentation will also include the production of a tea-like product which can be prepared using a normal espresso machine.

As at end 2012, indicator values were as follows:

| | Indicator | Target | Value | Execution Rate |
|--------|---|-------------|----------|----------------|
| Output | Number of cooperation initiatives supported | 8 | 3 | 38% |
| Output | Volume of investment | €2,000,000 | €802,640 | 40% |
| Result | Increase in gross value added in supported holdings/enterprises | n/a | n/a | n/a |
| Result | Number of holdings/enterprises introducing new products or technologies | 40 | n/a | n/a |
| Impact | Net additional value added expressed in PPS | €500,000 | n/a | n/a |
| Impact | Change in gross value added per full time equivalent | 0.2% €22 | n/a | n/a |

Table 16 – M124 Indicator values as at end 2012

| | Indicator | 2011 | | 2012 | |
|--------|---|-------|----------------|----------|----------------|
| | | Value | Execution Rate | Value | Execution Rate |
| Output | Number of cooperation initiatives supported | 3 | 38% | 3 | 38% |
| Output | Volume of investment | n/a | n/a | €802,640 | 40% |
| Result | Increase in gross value added in supported holdings/enterprises | n/a | n/a | n/a | n/a |
| Result | Number of holdings/enterprises introducing new products or technologies | n/a | n/a | n/a | n/a |
| Impact | Net additional value added expressed in PPS | n/a | n/a | n/a | n/a |
| Impact | Change in gross value added per full time equivalent | n/a | n/a | n/a | n/a |

Table 17 – M124 Indicator values end 2011 vs. end 2012

Table 11 indicates that there has been no progress in the output indicator 'Number of cooperation initiatives supported' since the number of beneficiaries did not increase. Another 3 applicants will be contracted in 2013, following the second call for applications therefore the value for this output indicator will increase in 2013. Result and impact indicators will be updated once there is significant progress with this Measure since as at end 2012, 3 beneficiaries had been contracted, with only 1 project close to finalisation and another 2 in their initial stages of implementation.

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.

Measure 125 targeted two types of infrastructure investments; the issue of water scarcity and the improvement of farm accessibility through the upgrading of rural roads. The first initiative has been launched centrally, while the rural roads upgrading component has been launched by the LAGs. The Measure budget has been divided according to the following chart:

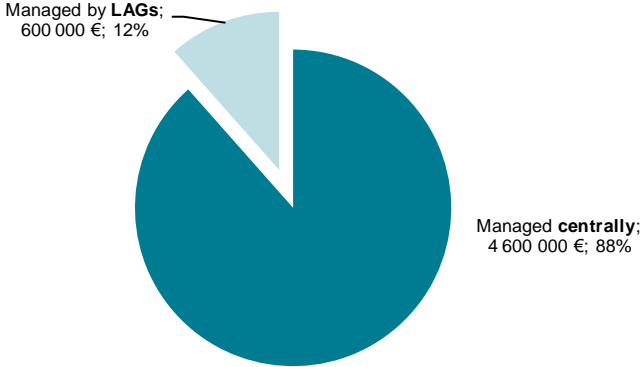


Figure 20 – Distribution of Measure budget

Malta has a limited natural supply of freshwater and this is a major significant restriction on the productivity of the Maltese agricultural sector. Consequently this resource must be used efficiently and effectively. Additionally, 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. This uncontrolled use, contributes to a number of environmental problems and threatens the continued availability and quality of groundwater for public drinking water supplies.



Figure 21 – Installation of smart water meters in the Chadwick Lakes area, limits of Rabat

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.

Through this Measure, Water Services Corporation, is installing smart water meters on private groundwater boreholes, aimed at improving water management. Additionally, two pipelines will be constructed, one on the northern and one on the southern part of Malta. These pipelines shall lead treated sewage effluent to agricultural areas from the three sewage treatment plants.

This project will respect the provisions under the Water Framework Directive, as established in the Malta Rural Development Programme 2007 – 2013. Malta has limited natural water resources that must be duly safeguarded. The islands’ natural water resources depend entirely on rainwater percolating through the porous limestone rock and accumulating in aquifers from where it either seeps out or otherwise pumped. Over the years farmers have developed an over-reliance on groundwater for irrigation purposes. There is very little control and management on the amount of groundwater being extracted. This contributes to a number of environmental problems, including an increase in salinity of groundwater, which is not ideal for irrigation, as well as threatening the continued availability and quality of groundwater for public drinking.

According to the WFD, Member States, through their operational programmes, shall implement measures to prevent deterioration of the status of all bodies of surface water and shall protect, enhance and restore groundwater bodies. Member States have to ensure a balance between abstraction and recharge of ground water, with the aim of achieving good groundwater status. This project by Water Services Corporation aims to provide the farming community with high quality treated sewage effluent, which can be used for irrigation purposes. This will reduce dependence of the agricultural community on the extraction of water from underground reservoirs. Eventually this will improve groundwater status and reduce deterioration of the quality of water in the water table.

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. A total of €2,157,408 have been disbursed by the end of December 2012, with an EAFRD contribution of €1,618,056.

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 18 – M125 Expressions of Interest received by the three LAGs

Expressions of Interest for Measure 125 were received between the 17th October and 2nd December 2011. Initially a Technical Expert from the Project Design and Implementation Department was

evaluating the process however this task was then delegated to an independent Technical Expert contracted by the Managing Authority. This Technical Expert assessed whether resurfacing of roads require a planning Permit. As at end 2012, the Technical Expert had evaluated the expressions of interest for the Xlokk region. The same Technical Expert will be contracted in 2013 to evaluate the expressions of interest in the Majjistral Region while the Technical Expert for the Gozo region will also be contracted in 2013. Formal applications for roads which do not require planning permits will be submitted in 2013⁴³. Therefore, this part of the fund has not yet been contracted. The allocated budget of EUR 0.6 million is foreseen to be contracted in the second half of 2013.

As at end 2012, indicator values were as follows:

| | Indicator | Target | Value | Execution Rate |
|--------|---|-------------|------------|----------------|
| Output | Number of operations supported | 250 | 15 | 6% |
| Output | Total volume of investment | €5,700,000 | €5,100,000 | 90% |
| Result | Increase in gross value added in supported holdings/enterprises | 2.7% | n/a | n/a |
| Impact | Net additional value added expressed in PPS | n/a | n/a | n/a |
| Impact | Change in gross value added per full time equivalent | 0.3% €30 | n/a | n/a |

Table 19 – M125 Indicator values as at end 2012

| | Indicator | 2011 | | 2012 | |
|--------|---|------------|----------------|------------|----------------|
| | | Value | Execution Rate | Value | Execution Rate |
| Output | Number of operations supported | 15 | 6% | 15 | 6% |
| Output | Total volume of investment | €5,100,000 | 90% | €5,100,000 | 90% |
| Result | Increase in gross value added in supported holdings/enterprises | n/a | n/a | n/a | n/a |
| Impact | Net additional value added expressed in PPS | n/a | n/a | n/a | n/a |
| Impact | Change in gross value added per full time equivalent | n/a | n/a | n/a | n/a |

Table 20 – M125 Indicator values end 2011 vs. end 2012

Result and impact indicators will be updated once there is significant progress with this Measure since as at end 2012 no new beneficiaries had been contracted. Table 14 indicates that the 'Number of operations supported' and 'Total volume of investment' have remained constant. These values are expected to increase in 2013 when beneficiaries from call issued by the LAGs will be contracted.

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

⁴³ Formal Applications for GAL Xlokk beneficiaries were received between 27th February and 29th March 2013. Applications for Majjistral Action Group Foundation and Gozo Action Group Foundation will be submitted in the second quarter of 2013.

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 22 – Vines grown organically in Mgarr

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.



Figure 23 – Bitter oranges (*laring tal-bakkaljaw*) growing in an organic orchard

First Call – 2009

Applications following the first call for applications were received between 26th September and 18th December 2009. For this call 8 applications were received with a total request for €21,023. A total of 4 applications were deemed as eligible for funding under this Measure: 3 applicants were contracted in 2010 whilst the 4th applicant was contracted in 2011.



Figure 24 – Olive trees grown in an organic holding

Second Call – 2011

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. The importance of this Measure was highlighted during several information sessions organised to raise awareness of RDP Measures launched. Measure 132 was promoted on various TV programmes including *Malta u lil Hinn Minnha*. Adverts on local newspapers and the Government Gazette were also published following the launch of the call in October 2011.

Despite of these efforts made, no applications were received following the second call which was launched between the 24th of October and 16th December 2011.

As at end 2012, 4 beneficiaries were contracted, for a total of €11,595. By the end of December 2012, €2,098 had been disbursed, with an EAFRD contribution of €1,573.

As at end 2012, indicator values were as follows:

| | Indicator | Target | Value | Execution Rate |
|--------|---|------------------------|-------|----------------|
| Output | Number of supported farm holdings participating in a quality scheme | 400 | 4 | 1% |
| Result | Value of agricultural production under recognised quality label/standards | €12,000,000 | n/a | n/a |
| Impact | Net additional value expressed in PPS | €500,000 | n/a | n/a |
| Impact | Change in gross value added per full time equivalent | €300,000 ⁴⁴ | n/a | n/a |

Table 21 – M132 Indicator values as at end 2012

| | Indicator | 2011 | | 2012 | |
|--------|---|-------|----------------|-------|----------------|
| | | Value | Execution Rate | Value | Execution Rate |
| Output | Number of supported farm holdings participating in a quality scheme | 4 | 1% | 4 | 1% |
| Result | Value of agricultural production under recognised quality label/standards | n/a | n/a | n/a | n/a |
| Impact | Net additional value expressed in PPS | n/a | n/a | n/a | n/a |
| Impact | Change in gross value added per full time equivalent | n/a | n/a | n/a | n/a |

Table 22 – M132 Indicator values end 2011 vs. end 2012

As can be seen from Table 16, in 2012 there was no progress with respect to this Measure since there were no new applicants following the second call for applications.

In light of this, the MA requested a change in budgetary allocation, away from this Measure in favour of Measure 123 which presents better potential for the setting up of a solid competitive foundation for the agricultural sector in Malta. A total of €1,188,405 were transferred from M132 to M123. This modification

⁴⁴ The update of the indicator target is going to be part of the next programme modification.

was approved by the Commission in October 2012. As at end 2012, the total budget for this Measure amounted to €11,594.

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.

The scope of this Measure is to support producer groups in promoting products 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.

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 were eligible to apply under this Measure. For the purpose of this measure, 'Producer Group' also encompassed any group of producers (2 or more) of organic products that are formally constituted.

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 the second call either.

Following the first call issued in 2009, the MA sought to improve the uptake of this Measure by enhancing publicity. The importance of this Measure was highlighted during information sessions held in 2011 and 2012 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.

This lack of uptake has been attributed to the fact that the agricultural sector continues to be indifferent towards collaborative research projects and the effective establishment of producer groups. In 2012, progress was registered in the establishment of national food quality schemes, with the '*Naturalment Malti*' standard being launched in June 2012. This standard will be given to Malta grown produce of high quality. However progress took place late in this programming period so no effects are expected on this Measure.

Despite the efforts made by the MA and PA to promote this Measure, no applications were received following the 2009 and 2011 calls. Consequently, the MA requested a programme modification to transfer the entire budget allocated towards Measure 133 to Measure 123. This programme modification was approved by the Commission in October 2012. Therefore, as at end 2012, the total budget for this Measure amounted to €0.

As at end 2012, indicator values were as follows:

| | Indicator | Target | Value | Execution Rate |
|--------|---|------------------|-------|----------------|
| Output | Number of supported actions | 7 | n/s | n/a |
| Result | Value of agricultural production under recognised quality label/standards | €12,000,000 | n/s | n/a |
| Result | Increase in gross value added in the agricultural sector | 0.2% €120,000 | n/s | n/a |
| Impact | Net additional value added expressed in PPS | €400,000 | n/s | n/a |
| Impact | Change in gross value added per full time equivalent | 0.2% | n/s | n/a |

Table 23 – M133 Indicator values as at end 2012

Since there were no applications and consequently no beneficiaries under this Measure, as at end 2012, no progress in relation to result and impact indicators can be reported.

Measure 142 – Setting up of Producer Groups

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

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 already receive support provided 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 in accordance with the provisions of the Producer Organisations Act, Act IX of 2002 (Cap 447) of the Laws of Malta.

For a Producer Group to benefit under this Measure, it must be recognised, located in the Maltese Islands and operate under any of sectors are not supported by the CMO. Specific conditions exist for each sector: 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, as specified in the statute, 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 PG, 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 PG such as legal fees, together with operating costs such as manager and administrative staff salaries.

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 24 – 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 25 – Minimum aid granted per year under Measure 142

First Call – 2009

Applications following the first call were received between the September and December 2009. The allocation for this call was set at €990,000. In total 11 applications were received with a request for €1,579,701. Only one applicant was eligible to receive support under this Measure, namely Viticulture Producers' Organisation, for a total eligible grant allocation of €212,750, over a five-year period. The contract with Viticulture Producers' Organisation was signed in February 2011. As at end 2012, €63,000 had been disbursed, with an EAFRD contribution of €47,250.



Figure 25 - The only PO receiving funding following the first call is from the wine sector

In order to increase its uptake following the first call, the MA promoted this Measure on both TV and radio; its importance was highlighted in various TV and radio programmes, including the popular TV series *Malta u lil hinn Minnha*.

Second Call – 2011

The second call for applications for this Measure was launched on 3rd October and closed on 2nd December. Four applications were received, three from the poultry sector and one from rabbit growers sector. The selection process was completed in 2012 and preliminary results were issued on December 2012. Two applications were deemed eligible, one from the poultry and one from the rabbit sector, and these will be contracted in 2013.



Figure 26 – One of the eligible applications came from the poultry sector

Reporting on result and impact indicators will be more tangible once the applicants from the second call are contracted. Achievement will be more visible and progress achieved will be more tangible, even terms of indicators.

The MA has noted that the concept of Producer Groups is not operating as successfully as it was aimed. Some members of such organisations have had negative experiences with the management of producer groups and negotiations with the processing sector. Therefore farmers do not see the positive effects of becoming a member of such organisations, as they do not experience any difference to the amount they are paid for their products. They do not see the real benefits and consequently they show low interest towards joining a producer group. Therefore the impacts of this Measure are foreseen to be rather limited.

As at end 2012, indicator values were as follows:

| | Indicator | Target | Value | Execution Rate |
|--------|--|-------------|------------|----------------|
| Output | Number of supported producer groups | 4 | 1 | 25% |
| Output | Turnover of supported producer groups | €28,000,000 | €1,970,000 | 7% |
| Result | Number of farms entering the market | n/a | n/a | n/a |
| Result | Increase in gross value added by supported producer groups | €270,000 | n/a | n/a |
| Impact | Net additional value added expressed in PPS | €400,000 | n/a | n/a |
| Impact | Change in gross value added per annual work unit | 0.2% €23 | n/a | n/a |

Table 26 – M142 Indicator values as at end 2012

| | Indicator | 2011 | | 2012 | |
|--------|--|------------|----------------|------------|----------------|
| | | Value | Execution Rate | Value | Execution Rate |
| Output | Number of supported producer groups | 1 | 25% | 1 | 25% |
| Output | Turnover of supported producer groups | €1,970,000 | 7% | €1,970,000 | 7% |
| Result | Number of farms entering the market | n/a | n/a | n/a | n/a |
| Result | Increase in gross value added by supported producer groups | n/a | n/a | n/a | n/a |
| Impact | Net additional value added expressed in PPS | n/a | n/a | n/a | n/a |
| Impact | Change in gross value added per annual work unit | n/a | n/a | n/a | n/a |

Table 27 – M142 Indicator values end 2011 vs. end 2012

Due to the fact that the 2 eligible applicants following the second call will be contracted in 2013, no progress in terms of indicators can be reported throughout 2012. Similarly, more information regarding Result and Impact indicators will be available once more progress has been registered in implementation.

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.

Measure 212 is a popular Measure in terms of number of beneficiaries supported and financial support allocated. Six calls have been launched so far, one every year since the beginning of the programming period (2007)⁴⁵. The objective of this Measure is to ensure that farming is still pursued in 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. This Measure therefore aims to minimise land abandonment.

⁴⁵ The seventh call was launched in 2013, between 18th March and 15th May 2013.

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 and Gozo. Farmers receiving support commit to farm the area in respect of which compensatory payment is granted for a minimum of five years.



Figure 27 – Typical Maltese terraced fields

The wide coverage of the Measure is expected to help farmers in maintaining and developing their businesses, and to mitigate the problems deriving from undercapitalisation. Furthermore, together with other agricultural direct payments the Measure contributes to sustaining the rural landscape. The possibility of submitting online payment claims is available now for all LFA applicants. However this method is not common among farmers. Therefore, the PA sends a pre-filled payment claim to the beneficiaries who did not fill the online application in the first month open for submission. By sending these claims, that only need to be signed, to the beneficiaries by post, the application process has been simplified significantly. Simplification of the application process has been carried out by PA through registering each parcel and commitment, which allows the pre-filling of payment claims from the registry and also eases the cross-check of parcels submitted for support. The new system was introduced in 2011, and became fully functioning in 2012.

Until the end of December 2012, a total of six 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 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 6,301 applications were received, out of which, 524 were new applications. Out of the 524 new applicants, 461 were deemed eligible, committed and paid. The total number of beneficiaries committed was 6,059. New commitments cover an area of 373.9736ha while the total area committed is 8636.2309ha.

The 6th call was launched between 14th March and 14th May 2012. Following this call for applications 6,367 applications were received, out of which 287 were new applications⁴⁶. Out of these 287 new applications, 245 were deemed eligible, committed and eventually paid. The total number of beneficiaries paid in 2012

⁴⁶ In actual fact, 3018 new commitments were registered in 2012. However, 2731 of these were beneficiaries whose 5 year commitment had expired and was then renewed in 2012. The remaining 287 were new beneficiaries.

was 6,002: this includes 401 beneficiaries from the 2011 campaign which were paid in 2012, following controls carried out by the Control Unit. 5,601 beneficiaries from the 2012 campaign were paid in 2012. New commitments cover an area of 289.36ha while the total area committed was 8546.73ha.

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%. As at end 2012, €14,051,062 were contracted. The total disbursements amounted to €12,045,517, with an EAFRD contribution of €9,636,413.

For Measure 212, the total amount claimed in 2011 was €2,915,314. Following controls, €2,860,919 were paid, with an EAFRD contribution of €2,288,735.

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 (EU) No. 65/2011.

The total number of on-the-spot checks carried out on eligible applications received during the call for payment claims for the year 2012 were 387, selected on the basis of a 6.5% sample in accordance with article 12 of Commission Regulation (EU) No. 65/2011. The control sample was controlled through rapid field visits and photo interpretation of 2012 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 [€]
- 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 ML1 and GZ1
- Selected in previous year and had no anomalies

The inspections were conducted between the 1st of August and the 30th October 2012.

The findings following these control inspections are as follows:

| Outcome | Number of farmers | % of farmers |
|-----------------|--------------------------|---------------------|
| No discrepancy | 341 | 88.11% |
| 0 – 3 % | 7 | 1.8% |
| 3 – 20% | 27 | 6.97% |
| > 20% | 7 | 1.8% |
| > 50% | 5 | 1.29% |
| Other anomalies | 0 | 0 |

Table 28 – Findings from M212 On the Spot Checks

The following calculations were carried out in line with the requirements outlined in Working Document DS/2009/27, 'On Increase in the Percentages of Area Aid Applications to be checked where Significant Irregularities are Found'.

| | |
|--------------------------------------|------------|
| Total area declared in Risk Sample: | 1443.22 ha |
| Total area found in Risk Sample: | 1429.73 ha |
| Total area not found in Risk Sample: | 13.49 ha |
| % area not found in Risk Sample: | 0.94% |

| | |
|--|-----------|
| Total area declared in Random Sample: | 116.53 ha |
| Total area found in Random Sample: | 116.13 ha |
| Total area not found in Random Sample: | 0.4 ha |
| % area not found in Random Sample: | 0.34% |

Random + Risk / 2 = 0.64% area not found

In 2011, the area not found for the LFA measure was of 1.28%, therefore there was a decrease of 0.64%, with the percentage in the risk based sample being higher than in the random sample, indicating that the risk analysis criteria used in 2012 were effective.

As at end 2012, indicator values were as follows:

| | Indicator | Target | Value | Execution Rate |
|--------|---|---|---------|----------------|
| Output | Agricultural land area supported in areas with handicaps, other than mountain areas | 8,500ha | 8,547ha | 101% |
| Output | No. of supported holdings in areas with handicaps, other than mountain areas | 6,000 | 6,002 | 100% |
| Result | Area under successful land management contributing to: | | | |
| | (a) bio diversity | n/a ⁴⁷ | n/a | n/a |
| | (b) water quality | n/a ⁴⁸ | n/a | n/a |
| | (c) climate change | n/a ⁴⁹ | n/a | n/a |
| | (d) soil quality | n/a ⁵⁰ | n/a | n/a |
| | (e) avoidance of marginalisation and land abandonment | 8,075ha | 8,547ha | 106% |
| Impact | Change in trend in biodiversity decline | n/a ⁵¹ | n/a | n/a |
| Impact | Decline in rate of land abandonment | no more than 1% increase land abandonment | n/a | n/a |

Table 29 – M212 Indicator values as at end 2012

| | Indicator | 2011 | | 2012 | |
|--------|---|---------|----------------|----------|----------------|
| | | Value | Execution Rate | Value | Execution Rate |
| Output | Agricultural land area supported in areas with handicaps, other than mountain areas | 8,633ha | 102% | 8,547 ha | 101% |
| Output | No. of supported holdings in areas with handicaps, other than mountain areas | 6069 | 101% | 6,002 | 100% |
| Result | Area under successful land management contributing to: | | | | |
| | (a) bio diversity | n/a | n/a | n/a | n/a |
| | (b) water quality | n/a | n/a | n/a | n/a |
| | (c) climate change | n/a | n/a | n/a | n/a |
| | (d) soil quality | n/a | n/a | n/a | n/a |
| | (e) avoidance of marginalisation and land abandonment | 8,633ha | 107% | 8,547ha | 106% |
| Impact | Change in trend in biodiversity decline | n/a | n/a | n/a | n/a |
| Impact | Decline in rate of land abandonment | n/a | n/a | n/a | n/a |

Table 30 – M212 Indicator values end 2011 vs. end 2012

⁴⁷ The update of the indicator target is going to be part of the next programme modification.

⁴⁸ The update of the indicator target is going to be part of the next programme modification.

⁴⁹ The update of the indicator target is going to be part of the next programme modification.

⁵⁰ The update of the indicator target is going to be part of the next programme modification.

⁵¹ The update of the indicator target is going to be part of the next programme modification.

Result and impact indicators will be updated over the course of 2013 following more in depth beneficiary studies by the ongoing evaluators engaged by the Managing Authority.

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.

Applications for the fourth call were received between 13th June and 30th September 2011, for Measure 214, Sub-Measures 1 to 9. A total of 228 new applications were received for a total area of 181.6321ha. The total number of payment claims received for 2011 under Measure 214 was of 2,238 claims for the total area of 1,566.349ha and a request of €962,465. Following controls, €941,469 were paid, with an EAFRD contribution of €753,175.



Figure 28 – The Maltese Ox, *Baqra Maltija*, a critically endangered indigenous breed and in need of conservation

Applications following the 5th call for applications were received between 14th March and 14th May 2012. A total of 145 new applications were received in 2012, for a total new area of 1,188.64ha. The total number of payment claims received for 2012 under Measure 214 was of 2,664 claims for the total area of 2,035.51ha and a request of €1,312,642. Following controls, €1,247,179 were paid, with an EAFRD contribution of €997,773. As at end 2012, €6,875,000 were contracted with €4,656,291 with an EAFRD contribution of €3,725,033.

Table 24 below shows a low uptake of a number of sub-measures, mainly AEMs 2, 5 and 8. This can be attributed to the fact that the commitment levels which the beneficiary has to adhere to is too high compared to the low aid provided.

Similar to what was observed for Measure 132, which is related to quality schemes, mainly organic farming, the uptake of AEM 8 was also low. This further reflects the reluctance towards organic farming by the local farming community stemming 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, due to contamination from neighbouring land parcels which are not organic.

The uptake of the combined Sub-measures (Packages) was rather poor possibly due to the fact that the payment rate when combining Sub-measures is less than if applied separately. This low take-up is expected to translate into a limited positive impact on the measure given that payments are calculated on cost incurred and income foregone, meaning such costs cannot be financed twice. The MA sought to increase the uptake of this Measure through better publicity. 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. A business breakfast was organised prior to the launch of the Payment Claim Campaign and several Information Sessions were also held around the Island. Uptake of this Measure has remained fairly low, however, the values for output indicators have increased, as can be seen in the tables below.

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 2012 | 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 2012 | Total Area (ha) Committed by sub-Measure as at end 2012 | Total Amount (€) Requested by all applicants as at end 2012 | Total Amount (€) Requested after Controls as at end 2012 |
|-----------------|---|---|--|--|--|---|---|--|
| 1 | Use of environmentally friendly plant protection products in vineyards | 1 | 0.24 | 168.13 | 25 | 17.70 | 10,939.71 | 9,160.86 |
| 2 | Traditional cultivation of sulla through crop rotation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | Low input farming | 115 | 944.95 | 653,866.85 | 1652 | 1,465.99 | 958,133.29 | 936,543.51 |
| 4 | Suppression of use of herbicides in vineyards and fruit orchards | 16 | 176.74 | 105,751.74 | 524 | 309.36 | 185,877.77 | 172,073.94 |
| 5 | Establishment and maintenance of conservation buffer strips | 0 | 0 | 0 | 9 | 2.98 | 1,626.21 | 1,303.01 |
| 6 | Conservation of rural structures providing a natural habitat for fauna and flora | 5 | 44.42 | 24,315.36 | 183 | 111.42 | 60,386.34 | 58,554.94 |
| 7 | Provision of healthy forage area for bees | 1 | 2.87 | 1,230.99 | 59 | 25.19 | 10,800.83 | 10,454.24 |
| 8 | Organic farming | 0 | 0 | 0 | 0 | 0 | 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 | 0 | 1 | 10.2 | 11,142.00 | 11,142.00 |
| 9.2 | Conservation of endangered plant species | 1 | 0.20 | 71.88 | 120 | 59.34 | 18,480.93 | 17,835.12 |
| Pak 1 (AEM 2&3) | Support for traditional cultivation of sulla through crop rotation and Support for low input farming | 0 | 0 | 0 | 1 | 0.19 | 105.16 | 38.08 |
| 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 | 6 | 19.22 | 24,595.06 | 90 | 43.33 | 54,065.77 | 49,422.37 |

Table 31: The nine sub-Measures for Measure 214

On-the-Spot Control 2012

The controls were carried out to ensure effective verification of compliance with the terms specified in Commission Regulations (EU) 65/2011 and 1122/2009.

The Control Unit conducted on-the-spot checks on applications submitted under the M214 in accordance with Article 12 of Commission Regulations (EU) 65/2011.

The total number of on-the-spot checks carried out on eligible applications received in the period 14th March and 15th May 2012, were 169 selected on the basis of 7.5% random/risk sample in accordance with Article 12 of Commission Regulations (EU) 65/2011. The control sample was controlled through on-the-spot checks and area updated through 2012 VHR images measured by CAPI. Those beneficiaries selected under the M214 sample had all the applications relating to M214 checks. This means that if beneficiary X was selected and he/she has applied for more than one AEM, the Control Unit checked all the AEM's the beneficiary applied for.

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 [€]. Total amount of claims including M214
- Sanction in previous year [%]. Add points together for every measure if any M214
- Number of Agri-Environmental Measures applied for
- Total area claimed (ha). The highest area claimed from M214
- Total number of parcels claimed for M214
- Type of AEM applied for (Farmers having AEM 1 or AEM2 or AEM 5 or AEM 7 or Pack 1 are given 10 points. Farmers having AEM 3 or AEM 8 or AEM 9 are given 15 points. Farmers having AEM 4 or AEM 6 or Pack 2 are given 20. Farmers having more than one of the above mentioned are to be given the maximum points i.e. 20 points)
- Number of parcel with area close to 1tu (eligible area for M214 between 1124 – 1700)
- Age group of the farmer (years)
- First application
- Farmers having parcels claimed for M214 in zones ML1 and GZ1
- Selected in previous year and had no anomalies

The applicants selected for control in accordance with Article 31 of Commission Regulation (EC) 1122/2009 are found in the report with extraction simulation ID. 120.

The inspections were conducted between the 1st of August and the 30th of October 2012.

Findings

| Outcome | Number of farmers with anomalies | % of farmers with anomalies |
|------------------|----------------------------------|-----------------------------|
| No discrepancy | 133 | 78.69 |
| 0 – 3 % | 3 | 1.77 |
| 3 – 20% | 9 | 5.32 |
| > 20% | 11 | 6.50 |
| >50% | 5 | 2.95 |
| Other anomalies* | 8 | 4.73 |

Table 32 – Findings from M214 On the Spot Checks

*Administrative anomalies

Random Sample

| | |
|-----------------------|------------|
| Total area declared: | 20.224 ha |
| Total area found: | 19.0334 ha |
| Total area not found: | 1.196 ha |
| % area not found: | 6.25% |

Risk Sample

| | |
|-----------------------|-------------|
| Total area declared: | 205.1836 ha |
| Total area found: | 195.0066 ha |
| Total area not found: | 10.177 ha |
| % area not found: | 5.21% |

Random + Risk/2 = 5.73% area not found

From 2011 there was a relative rise in the percentage of area not found: from 3.04% in 2011 to 5.73% in 2012. The Control rate for 2013 will be 1, i.e. 50 times more than that of 2012. This means that there will be a larger representation of applicants selected for Controls in 2013. Considering that the area not found in the random sample is larger than that in the risk based sample the zone of selection will be shifted to zone 2 for both Malta and Gozo, in order to cover a more dense agricultural area.

Malta has already worked on the identification of root causes for errors and taken a number of actions in order to minimise this error rate. Two Bilateral Meetings were held between Malta and the Commission, in June and September 2012 in which Malta's plan to reduce error rates was discussed.

The sub-measure with the highest number of reported breaches in 2011 were AEM6 which encompass 38% of the total breaches, AEM 9 covering 28% of the infringements and AEM 7 which includes 18% of the infractions. These 3 measures which together cover 84% of the infringements result from 17% of the total sub-measures.

The following actions were/are being taken in order to decrease error rates related to M214:

- Since the increase in error rate was attributed to Agri-Environmental Measures, the Maltese authorities have reminded all M214 beneficiaries of their obligations by sending an SMS and a personalised letter, over the month of August 2012.

- A call for expression of interest was launched on the 14th of August 2012, closing on the 14th September 2012 under M111. Through this Measure, approximately 400 farmers who are contracted for a multiannual commitment under AEMs 5, 6, 7, 8 and 9 will be provided with one to one training sessions on their farm.
- Applicants committed for AEM9 are obliged to submit to the Paying Agency a certificate (*Registration of Tree Species at Risk of Erosion*) issued by the Plant Health Directorate. On registration the applicant should present mapping sheets of the parcel/s concerned indicating the location of the tree. These mapping sheets were identified as a source of error and therefore a reviewing process of this documentation was initiated. This aims to verify that the location and the type of trees registered in the register are correct. The verified information is being captured in the Paying Agency IT system in GIS format.
- The sanction system applicable to article 18 of Regulation 1975/2005 was revised in 2010 following an audit from Directorate J. The reductions made are based upon the severity, extent and permanence of the non-respect found. This will be calculated through a reduction of 5%, 15%, 30% or 100%. These percentages will be determined by the severity, extent and permanence of the infringement and non compliance found at that particular year. Breached of the main requirement for each measure shall carry a weighting of 100. For infringements where the average level of severity and extent and permanence is more than 50, the application for that claim year shall not be paid.

Non Compliance will be considered intentional:

- when any repetitive non compliance for three times is made throughout the contractual period that has resulted in infringements;
- when there is a non compliance in all the obligations;
- whenever (with relevance to Article 2), there is an infringement pertaining to both Axis 2 measure obligations as well as the infringements set out in the Cross Compliance, which will invoke expulsion from that particular measure;
- whenever a beneficiary makes a false declaration as per Article 31(2) EC 1975/2006.

As at end 2012, indicator values were as follows:

| | Indicator | Target | Value | Execution Rate |
|--------|---|-------------------|---------|----------------|
| Output | Number of farm holdings supported | 2,241 | 2,670 | 119% |
| Output | Total area under agri-environment support (ha) | 7,794 | 2,052.6 | 26% |
| Output | Total number of contracts | 2,298 | 7,510 | 327% |
| Output | Physical area under agri-environment support (ha) | 3,897 | 2,042.4 | 52% |
| Result | Areas under successful land management contributing to: | 293 | 220.7 | 75% |
| | (a) biodiversity (ha) | | | |
| | (b) water quality (ha) | 1,589 | 1469.0 | 92.4% |
| | (c) climate change (ha) | n/a ⁵² | n/a | n/a |
| | (d) soil quality (ha) | 3,148 | 352.7 | 11.2% |
| | (e) avoidance of marginalisation and land abandonment | 3,927 | n/a | n/a |
| Impact | Reversal in biodiversity decline (farmland bird species population) | 100 | * | n/a |
| Impact | Change in high nature value areas | 100 | * | n/a |
| Impact | Changes in gross nutrient balance | <5% | * | n/a |
| Impact | Contribution to combating climate change – Increase in production of renewable energy | 80 kg N/ha | * | n/a |

Table 33 – M214 Indicator values as at end 2012

* According to the Mid-Term Evaluation, the measurement and behaviour of these indicators, both in terms of the baseline as well as the impact during the duration of the Programme is fought with uncertainty

| | Indicator | Target | Value |
|--------|---|--|--------|
| Output | Physical area under organic farming | 30 ha | 6.8 ha |
| Output | Number of contracts related to maintenance of endangered breeds and varieties | 32 | 559 |
| Output | Number of conservation projects related to genetic resources | 7 | 0 |
| Impact | Contribution to combating climate change – trough soil and tree planting | Trough increasing soil organic matter and carbon sink capacity | n/a |

Table 34 – M214 Indicator values as at end 2012

⁵² The update of the indicator target is going to be part of the next programme modification.

| | Indicator | 2011 | | 2012 | |
|--------|---|-------|----------------|---------|----------------|
| | | Value | Execution Rate | Value | Execution Rate |
| Output | Number of farm holdings supported | 2,530 | 113% | 2,670 | 119% |
| Output | Total area under agri-environment support (ha) | 1831 | 24% | 2,052.6 | 26% |
| Output | Total number of contracts | 6,838 | 298% | 7,510 | 327% |
| Output | Physical area under agri-environment support (ha) | 1822 | 47% | 2,042.4 | 52% |
| Result | Areas under successful land management contributing to: | | | | |
| | (a) biodiversity (ha) | 243 | 83% | 220.7 | 75% |
| | (b) water quality (ha) | 1016 | n/a | 1469.0 | 92.4% |
| | (c) climate change (ha) | n/a | n/a | n/a | n/a |
| | (d) soil quality (ha) | 307 | n/a | 352.7 | 11.2% |
| | (e) avoidance of marginalisation and land abandonment | n/a | n/a | n/a | n/a |
| Impact | Reversal in biodiversity decline (farmland bird species population) | * | n/a | * | n/a |
| Impact | Change in high nature value areas | * | n/a | * | n/a |
| Impact | Changes in gross nutrient balance | * | n/a | * | n/a |
| Impact | Contribution to combating climate change – Increase in production of renewable energy | * | n/a | * | n/a |

Table 35 – M214 Indicator values end 2011 vs. end 2012

The figures above indicate that this Measure was successful in contracting a large number of farmers. According to the indicator 'Number of farm holdings supported' as at end 2012, an execution rate exceeding 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. In fact, the output indicator 'Total area under agri-environment support' only covered 26% while 'Physical area under agri-environment support' amounted to 52%. The output indicator 'Physical area under agri-environment support' exceeded the target and reached 327%, reflecting the particular context of the Maltese agricultural sector.

As can be seen from Table 27 above, the indicator values are similar to those obtained in 2011. There was in fact a slight increase in each of the indicator values. This slight increase can be attributed to the number of applications received. In fact, the number of new applications and the number of payments made in 2012 have increased when compared to 2011.

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 imported varieties of livestock and plants which has contributed to an element of disregard of several local species and varieties in favour of 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 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. The scope of the project under Measure 214 (10) project must be targeted towards the conservation of genetic resources in plant species and/or livestock breeds and **the raising of awareness through targeted educational campaigns**. 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.

The aid intensity for this Sub-Measure is 100% and the sum of €2,500,000 has been allocated to it. This Measure was launched on 3rd October 2011 and the application period closed on 2nd December 2011. A total of 5 applications were received. The selection process for this call was completed in 2012 and the preliminary results were issued in January 2013. One beneficiary will be contracted following this call for applications; **the other applications were deemed ineligible or the beneficiary decided to withdraw the application.**

The 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 **eligible** actions:

1. 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.
2. 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.
3. Accompanying actions: information, dissemination and advisory actions involving nongovernmental organisations and other relevant stakeholders, training courses and the preparation of technical reports.

Eligible investments supported under this Measure include the engagement of personnel for the management and implementation of conservation projects; infrastructural and equipment costs; experts fees and costs of training personnel, which training must be directly applicable to the project being proposed; and production of information and dissemination material costs, including databases and websites.

The selected applicant was the Plant Health Directorate within the MRRRA. The project is entitled 'The Study and Sustainable Conservation of Varieties of Local Plants' and aims to conserve a number of local plants and reduce genetic erosion through their conservation. . These plants need to be conserved in order to reverse their decline which would eventually lead to their extinction from the Maltese Islands. This project shall complement the current EU and pan European targets in halting the loss of

biodiversity and complement the work to be undertaken by Malta as part of its membership in Biodiversity International.

This measure will finance the establishment and landscaping of an ex-situ habitat for cultivated and wild species targeted by this project. Funding has also been sought to finance technical expertise such as scientists, gardeners, agronomists, technicians and botanical managers. Funding will be channelled towards theoretical and hands on training on conservation methods, sanitation, seed sampling and seed quality testing. . This project will also include the purchase of interactive boards, information panels and design and printing of leaflets, posters, panels and booklets which will be used for promotional, awareness and educational purposes.

Other important investments include the purchase of a water purification system, health and safety equipment, reverse osmosis system, the upgrade of a computerised plant growth room and computerised thermotherapy room and the construction of a water reservoir. Other main investments shall include the setting up of a laboratory, visitor's centre and germination chamber, together with the purchase of lab equipment. One of the main scopes of this project is to disseminate information and educate the general public on the importance of conserving endangered species and this can be achieved through the visitors' centre, guided tours, interactive boards and printed material. Seminars, trainings and other information sessions will be an integral part of this project.

Preliminary results were issued in 2013 therefore there were no contracts signed and no disbursements made in 2012.

The Plant Health Directorate within the MRA will benefit from funding under this Measure. The project is entitled 'The Study and Sustainable Conservation of Varieties of Local Plants' and aims to conserve a number of local plant species and varieties which are under high threat of extinction. Therefore this project aims to reduce their genetic erosion through conservation and protection of their habitats. Through this project, the Plant Health Directorate aims to increase the public awareness on the valuable genetic resources of the Maltese Islands.



Figure 29 – Artist's impression of the public garden, part of this conservation project

Part of the gardens which are not being utilised by the Plant Health Directorate at the Plant Biotechnology centre will be developed into a public garden which will include several indigenous plant species, some of which are at the risk of extinction. The project will include a visitors' centre, laboratory and conference centre.

This development will be financed under the following types of action:

1. Costs of training personnel (directly applicable to the project being proposed);
2. Expert fees;
3. Infrastructure and equipment;
4. Personnel engaged in the management and implementation of conservation projects;
5. Production of information / dissemination material, including databases and websites.

Preliminary results were issued in 2013 therefore there were no contracts signed and no disbursements were made in 2012.

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 locals and tourists alike. 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, 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 aims to enhance entrepreneurial activities, increase diversification, growth and employment in rural areas, contributing to a better territorial balance.

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.

Two calls for Measure 313 were issued, one in 2009 issued centrally by the MA and one in 2011, which was issued by the three Local Action Groups.

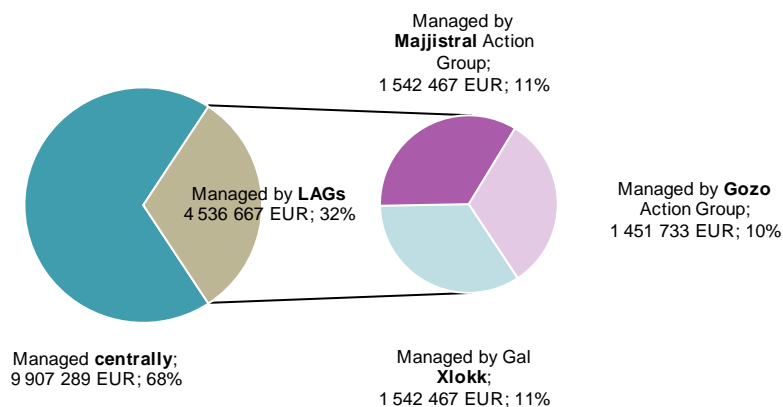


Figure 30 – Distribution of budget for M313

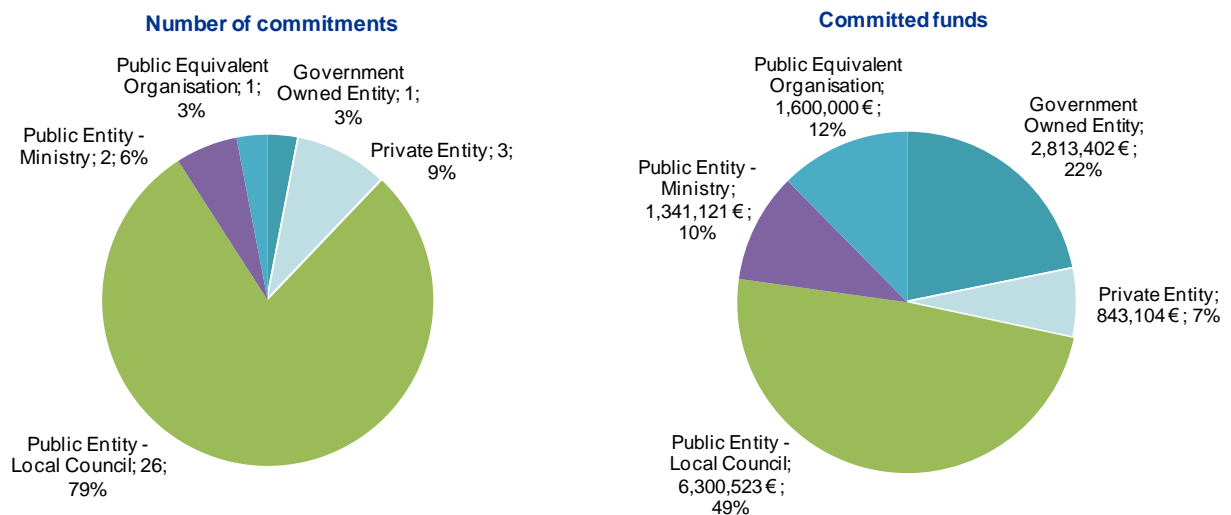


Figure 31 – Distribution of commitments between private and public entities

First Call – 2009

Projects financed under Measure 313 aim to build upon the rural dimension and the physical setting in which the operations are taking place.

Measure 313 was launched in February 2009 with the call closing in May 2009. The total public expenditure allocated for this Measure was €11,536,667 and the allocation for this call was set at €7,000,000.



Figure 32 – Ta' Lanciritka in Għargħur, area will be restored and cleaned using funds from Measure 313

45 applications were received following this call, with 8 being contracted in 2010. Another 16 were eligible but were placed on the reserve list. The remaining 21 were not eligible. In 2010, a Programme modification was carried out whereby €2,907,288.76 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 Commission Services on 31st March 2011. This transfer of funds enabled the PA to contract those projects which had been placed on the reserve list following completion of the project selection process. Out of the 16 eligible on the reserve list, 14 were contracted in March 2011 while 2 eligible applicants withdrew their projects before they were 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 2012.

Out of the 20 beneficiaries benefiting under Measure 313, 15 are Local Councils, covering an area of 101.02km² and a total population of 83,122. Out of these Local Councils, 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).

Projects under this Measure have progressed well in 2012. All planning permits have been issued and most tenders have been adjudicated, save for some minor ones related to finishings. Most projects have progressed considerably in 2012 and some are close to finalisation. The majority of projects are expected to be finalised by end 2013.

One of the projects which is at an advanced stage of completion is being implemented by Mqabba Local Council. Through this project, this Local Council upgraded *Pjazza Ġubilew tad-Djamanti*, as part of the Mqabba Heritage Trail. The project included placing of signposts and interpretation panels, printing materials and development of a website which can be accessed on <http://heritageimqabba.com/>.



Figure 33 – Works at Mqabba close to finalization



Figure 34 – Works at Mqabba are at an advanced stage of completion

The amount contracted under this measure is of €14,030,338. This amount includes the allocation contracted to the three LAGs since the amounts were included in the contract signed between the PA and LAGs. Until the end of 2012, €7,112,855 of Public funds were disbursed, with an EAFRD contribution of €5,334,641.



Figure 35 – Ta' Blankas Olive Grove, Xewkija, before and after



Figure 36 – Passageway and street furniture in the Xlendi area, project by Munxar Local Council



Figure 37 – Paving works along Qrendi promenade



Figure 38 – Rehabilitation of Ġibjun Gardens, Żurrieq

Second Call – 2011

The three LAGs issued a call for applications between March and 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 evaluated these applications in 2012 and contracts were drawn as follows: four beneficiaries from the Xlokk region⁵³ and six beneficiaries from the Gozo region⁵⁴.



Figure 39 – Recreational park in Ghaxaq, financed through Measure 313 issued by GAL Xlokk

The amount of funds disbursed under this Measure is projected to increase significantly in 2013 since most projects will be nearing completion. Also, since contracts with the beneficiaries contracted through the LAGs were signed late in 2012 and early 2013, more disbursements are expected in 2013.



Figure 40 – Walkways in Żejtun, financed through M313 issued by GAL Xlokk

⁵³ Another two beneficiaries from this region were contracted in the first quarter of 2013.

⁵⁴ One contract was signed with a beneficiary from the Majjistral region in the first quarter of 2013.



Figure 41 – This project in Marsascala, financed through M313 issued by GAL Xlokk, will transform the currently dilapidated park pictured above into a modern leisure park which includes an adventure zone, kids area, fitness trail and gym area.

Local Councils usually lack financial resources and such projects could not have been implemented without EAFRD financing. This Measure has been successful in reaching its objectives, especially in generating touristic potential, while improving the rural landscape, enhancing of the value of localities, generate revenue for the localities and local businesses (e.g. food, beverages, local products) through increased number of tourists. The connection between Measures 313 and 323 has been strong, given that tourism, as a key source of living for many people in Malta. 8 of the 26 projects implemented by Local Councils are integrated projects, as they received funding from both M313 and M323. Selection criteria of the Measure rewarded this integrated approach with extra 12% (3% per actions, for a maximum of 4 actions). Typical integrated projects aim at embellishing rural localities and developing heritage trails.

As at end 2012, indicator values were as follows:

| | Indicator | Target | Value | Execution Rate |
|--------|--|--------------------------------|-----------------------|----------------|
| Output | Number of new tourism actions supported | 24 | 52 | 217% |
| Output | Total volume of investment | €28,900,000 | €11,234,660 | 39% |
| Result | Increase in non-agricultural gross value added in supported businesses | n/a ⁵⁵ | n/a | n/a |
| Result | Gross number of jobs created | 150 ⁵⁶ | 19 ⁵⁷ | 13% |
| Result | Additional number of tourist visits | 24,800 | 123,208 ⁵⁸ | 497% |
| Impact | Net additional value added expressed in PPS | PPS 5,700,000 ⁵⁹ | n/a | n/a |
| Impact | Net additional full-time equivalent jobs created | 116 ⁶⁰ | 19 ⁶¹ | 16% |

Table 36 – M313 Indicator values as at end 2012

| | Indicator | 2011 | | 2012 | |
|--------|--|-------|----------------|-----------------------|----------------|
| | | Value | Execution Rate | Value | Execution Rate |
| Output | Number of new tourism actions supported | 22 | 92% | 52 | 217% |
| Output | Total volume of investment | €9.7 | 34% | €11,234,660 | 39% |
| Result | Increase in non-agricultural gross value added in supported businesses | n/a | n/a | n/a | n/a |
| Result | Gross number of jobs created | n/a | n/a | 19 ⁶² | 13% |
| Result | Additional number of tourist visits | n/a | n/a | 123,208 ⁶³ | 497% |
| Impact | Net additional value added expressed in PPS | n/a | n/a | n/a | n/a |
| Impact | Net additional full-time equivalent jobs created | n/a | n/a | 19 ⁶⁴ | 16% |

Table 37 – M313 Indicator values end 2011 vs. end 2012

Table 29 shows the progress made over the year 2012. The ‘Number of new tourism actions supported’ increased, with the execution rate increasing to 217%. The ‘Total volume of investment’ also increased from 34% to 39%. These figures are expected to increase moderately throughout 2013, once more beneficiaries are contracted through the Local Action Groups.

Despite the very good response and uptake of Measure 313, there are still unutilised funds amounting to €545,017.70. On the other hand, demand for M121 following the second call which took place in 2011,

⁵⁵ The update of the indicator target is going to be part of the next programme modification.

⁵⁶ The update of the indicator target is going to be part of the next programme modification.

⁵⁷ Calculated as the extrapolation of survey responses based on the amount of grants received

⁵⁸ Calculated as the extrapolation of survey responses based on the amount of grants received, assuming 125 days of full capacity (accounting for off-season, off-days and maintenance)

⁵⁹ The update of the indicator target is going to be part of the next programme modification.

⁶⁰ The update of the indicator target is going to be part of the next programme modification.

⁶¹ Netted out by accounting for deadweight (beneficiary survey), employment multiplication (input-output-analysis) and double counting (PAMS)

⁶² Calculated as the extrapolation of survey responses based on the amount of grants received

⁶³ Calculated as the extrapolation of survey responses based on the amount of grants received, assuming 125 days of full capacity (accounting for off-season, off-days and maintenance)

⁶⁴ Netted out by accounting for deadweight (beneficiary survey), employment multiplication (input-output-analysis) and double counting (PAMS)

exceeds the budget allocated. Therefore, in order to decrease the risk of unutilised funds, the MA is proposing to transfer these funds from M313 to M121.

The nature and composition of M313 projects are the major reason for the low performance in the field of job creation. As a significant share of the projects is not expected to generate income for the project owner, the job creation potential is also more limited than previously expected. For example projects enhancing the rural landscape and its touristic potential (such as walking routes and public leisure park) are not likely to generate direct income and jobs in the middle and long run. Such projects will probably attract inland and foreign tourists, and thus can have indirect economic effects.

Targets will be revised as part of the 5th Modification to the Maltese RDP, to show a more balanced picture. With respect to 'Additional number of tourist visits', the values presented in Table 36 above are estimates, extrapolated from surveys carried out by the ongoing evaluators. Given the relatively narrow base of survey answers and the fact that most of the projects are still in the phase implementation, the figures might need to be updated in the near future to give a more accurate picture.

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. The ultimate aim is to make rural areas more attractive, both to live in 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 Natura2000 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.



Figure 42 – Works at *Pjazza Żjara tal-Madonna*, Għarb

Applications for Measure 323 were received between February and May 2009. The allocation for the Measure was set at €21,000,000 but was subsequently reduced to €18,092,711. Following a Programme amendment whereby €2,907,288 were transferred from this Measure 323 to Measure 313. This was done since the key objectives were achieved through the projects contracted under this Measure.

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.



Figure 43 – Restoration of flour mill, M323 project by Munxar Local Council

As at end December 2012, the total number of contracted beneficiaries amounted to 16: one of the beneficiaries withdrew its contract in 2011. The total amount contracted as at end of 2012 amounted to €15,868,902. This amount is significantly lower than the amount which was contracted as at end 2011 since one of the beneficiaries withdrew its contract while another beneficiary made considerable savings after its tender was adjudicated at a much lower amount than initially forecasted: the originally estimated cost of €3,500,000 (calculated on market rates of similar services) was finalised at €1,276,200. This large degree of variance was due to the fact that the service was unprecedented both in scope and nature in Malta. As at end 2012, a total of € 9,428,573 were disbursed, with an EAFRD contribution of €7,071,430.



Figure 44 – Walkway in Żurrieq leading towards a chapel, project financed through Measures 313 and 323

Projects 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 which are implementing projects in various localities around the Maltese Islands.

All 16 projects committed as at end 2012 will be implemented by public sector organisations. 12 projects belong to Local Councils (39% of the budget), two projects are implemented by ministries (restoration of Buskett farm houses, Salini rehabilitation project), one by Heritage Malta (restoration of Roman baths and Christian catacombs) and one by Wasteserv. Typical projects implemented under this Measure, apart from the MEPA project drawing up of studies and plans for Natura 2000 sites and other areas of high natural value, were the development of leisure and historic parks, restoration and upgrading of rural heritage.

This project kicked off in the 4th quarter of 2012 due to some delays in the procurement process. The aim of this project is to draw up management plans and legislative frameworks for all 34 terrestrial Natura 2000 sites in the Maltese Islands. The project was formally launched by the beneficiary, MEPA, at a press conference held on 9th January 2013. The preparation of management plans emanates from a legal requirement to prepare conservation measures for protected sites under the Environment and Development Planning Act, as transposed from the EU's Habitat's Directive (Council Directive 92/43/EEC).

The final draft management plans will be delivered by the contractor to MEPA in the 4th quarter of 2013. Also, throughout 2013, the Natura 2000 team will be organising several exhibitions in collaboration with various Local Councils in Malta and Gozo. These events will include public discussions and interactive displays that will encourage participants to put forward their views and comments on the Natura 2000 sites within their locality. An informative website⁶⁵ and Facebook page have also been set up, in order to disseminate information and continuously update the general public. Such communication activities are important since the involvement of stakeholders, including conservation experts, landowners, residents, businesses, local councils, community and environmental

⁶⁵ The website can be accessed on: <http://natura2000malta.com/>

groups is essential in the management planning process to ensure that the management plans are appropriate to each site and can be successfully implemented.

Most progress with respect to actions linked to the natural rural heritage will therefore be registered in 2013.

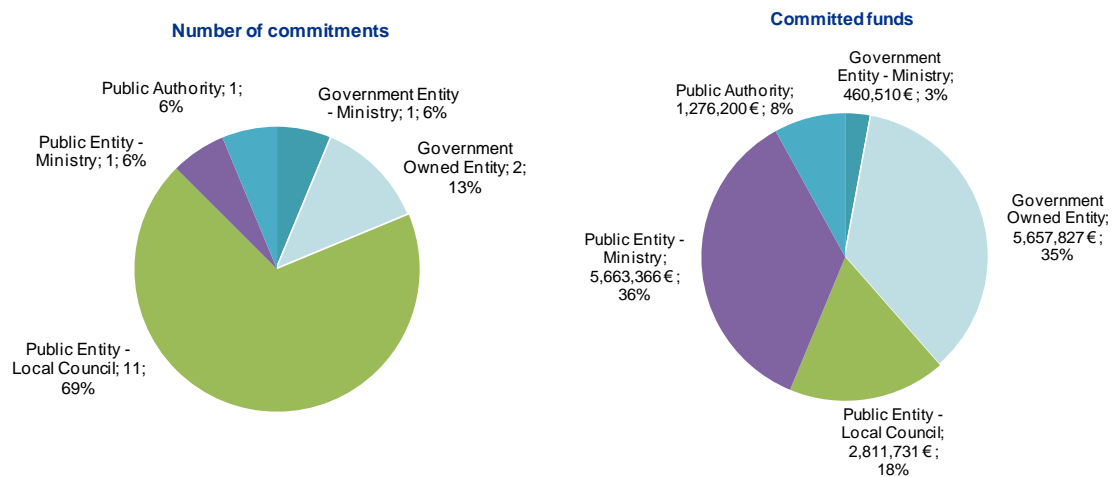


Figure 45 – Distribution of commitments under Measure 323

Several beneficiaries under this Measure are also contracted under Measure 313 with different aspects of the projects receiving funding from either of the two Measures. Therefore, these two Axis 3 Measures are progressing in parallel to each other. Most Measure 323 projects progressed in terms of planning permits and procurement of tenders. All beneficiaries under Measure 323 are public entities and therefore are all bound by public procurement regulations. Progress has been reported throughout 2012, with a number of projects close to completion.



Figure 46 – Restoration works at Razzett tal-Bagħal, Buskett, financed through Measure 323

The project being implemented by Mellieħa Local Council, which is at an advanced stage of completion, has tapped funds from both Measures 313 and 323. This project consists of the restoration and conservation of four farmhouses, two other agricultural structures, military WW2 structures and rubble

walls. It also includes the setting up of an information centre, improvement of access roads, the placing of sign posts, the development of a website, project management, studies and plans related to works and publicity. More information about this project can be found on the website: [http://www.selmun-
imgiebah.org.mt/](http://www.selmun-imgiebah.org.mt/)



Figure 47 – Restoration of farmhouses along the Selmun-Imġiebaħ Heritage trail, project implemented by Mellieħa Local Council

The project by WasteServ Malta Ltd also tapped funds from both Measures 313 and 323 and ERDF. This project was finalised in the first quarter of 2013 and officially inaugurated in February 2013. The area was previously unutilised, abandoned land and has now been transformed into a large family park which includes rock climbing facilities, a small football ground, a playing field and a visitors' centre.



Figure 48 – Part of the Marsaskala Family Park, project implemented by WasteServ

Photo Courtesy of DOI



Figure 49 – Children's paying area, part of the Marsaskala Family Park
Photo courtesy of DOI



Figure 50 – Football ground, part of the Marsaskala Family Park
Photo courtesy of DOI

Another major project is being implemented by the Storm Water Unit. This project aims to restore and rehabilitate the Salini salt pans area. The Ximenes Redoubt will be restored to create an interpretation centre. The area is being cleaned and restored as to re-enable the production of salt which was halted a few years back. This area is also ecologically sensitive therefore the environment will benefit through the restoration of this saltmarsh habitat. This project falls under the upgrading of both natural and cultural heritage. Restoration of the salt pans will restart salt production in the area, therefore restoring part of Malta's cultural heritage. It will also restore the natural heritage since part of the project entails the cleaning of salt marshes and garigue in the surrounding areas.



Figure 51 – Restoration of the Ximenes Redoubt and salt pans at Salini

As at end 2012, indicator values were as follows:

| | Indicator | Target | Value | Execution Rate |
|--------|--|-------------------|------------------|----------------|
| Output | Number of rural heritage actions supported | 17 | 23 | 135% |
| Output | Total volume of investment | €17,300,000 | € 19,581,032 | 113% |
| Output | Completed Natura 2000 management plans as a % of total Natura 2000 sites | 100 | 0 ⁶⁶ | 0 |
| Result | Gross number of jobs created | n/a ⁶⁷ | 14 ⁶⁸ | n/a |
| Result | Population in rural areas benefiting from improved services | 257,000 | 192,442 | 75% |
| Impact | Net additional value added expressed in PPS | 1.2% | 0 ⁶⁹ | n/a |
| Impact | Net additional full-time equivalent jobs created | n/a ⁷⁰ | 16 ⁷¹ | n/a |

Table 38 – M323 Indicator values as at end 2012

⁶⁶ Currently in progress

⁶⁷ The update of the indicator target is going to be part of the next programme modification.

⁶⁸ Calculated as the extrapolation of survey responses based on the amount of grants received

⁶⁹ Projects under the measure are non-revenue generating

⁷⁰ The update of the indicator target is going to be part of the next programme modification.

⁷¹ Netted out by accounting for deadweight (beneficiary survey), employment multiplication (input-output-analysis) and double counting (PAMS)

| | Indicator | 2011 | | 2012 | |
|--------|--|--------|----------------|---------|----------------|
| | | Value | Execution Rate | Value | Execution Rate |
| Output | Number of rural heritage actions supported | 23 | 135% | 23 | 135% |
| Output | Total volume of investment | €19.6m | 113% | €19.6m | 113% |
| Output | Completed Natura 2000 management plans as a % of total Natura 2000 sites | n/a | n/a | 0 | 0 |
| Result | Gross number of jobs created | n/a | n/a | 14 | n/a |
| Result | Population in rural areas benefiting from improved services | n/a | n/a | 192,442 | 75% |
| Impact | Net additional value added expressed in PPS | n/a | n/a | 0 | n/a |
| Impact | Net additional full-time equivalent jobs created | n/a | n/a | 16 | n/a |

Table 39 – M323 Indicator values end 2011 vs. end 2012

Despite the very good response and uptake of Measures 323, there are still unutilised funds amounting to €2,223,808. On the other hand, demand for M121 exceeds amount allocated after the second call. In order to decrease the risk of unutilised funds under this Measure, the MA will request a transfer of funds from Measure 323 to Measure 121.

The impacts of the Measure 323 overlap with those of Measure 313, due to the fact that several Measure 323 projects are integrated ones. Due to the limited financial capacity of Local Councils, their projects could not have been carried out without EAFRD financing. Key impacts include the embellishment of rural localities, the improvement of rural landscape, the protection of local flora and fauna (e.g. birds, typical local habitats), the preservation of rural heritage, the increase of the awareness of Maltese rural heritage, and the improvement of the quality of life. The links between Measures 313 and 323 have been strong, given that tourism, as a key source of living for many people in Malta.

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. Through studies carried out under this Measure, a series of activities were carried out: 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. This Measure contributed to the mobilisation of public-private partnerships and to the elaboration of the local development strategies.

Activities under this Measure covered 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 three Local Action Groups contracted are composed of Local Councils in rural areas, economic and social parties, civil society organisations and public entities within a public-private partnership. As at end 2012 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 GAL Xlokk Foundation was founded in 2009 with the participation of 12 Local Councils and 13 private members. Their Local Development Strategy was finalised in December 2010. After the approval of the strategy, there was a one-time chance for the LAG to modify parts of the actions defined in the Local Development Strategy.

The Majjistral Action Group Foundation was set up in 2009 with 14 Local Councils and 21 private partners. Their Local Development Strategy was developed by December 2009. The strategy was modified in 2010 and consequently the actions were revised. Some actions of the original strategy were taken out since they were related to studies and consultancy services and several such studies had been carried out in the past. The MA decided that there was no real need for further studies in the region.

The Gozo Action Group Foundation was launched in August 2008 in order to prepare the local development strategy with the participation of all the Local Councils of Gozo together with 4 private members. 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.

With the progress achieved till now, the Measure has contributed to enhancing the capabilities of the parties involved in developing and implementing local strategies and measures in the context of rural development. The relevance of this Measure is high since the Leader initiative was a new concept in Malta. There was a strong need to support the foundation of the implementation system and to facilitate the successful operation of the LAGs. Information activities, animation and promotional events were crucial to mobilise stakeholders in order to initiate cooperation among the rural actors and to enhance participation by the local residents during the consultations regarding the local development strategy.

The Measure has contributed effectively to the formation of the three Local Action Groups and to the elaboration of Local Development Strategies. Several studies were carried out about the territories, promotional events were organised and managers and staff involved in the development of the strategy were trained. The communication activities about the rural territory and the local development strategy proved to be relatively successful in terms of capacity-building, especially considering that the local population had not been familiar with the Leader approach before the launch of the Measure.

As at end 2012, indicator values were as follows:

| | Indicator | Target | Value | Execution Rate |
|--------|--|--------|-------|----------------|
| Output | Number of skills acquisition and animation actions | 6 | 26 | 433% |
| Output | Number of participants in actions | 30 | 1,390 | 4633% |
| Output | Number of supported public-private partnerships | 5 | 3 | 60% |
| Result | Number of participants that successfully ended a training activity | 25 | 27 | 108% |

Table 40 – M341 Indicator values as at end 2012

| | Indicator | 2011 | | 2012 | |
|--------|--|-------|----------------|-------|----------------|
| | | Value | Execution Rate | Value | Execution Rate |
| Output | Number of skills acquisition and animation actions | 26 | 433% | 26 | 433% |
| Output | Number of participants in actions | n/a | n/a | 1,390 | 4633% |
| Output | Number of supported public-private partnerships | 3 | 60% | 3 | 60% |
| Result | Number of participants that successfully ended a training activity | 27 | 108% | 27 | 108% |

Table 41 – M341 Indicator values end 2011 vs. end 2012

Table 33 indicates that there was no progress in 2012 compared to 2011. However this was expected since this Measure aimed to finance the setting up of the LAGs and the drafting of Local Development Strategies. These one-time actions were carried out in the first part of the programming period. The remaining budget related to this Measure will be transferred to other Measures, to avoid the risk of unutilised funds.

Measure 341, which financed the design of the local development strategies, was a one-time call which is now closed and will not be re-launched. The objectives of the Measure have already been met. Therefore, the MA transferred €131,400 from this Measure in favour of Measure 313. This request for Modification was accepted by Commission Services in September 2012. However, there are still unutilised funds amounting to €10,162. Considering the high demand for Measure 121 following the second call, in order to decrease the risk of unutilised funds, the MA will propose transferring the remaining amount to M121.

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.

The Local Development Strategies (LDS) 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. The total amount of public expenditure contracted under Measure 41 was that of €2,935,000 since 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.

As at end 2012, €123,487 had been disbursed under this Measure, with an EAFRD contribution of €98,789. The amount of disbursed funds is expected to increase significantly throughout 2013 since more contracts will be signed and more Actions launched.

During 2012, LAGs continued with the issuing of Actions. Numerous meetings were held with stakeholders as to ensure that prospective beneficiaries are well aware of the Actions launched by the LAGs and can understand the funds from which they can benefit. This also helped the LAGs further understand the needs of the sectors within their regions.

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 the eligibility of all applications and approves or otherwise the ranking proposed by the LAG.

2011 Calls

- Action 413.3: Open Call for Craft Workers; and
- Action 413.6: Support Arts and Culture Organizations to undertake Capital Projects



Figure 52 – Several local band clubs will be receiving funding under Action 413.6 issued by MAGF in 2011 and Action 413.A3 issued by GXF in 2012

2012 Calls

GAL Xlokk Foundation:

- Action 413.A1a: *Communication and Branding of the Region*, call for tenders was open between 18th April and 21st May 2012

- Action 413.A3: *Open Call – Voluntary Organisations*, applications were received between 1st May and 31st May 2012
- Action 413.A8: *Open Call – Sports Activities/Facilities*, applications were received between 1st May and 31st May 2012
- Action 413.A6: *Cultural and Educational Activities*, call for tenders was open between 5th December 2012 and 7th January 2013

Majjistral Action Group Foundation:

- Action 413.5: *Creation of Rural Tourism Network*, applications were received between 23rd April and 22nd June 2012
- Action 413.1: *Organisation of Culinary and Crafts Annual Festival* – call for tenders was open between 15th August and 24th September 2012 and *Promotion and Marketing of Culinary and Crafts Annual Festival* – call for tenders was open between 24th August and 3rd October 2012



Figure 53 – Actions for the support of the craft sector shall be issued by all three LAGs

Gozo Action Group Foundation:

- Action 411.1: *Promotion of Gozo Produce*, applications were received between 5th March and 13th April 2012
- Action 413.3: *Quality of Life: Craft Sector Support*, applications were received between 16th January and 17th February 2012
- Action 413.4: *Landscaping*, applications were received between 2nd July and 17th August 2012

More information about these calls, the number of applications received and the number of beneficiaries contracted can be found in Section G – Leader. The remaining calls for the LAG related actions will be launched in 2013. Contracts signed between the LAG and its contractors and/or beneficiaries shall aim to ensure completion of projects by end December 2013.

As at end 2012, indicator values were as follows:

| | Indicator | Target | Value | Execution Rate |
|--------|---|-------------------|----------|----------------|
| Output | Number of local action groups supported | 3 | 3 | 100% |
| Output | Total size of LAG area (km ²) | 287 | 287 | 100% |
| Output | Total population in LAG area | n/a ⁷² | 260,635 | n/a |
| Output | Number of projects financed by LAGs | 23 | 5 | 22% |
| Output | Number of beneficiaries supported | n/a ⁷³ | n/a | n/a |
| Result | Gross number of jobs created | 6 | n/a | n/a |
| Result | Number of successful training results | n/a ⁷⁴ | n/a | n/a |
| Impact | Net additional value added expressed in PPS | €700,000 | n/a | n/a |
| Impact | Net additional FTE jobs created | 7 | n/a | n/a |

Table 42 – M41 Indicator values as at end 2012

| | Indicator | 2011 | | 2012 | |
|--------|---|---------|----------------|----------|----------------|
| | | Value | Execution Rate | Value | Execution Rate |
| Output | Number of local action groups supported | 3 | 100% | 3 | 100% |
| Output | Total size of LAG area (km ²) | 287 | 100% | 287 | 100% |
| Output | Total population in LAG area | 260,635 | n/a | 260,635 | n/a |
| Output | Number of projects financed by LAGs | 0 | 0% | 5 | 22% |
| Output | Number of beneficiaries supported | 0 | 0% | 0 | n/a |
| Result | Gross number of jobs created | n/a | n/a | n/a | n/a |
| Result | Number of successful training results | n/a | n/a | n/a | n/a |
| Impact | Net additional value added expressed in PPS | n/a | n/a | n/a | n/a |
| Impact | Net additional FTE jobs created | n/a | n/a | n/a | n/a |

Table 43 – M41 Indicator values end 2011 vs. end 2012

No progress could be expected over 2012 with respect to the output indicators ‘Number of local action groups supported’ and ‘Total size of LAG area (km²)’ since there was no change in the number of LAGs. The target value for ‘Total population in LAG area’ will be updated as part of the next programme modification. However, as for the previous two output indicators, no change was foreseen over 2012. Progress was observed in the output indicator ‘Number of projects financed by LAGs’ whose execution rate increased from 0% to 39% over 2012.

⁷² The update of the indicator target is going to be part of the next programme modification.

⁷³ The update of the indicator target is going to be part of the next programme modification.

⁷⁴ The update of the indicator target is going to be part of the next programme modification.

LAGs started launching their actions late in 2011 and 2012. Therefore, the number of projects financed by the LAGs and the number of beneficiaries supported are expected to increase significantly in 2013. Result and Impact indicators will be updated once implementation of this Measure progresses further.

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 initiate and enhance 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 interests, 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. 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.

Originally Measure 421 had an allocation of €500,000. A programme amendment was however carried out to transfer €335,000 from Measure 421 to Measure 41. This transfer of funds 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. Following this transfer of funds, Measure 421 had a total of € 165,000 available which was contracted as part of the initial contracts signed by the three LAGs.

Applications for this Measure were received between Tuesday 12th June 2012 and Friday 12th October 2012. Prior to the submission of applications, the three Local Action Groups submitted a detailed proposal which was reviewed and approved by the Managing Authority. Following the approval of this proposal, the LAGs submitted the official application. The application deadline was extended until the 30th of November 2012.

GAL Xlokk

GAL Xlokk will be participating in the project '*MeDIETerranea*', whose lead LAG is *Sulcis Iglesiente Capoterra e Campidano di Cagliari*. This transnational project aims at promoting and enhancing the Mediterranean diet as a source of identity and culture. This project will raise awareness on the Mediterranean diet, leading to a greater demand for local produce, both by local consumers and by operators in the catering industry.

Xlokk Local Action Group will be participating in five activities:

1. Design and development of the 'Traditional Euro-Mediterranean Menu';
2. Realisation of travelling events on the Mediterranean Diet;
3. Realisation of a publication/cartoon of ancient and modern civilisations and the Mediterranean Diet ;

4. Festival of the Mediterranean Diet as a symposium of the rural identity and gastronomic competition;
5. Animation, project management and coordination.

Majjistral Action Group Foundation

Majjistral Action Group Foundation will be participating in the same project, 'MeDIETerranea', together with GAL Xlokk and several other Local Action Groups. MAGF will be participating in the same five activities as GAL Xlokk.

Gozo Action Group Foundation

GAGF will participate in the project 'Network of Transnational Eno-gastronomic itineraries for the promotion of the Mediterranean cultural-food model', whose lead LAG is *Luoghi del Mito*. This project aims at the development and enhancement of an Eno-Gastronomic Itinerary in the Island Region of Gozo, whilst linking this same itinerary to a network of similar itineraries which will be developed by the partner LAGs in this transnational cooperation project. GAGF will develop a Wine and Food Route in the Island Region of Gozo, linking it to other similar routes developed by other partner LAGs. This route will also be promoted as an integrated tourist offer, both at a regional and transnational level.

GAGF will be participating in several activities:

1. Project coordination, supervising and evaluation;
2. Transnational Meetings/Conferences: share of information and best practices;
3. Sharing of best practices among local partner LAGs and foreign partner LAGs about management, valorisation and promotion of eco-gastronomic itineraries and products;
4. Setting up of the Food and Wine Routes network;
5. Development of a web platform for the joint management of the association/ EEIG activities (internal communications, activities and events) sharing of experiences;
6. Designing/ Development of integrated tour packages;
7. Production of advertising material for tour packages;
8. Video for the promotion of the 'Food and Wine Routes' network;
9. Organisation of promotional events to be held abroad addressed to travel intermediaries and potential buyers of traditional products.

The evaluation board reviewed the each Project Proposal in terms of validity and eligibility. Clarifications in relation to the Proposal were sent to the Local Action Groups who in turn submitted the required information. Following the approval of these proposals, the LAGs finalised consultations with the Lead Partner and submitted formal applications for further review⁷⁵. Contracts between the LAGs and Paying Agency will be signed in the first half of 2013 and implementation will be in line with progress by the lead LAG and other LAGs forming part of these cooperation projects.

⁷⁵ The Evaluation Board has evaluated and reviewed the formal applications in the first quarter of 2013 and results will be issued in the second quarter.

As at end 2012, indicator values were as follows:

| | Indicator | Target | Value | Execution Rate |
|--------|--|--------|-------|----------------|
| Output | Number of supported cooperation projects | 3 | 0 | 0% |
| Output | Number of cooperating LAGs | 3 | 0 | 0% |
| Result | Gross number of jobs created | 3 | n/a | n/a |
| Result | Net additional full-time equivalent jobs created | 3 | n/a | n/a |

Table 44 – M421 Indicator values as at end 2012

Output and result indicators were not updated since the contracts have not been signed yet. However, it is expected that the 'Number of supported cooperation projects' will add up to 3 (one project per LAG) while the 'Number of cooperating LAGs' shall exceed the target since there are several LAGs participating in each project.

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 administer the Measures from 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 in 2009 the three Local Action Groups were officially approved in 2010 by the MA and contracted by the PA in September 2010. Consequently, by end of 2010, all funds under this Measure were contracted, i.e. a total of €775,000 were contracted. As at end 2012, a total of €398,295 was disbursed under this Measure, with an EAFRD contribution of €318,636.

As at end 2012, indicator values were as follows:

| | Indicator | Target | Value | Execution Rate |
|--------|--|--------|-------|----------------|
| Output | Number of skills acquisition and animation actions | 30 | 47 | 157% |
| Output | Number of participants in actions | 300 | 0 | 0% |
| Result | Number of successful training results | 240 | n/a | n/a |

Table 45 – M431 Indicator values as at end 2012

| | Indicator | 2011 | | 2012 | |
|--------|--|-------|----------------|-------|----------------|
| | | Value | Execution Rate | Value | Execution Rate |
| Output | Number of skills acquisition and animation actions | 47 | 157% | 47 | 157% |
| Output | Number of participants in actions | 0 | 0% | 0 | 0% |
| Result | Number of successful training results | n/a | n/a | n/a | n/a |

Table 46 – M431 Indicator values end 2011 vs. end 2012

Support has contributed to cover the running costs for the management of the respective LAG, including the salaries of the LAG managers and secretaries, renting fees of office premises, purchase of office furniture, professional fees and other running costs, such as internet and telephone services.

The significance of support regarding implementation of the local development strategies is manifold. Firstly, the availability of a local office, where interested local actors could receive information regarding the actions is expected to increase to the success of applications. Secondly, the appointment of the LAG managers is an important prerequisite for the LAGs to carry out their delegated tasks. Thirdly, as main sources of information regarding the actions of the local development strategy, the training of the LAG staff is important for them to act as stewards of the Leader programme. In addition, guidelines, application forms and practical directions for the assessment of the applications have been established, which are essential elements of the application process and a prerequisite of the signing of contracts. The Measure has therefore been contributing to the efficient and effective implementation of the LDS.

Output and result indicators will be updated as implementation of this Measure progresses in the course of 2013.

Measure 511 – Technical Assistance Operations

The legal basis for Technical Assistance is Article 66 of Council Regulation 1698/2005.

The Technical Assistance Fund 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, publicity, 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.

As at end of 2012, the total public expenditure committed under the Technical Assistance was that of €2,298,069 with an EAFRD contribution of €1,723,552. The funds were committed as follows:

- Preparation and programming – funding was utilised for activities required to maintain and run the National Rural Network including seminars and networking activities.
- Management and support – funds were allocated towards the setting up and running of the I.T system, upgrades and new functionalities to implement the CAP effectively and for the provision of professional services.
- Monitoring – funds were mainly allocated towards the preparation of RDP amendments, organisation of the Monitoring Committee meetings, and the service of professionals.
- Evaluation – financial support was directed towards contracting 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 allocated for holding information meetings and seminars, printing and distribution of information material concerning the Measures

launched, participation in Naturalment Malti Fairs, publishing of advertisements and articles in both in Maltese and English on national newspapers, and in the Government Gazette, press releases and participating in programmes on national TV and radio stations.

- NRN – funds were mainly allocated towards various conferences and meetings such as the NRN meetings held every quarter and the NRN Conference held in June 2012 which launched the NRN Consultation process for the new programming period.
- 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. 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.

As no applications for claims were submitted in 2011, no payments were effected in 2012 under Transitional Measures. The last payment for Transitional Measures was effected in 2011 for payment claim year 2010. In total, under Transitional Measures, in 2009, 2010 and 2011 were paid €16,276, €3,563 under Holm Oak and €12,713 under Organic farming.

3. SECTION C - FINANCIAL IMPLEMENTATION OF THE PROGRAMME PROVIDING, FOR EACH MEASURE, A STATEMENT OF THE EXPENDITURE PAID TO BENEFICIARIES (ARTICLE 82(2)(C) OF COUNCIL REGULATION (EC) NO 1698/2005)

The focus of 2012 centred mainly on disbursement of funds as a result of the project selection and contracting of beneficiaries which took place in previous years. Additionally, several Project Selection Committee meetings were held in order to evaluate applications received in 2011. Results were then issued in the fourth quarter of 2012 and the first quarter of 2013⁷⁶.

A number of Measures were re-launched while Local Action Groups have also launched a number of Actions, as part of their Local Development Strategies. One Measure was re-launched under Priority Axis 1 namely, Measure 111 while Measure 114 was re-launched in October 2011 and has remained open ever since. Measures 212 and 214 under Priority Axis 2 were also re-launched as part of the Payment Claims Campaign. 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 three Local Action Groups launched a number of actions under Measure 410, namely:

GAL Xlokk Foundation:

- Action 413.A1a: *Communication and Branding of the Region*
- Action 413.A3: *Open Call – Voluntary Organisations*
- Action 413.A8: *Open Call – Sports Activities/Facilities*
- Action 413.A6: *Cultural and Educational Activities*

Majjistral Action Group Foundation:

- Action 413.5: *Creation of Rural Tourism Network*
- Action 413.1: *Culinary and Crafts Annual Festival for the Majjistral Territory*

Gozo Action Group Foundation:

- Action 411.1: *Promotion of Gozo Produce*
- Action 413.3: *Quality of Life: Craft Sector Support*
- Action 413.4: *Landscaping*

Following the closure of the call for applications, the LAGs carried out administrative checks to ensure that applicants have submitted all the requested information. Evaluation is then carried out by the LAG's evaluation committee. The LAG's Decision Committee then issues the ranking while the MA verifies eligibility of the projects.

The Figure hereunder shows the total amount of public expenditure committed for the nineteen Measures contracted as at end 2012. The percentages shown in Figure 1 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, €80.2 million were committed as at end 2012. When considering the scenario of Measure 121, the 19% refers to the funds committed under Measure 121 in relation to the €80.2 million total funds committed for the whole RDP as at end December 2012.

⁷⁶ Provisional results for Measure 121, which received the largest number of applications, were issued in the second quarter of 2013.

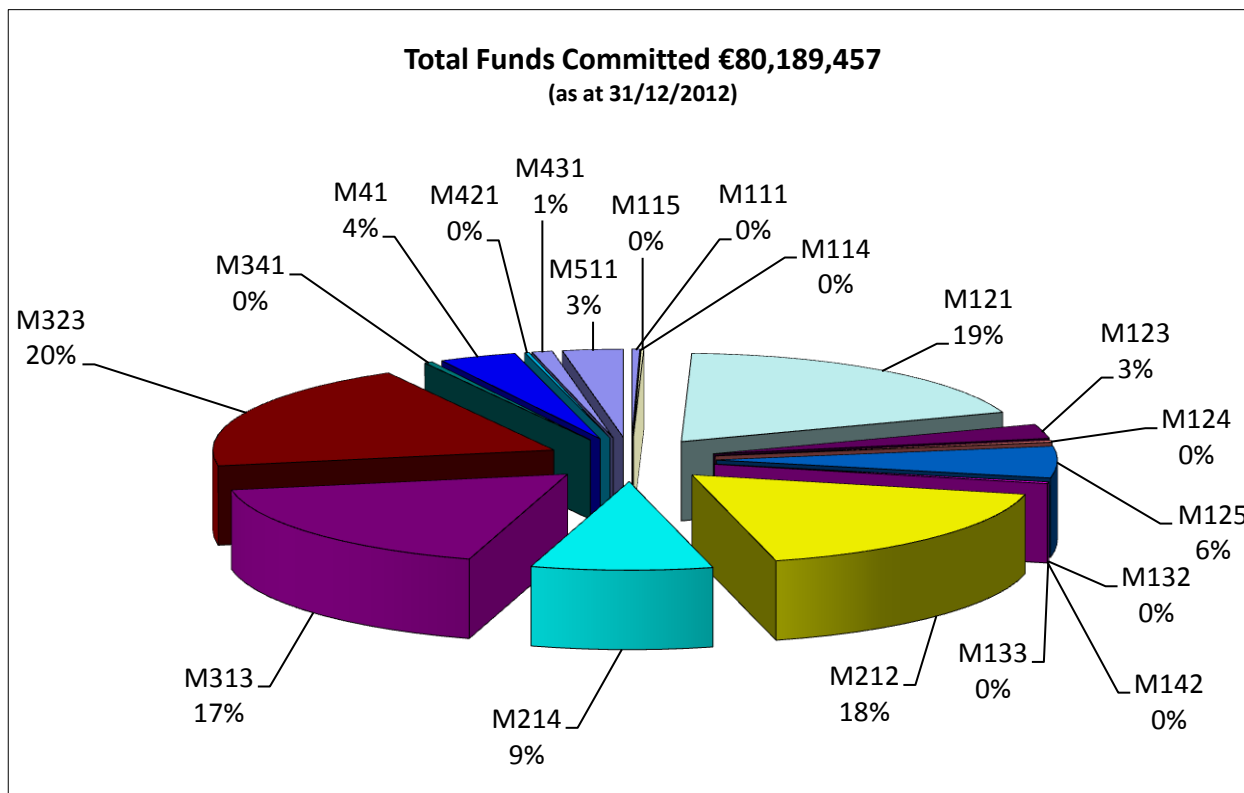


Figure 54 – Funds Committed for Measures launched as at end 2012

The table below represents the number of beneficiaries contracted in 2012, the number of beneficiaries who were paid in 2012 and the total payment issued for the Measures mentioned hereunder as at end 2012.

| Measure Number | Title Title of the Measure | Legal Basis | Total Beneficiaries Contracted in 2012 | Total Number of Beneficiaries Paid in 2012 | 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 | 0 | 3 | 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 | 0 | 0 | 100,000 |
| Measure 121 | Modernisation of agricultural holdings | Article 20(b)(i) and 26 of Regulation (EC) No 1698/2005 | 0 | 100 | 19,869,000 |
| Measure 123 | Adding value to agricultural products | Article 20(b)(iii) and 28 of Regulation (EC) No 1698/2005 | 0 | 15 | 6,358,405 |
| 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 | 0 | 2 | 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 | 0 | 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 | 0 | 1 | 11,595 |
| Measure 133 | Information and promotion activities | Article 20(c)(iii) and 33 of Regulation (EC) No 1698/2005 | 0 | 0 | 0 |
| Measure 142 | Setting up of producer groups | Article 20(d)(ii) and 35 of Regulation (EC) No 1698/2005 | 0 | 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 | 5,965 | 5,601 | 14,500,000 |
| Measure 214 | Agri-environmental payments | Article 36(a)(iv) Article 39 of Regulation (EC) 1698/2005 | 2,842 | 2,664 | 10,525,000 |
| Measure 313 | Encouragement of tourism activities | Article 55 of Regulation (EC) No 1698/2005 | 0 | 12 | 14,575,356 |
| Measure 323 | Conservation and upgrading of the rural heritage | Article 57 of Regulation (EC) No 1698/2005 | 0 | 14 | 18,092,711 |
| Measure 341 | Skills acquisition, animation and implementation | Article 59 of Regulation (EC) No 1698/2005 | 0 | 0 | 318,600 |
| Measure 41 | Implementation of Local Development Strategy | Article 64 of Regulation (EC) No 1698/2005 | 6 | 3 | 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 | 3 | 775,000 |

Table 47: Contracted and Payments issued per Measure and payments issued as at end 2012

The beneficiaries under M111 were all contracted in 2011, following a call for applications between December 2010 and January 2011. Training started in 2011 and proceeded in 2012 and was carried out by the three contracted beneficiaries. All contracted beneficiaries received payments in 2012. One FAS Consortium was contracted in 2011, under Measure 115; however no disbursements⁷⁷ 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 100 distinct beneficiaries being paid a total of €1,629,299. As at end 2012, €15.3 million had been contracted. New beneficiaries from the second call will be contracted in 2013.

All beneficiaries under Measure 123 were contracted in 2010. During the period under review, no new beneficiaries were contracted but 15 distinct beneficiaries were paid a total of €458,910. Beneficiaries under M124 were all contracted in 2011, with two beneficiaries being paid during 2012. New beneficiaries from the second call of M123 and M124 will be contracted in 2013. The only beneficiary under Measure 125 was contracted in 2011 and payments amounting to €133,596 were effected in 2012. Measure 125 was also launched by the LAGs: Expressions of Interest were received in 2011, formal applications will be submitted in the first half of 2013 with contracts to be signed soon afterwards.

No new beneficiaries were contracted in 2012 under Measure 132 and only one beneficiary was paid during this year. An amount of €480 was disbursed in 2012. No new beneficiaries were contracted under Measure 142 in 2012. The beneficiary under this Measure was paid a total of €28,812 in 2012. Another two beneficiaries will be contracted in 2013.

Under Measure 212, 5,965 beneficiaries were contracted, out of which 5,601 have been paid in 2012 for a total of €2,860,919. For Measure 214, 2,842 applications were received while 2,664 beneficiaries were paid a total of €1,247,179.

During 2012, 10 beneficiaries were contracted under Measure 313 issued by the LAGs: four beneficiaries from the Xlokk region⁷⁸ and six beneficiaries from the Gozo region.⁷⁹ Two beneficiaries requested to withdraw their respective project in 2011, with the process being completed in 2012. 12 distinct beneficiaries were paid under M313, for a total of €2,786,299.

No new beneficiaries were contracted in 2012 under Measure 323. One beneficiary requested to withdraw its project in 2011, with the process being completed in 2012. 14 distinct beneficiaries were paid a total of €3,244,216.37 in 2012. Under Measure 431, no new beneficiaries were contracted. However, an amount of €168,922.06 was disbursed to three LAGs who are the beneficiaries under this Measure.

Additionally, there were no beneficiaries contracted or disbursements made in 2012 for Measures 114 and 133. As for Measure 341 there were no disbursements since this Measure was launched and all actions undertaken in 2010.

⁷⁷ There is a pending payment claim submitted to the MA, with the first payment foreseen to be disbursed in the second quarter of 2013.

⁷⁸ Another two beneficiaries from this region were contracted in the first quarter of 2013.

⁷⁹ One contract was signed with a beneficiary from the Majjistral region.

Three beneficiaries were contracted under Action 413.3 for Majjistral Action Group Foundation. No payments have as yet been issued under this Action. Two beneficiaries were paid under Action 413.1: the ultimate beneficiary under this Action was the LAG but the organisation and publicity of the Culinary and Crafts Annual Festival was subcontracted and therefore, payments were issued to the contractors. Similarly, GAL Xlokk Foundation issued a tender for Action 413.A1a, 'Communication and Branding of the Region' where the ultimate beneficiary was the LAG but the works were subcontracted. Again, the payments made were issued to the contractor.

Significant progress is expected under Measure 41 during 2013 since the three LAGs launched several Actions in 2012. Measure 421 was launched in 2012 while contracts will be signed in 2013.

The table below represents the financial implementation for Measure 511 as at end of 2012.

| Measure No | Title of the Measure | Legal Basis | Total Public Expenditure (€) Allocation for the Measure | Payments (€) Issued as at 2012 |
|-------------|----------------------|--|---|--------------------------------|
| Measure 511 | Technical Assistance | Article 66 of Council Regulation (EC) No 1698/2005 | 4,084,473 | 2,298,069 |

Table 48: Payments issued for Technical Assistance as at end 2012

Cumulative Financial Scenario as at 31st December 2012

| Priority Axis | Measure | Title of Measure | Funds (€) Allocated to the Measure as per RDP as at 31/12/2012 | Funds (€) Committed as at 31/12/2012 | Annual Payments Executed in 2012 | Funds Disbursed as at 31/12/12 | Funds (€) certified to the European Commission as at 31/12/2012 |
|---------------|---------|--|--|--------------------------------------|----------------------------------|--------------------------------|---|
| 1 | 111 | Vocational training and information actions | 611,000 | 295,413 | 194,717.36 | 276,207.36 | 207,155.52 |
| 1 | 114 | Use of advisory services | 1,500,000 | 0 | 0 | 0 | 0 |
| 1 | 115 | Setting up of advisory services | 100,000 | 100,000 | 0 | 0 | 0 |
| 1 | 121 | Modernisation of agricultural holdings | 19,869,000 | 15,318,668.10 | 1,629,299.61 | 13,684,960.06 | 10,263,720.05 |
| 1 | 123 | Adding value to agricultural products | 6,358,405 | 2,088,903.10 | 458,910.20 | 1,909,214.59 | 1,431,910.96 |
| 1 | 124 | Cooperation for development of new products, processes and technologies in the agriculture and food sector | 1,000,000 | 255,317.44 | 14,581.20 | 35,749.20 | 26,811.90 |
| 1 | 125 | Infrastructure Related To the Development & Adaptation of Agriculture | 5,200,000 | 4,600,000 | 133,596.00 | 2,157,408.90 | 1,618,056.68 |
| 1 | 132 | Participation of farmers in food quality schemes | 11,595 | 11,594.60 | 480.00 | 2,098.32 | 1,573.74 |
| 1 | 133 | Information and promotion activities | 0 | 0 | 0 | 0 | 0 |
| 1 | 142 | Setting up of producer groups | 990,000 | 212,750 | 28,812.29 | 63,000.00 | 47,250.00 |
| 2 | 212 | Support for areas with handicaps | 14,500,000 | 14,051,062.99 | 2,860,919.69 | 12,045,517.29 | 9,636,413.82 |
| 2 | 214 | Agri-environment Measures | 10,525,000 | 6,875,000.00 | 1,247,179.02 | 4,656,291.93 | 3,725,033.54 |
| 3 | 313 | Encouragement of tourism activities | 14,575,356 | 14,030,338.30 | 2,786,299.20 | 7,112,855.18 | 5,334,641.39 |
| 3 | 323 | Conservation and upgrading of the rural heritage | 18,092,711 | 15,868,209.96 | 3,244,216.37 | 9,428,573.93 | 7,071,430.46 |
| 3 | 341 | Skills acquisition, animation and implementation | 318,600 | 308,437.93 | 0.00 | 308,437.93 | 231,328.45 |
| 4 | 41 | Implementation of Local Development Strategy | 2,935,000 | 2,935,000.00 | 123,487.20 | 123,487.20 | 98,789.76 |
| 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 | 168,922.06 | 398,295.57 | 318,636.45 |
| 5 | 511 | Technical Assistance Operations | 4,084,473 | 2,298,069.33 | 804,910.52 | 2,298,069.33 | 1,723,552.00 |

Table 49 – Cumulative Financial Scenario as at end December 2012

N+2 Commitments

The Maltese RDP 2007-2013 was approved on 18th February 2008 through the Commission Decision C(2008)730-18/2/2008, and the implementation of the Measures started in 2009. As opposed to the previous two years (2010 and 2011) no advance payments were effected during 2012. The disbursement of the total amount committed for 2010 within the RDP had been entirely executed by end of quarter 4 of 2012.

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 2011, the Managing Authority is currently undertaking an ongoing evaluation process for the 2007-2013 programming period with the help of its ongoing external evaluators. Ongoing 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 2012 the Managing Authority provided the necessary reports and responses to the European Commission in relation to the Strategic Monitoring Report.

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 the 24th of May 2011. Evaluation of bids was completed and the contract with ongoing evaluators was signed in March 2012, following a kick off meeting held in Malta, during which, the timing of deliverables was discussed.

The objectives of this contract are to:

- Continue with the on-going evaluation of the 2007-2013 Rural Development Programme;
- Carry out strategic reviews of the implementation and results of the 2007-2013 Rural Development Programme for the period January 2010 to December 2013; and
- Undertake an Ex-Post evaluation in 2015 of the 2007-2013 Rural Development Programme as per Article 86(5) of Council Regulation (EC) No 1698/2005.

Ongoing evaluators will be required to examine the progress of the RDP in relation to its goals by means of result and impact indicators and 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:
 - 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;
- Ex-Post Evaluation Report of the Rural Development Programme 2007 – 2013.

In terms of 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 as to how such results may be achieved.

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.

Throughout 2012, the evaluators conducted several interviews and site visits in order to familiarise themselves with the local agricultural scenario. Interviews were held in April 2012 with MA and PA staff, representatives from various agricultural sectors, Local Action Groups, cooperatives and a number of

beneficiaries. In July 2012, nine detailed beneficiary case studies were carried out. The Evaluators visited these beneficiaries on site and asked them a series of questions related to the benefits of the funds they received, the difficulties they encounter and their expectations for the future.



Figure 55 – Several beneficiary case studies were carried out, including a pig farm in Għajn Tuffieħa, a M121 beneficiary, a poultry processing plant: an M123 beneficiary in Siġġiewi and a wine producer in Ta’ Qali who benefits from M212 and M214.

Through these case studies, evaluators collected information regarding the underlying needs of the beneficiary, objectives of the project financed through EAFRD, its financial and technical implementation, project outputs, results and impacts, deadweight and multiplier effects, project indicators and lessons learnt.

As part of this ongoing evaluation process, the MA and its evaluators conducted a survey for beneficiaries under Measures 121, 123, 313 and 323 in December 2012 and January 2013. Other Measures will be evaluated in 2013. This survey aimed to upscale the onsite case studies which were carried out in July 2012 and provide data for the calculation of impact and result indicators. Surveys for Measure 121 were carried out on a one-to-one basis in January 2013, through interviewers selected by the Managing Authority while surveys for Measures 123, 313 and 323 were carried out online and by email. These questionnaires could also be downloaded through the MA website. The data requested also helped to understand the beneficiary’s concerns, difficulties and opinions. These questionnaires requested general information about the holding and the results achieved. Financial data related to the holding over the past five years was also requested.

During 2012, External Evaluators submitted two reports:

1. Interim Evaluation Report 2010 – 2011: The IER was structured according to the guidelines of the Common Monitoring and Evaluation Framework (CMEF). It included an executive summary; an introduction describing the purpose of the evaluation; an evaluation context highlighting key characteristics of the programme context and describing key milestones of the evaluation process; a methodological approach providing a list of evaluation questions and indicators and the evaluation tools and techniques used throughout the evaluation; a description of the programme, measures, and budget; answers to evaluation questions, and conclusions and recommendations related to programme implementation.
2. Strategic Monitoring Report (SMR) 2010 - 2011: The SMR, which was submitted to the Commission in September 2012, focused on:
 - progress made in the implementation of the RDP over 2010 and 2011;
 - financial progress made over these two years;
 - baseline and programme indicators;
 - outcomes of beneficiary case studies carried out in July 2012.

Data Collection

The MA 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)⁸⁰, the Employment Training Centre (ETC), the Malta Communications Authority (MCA), the Ministry for Resources and Rural Affairs (MRRA)⁸¹, 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. The MA has also established a continuous communication channel with the Paying Agency in order to obtain the necessary data, both for continuous monitoring and also for the compilation of the Annual progress Report.

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

During 2012, the MA participated in several Evaluation Expert Committee Meetings (ExCo) held in Brussels:

- The 9th meeting of the Evaluation Expert Committee was held on 19th January 2012. This meeting, the first of 2012, gave an update on the state of play of discussions regarding the new legal proposal, the post-2013 intervention for rural development, synthesis of the Focus Group meetings held in 2011, followed by a presentation on the draft annual work programme for 2012.

⁸⁰ Following the General Elections held in March 2013, the name of this Ministry has changed to Ministry for Finance (MFIN)

⁸¹ Following the General Elections held in March 2013, the name of this Ministry has changed to Ministry for Sustainable Development, the Environment and Climate Change (MSDEC)

- The 10th ExCo meeting was held on 14th March. This meeting was held in the form of a joint workshop with the ENRD Coordination Committee related to Strategic Programming, and Monitoring and Evaluation for RDPs 2014 – 2020, as part of the joint Coordination Committee and ExCo Technical Workshops, held in Brussels on the 14th and 15th March 2012.
- The 11th ExCo meeting was held on 12th June 2012, focusing on draft ex-ante guidance, proposals for impact, output and result indicators. Feedback emanating from the good practice workshop on ongoing evaluation was also discussed.
- The 12th meeting of the Expert Committee on Evaluation of Rural Development Programmes was held on 20th September. During this meeting, revised ex-ante guidelines were presented. Indicator fiches for impact, result and target indicators for Pillar II were also presented and discussed. This was followed by a discussion on context indicators.
- The 13th ExCo meeting was held on the 18th December 2012. Amongst other issues, an update on Pillar II context, result and impact indicators was provided, together with an overview of the outcomes of the 2012 Focus Group meetings held in several Member States, including Malta. An update on the Annual Work Programme of the Evaluation Expert Network for the year 2013 was also given. The results of the Ex-post Evaluation Synthesis (2000 – 2006) and the Mid-Term Evaluation Synthesis (2007 – 2013) were presented. A discussion was held on the Evaluation Plans which need to be prepared by Member States.

Focus Group 2012

The Managing Authority hosted the yearly focus group organised by the Evaluation Helpdesk of the European Evaluation Network for Rural Development. These focus groups are held in all EU Member States and in 2012, they focused on the transition of Monitoring and Evaluation of RDPs from the current to the next programming period. Discussions were held regarding the main changes which will take place and how well rural stakeholders are prepared for these changes. The importance of ongoing, ex-post and ex-ante evaluation were also discussed. This Focus Group was facilitated by Mr. Andreas Resch, Geographical Expert for Malta. This meeting was held on the 22nd October 2012, at the Dolmen Resort Hotel in Qawra.



Figure 56 – Mr Andreas Resch, Geographical Expert for Malta, introducing the Evaluation Helpdesk

Several stakeholders were invited for this meeting, including Managing Authority and Paying Agency officials, together with members of the Monitoring Committee, ongoing evaluators and representatives from other governmental entities who carry out evaluation of other EU funded programmes.

The main activity of this Focus Group was the identification of the main strengths, weaknesses, opportunities and risks for Monitoring and Evaluation in the current and next programming period. Strengths primarily related to the current programming period were identified, e.g. data availability for baseline, output and result indicators, clearly defined axes in the current RDP programme and quality of Annual Progress Reports. The main weaknesses identified for the current period included the IT system, obtaining data from beneficiaries and a lack of available data for impact indicators.



Figure 57 – MA and PA representatives during the Focus Group Meeting

Emerging opportunities in the 2014-2020 programming period are related to an improved IT system for the collection of more data which leads to more complex and robust methods for evaluators. The main

emphasis in the discussion was put on threats where it was stated that new requirements on improved and integrated IT systems (including the e-Government approach) may be too complex and costly for a small MS such as Malta. Furthermore it is expected that the administrative burden will increase by quarterly reporting and multiple layer documents (e.g. Partnership Agreement, RDP). At the same time the requirements on the qualification of the employees will strongly increase whereby sufficient capacity building measures are not in place yet.

Ex-Ante Evaluations

A Tender was issued in November 2012 for the provision of an 'Ex-Ante Evaluation on European Agricultural Fund for Rural Development (EAFRD) for the Programming Period 2014 – 2020 and Strategic Environmental Assessment (SEA)'. The Ex-Ante Evaluation will be submitted to the Commission together with the RDP for 2014 – 2020.

The chosen bidder will be required to draw up an ex-ante evaluation of the RDP 2014 – 2020 and to provide a detailed summary to be included in the Partnership Agreement in accordance with Article 14 of the Common Provisions Regulation (CPR) and the financial instruments in accordance with Article 32 of the same regulation. The bidder will also be required to draw up a Strategic Environmental Assessment (SEA).

Some core tasks of the ex-ante evaluator shall include: the contribution to, and coordination with the Partnership Contract at national level according to Article 14 of the CPR and the carrying out of relevant specific thematic studies. The chosen evaluator will also be required to assess whether the ex-ante conditionalities are fulfilled, and if necessary, draw up a set of actions, along with a timetable for these actions, required in order to achieve fulfilment of the criteria specific for each ex-ante conditionality which is relevant to the efficiency and effectiveness of investments in the programme.

The evaluator must also draw up an evaluation plan that will assess the effectiveness, efficiency and impact of the programme and must also assess how the support derived from CSF Funds have contributed to achieving the objectives laid down in each priority.

Bids for this Tender were submitted between the 6th and 27th November 2012. Four bids were received and the Evaluation Board has met a number of times between December and March 2013 to evaluate the bids submitted.⁸²

⁸² Evaluation will be completed in the second quarter of 2013, with the contractor starting work soon after.

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, has the overall responsibility for the Rural Development Programme for the period 2007 – 2013. The MA is also responsible to coordinate the drafting and drawing up of the new RDP for the next programming period.

The MA is also responsible for the compilation and formulation of RDP amendments, monitoring and evaluation of the programme in accordance with the Common Monitoring and Evaluation Framework, coordination and implementation of the Leader Programme and the provision of information and publicity to beneficiaries and the general public through the dissemination of information, promotion and animation of EAFRD Measures. Additionally, in 2012, the MA led the preparations required for the design of the programming period for the years 2014 – 2020 (including the NRN consultation process, sectoral sub-committee meetings, Ex-ante evaluation tender and the Farmland Bird Index study).

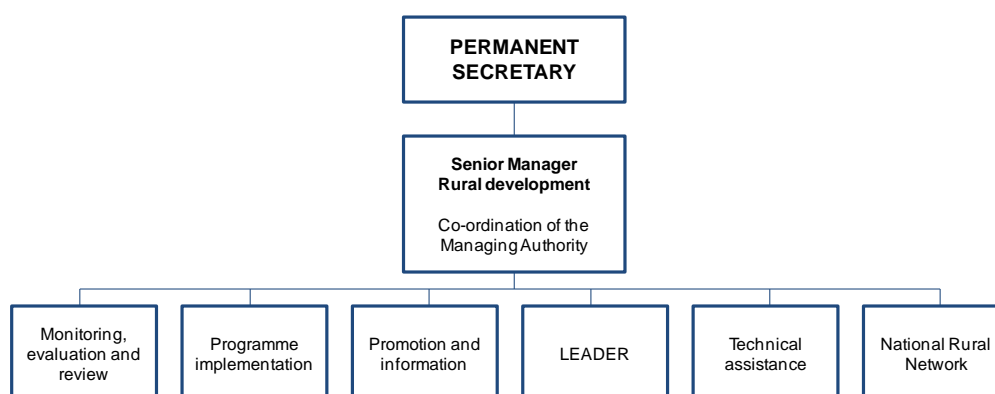


Figure 58 – Organisational Chart for the MA

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

Paying Agency

The MSDEC 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 certifying body, Internal Audit and Investigations Directorate, concluded the Certification Audit in January 2012, for the Financial Year 2011. Certification Audits also go through the accreditation criteria and are held at the end of each financial year.⁸³

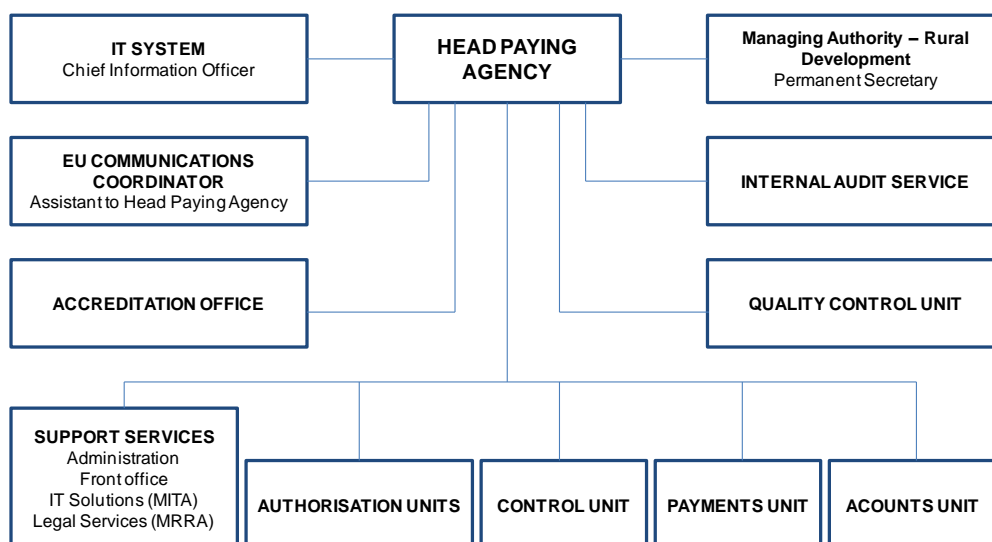


Figure 59 - Organisational Chart for the PA

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 responsible for the implementation, amendments, evaluation and review of the programme, while PA is responsible for the implementation of the Measures, authorisation of payment claims and reporting expenditure to the Commission. However, the two entities continuously support each other with regards to the programme execution in order to ensure the effective execution of the programme.

The MA is responsible for monitoring the implementation of the programme. Where difficulties are encountered, the officers within the MA draw the attention of senior management for the necessary action to be taken and if necessary, for liaising with relevant stakeholders.

On the other hand the Paying Agency is responsible for the execution of the programme and disbursement of funds by maintaining regular contact with the individual project beneficiaries. This 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

⁸³ Certification Audits are held during the current FY and are then concluded in February or March of the next FY. In Summer 2013, the audit team will start the certification process for Financial Year 2013 which will then be concluded in February or March 2014. The audit for Financial Year 2012 was concluded in February 2013. The Accreditation outcome will be issued around June/July 2013.

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.

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; and
- 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 previous Annual Progress Reports, 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 that no problems arise on the 'Live' system when real data is inputted. Work continued in 2012 with the aim of implementing all measures within IACS.

In 2012, testing of new development was carried out on two environments in different stages. After testing in the TEST environment, changes are implemented in the PRE-LIVE environment. Following successful testing in the latter, changes are also implemented in the LIVE environment.

Enhancements

The Rural Development Investment Measures (RDIM) software has been operational for all aspects of application processing as at end 2009 and over the past three years a number of issues have been encountered while using the system and different solutions have been suggested. The enhancements implemented in 2012 were 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.

Another module that has been implemented in 2012 is the Control Module for the investment measures. The RDIM Control module provides the Control Unit with the required management tool to manage the controls that are needed for the investment measures that claim the final payment. During the processing of the final payment claim, before generating the payment, the Authorisation Unit forwards the application to the RDIM Control Module for On-The-Spot checks by setting the movement for the application to 'Cross-Check'.

As part of this enhancement, there is an inventory registry for machinery and buildings that are included as deliverables in the investment measures. The Authorisation Unit registers these details and assigns the inventory against a line item. The aim of this inventory is to have a registry of such items and to provide the reference data for the RDIM OTS checklists.

The details of the application are copied in the RDIM Control Module and the inspectors can generate the checklist from the data provided as part of the payment claim. After that the Control Unit register the final outcome of the inspection and upload a scan of the Control Report, the Authorisation Unit can generate the payment or check for any contract amendments, depending on the final OTS outcome.

The RDIM Control module has the facility to enable the Control Unit to manage the ex-post controls. A set of criteria rules have been set for this sector and by using the existing Extraction and Ranking IACS modules, the Control Unit has the facility to generate the sample for OTS checks. Once the sample has been finalised and uploaded in the RDIM Controls Module, the inspectors can perform the OTS checks. Checklists are generated from IACS and the details linked to the particular contract are provided in the checklists.

Monitoring through Bilateral Meetings

In 2012 the Managing Authority continued to hold quarterly bilateral meetings with the beneficiaries of the projects being implemented under Measure 313 and 323 of Priority Axis 3. This was done as to ensure that projects are on track with their implementation schedule and in line with the terms and conditions set out in the respective grant agreement.

During these meetings the beneficiaries update the MA with the progress of their projects with respect to issuing of tenders, MEPA planning permits, disbursement schedules and any other matters which affect the implementation of the project.

In addition to the above bilateral meetings, beneficiaries are requested to submit quarterly project progress reports to update the MA on the milestones achieved during the previous quarter. The report also provides a 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.

Officers from the Managing Authority also conduct site visits to monitor the progress of these projects. During these visits, officers from the MA are given the opportunity to discuss any relevant issues with project managers and also document the progress being made through pictures which are kept for record purposes.

A similar approach is being taken with Measure 313 beneficiaries contracted in 2012 through the Local Action Groups. The beneficiaries are also requested to submit progress reports to the LAG and MA. The LAGs are responsible for the organisation of such bilateral meetings and site visits, with MA staff having an observatory role.

In 2011 the MA prepared a tender for the provision of project management services to assist the PA in ensuring that the works undertaken have been implemented appropriately and in line with the planning permit and grant agreement conditions stipulated. The winning bidder was contracted in November 2012 and the company has prepared five interim and one final control reports for M313/M323.

Strategic Monitoring Level

The Monitoring Committee for the Rural Development Programme 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 2012 one Monitoring Committee meeting was organized. The 9th Monitoring Committee meeting, which was held on 25th May 2012, approved the Annual Progress Report for 2011. During this meeting, the state of play of RDP implementation was presented, together with the main findings from the first Interim Evaluation Report presented by the newly contracted ongoing evaluators, who also presented an ongoing evaluation plan. The Commission Desk Officer for Malta discussed the differences and similarities between the current and the next programming period. The PA 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. The RDP modifications which were later submitted to Commission Services were also presented during this meeting, together with an update on the information and publicity activities held in 2012.

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 Malta on 30th November 2012 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:

1. Annual Progress Report 2011

The APR 2011 was submitted in due time to the European Commission. This report was accepted by the Commission and an acceptance letter was sent on 20th August 2012. No clarifications or amendments were requested by the Commission. The Commission highlighted the importance of result indicators since the programme is now in its implementation stage. This situation should improve following contracting of ongoing evaluators.

2. Further Implementation of the RDP 2007 – 2013

(1) Financial Execution (incl. Q3 of 2012)

The amount requested so far for reimbursement represents 47.5% of the EAFRD funding (compared to 36% last year) available for this programming period. The Commission highlighted the importance of speeding up Leader implementation since LAGs took some time to start with the roll-out of the Measures.

(2) N + 2

Commission commented that there was a slight risk that Malta would lose some funds following automatic decommitment procedure (€0.57 million). However, according to the assessment by the Maltese Authorities, the commitment of 2010 would be surpassed by €34,500, a cautious estimate calculated on the basis of claims available at the time of the Bilateral meeting.

(3) Implementation of Measures 2012

The Commission and the Maltese Authorities discussed the progress achieved by the respective Priority Axis of the RPD. The indicators presented in the SMR report submitted in October 2012 were discussed, together with the total payment rate as at end quarter 3.

M111 – The training programme started in July 2011 and a third call for training providers was launched in August 2012. This call has attracted significant interest and the Maltese Authorities foresee that all budget available will be spent and targets will most likely be reached.

M114 – No applications were selected for funding following the two calls issued. The call has been kept open until further notice. The MA foresees €500,000 savings under this Measure. The Commission reiterated its concerns since the objectives of the Measure might not be met, especially in the light of the 2014 – 2020 where fostering the transfer of knowledge and access to information from research and development is a priority for rural development.

Measure 115 – The Commission stressed that Measures 111, 114 and 115 are Important and need to be implemented, also considering ex-ante conditionalities to be fulfilled for the next programming period. The considerable effort made by the MA to promote these measures was noted and welcomed by the Commission services.

M121 – The second call which was launched in 2011 received 507 applications, with the demand for this Measure surpassing the funds available. Consequently 35 applications were selected for funding with another 278 applications on the reserve list. In view of the considerable amount of project proposals received under this Measure, Malta would like to transfer any remaining budget of all programmed Measures to Measure 121. Allowing for a transfer of the remaining funds to this measure towards the end of the current programming period could be envisaged in order to avoid decommitment of unutilised funds.

M123 – The second call for applications attracted 38 beneficiaries, out of which 21 were selected for funding. The budget foreseen under this measure will be completely absorbed by the end of this programming period.

M124 – The number of applicants has been low due to the insufficient research and development culture in Malta, especially in the agri-food sector; and an insufficient culture towards undertaking of collaborative projects.

M125 – The second part of this measure, namely action type 4, will be administered by the LAGs. Interventions will be related to road farms accessibility. 36 expressions of interest were received through the LAGs. There are however problems for agricultural roads which require a MEPA permit. This is a matter of national legislation and the issue can only be resolved by the next programming period.

M132 – No applications were received following the 2011 call, despite several information campaigns. This has been attributed to the fact that Malta has no history or experience with national/EU quality schemes. However, recently a proposal 'Malta Quality Standards' has been sent to the EU for approval. In 2012 funds were transferred from M132 to M123.

M133 – No applications were received following the first call in 2009 and the second call in 2011. This has been attributed to the lack of nationally-registered food quality schemes. The budget allocated towards this Measure was transferred to Measure 123 in June 2012.

M142 – The efforts made to increase the uptake of this Measure such as promotion on TV and radio have been successful. Commission Services commented that processing of these applications should be done faster.

M212 – This Measure was considered successful and so far both output indicators (agricultural land area and number of holdings) have reached their targets. Sufficient funds will be available for the remainder of the programming period.

M214 – This Measure can be considered as successful. In terms of indicators, a sufficient number of beneficiaries (112%) and number of contracts (258%) been reached. Area related output indicators are lagging behind (total area/physical area under agri-environmental support) due to the high fragmentation and small land parcels, which characterises Maltese agriculture. The Maltese authorities expressed that 10 sub-measures are too many and are envisaging less schemes for the next programming period 2014-2020.

M313 – The implementation of public procurement rules is a lengthy process and has slowed down the implementation of this Measure. Projects that are being financed include a family park, heritage trail and the setting up of information centres. Part of the M313 budget has been allocated to the 3 LAGs. M313 projects will be closed by June 2015 latest.

M323 – This Measure contracted 17 beneficiaries, 12 in Malta and 5 in Gozo. Due to similar public procurement issues under Measure 313, physical progress should take up substantially in 2013.

M341 – A one-time call was launched in 2009 and this Measure is now closed as its objectives were achieved. In total, 3 beneficiaries were contracted.

M41 – Some actions have already been launched by the LAGs in 2011. During the meeting, the Commission stressed the need to speed up the process. Real expenditure will pick up in the year 2013. Selection and eligibility checks are carried out by the LAGs and that subsequently an evaluation report is sent to the Managing Authority.

M421 – This Measure was launched in June 2012, with the deadline being extended to end November 2012 following non-corresponding timelines with other foreign LAGs. The execution of the project was extended from end of 2013 up to 2015 so as to match deadlines with foreign LAGs.

M431 – All the public expenditure allocated under this Measure was contracted since Local Development Strategies were approved and started to be implemented at the start of the programme.

M511 – The Maltese authorities asked whether it is possible to shift more funds towards Technical Assistance. The Commission referred to Council Regulation (EC) N° 1698/2005 (Article 66) which indicates that up to 4% of the total amount for each programme may be devoted to technical assistance. Within these 4% the establishment and operation of the national rural network is also included.

(4) Error Rate

In view of the high error rate of some Member States the Commission set up a working group to assess the root causes of RD errors and develop corrective actions for the current and future programming period. Two technical meetings were held with the Maltese authorities, one in May and one in September 2012. The working group has identified some common root causes for errors that are relevant for many Member States. The Commission invited the Maltese authorities to reflect on these findings in light of the drafting of the programmes for the next programming period and possible further remedies under the current programming period.

(5) Planned Modification

The Maltese RDP has been modified four times so far and during this Bilateral meeting, possible future modifications were discussed, including additional transfer of funds from Measure 214 to 212 to cover 2014 and 2015. The Commission informed the Maltese authorities that such a transfer is possible provided that sufficient justification is provided.

Other elements that were presented for a future modification are the inclusion of financing the ex-ante evaluation for the next programming period from technical assistance, update/modification of indicators/targets, shifting from Axis 3 savings to Technical Assistance and transfer of all remaining funds towards Measure 121 towards the end of programme implementation. The Commission underlined the importance to update the baseline values and targets for output, result and impact indicators in the next modification so that all values are included in the RDP and that they are aligned with the various info and data included in the MTE/NSP and SMR.

(6) Monitoring and Evaluation

The bi-annual Strategic Monitoring Report was submitted in due time to the Commission. The Commission didn't request any modifications since most points were cleared out before the official submission but has nevertheless highlighted some issues in its comments letter which was uploaded on SFC on 20th November. The elements highlighted concern the issue of data availability especially for result and impact indicators as well as the lack of targets for some indicators in the RDP. The latter point needs to be resolved in the next programme modification. The role of the Monitoring committee has improved considerably, with more active participation from the members. With respect to evaluation, with the ongoing evaluators place the situation is on the right track. Call for tenders for the ex-evaluation for the next programming period was issued in November 2012.

(7) Daily Management of the Programme

Understaffing is still one of the main problems encountered by the MA, therefore help from consultants is being sought in the preparation of the next programming period.

(8) Rural Network

In 2012 the National rural network was restructured. Newsletters are now dedicated to one specific theme.

(9) Audit

An audit carried out in September 2009 on Measures 212 – 214 by DG AGRI's audit unit, had identified some issues concerning the implementation of the Maltese RDP. Some of these concerns required a modification of the RDP, as was done in the modification of June 2012. A bilateral meeting on audit

findings took place in September 2011 and eventually the case will be closed without any financial correction following the application of Article 11 of Reg. 886/2006 (in case of corrections below €15,000 there is a possibility no to apply the sanction). This case can be considered as closed.

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 2012, the 55th to the 67th RDC meetings were held in Brussels. The MA participated actively in all RDC meetings. Several issues were discussed including EAFRD financial execution; e-governance; simplification and administrative burden; flexibility between exes; impact, output and result indicators; transitional rules; monitoring and evaluation; indicator plan; error rates; SFC and CLLD.

Summary of the Major Problems Encountered in Managing the Programme

1. Insufficient administrative and technical capacity

In 2012 a number of events led to periods of limited administrative capacity within the Managing Authority. In 2012 the Senior Programming Manager had just been engaged therefore the MA had to readjust to the changes which this brought about. Additionally, two EU Fund Officers resigned over the course of 2012. This left the MA in a disadvantaged position when considering the small pool of human resource complement of five officers.

Action Taken

Three new EU Fund officers were engaged by the MA in 2012. The newly engaged officers experienced a steep learning curve, requiring time and training to familiarise themselves with the procedures and responsibilities presented to them.

2. The National Rural Network

The concept and structure of the National Rural Network were better understood and more operative in 2012, especially following the restructuring of the NRN into one committee. In 2011 some delays were encountered in the organisation of activities and a poor attendance of stakeholders was observed in some meetings. The situation improved greatly in 2012 and most NRN meetings were well attended, with participants taking an active role during the meetings.

Action Taken

To increase the interest in the National Rural Network, the MA restructured the NRN committee, from having a Steering Committee and a Coordination Committee to a single committee which meets every quarter, in line with the issuing of the NRN newsletter. The MA also sought to inform the general public on the NRN concept and awareness was raised through its website, the NRN newsletter and participation in various fairs and events. Additionally, the MA has launched a consultation process through an NRN conference with the participation of several stakeholders in order to prepare for the next programming period.

3. 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 most projects under the two Measures were well underway in 2012, some projects experienced delays in implementation due to delay in completion of the necessary planning permit process.

Some problems have arisen with a number of LAG Measures (such as M313 and Action 413.5 for MAGF) since these projects are located within ODZ (Outside Development Zones) areas. The applicants are therefore encountering some problems in obtaining permits to start their works. Talks are underway with all parties involved, including MEPA, the LAG, the applicants and the Agriculture Directorate, in order to find a solution and proceed with implementation in a timely manner.

Action Taken

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

The MA will soon be setting deadlines and if the permits are not obtained by these stipulated deadlines, the applications will be rejected and funds reallocated. This will be necessary since the programme is now drawing to a close and the MA aims to avoid decommitment of funds.

4. Lengthy tendering procedures

In the case of EU funded projects managed by Government entities and Local Councils, public procurement procedures in excess of €47,000 are managed by the Department of Contracts that is responsible for vetting and launching of tender documents as well as approving tender evaluation reports and drawing up/signing of contracts on behalf of Beneficiaries. Given the centralised process, backlogs have been created at the various stages of the process.

In addition beneficiaries experienced a number of difficulties such as insufficient 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 or undergo lengthy negotiated procedures. Appeals are often lodged by aggrieved bidders which delays the adjudication process by approximately 5 to 6 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.

5. Learning Process

The three Local Action Groups issued their first Actions late in 2011 and throughout 2012 therefore throughout 2012, both the LAGs and the MA had to go through a steep learning process in order to establish procedures for the evaluation of Guidelines, Application Forms and Applications. This has led to some delays with evaluation of applications and eventual issuing of results.

Action Taken

Throughout 2012 the LAGs and MA have learnt about each other's role in the process, from the issuing of guidance notes to signing of contracts. Disbursements are expected to increase significantly in 2013, therefore, the whole process, from application to disbursements will be more clear to all parties involved and future Actions will be implemented more efficiently now that a process has been established.

Commitment of funds should be high by the end of 2013 since all Actions shall be launched early on in 2013. The MA is continuously monitoring and working with the LAGs to ensure that the remaining Actions are released as early as possible in 2013 to ensure that all contracts are signed by the end of the year.

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 particularly for the 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 MA and 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 2012, €2,298,069 of Public funds were disbursed under the Technical Assistance allocation of the 2007-2013 programme, with an EAFRD contribution of €1,723,552. The Public expenditure between January 2012 and end December 2012 amounted to €804,910, with an EAFRD contribution of €603,682. By the end of Calendar Year 2012, 56.2% of the total Public budget was disbursed. This shows a significant increase from the situation at end 2011: as at end December 2011, 36.2% had been disbursed. There are significant definite commitments for the year that will absorb a substantial amount of the Technical Assistance budget, therefore the risk of unutilised funds is fairly low.

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.

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.

Publicity 2012

Since the beginning of the Rural Development Programme 2007-2013, the Managing Authority in collaboration with key stakeholders, has undertaken a number of publicity and information activities such as printing of various brochures and organisation of seminars, one-to-one meetings and exhibitions related to Measures launched and projects contracted. Such publicity initiatives continued during 2012 in order to increase awareness of the funds and subsequent benefits of the Programme.

Payment Claims Campaign 2012 – Annual Launch of Axis 2 Measures

Rural stakeholders, particularly agricultural entities, were invited to a business breakfast held on the 12th of March 2012 aimed at promoting Axis 2 Measures and Measure 114 relating to the Use of Farm Advisory Services. Those attending were also briefed about changes in the IT system and in the Land Parcel Identification System (LPIS). Additionally, the importance and benefits of applying for Measures 132 and 133 were highlighted. Another presentation assessed a survey related to the services offered by the Paying Agency.



Figure 60 – Business breakfast held prior to the launch of the Payment Claims Campaign, March 2012
Courtesy of DOI

To further promote Axis 2 Measures and Measure 114, four information sessions were held for farmers in various locations around the Maltese Islands. Farmers were informed about these sessions by SMS, through their cooperatives and by the distribution of flyers from Pitkali Markets and the Paying Agency Front Office. These four sessions were held as follows:

- Thursday 16th February 2012 – Mgarr Farmers Cooperative, Mgarr, 6.30pm
- Tuesday 23rd February 2012 – St. Agatha Hall, Rabat, 6.30pm
- Tuesday 28th February 2012 – Boys Secondary School, Rabat, Gozo, 6.30pm
- Thursday 1st March 2012 – Notre Dame Parish Hall, Żabbar, 6.30pm



Figure 61 – Meeting held with farmers at Mgarr Farmers Cooperative

Paying Agency officials also attended a number of TV and radio programmes. During live transmissions, listeners and viewers had the opportunity to phone in and ask any questions to the representative attending. PA representatives participated in five TV programmes and three radio programmes.

Officials participated in programmes which were transmitted during different times of the day and included breakfast shows such as *'Bonġu Bundy'*, morning shows such as *'It-Tnejn li Humra'* and afternoon magazine programmes such as *'Malta Llejla'*.



Figure 62 – Logo for *Bonġu Bundy*, aired from Monday to Friday from 07.00 to 10.00 on ONE TV



Figure 63 – Logo for *Malta Llejla*, aired from Monday to Friday from 17.00 to 18.55 on NET TV

Printed Material

A suggestion form was printed and distributed from the PA Front Office in Pitkali, with the aim of improving the services offered by the Paying Agency. In order to prevent any language barriers, this suggestion form was printed in Maltese on one side and in English on the other side. It offers a means through which farmers can provide feedback and suggestions as to how the application system can be improved.

Figure 64 – English version of the Suggestion Form

A leaflet was printed to promote online applications for Axis 2 Measures. Farmers had the option to renew their yearly commitment online, through the Paying Agency website. The online system also provided the beneficiaries with their profile, information about their fields and crops. More information about Measures and Payments could also be accessed through this online system.



Figure 65 – Banner on PA website promoting online applications

Before the Milkfest, which was held on the 6th of May 2012, an informative leaflet 'Il-Halib' (Milk) was printed. This leaflet contained information about milk, the production of dairy products and a number of recipes. This leaflet also highlighted how the dairy sector has benefitted from EU funding.



IS-SETTUR TAL-HALIB U L-FOND AGRIKOLU EWROPEW GHALL-IŻVILUPP RURALI

I-popolarità tal-halib fi-diegi ta' briedem hija waħda kbira minn haġġa l-valur nutritiv tagħha. Għaldaqstant, is-settur tal-halib huwa wieħed mis-setturi ewlenin fl-agrikoltura Maltija kif ukoll f' dan numru ta' pajjiż li-Unjoni Ewropea.

Mess-ghaliġja ta' Malta fl-Unjoni Ewropea, dan is-settur ingħata għajjuna kemm taħt il-Programm ta' Iżvilupp Rurali 2004-2006, kif ukoll minn dak kurrenti, bejn 1-2007-2013. Ir-raffeta apokaw li f'għarom għal din l-għajjuna, parikolament minn dak insajha miżura 121. Dawn il-fondi qed jwasslu għal tigijsa ta' effiċjenza fl-operat tar-razzett, tridb ta-zamma u f'kundizzjonijiet ta' l-animali u għajjen aħjar fl-farmijiet li joperaw f'dan is-settur. Għew iffinanzjati numru kbir ta' proġetti li jinkludu nstrutturar tal-istess irziezet, xiri ta' mekkinaġġi marbut mal-halib, sodod għall-baqar, trazzors, sistemni awtomatizzati ta' l-għajjen, coolers għall-halib, tridb kbar li jipprovdju karni il-baqar mill-elementi, sistemni ta' l'indif, installazzjonijiet ta' panelli solari kif ukoll sistemni għall-fażna kkontrollata ta' demel li jwasslu għal traqqja fl-impatt tal-agrikoltura fuq l-ambjent.

Minbarra din l-għajjuna, ir-raffeta bbenefikaw minn taħriġ prattiki bla haġġa permezz ta' Miżura 111 mill-Programm ta' Iżvilupp Rurali. Dan il-taħriġ jikkompjimentat listess investimenti billi trahhala oqgħin dejjem jingħajmu kif jappjikkaw u jgħidaw metodi u prattiki godda, b'teknoloġija innovettiva u sostenibbli għall-operat tagħhom. Tikkompjimentat dan insibu l-għajjuna offruta għal-uzu ta' servizzi ta' konsultanza taħt miżura 114.

Fis-settur tal-halib qed isiru wkoll investimenti fl-iprocessar, fl-promozzjonijiet tal-prodotti agricoli kif ukoll fl-irzieka sabiex l-għajjen tal-baqar ikun aktar nutritiv u, għaldaqstant, ikwalità tal-halib lokali tkompli t'għajjen. Dan jikkompjimentat tagħha mal-fatt li l-ippubbliku oqgħed isir dejjem aktar konsju mis-saħħa tagħha u għalhekk jaraqja prodotti b'ogħwa standards ta' kwaliż u igiene.

Dawn il-proġetti mill-Programm ta' Iżvilupp Rurali għal Malta 2007-2013 qed isiru b'rate ta' ko-finanzjament ta' 75% mill-Unjoni Ewropea u 25% mill-Gvern Malti.

L-awtorità ta' l-imexxija tal-Programm ta' Iżvilupp Rurali sar tkompli ssestni l-imparn tagħha sabiex tgħin is-settur tal-halib u l-industrija agricoli lokali oħra sabiex ikunu aktar kompetittivi kemm għall-benefiċju dritt ta' l-produtturi kif ukoll għal dak ta' l-konsumatur.

Għal aktar informazzjonijiet tista' t'zur is-sit elettroniku www.mraa.gov.mt/ ma jaw idempal Front Office fax **22926148**. Tista' wkoll tgħid email fuq rdi.mraa@gov.mt.

Programm ta' Iżvilupp Rurali għal Malta (2007-2013)
Dan l-artiklu ġie stampat mill-Assistenza Teknika taħt il-Fond Agricoli Ewropew għall-Iżvilupp Rurali
Rate ta' ko-finanzjament 75% Unjoni Ewropea, 25% Gvern ta' Malta
L-Ewropa Finanza l-Iżvilupp Rurali

Naturalment MALTI

Ministero għar-Risorsi u l-Affarijiet Rurali
www.mraa.gov.mt

Figure 66 – Part of the leaflet 'Il-Halib' (Milk) featuring an article on how the dairy sector has benefitted from EAFRD funding

Publications

Biedja u Sajt

During 2012, the Managing Authority in collaboration with *Naturalment Malti*, published three editions of 'Biedja u Sajt' (Agriculture and Fisheries) Magazine in January, September and November, financed through Technical Assistance. This magazine was distributed to about 10,000 rural stakeholders. It featured articles on the various RDP measures and showcased a number of projects financed through this programme.

Harga 207 - Settembru/Ottubru 2012
Pubblikazzjoni tal-Ministeru Ghar-Riżorsi u l-Affarijiet Rurali

Uffiċċju tal-Promozzjoni u l-Infommazzjoni
Centru ta' Ricerka u Zvilupp
Għammieri
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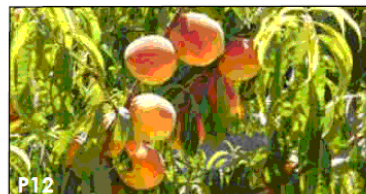
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Web: www.mrra.gov.mt

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P5



P12



Programm tal-Iżvilupp Rurali għal Malta 2007-2013
Din il-pubblikazzjoni giet mitbugħa b'ko-finanzjament mill-Assistenza Teknika taħt il-Fond Agrikolu Ewropew
għall-Iżvilupp Rurali:
L-Ewropa Tinvesti f'Zoni Rurali
Rata ta' Ko-Finanzjament:
75% Unjoni Ewropea, 25% Gvern ta' Malta



Figure 67 - Biedja u Sajd is financed through Technical Assistance

In the September edition one such article gave a brief overview of a number of Axis 1 Measures.

Programm tal-Iżvilupp Rurali
TISM TAS-SETTUR AGRIKOLU MALTI PERMEZZ TAL-PROGRAMM TAL-IŻVILUPP RURALI 2007-2013

L-EWWEW PARTI

Il-programm tal-Iżvilupp Rurali (2007-2013), li hu mmeżso mill-Awtorità ta' Imsejta li f'din il-Ministeru ghar-Riżorsi u l-Affarijiet Rurali, bħallissa jgħid li stadiju importanti ta' ftehim tal-implimentazzjoni tiegħu. B'impenn u determinazzjoni, il-membri kollha li huma amministrati direttament mill-Awtorità ta' Imsejta għew immedja, sabiex jgħid għaref li l-Fond tal-Allokazzjoni għal Malta mill-Fond Agrikolu Ewropew għall-Iżvilupp Rurali (FAEIR), li jammontaw għal aktar minn €100 miljun, jgħid assorbiti bil-aktar mod effettiv għall-benefiċċju ta' soċjetà rurali ta' Malta.

Il-proġetti, ko-finanzjati mill-Programm tal-Iżvilupp Rurali għal Malta 2007-2013, qed joffru valur miżjud mhux biss lill-bdiewa u l-in-riħtala iżda qed jikkontribwew wkoll lejn l-ambjent u l-pajsaġġ ta' Malta. Il-dittadini ta' Malta u għawdxin, il-koll jikkonsomaw prodotti mikabba lokalment, ukoll qed jgħawdu minn dawn l-Investimenti.

Taħt il-programm kurrenti għew kontrattati €55 miljun għal madwar 8,000 benefiċċjarju. S'issa għew assorbiti aktar minn 36.5% tal-fondi allokati għall-Programm tal-Iżvilupp Rurali għal Malta 2007-2013. Din il-Programm huwa mmeżso f'fases oss, jew f'termini aktar sempliċi nsejtna nsejtna, f'benefiċċji u għawdxin diversi.

U' mod ġenerali, il-benefiċċju ta' il-proġetti ta' il-ewwel tema huwa li jpassu għal tliet li-kompetitività ta' soċjetà rurali ta' Malta u għawdxin ta' il-bdiewa u l-in-riħtala u ta' valur miżjud għall-konsumatur. Il-fondi taħt il-beni oss tal-Programm tal-Iżvilupp Rurali 2007-2013 qed jwasslu għal tliet li-ambjent u l-kompanja għall-benefiċċju ta' koll il-dittadini. Proġetti taħt il-beni oss qed jwasslu għal tliet li-kwalità ta' l-ħajja f'zoni rurali u diversifikazzjoni tal-ekonomija rurali. Il-raba' oss huwa l-LEADER li, b' mod innovattiv, qed jwassal għal tliet li-zoni rurali minn diversi aspetti. Il-ħames oss jikkonponi fondi wdaq Internament sabiex il-Programm jgħid implimentat bil-aktar mod effettiv u effiċċjenti.

Figure 68 – Article on Biedja u Sajd, September 2012 Edition

The same edition of the magazine Biedja u Sajd featured an article on Birdpark Malta, one of the beneficiaries under Measure 313. This park started off as a private collection however throughout the years, it has evolved into an attraction for locals and tourists alike.



Figure 69 – Meeting Rita and Kevin from Birdpark Malta

Articles in the November Edition concerned Axis 2, 3 and 4 and how farmers and the general public are benefitting from these Measures. The restoration of three Buskett farmhouses was featured in the December Edition of this Magazine.



Figure 70 – Part of the article related to the restoration of three farmhouses in Buskett

MEUSAC Publications

A number of articles were published on Funding 360, an e-newsletter issued monthly by MEUSAC (Malta-EU Steering and Action Committee). The first article, published in April 2012 concerned Measure 114, Use of Advisory Services. A second article was published in September, following the re-launch of Measure 111, Training, Information and Diffusion of Knowledge. The October edition featured an article on Dingli Local Council and the projects it is implementing funded under Axis 3 of the EAFRD. A number of articles were also written by the Local Action Groups.

MEUSAC News is another MEUSAC publication on which Majjistral Action Group Foundation has written an article related to one of its actions 'Creation of a Rural Tourism Network'. The Gozo Action Group Foundation wrote an article related to a call for the embellishment and landscaping of rural areas.



Figure 71 – Article published on MEUSAC news

Newspaper Adverts

Various adverts were published on Local Newspapers including the Government Gazette, The Times, *I-Orizzont*, *in-Nazzjon* and The Malta Independent prior to and following the launch of Measures and prior to the organisation of an event.

These included four promotional adverts prior to the launch of Measure 111 in August 2012 and Axis 2 Measures (Payment Claims Campaign) from 15th February to 7th March 2012. Additionally, an advert was also published to promote the NRN Conference held on 15th June 2012.

The Managing Authority also issued four promotional adverts on local newspapers before the launch of each action by the three LAGs.

Agricultural Communication Book

The Managing Authority provided the necessary information to Red Publishing for the publication of the Agricultural Communication Book. This book is the world's first and only editorial project collecting communication works in the agricultural and rural sector, aiming to become the basis for all professionals in the sector. The MA, together with the Promotion and Information Office at MRRRA, submitted a list of projects presenting agricultural rural subjects, including leaflets, brochures, festivals and events. This book has not been published yet.

TV Programmes

In 2012, from January till July and October till December the MA sponsored two weekly features on 'Malta u lil Minnha' (Malta and Beyond) on TVM, the national television station. This programme is aired every Sunday morning, with various repetitions during the week. Various projects financed through the RDP were featured including:

- Mushroom Cultivation, Axis 1
- Training and Information for Farmers, Axis 1
- The use of renewable energy in Agriculture, Axis 1
- Water conservation, Axis 1
- Detailed explanation on Payment Claims Campaign, Axis 2
- Growing Vineyards, Axis 2
- Restoration of Buskett Farmhouses, Axis 3
- Rural Tourism in Mqabba, Axis 3
- The three Local Action Groups, Axis 4



Figure 72 – Screenshot from one of the adverts for 'Malta u lil hinn Minnha' featuring a Measure 123 beneficiary, an agro-processor producing fresh bottled smoothies

The Managing Authority also sponsored one weekly feature on *'Mad-Daqqa t'Għajn'* (At a Glimpse), which is aired weekly on ONE TV, every Thursday at 08.30pm, with various repetitions in the following week. Various projects financed through the RDP were featured including:

- Ta' Mena, Benefits of Measure 123, Axis 1
- Sherries Garden Centre, Investments under M121, Axis 1
- Valle del Miele, Investments under M121 and M123, Axis 1
- Emanuel Vassallo, Support Under M132 and Axis 2
- Żurrieq Local Council, Improving the quality of life and increasing tourism in rural areas, Axis 3
- Restoration of Sailni, Axis 3
- What is LEADER? The benefits and progress in the implementation of the three LDSs, Axis 4



Figure 73 – Logo of TV Programme *Mad-Daqqa T'Għajn*

The features on these TV programmes showcase various RDP funded projects. Such popular TV programmes aim to inform the general public of the benefits of the RDP and how this is contributing to the improvement of their quality of life.

DVD

The Managing Authority grouped the features on successful projects financed through the RDP 2007-2013, which were aired on *'Malta u lil Hinn Minnha'* and featured them on DVD. This DVD is being aired on the Managing Authority stand during fairs and events.

MA Website

The Managing Authority website is continuously updated with articles, presentations, news, photographs and activities. A new section has been added to the website regarding the ongoing NRN Consultation Process: https://secure2.gov.mt/mrra-ma/rdp_20122020. From this part of the website the general public can download the minutes of all the Working Group meetings being held.

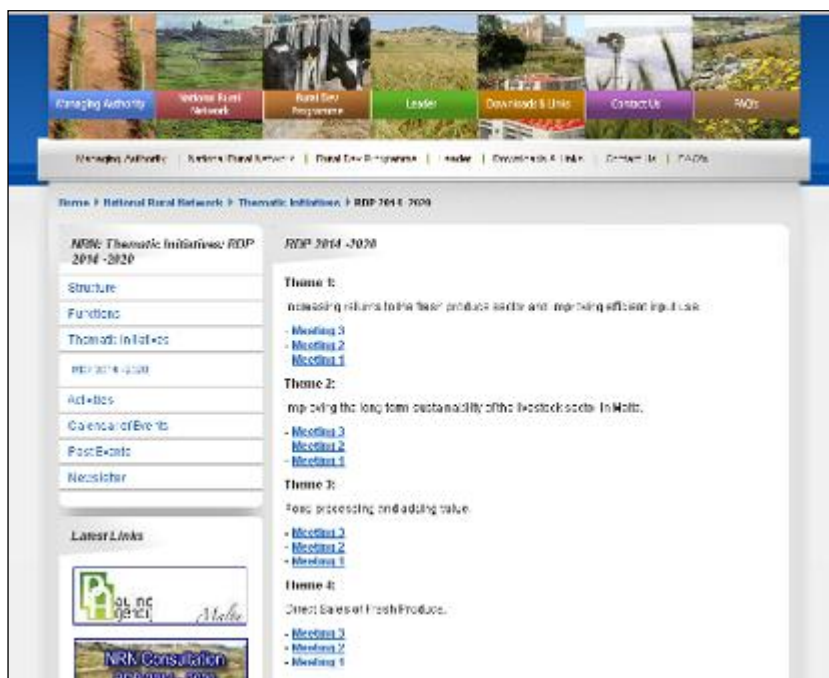


Figure 74 – Screenshot of the MA website where minutes of all Working Group meetings can be downloaded

SMSs

Prior to important meetings, conferences and the launch of RDP Measures targeting farmers and livestock breeders, the Managing Authority sent SMSs to encourage participation. SMSs as a promotional medium were found to be highly useful to ensure a substantial turnout for promotional sessions.

| |
|---|
| <p>SMS 1 <i>Se ssir laqgħa dwar l-applikazzjonijiet għall-fondi għal ma' min jahdem l-art, fis-16 ta' Frar, Kooperattiva tal-Bdiewa, l-Imgarr. Tibda fis-6.30pm.</i></p> <p>SMS 2 <i>Se ssir laqgħa dwar l-applikazzjonijiet għall-fondi relatati ma' min jahdem l-art, fit-23 ta' Frar, sala Sant Agatha, r-Rabat. Tibda fis-6.30pm.</i></p> |
|---|

Figure 75 – Examples of SMSs sent to farmers in relation to Axis 2 meetings held in February 2012

Media Events

The Managing Authority issued a number of press releases on projects financed through the Rural Development Programme 2007-2013 including:

The Official Inauguration of BirdPark Malta, Axis 3 project – July 2012

Birdpark Malta was officially inaugurated on July 14th by Prime Minister Lawrence Gonzi. This private initiative blends rural environment and education. This park started off as a private collection, however it has now benefitted from various EU funding schemes, including Funds from Axis 3 of the Rural Development Programme, and has evolved into an educational attraction for school children, tourists and locals. This park also provides a resting, feeding and breeding site for migratory birds throughout the year.

Dingli Heritage Trail, Axis 3 project – September 2012

The Minister for Resources and Rural Affairs, George Pullicino and Parliamentary Assistant Philip Mifsud, together with Paolo de Castro, Chair for the European Committee on Agriculture and Rural Development visited a rural zone in Dingli which forms part of the Axis 3 Project by Dingli Local Council. This Local Council has developed a Heritage Trail around the village and restored several historic land marks forming part of this Trail. During this visit, Mr De Castro was exposed to the reality which is faced by the Maltese agricultural sector: land fragmentation, terraced fields which lead to more soil erosion, and the low level of soil in fields. Mr De Castro, together with ten ministers was visiting Malta during the CIHEAM (International Centre for Advanced Mediterranean Agronomic Studies) meeting.



Figure 76 – Minister Pullicino with Mr De Castro and Mr Mifsud in Dingli
Photo Courtesy of DOI

Salini Rehabilitation Project, Axis 3 Project – August 2012

Over the past years the Salini salt pans have deteriorated, especially following a storm in 2003, which caused extensive damage. The adjacent redoubt was also in dire need of restoration. The MRRRA therefore tapped EAFRD to rehabilitate this area and conserve the rural aspect of the region. A press release was held on the 2nd August in the Salini area by Minister George Pullicino who explained that following restoration the redoubt will be transformed into a visitors' centre to inform the visitors about the history, archaeology and ecology of the surroundings. The salt pans will also be transformed into a salt production site.



Figure 77 – Press Release at Salini
Photo Courtesy of DOI

New Public Garden for the Conservation of Endemic Plants and Trees

During a visit at the Plant Health Directorate in Lija, Minister Pullicino announced that part of these premises will be transformed into a public garden. Parts of this public garden will be dedicated to different plants and trees with the aim of conserving these species whose population in the wild is decreasing. Visitors will be able to learn about local trees and plants while the gardens will also serve as an open recreational area for the community which has grown around the area. This project will also include the construction of laboratories, a visitors’ centre and an area where seminars and meetings can be organised. Part of this project will be financed through Axis 2, Measure 214 (Sub-Measure 10).

Rural Photo Competition

The three Maltese LAGs participated in the Rural Photo Competition. The general public was invited through the LAGs to submit rural photos under a number of categories: Rural Environment, Rural Employment, Rural Youth, Rural People, Rural Diversity and The Spirit of LEADER. The competition was open to both amateurs and professionals and a number of photos were eventually submitted by the three LAGs.

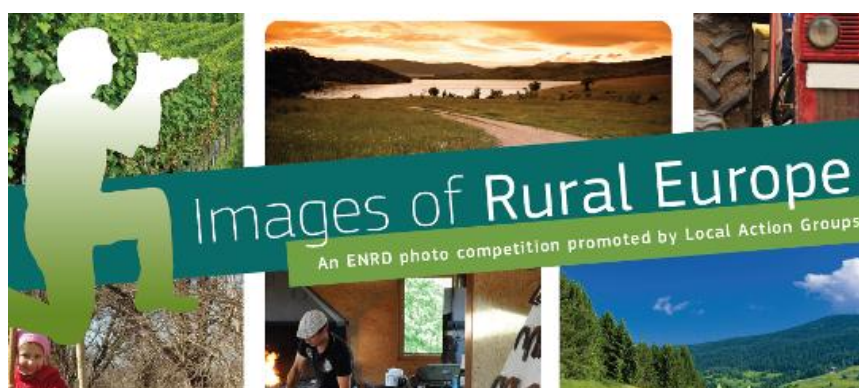


Figure 78 – Various amateur and professional photographers submitted a number of photographs for this competition

Fairs and Events

The MA and NRN participated in various fairs and events held in 2012 around the Maltese Islands. Organisers of these fairs included *Naturalment Malti*, Local Councils and Local Action Groups. The MA participated in:

- *Festa tal-Halib* (Milk Festival) held on 6th May in Għargħur
- Flowers and Arts Festival held between 7th and 9th June in Sliema
- *Imnarja* Festivities held between 28th and 29th June in Buskett, Rabat
- *Festa tat-Tadam* (Tomato Festival) held on the 11th and 12th of August in Kerċem, Gozo
- Casal Fornaro held on the 21st and 22nd of September in Qormi
- *Gewż, Lewż, Qastan u Tin* (Almonds Festival) held on the 10th and 11th November in Sliema
- Grand Culinary and Crafts Christmas Festival (organised by Majjistral Action Group Foundation) held between the 7th and 9th December at the Malta Fairs and Convention Centre, Ta' Qali

Festa tal-Halib

The *Festa tal-Halib* (Milk Festival), organised by Naturalment Malti, was held on the 6th of May in Għargħur, with the participation of the Milk Producers Cooperative (KPH), Malta Dairy Products and Għargħur Local Council. Several milk products were exhibited and available for purchase. The Managing Authority set up its stand in order to promote the RDP and answer any queries which farmers or the general public might have.



Figure 79 – Poster for the Festa tal-Halib held in Għargħur

Flowers and Arts Festival

The Flower and Arts Festival was held in Sliema between the 7th and 9th of June 2012. This Festival formed part of the *Naturalment Malti* campaign aimed at increasing public awareness on local agricultural produce. Thus, the target audience for this publicity action was the general public, wherein the MA took the opportunity to explain the benefits and results of the projects implemented through the RDP 2007-2013. The NRN Consultation Conference held in mid July was actively promoted during such festival.

Several local flower nurseries, folk groups, bands and local band clubs took part in this event, together with producers of several local delicacies including *ġbejniet* (cheeselets), honey, olive oil, sweets and wine. During this Festival the Managing Authority set up a stand which was manned by Managing Authority officers and LAG representatives.



Figure 80 – Flowers and Arts Festival held in Sliema between the 7th and 9th June 2012



Figure 81 – Bisazza Street Sliema during the Flowers and Arts Festival

MCAST Expo

The MCAST Expo was held between Saturday 23rd and Tuesday 26th June. This Expo aimed to attract students towards the MCAST main campus as to learn about MCAST courses available.



Figure 82 – The MA also participated in the MCAST Expo

The Managing Authority set up a stand, in conjunction with the MCAST Agribusiness Institute whose scope was to increase awareness amongst students and the general public on the role of the Managing Authority, the Paying Agency and the National Rural Network. Also, it highlighted possible employment opportunities within the Managing Authority and Paying Agency for students and prospective students. Several leaflets were distributed including information on the RDP, Axis 2 Measures, Local Action Groups and Measure 114.

Imnarja 2012

Between the 28th and 29th of June, the Managing Authority, the National Rural Network Malta and the three LAGs participated in the Imnarja Festivities held in Buskett. On its stand, the Managing Authority featured a DVD which showcased the results of projects financed under the RDP 2004 – 2006, another DVD on RDP 2007-2013 funded-projects and a generic one promoting the Common Agricultural Policy and Malta. The stand also provided several leaflets on the Rural Development Programme, the Common

Agricultural Policy the National Rural Network and Measure 114 which is an ongoing measure. Farmers approaching the stand were briefed on the benefits of Measure 114 and encouraged to approach the Farm Advisory Service Consortium.



Figure 83 – Poster for Imnarja 2012 held in Buskett

The National Rural Network stand had the objective to educate children on the CAP. An area was specifically allocated for children where they could colour drawings and complete worksheets related to agriculture and rural development. The drawing book 'On the Farm' was also distributed. Children were also given the opportunity to milk an artificial wooden cow constructed specifically with the scope of increasing awareness of where milk comes from.

The Local Action Groups provided information on their Actions within the Local Development Strategy. Moreover, they also displayed and offered samples of their regional produce.



Figure 84 – The Managing Authority stand at Imnarja Festivities

Festa tat-Tadam

The Tomato Festival was held in Kerċem, Gozo, on the 11th and 12th August 2012. Tomatoes are a very important crop for the island of Gozo, with the main local tomato processor being located on the Sister Isle. During this festival those attending could view agricultural machinery used by tomato growers, purchase various locally produced delicacies and innovative tomato based dishes, including tomato soup and tomato cake. Entertainment was also provided with the participation of various local artists, folk singers and the local brass band.



Figure 85 – The MA stand during the Tomato Festival in Kerċem, Gozo

‘Festa ta’ Ħobż’ u ‘Lejl f’Casal Fornaro’

The Managing Authority participated in the 6th edition of ‘Festa ta’ Ħobż’ and ‘Lejl f’Casal Fornaro’ held in Qormi on the 21st and 22nd September 2012. This activity was coordinated by *Kummissjoni Zgħazagħ Bastjanizi* and Qormi Local Council with the participation of several bread producers. Entertainment was provided on several stages in the area and included drama, Maltese folk singing, folkloristic dances, village brass bands and established local bands and singers. The Managing Authority set up an information stand manned by its representatives who were kept busy over the two nights, since this festival has established itself in the local events calendar and is very well attended.



Figure 86 – The Managing Authority stand at ‘Lejl f’Casal Fornaro’, Qormi

In addition, an informative article related to the RDP, the Future of the CAP and the ongoing NRN consultation programme was published on a booklet which was distributed during the festival.

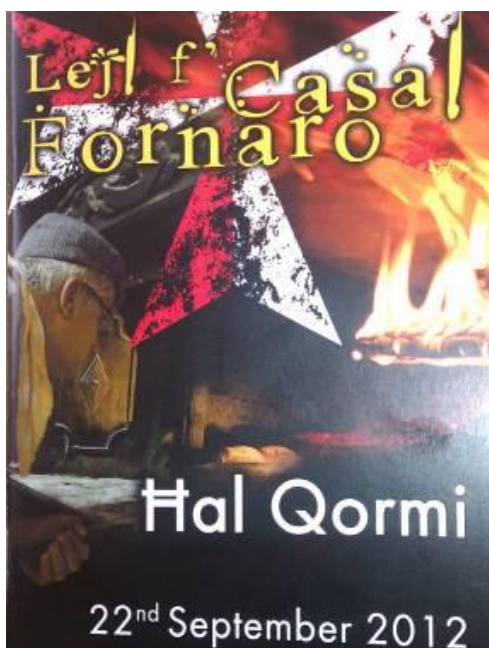


Figure 87 – The booklet distributed during ‘Lejl f’Casal Fornaro’

Ġewż, Lewż, Qastan u Tin

This Festival was held between the 10th and 11th November in Sliema in order to celebrate the feast of St. Martin, with whom the Maltese associate *gewż* (walnuts), *lewż* (almonds), *qastan* (chestnuts) *u tin* (figs). Several local bands and folk groups performed during this festival. Traditional Maltese food was served, including suckling pig, rabbit and ravioli, together with Maltese wine, delicatessen, and local fruit and vegetables, traditional almond based sweets and handcrafts such as *bizzilla* and *arkett*. Again the Managing Authority set up an information stand in order to disseminate information about the various projects financed by the Rural Development Programme.



Figure 88 – Poster for *Ġewż, Lewż, Qastan u Tin* (Almond Festival) poster

Grand Culinary and Crafts Christmas Festival

As one of its Actions, Majjistral Action Group Foundation set up and promoted a successful Culinary and Crafts festival in order to promote the products and produce of the Majjistral territory. This event included various participants such as farmers, Local Councils, craftspeople and processors of agricultural products.



Figure 89 – The Grand Culinary & Crafts Christmas was held between the 7th and 9th December 2012

The Festival was held between the 7th and 9th of December 2012. Several stands were set up including one for every Local Council making up the LAG. Each Local Council stand was then divided into smaller stalls manned by various craftspeople, food producers and processors. Apart from these stands, an entertainment programme was organised which included several village brass band clubs, choirs, culinary competitions and shows organised by popular local entertainers.



Figure 90 – Publicity plaque exhibited at the entrance of the Malta Fairs and Conventions Centre

The Managing Authority took an active part throughout the 3-day festival by promoting the benefits of the Rural Development Programme 2007-2013. Moreover, a promotional session on Measure 114 was organised to encourage farmers to make use of the Farm Advisory services available.



Figure 91 – The MA stand at the Grand Culinary and Crafts Christmas Festival, organised by Majjistral Action Group Foundation



Figure 92 – One of the stands at the Grand Culinary and Crafts Christmas Festival

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. This support has increased over the second part of 2012 when some of the projects started nearing completion. The MA reviewed any leaflets, maps, publications, plaques or websites which have been financed through Axis 3 Measures to ensure that all publicity guidelines have been adhered to.



Figure 93 – <http://heritageimqabba.com/> homepage showing the Axis 3 publicity banner

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, 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. The Operating Rules were updated over the course of 2012: this update will be finalised in the first half of 2013, following vetting by legal advisors.

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 2012 the MA participated in the Inter-Ministerial Co-ordination Committee for the EU Infrastructure and Productive Funding Programmes on demarcation held on 30th October 2012. 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. Following this meeting the MA conducted a thorough exercise where RPD beneficiaries were crosschecked with the beneficiaries of other EU funds to ensure that the same legal entities are not receiving funding for the same investments under different funds.

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 (EC) NO 1698/2005)

The execution of the Rural Measures took place according to Regulation (EC) No 1257/1999 and Regulation (EC) 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 effective demarcation with other EU funding streams, thereby also ensuring that competition is fair and 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 ensuring that there is no duplication of funding. Thus, being in line with the Community Strategic Guidelines for Rural Development, as well as other European treaties and directives, will encourage synergies between the funds concerned, ensuring complementarity and coherence.

The Managing Authority (MA) ensured coherence in the day to day management of socio-economic support under the EAFRD. Administrative arrangements were put in place in order to provide 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 (CAP) as well as environmental policies. In this regard, the Managing Authority has informed 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 of their obligations according to the relevant Community policies.

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

The Table hereunder outlines 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 50 - Legal Frameworks by Measure

In addition, the MA continued to strengthen its close coordination and collaboration with the various Government entities namely the State Aid Monitoring Board (SAMB) and the Superintendence for Cultural Heritage, the Malta Resources Authority (MRA), as well as other Departments and Ministries thereby ensuring conformity and compatibility with Community Policies.

Private entities that applied for funding under the Measures launched in 2011 through the Paying Agency (PA), and for Technical Assistance, were 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 be in compliance with public procurement regulations.

Thus, the delivery of the 2007-2013 Programme has been 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 evaluated on their merits by the respective bodies and the necessary level of accountability was maintained.

During 2012, the MA verified that discrimination was prevented at the implementation stage. In cases where beneficiaries are 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 manifest these principles 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 - LEADER AND THE NATIONAL RURAL NETWORK

LEADER

The LEADER Programme was launched during a press conference in March 2011. LEADER, supported under Axis 4 of the Rural Development Programme, aims to allow local actors to develop an area by using its endogenous development potential.

Axis 4 addresses the improvement of the quality of life in rural areas through the setting up of Local Action Groups (LAGs). These LAGs are physically close to the community in which they work and can better understand the needs and requirements of their region, therefore promoting the bottom-up approach. 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 aim of the three LAGs is to effectively implement the Local Development Strategy (LDS) for each region through a number of Actions and Measures which are issued throughout the year. Each LDS was compiled using a bottom-up approach through public consultation:

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

The following are the specific Actions which are being issued under Measure 410 by each respective Local Action Group:

GAL Xlokk Foundation (GXF):

- Action 411.A2 – Capital Investment to Support Artisanal Agricultural Activity
- Action 413.A1A – Communication and Branding of the Region
- Action 413.A1B – Setting up of a Tourist Hub
- Action 413.A3 – Open Call for Voluntary Organisations
- Action 413.A4 – Training for Project Managers
- Action 413.A5 – Embellishment Projects
- Action 413.A6 – Cultural and Educational Activities
- Action 413.A7 – Community Support for Children
- Action 413.A8 – Open Call for Sports Activities/Facilities

Majjistral Action Group Foundation (MAGF):

- Action 413.1 – A one-time large-scale Culinary and Crafts Fair
- Action 413.2 – Support for Direct Marketing - Crafts Sector
- Action 413.3 – Open Call for Craft Workers
- Action 413.4 – Development of 3 distinctive products for the Majjistral Region
- Action 413.5 – Creation of a Rural Tourism Network
- Action 413.6 – Support Arts and Culture Organisations to Undertake Capital Projects
- Action 413.7 – Formation of Foundation of Territorial Rangers
- Action 413.8 – Branding and Promotion of the Majjistral Region

Gozo Action Group Foundation (GAGF):

- Action 411.1 – Promotion of Gozo Produce
- Action 413.1 – Promotion of Gozo as a Distinct Destination
- Action 413.2 – Folk and Traditional Activities Support

- Action 413.3 – Craft Sector Support
- Action 413.4 – Landscaping
- Action 413.5 – Signposting
- Action 413.6 – Events and Festivals



Figure 94 – Logos of the three Local Action Groups

The three LAGs were also involved with the call for applications, evaluation of applications and implementation of:

- Measure 125: Action Type 3, 'Infrastructure relating to the development of agriculture';
- Measure 313: Action Type 3, 'Setting up trails that interlink various sites of tourist value' and Action Type 4, 'Provision of one-time restoration and small scale recreational amenities';
- Measure 421: Inter-territorial and Transnational Cooperation; and
- Measure 431: Running the LAG, acquiring skills and animating the territory.

The financial allocations for these Measures are as follows:

| Measure | LAG | Public allocation per LAG | Total Public allocation |
|---------|------------|---------------------------|-------------------------|
| 125 | Xlokk | €204,000 | €600,000 |
| | Majjistral | €204,000 | |
| | Gozo | €192,000 | |
| 313 | Xlokk | €1,542,466.78 | €4,536,667 |
| | Majjistral | €1,542,466.78 | |
| | Gozo | €1,451,733.44 | |
| 410 | Xlokk | €997,900 | €2,935,000 |
| | Majjistral | €997,900 | |
| | Gozo | €939,200 | |
| 421 | Xlokk | €56,100 | €165,000 ⁸⁴ |
| | Majjistral | €56,100 | |
| | Gozo | €52,800 | |
| 431 | Xlokk | €263,500 | €775,000 |
| | Majjistral | €263,500 | |
| | Gozo | €248,000 | |

Table 51 – Financial allocations for the Local Action Groups

⁸⁴ The budget allocated to Measure 421, Inter-territorial and Transnational Cooperation, was reduced by €355,000 in favour of Measure 410 in order to optimise the effectiveness of utilisation of funds.

Applications for Measure 125 through the three LAGs were received between the 17th October and 2nd December 2011. A total of 36 expressions of interest were received, most of which encompassing more than one road. Initially a Technical Expert from the Project Design and Implementation Department was evaluating the process. However, this task was then delegated to a Technical Expert contracted by the Managing Authority (MA) which will assess whether resurfacing of roads will require a planning Permit. As at end 2012, the Technical Expert had evaluated the expressions of interest for the Xlokk region. The same Technical Expert will be contracted in 2013 to evaluate the expressions of interest in the Majjistral Region while the Technical Expert for the Gozo region will also be contracted in 2013. Formal applications for roads which do not require planning permits will be submitted in 2013.

Applications for funding under Measure 313 were received between 7th March and 6th May 2011 and a total of 24 applications were submitted, 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. Four contracts for Xlokk Action Group Foundation were signed in 2012 and works have already started, with a number of disbursements being made. Another six contracts for beneficiaries from the Gozo Action Group Foundation were signed in November 2012. The remaining contracts will be signed in 2013.⁸⁵ Measure 313 was the first Measure to be issued and evaluated by the LAGs and as a result the process leading to contracting was slightly longer than expected. Such delays are not expected with respect to other future Actions and Measures.

Measure 421, Inter-territorial and Transnational Cooperation, was launched in June 2012. The LAGs submitted draft proposals during the months of September and October 2012. These proposals were evaluated and approved by the MA and following this, the LAGs submitted the official applications and signed the contracts with foreign LAGs. The first meeting of the evaluation board was held in December 2012 and evaluation will be finalised in the first half of 2013, with the contracts expected to be signed soon after. The cooperation projects will be initiated in late 2013.

Operating Rules for LEADER

The Operating Rules are subject to compliance with EU and National requirements, serving as guidelines for LAG Managers, Decision Committee members and other relevant stakeholders, on how the LEADER Programme under the RDP should be administered in Malta. The rules set out the general basis on which each LAG will deliver Axis 4 of the Rural Development Programme 2007 – 2013.

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 and these Operating Rules were revised in 2012⁸⁶. The latest operational version of this document can be downloaded from the MA website: <https://secure2.gov.mt/MRRA-MA/downloads-links?l=1>.

⁸⁵ In January 2013, another 2 contracts for GAL Xlokk beneficiaries were signed. The contract for 1 Majjistral Action Group Foundation beneficiary was signed in February 2013.

⁸⁶ This version of the Operating Rules will be officially approved in the second quarter of 2012.

Participation in the MNRN

LAGs play an important and active role in the Maltese National Rural Network (MNRN). Apart from participating actively during all meetings, they were asked to present their progress to date and the plans for 2012 during the NRN meeting held in April 2012. This gave the LAGs an opportunity to further promote their LAG with other rural stakeholders. At the same time, it gave the rural stakeholders more information regarding the Measures and Actions which will be launched by the LAG and how they can benefit from these funds.

Publicity

The MA works continuously with all LAGs to promote LEADER and related Actions and Measures launched. In 2011, three leaflets were published, one for each LAG, containing 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. The MA also prepared a document regarding obligatory publicity requirements for LAGs as to ensure adherence to the publicity requirements stipulated in the EAFRD Regulation.

During 2012, the three Local Action Groups participated in several activities and events in order to promote LEADER and inform the public about the role of the LAGs within their territory. During these fairs and events, the LAGs set up their own stands and the public was invited to speak with LAG personnel to obtain information about the benefits that can be achieved through these action groups.

The three LAGs participated in the Mnarja Event held in Buskett at the end of June 2012. One stand was set up in which each LAG set up an exhibition to promote its region. The stand included sampling of products from each respective territory.

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.

LEADER was promoted on two main TV programmes in which the Managing Authority sponsored a number of features, namely *Malta u lil Hinn Minnha* and *Mad-Daqqa t'Għajn*. Four features were broadcasted on *Malta u lil Hinn Minnha*: an introductory feature by Managing Authority officials and one feature on each of the three LAGs. The feature on *Mad-Daqqa t'Għajn* focused on what is LEADER, its benefits and progress in the implementation of the three Local Development Strategies.

Newsletters

A number of articles were published on Funding 360, an e-newsletter issued monthly by MEUSAC (Malta-EU Steering and Action Committee). The first article, published in January concerned Measure 413.3, Quality of Life: Craft Sector Support, one of the Actions launched by Gozo Action Group Foundation. Another article by GAGF was published in the March Edition, entitled 'Promotion of Gozo Produce' Action 411.1. The Majjistral Action Group Foundation contributed to the May 2012 edition of this newsletter, through an article following the launch of Action 413.5, Creation of Rural Tourism Network. GAGF submitted another article following the launch of Action 413.4, Landscaping of rural localities.

MEUSAC News is another MEUSAC publication in which Majjistral Action Group Foundation has submitted an article related to one of its actions 'Creation of a Rural Tourism Network' on Issue 83, 21st April 2012. The Gozo Action Group Foundation wrote an article related to a call for the embellishment and landscaping of rural areas on Issue 88, July 7th 2012.

In addition to this, LAGs are invited to contribute to the NRN Newsletter which is published every 4 months. MAGF contributed an article on the 3rd edition of the newsletter published in February 2012: 'Support to Culture and Arts: A Priority for the Majjistral Action Group Foundation'.

Measures and Actions Launched

Measure 410

M410 is a combination of Actions 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 region. 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. 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.

Progress on Actions issued in 2011

Majjistral Action Group foundation issued two Actions in 2011:

- Action 413.3: Open Call for Craft Workers; and
- Action 413.6: Support Arts and Culture Organizations to undertake Capital Projects

Action 413.3

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. 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. In 2012 the applications were evaluated by the LAG Technical Expert and ranked by the LAG Decision Committee. Three beneficiaries were contracted in 2012, for a total of €10,774⁸⁷. This Action was undersubscribed; therefore, €3,442.58 will be transferred to other Actions in order to make the best use of these remaining funds.

⁸⁷ Another 2 beneficiaries were contracted in the first quarter of 2013

Action 413.6

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 of February 2012.

Arts and culture organizations serve an important cultural role in the region and in Malta. 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%.

A total of 16 applications were received following this call. In 2012 the applications were evaluated by the LAG Technical Expert⁸⁸. This Action was undersubscribed; therefore, €12,470.98 will be transferred to other Actions in order to make the best use of these remaining funds.

Action issued in 2012

During 2012, a number of calls were issued under Measure 410:

GAL Xlokk Foundation:

- Action 413.A1a: *Communication and Branding of the Region*, call for tenders was open between 18th April and 21st May 2012
- Action 413.A3: *Open Call – Voluntary Organisations*, applications were received between 1st May and 31st May 2012
- Action 413.A8: *Open Call – Sports Activities/Facilities*, applications were received between 1st May and 31st May 2012
- Action 413.A6: *Cultural and Educational Activities*, call for tenders was open between 5th December 2012 and 7th January 2013

Majjistral Action Group Foundation:

- Action 413.5: *Creation of Rural Tourism Network*, applications were received between 23rd April and 22nd June 2012
- Action 413.1: *Organisation of Culinary and Crafts Annual Festival* – call for tenders was open between 15th August and 24th September 2012 and *Promotion and Marketing of Culinary and Crafts Annual Festival* – call for tenders was open between 24th August and 3rd October 2012

Gozo Action Group Foundation:

- Action 411.1: *Promotion of Gozo Produce*, applications were received between 5th March and 13th April 2012
- Action 413.3: *Quality of Life: Craft Sector Support*, applications were received between 16th January and 17th February 2012

⁸⁸ These applications were evaluated by the MA and ranked by the LAG Decision Committee. 12 applications were deemed eligible and will be contracted in the second quarter of 2013. The total contracted amount will be €131,795.40.

- Action 413.4: *Landscaping*, applications were received between 2nd July and 17th August 2012

GAL Xlokk Foundation

Action 413.A1a

This Action, 'Communication and Branding of the Region', aims to develop a strategy for the promotion of the region through the creation of an interactive website, publication of brochures, leaflets, maps and calendar of events. The LAG itself will be the beneficiary under this Action. This Action was issued in the form of a tender and bids were received between the 18th of April and 21st of May 2012. The budgetary allocation for this Action was €240,000. One bid was received and following the evaluation process, the bidder was contracted and the Action is being implemented. The contract was signed in May 2012, for a total of €208,500.00, including VAT. As at end 2012, the amount of €33,360 (including VAT) has been disbursed.

Action 413.A3

The Action entitled 'Open Call – Voluntary Organisations' was addressed towards voluntary organisations as to help them express their creativity. The proposed projects under this Action aim to enhance, promote, valorise and facilitate cultural traditional activities through cultural initiatives. Beneficiaries eligible for funding under this Action were local clubs, NGOs and other Voluntary Organisations who operate in the cultural and traditional sector.

Applications under this Measure were received between the 1st and 31st May 2012, with a budgetary allocation of €150,000. Eleven applications were received and following evaluation, all were deemed eligible. Ten beneficiaries were contracted in the first quarter of 2013, while the remaining beneficiary will be contracted in the second quarter of 2013.

Action 413.A8

This Action, entitled 'Open Call – Sports Activities/Facilities', aimed to facilitate and increase access to sports activities in order to sustain a healthy community lifestyle. Prospective beneficiaries had the option of deciding on what type of activity they would like to pursue, including marketing, awareness, capital investment and research. The beneficiaries eligible for funding under this Action were sports organisations, NGOs and other Voluntary Organisations operating in the sports sector which offer a service that promotes sports activities to communities within the Xlokk territory.

Applications under this Measure were received between the 1st and 31st May 2012, with a budgetary allocation of €125,000. Eleven applications were received and as at end 2012, applications were being evaluated by the LAG.⁸⁹

Action 413.A6

This Action is entitled 'Cultural and Educational Activities' and was issued in the form of a Tender with the LAG being the beneficiary. The winning bidder shall organise three large scale events focusing on the culture, products and produce of the Xlokk region. These events aim to create synergies and links

⁸⁹ 8 applications were deemed eligible however some clarifications were required. Contracts will be signed in the second quarter of 2013, once all clarifications have been submitted and projects are approved by the MA.

between farmers and catering establishments, crafts and artisan producers, artists, consumers, NGOs and tourists. These large scale events will be held in three distinct locations and help promote sales of artisanal products, therefore helping the primary producers.

Tenders were received between the 5th of December 2012 and 7th of January 2013. The budgetary allocation for this action is €275,000. As at end of period under review, the call for tenders was still open.⁹⁰

Majjistral Action Group Foundation

Action 413.1

Through this Action, entitled 'Culinary and Crafts Annual Festival', the MAGF set up and promoted a successful culinary and crafts festival aimed at promoting the products and produce of the Majjistral territory. This event was set up during the Christmas period and included various participants such as farmers, Local Councils, craftspeople and processors of agricultural products. The aim of this event was to generate revenue for participating exhibitors, develop a food, craft and art network within the region, act as a tourist attraction and eventually create and establish a 'Majjistral Brand'. The beneficiary was the Local Action Group, however the ultimate beneficiaries were the exhibitors who showcased and sold their products, together with the general public who was offered an alternative source of entertainment throughout the festive season.



Figure 95 – Grand Culinary and Crafts Christmas Festival

This Action was issued in the form of two Tenders. Bids for Organisation of Culinary and Crafts Festival for the Majjistral Territory were received between 15th August and 24th September 2012 while bids for Promotion and Marketing of the Culinary and Crafts Festival for the Territory were received between 24th August and 3rd October 2012. Two bids were received for the organisation of the festival while one bid was received for marketing and promotion.

⁹⁰ 1 tender were submitted and the tender is currently being evaluated by the Local Action Group.



Figure 96 – Official opening of the MAGF Christmas Festival

The event was held between the 7th and 9th of December 2012. Several stands were set up including one for every Local Council making up the LAG. Each Local Council stand was then divided into smaller stalls manned by various craftspeople, food producers and processors. Apart from these stands, an entertainment programme was organised which included various village band clubs, choirs, culinary competitions as well as shows organised by popular local entertainers. The Transnational Cooperation project *MeDIETerranea* was also launched during this event. Participation and entrance was free for all participants and the general public.



Figure 97 – Minister Pullicino visiting the stands at the MAGF Christmas festival

Courtesy of DOI



Figure 98 – Part of the calendar distributed by MAGF during the Culinary and Arts Festival

Action 413.5

This Action, entitled ‘Creation of a Rural Tourism Network’ aims to establish a rural tourism network that brings together farmers from the Majjistral region. Through this network, the region aims to encourage tourists to get closer to the environment, farming and rurality while sustainably exploiting regional rural assets. This Action also aims to improve and diversify the farmers' income whilst contributing to the tourism and education markets. As part of this action, a communication campaign will be designed, while consultancy and expert advice will also be available for network members.

This action was issued on 23rd April and the application period closed on 22nd June 2012. The budgetary allocation for this Action was €176,800. One application was submitted which is currently being evaluated by the LAG.

Gozo Action Group Foundation

Action 411.1

This Action, entitled ‘Promotion of Gozo Produce’, aims to provide assistance to the development of marketing initiatives focusing on Gozitan agricultural products. Action 411.1 will support marketing campaigns of Gozitan agricultural products, focusing particularly on the typical production of the island. It aims to enhance marketing skills of local farmers and agricultural food producers and support activities which enable them to connect with buyers. Beneficiaries eligible for funding under this Measure were farmers, farmers’ organisations, agri-processors and Producers Organisations.

Applications for this Action were received between 5th March and 13th April 2012. The total allocated budget for Action 411.1 was €150,000. Five applications were received and evaluation is currently underway.⁹¹

⁹¹ The beneficiaries will be contracted in the second quarter of 2013.

Action 413.3

The Action 'Quality of Life: Craft Sector Support' was launched to provide assistance to the craft sector in Gozo in the implementation of innovative and marketing projects. This action aims to reinforce and improve Gozitan rural products to exploit niche tourism, and to facilitate greater recognition of local intangible heritage to preserve local traditions and identity. Individual craft makers/groups/businesses, recommended by a craft body, organisations and associations registered with the Commissioner for Voluntary Organisations were eligible to apply for this Action.

Applications for Action 413.3 were received between 15th February and 17th February 2012. The amount of €80,000 was allocated towards this Action. Four applications were received, all of which were deemed ineligible by the MA. For this reason, the call for applications will be re-opened during the second quarter of 2013.

Action 413.4

This Action was entitled 'Quality of Life – Action: Landscaping'. Action 413.4 aimed to provide assistance to Local Councils for the improvement of landscaping in the GAGF region. Through this Action, localities will be enhanced through landscaping initiatives. Local Councils were the beneficiaries eligible under this Action.

Applications for Action 413.4 were received between the 2nd July and 17th August 2012, and the budget allocated was of €354,000. Ten applications were received and evaluation is currently underway.⁹²

Measure 313

Applications for Measure 313 were received by the three LAGs on 7th March 2011 and closed on the 6th of May 2011. This Measure was advertised on local newspapers and on the Government Gazette (4th March 2011 edition). 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.



Figure 99 – Construction of a palazzo, M313 project

⁹² As at end of the period under review, the LAG was still evaluating the applications submitted

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.



Figure 100 – Artist’s impression of a recreational park in Qormi, M313 project

A total of 24 applications were received, 20⁹³ from the public sector and 5 from the private sector:

| LAG | Public Entity | Private |
|------------------------------------|---------------|----------|
| GAL Xlokk Foundation | 5 | 1 |
| Majjistral Action Group Foundation | 6 | 2 |
| Gozo Action Group Foundation | 9 | 2 |
| Total | 20 | 5 |

Table 52 – Application Measure 313

The applications were evaluated by the LAGs together with their Technical Experts, ranked by their respective Decision Committees and presented to the MA for approval. The MA assessed these applications in 2012. A total of €4,536,667 is available for the three LAGs for Actions Type 3 & Type 4 of Measure 313.

In 2012, four beneficiaries from the Xlokk region were contracted.⁹⁴ Six beneficiaries from the Gozo region were then contracted in November 2012. Two applicants from the Gozo region withdrew their application while another two were disqualified.⁹⁵

Measure 125

M125 Expression of Interest was launched on 17th October and closed on the 2nd December 2011. The launch took place during a meeting held at Bank of Valletta’s head office in Santa Venera for which several stakeholders were invited. The three LAGs issued a call for Expression of Interest for

⁹³ 19 applications from the private sector were reported in APR 2011. However, the number of applications should be in fact 20. One applicant under Majjistral Action Group Foundation was disqualified since he did not provide the requested supported documentation in the stipulated time. Therefore, the application was not evaluated and was not considered in APR 2011.

⁹⁴ Another two beneficiaries from this region were contracted in the first quarter of 2013

⁹⁵ One contract was signed with a beneficiary from the Majjistral region in the first quarter of 2013.

those potential applicants wishing to improve access to their agricultural holdings through the upgrading of existing farm access roads and passageways, located within each LAG territory.



Figure 101 – Artist's impression of restoration of rubble walls along a walkway in Qormi, M313 project



Figure 102 – Two of the roads submitted in Expressions of Interest for M125 which aims to improve the accessibility to agricultural holdings through the upgrading of existing farm access roads

A total of 36 Expressions of Interest for Measure 125 were received between the 17th October and 2nd December 2011. Initially a Technical Expert from the Project Design and Implementation Department was evaluating the process; however, this task was then delegated to an independent Technical Expert contracted by the Managing Authority. This Technical Expert will assess whether resurfacing of roads will require a planning Permit. As at end 2012, the Technical Expert had evaluated the expressions of interest for the Xlokk region. The same Technical Expert will be contracted in 2013 to evaluate the expressions of interest in the Majjistral Region while the Technical Expert for the Gozo region will also be contracted in 2013. Formal applications for roads which do not require planning permits will be submitted in 2013⁹⁶.

Under this call, each application was capped at €30,000 (excluding VAT). The LAG shall finance 90% of eligible expenses (through Axis 1) while the applicant must contribute the remaining 10%. A total of €600,000 for the three LAGs is available under this Measure.

⁹⁶ Applications for GAL Xlokk were received between 27th February and 29th March 2013.

Measure 421

Applications for this Measure, Transnational Cooperation, were received between Tuesday 12th June 2012 and Friday 12th October 2012. 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.

Prior to the submission of applications, the three Local Action Groups submitted a proposal which was reviewed and approved by the Managing Authority. Following the approval of this proposal, the LAGs then submitted the official application. The application deadline was extended until the 30th of November 2012.

GAL Xlokk

GAL Xlokk will be participating in the project '*MeDIETerranea*', whose lead LAG is *Sulcis Iglesiente Capoterra e Campidano di Cagliari*. This transnational project aims at promoting and enhancing the Mediterranean diet as a source of identity and culture. '*MeDIETerranea*' will raise awareness on the Mediterranean diet, leading to a greater demand for local produce, both by local consumers and by operators in the catering industry.

Xlokk Local Action Group will be participating in four activities:

1. Design and development of the 'Traditional Euro-Mediterranean Menu';
2. Realisation of travelling events on the Mediterranean Diet;
3. Realisation of a publication/cartoon of ancient and modern civilisations and the Mediterranean Diet;
4. Festival of the Mediterranean Diet as a symposium of the rural identity and gastronomic competition;
5. Animation, project management and coordination.

Majjistral Action Group Foundation

Majjistral Action Group Foundation will be participating in the same project, '*MeDIETerranea*', together with GAL Xlokk and several other Local Action Groups. MAGF will be participating in the same five activities as GAL Xlokk listed above.

Gozo Action Group Foundation

GAGF will participate in the project 'Network of Transnational Eno-gastronomic itineraries for the promotion of the Mediterranean cultural-food model', whose lead LAG is *Luoghi del Mito*. This project aims at the development and enhancement of an Eno-Gastronomic Itinerary in the Island Region of Gozo, whilst linking this same itinerary to a network of similar itineraries which will be developed by the partner LAGs.

GAGF will be participating in several activities:

1. Project coordination, supervision and evaluation;
2. Transnational Meetings/Conferences: share of information and best practices;

3. Sharing of best practices among local partner LAGs and foreign partner LAGs about management, valorisation and promotion of eco-gastronomic itineraries and products;
4. Setting up of the Food and Wine Routes network;
5. Development of a web platform for the joint management of the association/ EEIG activities (internal communications, activities and events) sharing of experiences;
6. Designing/ Development of integrated tour packages;
7. Production of advertising material for tour packages;
8. Video for the promotion of the 'Food and Wine Routes' network; and
9. Organisation of promotional events to be held abroad addressed to travel intermediaries and potential buyers of traditional products.

The evaluation board met and reviewed each Project Proposal in terms of validity and eligibility. Clarifications in relation to the Proposal were sent to the Local Action Groups and subsequently, satisfactory amendments were submitted. The evaluation board agreed with the final proposals submitted by the three Local Action Groups. Following the approval of these proposals, the LAGs finalised consultations with the Lead Partner and submitted formal applications for further review.⁹⁷

Measure 431

During the first week of the month, the three LAGs present monthly payment claims for running costs under Measure 431. These claims are then processed by the MA in a timely manner in order to ensure adequate cash flow management.

This Measure finances the day-to-day running costs of the Local Action Groups, including LAG Manager and secretary salaries, rent, stationary, water and electricity bill, travel expenses and professional fees.

Other Events

Leader Event 2012

The European Network for Rural Development (ENRD) organized the 'LEADER Event 2012: Local Development Strategies and Cooperation' in Brussels between the 27th and 28th April 2012. This event brought together about 400 participants, including representatives of over 250 LAGs and Managing Authorities, to share their experiences, explore further co-operation and take a first look at the possible future of LEADER. Two Maltese LAGs together with the MA participated in this meeting.



Figure 103 – Networking during Leader Event 2012

⁹⁷ The Evaluation Board has evaluated and reviewed the formal applications in the first quarter of 2013; results will be published in the second half of 2013.

This event focused on three themes: improving the quality of the implementation of local development strategies; integrating co-operation as a key component of local development strategies, and encouraging a new wave of transnational cooperation projects. The format of the event was active and participatory with the aim of encouraging interaction between participants.

Informal Meeting of Directors of Rural Development

MA representatives attended the Informal Meeting of Directors of Rural Development entitled 'Community-led Local Development (CLLD) and Cooperation: Empowering the actors on the ground' held between the 26th and 28th September, and organised by the Cyprus EU Council Presidency. The four main themes under discussion were:

1. Competitiveness in Agriculture: the importance of innovation, quality products, new ways to encourage POs, restructuring of farms, new employment promotion and maintenance of existing jobs;
2. Knowledge Transfer and Innovation: setting up of operational farmers groups to encourage farmers' involvement, implementation of cooperation measures, development of new products and technologies;
3. Community-led Local Development: using Leader to promote development in rural areas, improving LDSs within the new Programme, increased synergy with other funds and multi-funding strategy of the new RDP;
4. Agriculture and Environment: maintenance of traditional trees, crops and landscape, land abandonment, soil erosion and redirection of cultivation to consume less water.

The meeting included a number of workshops and discussions, and proved to be a very interesting experience for the MA representatives, especially with respect to the benefits and limitations of the multi-funding approach and other Member States' views on this.

9th Leader Sub-Committee

MA representatives participated in the LEADER Sub-Committee Meeting held in Brussels on November 22nd 2012. This event aimed at providing an overview of Leader implementation at different Member State level, at the end of the current programming period while introducing the concept of Community-led Local Development (CLLD) as part of the future multi-funding approach. Another session was dedicated to finding suitable methods to prepare potential LAGs for the 2014-2020 programme period. The main points on the Agenda were:

1. Implementation of LEADER and TNC: how are we doing?
2. How to better prepare potential LAGs for the future?
3. Monitoring and Evaluation of LEADER and Community-Led Local Development (CLLD)
4. ENRD and LEADER-related actions in 2013.

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.

The Maltese NRN was restructured in 2012. This restructuring aimed to increase the effectiveness of the NRN throughout the final years of the 2007 – 2013 programming period. The Steering Committee and Coordination Committee of the NRN were merged to one NRN committee with a wider representation. This new committee is more actively involved and is meeting every quarter, in line with the publishing of the NRN newsletter.

14th NRN Meeting

The 14th NRN Meeting was held in Thessaloniki, Greece, between the 2nd and 3rd February 2012. Together with this meeting, the Greek Network also hosted the first meeting of the Mediterranean Macro-regional Network Cluster on the 1st of February. The NRN meeting focused mainly on the added value of networking and rural entrepreneurship. The programme also included a field trip to projects supported by the RDP and discussions linked to credit access, young farmers and short supply chains. Such meetings enhance the networking opportunities of the Maltese NRN and help it to keep abreast on developments taking place within other Member States and in the ENRD.

15th NRN Meeting

The 15th NRN Meeting was held in Ähtäri, Finland, between the 8th and 9th of May. This meeting was attended by more than 70 participants from various Managing Authorities, Network Support Units, Evaluators, the European Commission, the ENRD Contact Point and the Helpdesk of the European Evaluation Network for Rural Development. The general aim of the meeting was to build a shared understanding of how to improve the effectiveness and efficiency of networking as a rural development policy tool. The main points of discussion concerned enhancing the current level of knowledge and understanding of networking in rural development policy and identifying ways to improve networking as a rural development policy tool for the current and future programming period in all Member States. A number of workshops were also held concerning:

1. Current understanding of networking as a rural development policy tool;
2. Factors influencing the efficiency and effectiveness of the NSUs and the networking function;
3. The role of monitoring and evaluation/self-assessment in improving the value of networking as a rural development policy tool.

NRN Conference – L-Agricoltura: il-Qofol ta' Kull Żvilupp Rurali

A public conference was held on 15th June 2012, at Mount St. Joseph in Mosta. This conference entitled '*L-Agricoltura: il-Qofol ta' Kull Żvilupp Rurali*' (Agriculture: the Key to Rural Development), launched the NRN Consultation Process for the Programming Period 2014 - 2020. The general public

was invited to attend and the conference was advertised on local newspapers. Posters were also placed in locations most frequented by farmers and an SMS was sent to all farmers on the IACS database. Invites were sent by email to a wide variety of stakeholders including Local Councils in rural areas, NGOs, educational institutions related to agriculture and processors of agricultural products. The turnout was a very positive one, with around 150 attendees. Those attending were addressed, amongst others, by Prof. Janet Dwyer, Professor of Rural Policy, University of Gloucestershire who explained how the consultation process will work and the themes which will form the basis on the new RDP.

The Conference was also addressed by Hon. George Pullicino, Minister for Resources and Rural Affairs, Dr. Christopher Ciantar, Permanent Secretary and Mr Joseph Caruana, Head PA. The farmers were also given the opportunity to have a question and answer session with the Minister.



Figure 104 – Poster designed to promote the NRN Conference

Following this conference six working groups were set up, each related to one of the six themes proposed by Prof. Dwyer and her team. These six working groups are led by six group leaders from various sectors and facilitated by six representatives from the Managing Authority and Paying Agency. Each working group will meet eight times, approximately once every month. All those attending the NRN Conference were invited to complete a participation sheet indicating in which working group they would like to participate.

The findings from these working groups will then be discussed at higher level at the NRN and Sectoral Sub-committee meetings and will eventually form the basis of the new RDP. These working groups were set up in order to further promote the bottom-up approach.



Figure 105 – Dr. Ciantar, Hon. Pullicino, Mr. Caruana and Prof. Dwyer during the NRN Conference
Photo Courtesy of DOI



Figure 106 – Attendees during the NRN Conference on June 15th at Mount St. Joseph, Mosta

The Ongoing NRN Consultation Process

Following the conference held on 15th June, 6 working groups were set up, each related to one of these six themes:

1. Increasing returns to the fresh produce sector; improving efficiency
2. Improving long-term sustainability of the livestock sector
3. Food processing and adding value – establishing quality chains and new products
4. Direct sales of fresh produce
5. Making a high quality rural visitor experience
6. Enhancing the landscape and adapting to future water challenges.

These working groups are being led by a group leader involved in the sector, including members of farmers' cooperatives, experienced farmers from the dairy sector, lecturers from agricultural institutes and rural tour operators. The meetings are being facilitated by officers from the Managing Authority and Paying Agency. Participants were expected to attend all of the working group meetings, listen to ideas and opinions of all other participants, explore new ideas and perspectives, take active part in discussions and use their knowledge and experience to help in the development of a strategy that will lead towards more sustainable agriculture and rural development.

Each working group is made up of 8 to 15 participants and most meetings are very well attended. Participants include several full time land farmers, livestock breeders from the pork, beef, poultry and rabbit sectors, together with milk producers, members of cooperatives, processors and individuals involved in rural tourism.

These working groups met four times in 2012, between September and December on a monthly basis. During the first meeting, held in September, a brainstorming session was held where participants were invited to express their opinion on their respective sector: the problems and difficulties which they encounter together with positive aspects of the sector.



Figure 107 – The first meeting, Working Group 6

and more funding for cooperatives, support for young farmers, branding and tractability, and a change in policy to consolidate land.



Figure 110 – Activity during the November meeting, Working Group 1

The final meeting for 2012 was held in December and focused on the resources required to complement the activities discussed during the previous meeting. Each group discussed what type of activities, investments, information, knowledge, skills, training and organisational changes are required. Needs for packaging space, storage areas, grading and better quality were discussed, coupled with training on these issues. The livestock sector also mentioned the need for laboratory testing for feeds and nutrition values, the creation of a local brand and widespread publicity campaign focusing on the latter. Support is also required for investments which reduce water and electricity consumption such as the construction of reservoirs and installation of photovoltaic panels.



Figure 111 – Discussions during the meeting held in December

Even though these working groups are running in parallel and members come from a variety of sectors, several common issues have been identified and these will be discussed further in 2013,

when at least one joint working group will be held, to which all the members from the six different working groups will be invited.

Imnarja Event

In 2012 the NRN participated in the Imnarja Festivities held at Buskett between the 28th and 29th of June. This year the Managing Authority set up two stands, one for the three Local Action Groups and another one for the MA and the NRN. In 2012 the NRN stand sought to attract youngsters by providing several drawings, worksheets and drawing books related to agriculture and rural development. MA staff interacted with children and parents in order to promote both the NRN and the RDP in general. Additionally, children were presented with a small cardboard box containing soil and some seeds which grow into a small plant when watered. The scope the EAFRD by showcasing captioned photographs and video footage of several projects financed through this fund. Information on the various RDP Measures, the EAFRD and NRN was also available.



Figure 112 – Kids on the NRN stand during Imnarja Festivities

Fairs and Events

The MA and the NRN set up a stand during several fairs and events organised by Naturalment Malti, Local Councils and other entities. During these events, several local products are exhibited and available for purchase. The scope of these events is to promote fresh local produce. During 2012, the MA participated in:

- *Festa tal-#alib* (Milk Festival) held on 6th May in Ghargħur
- Flowers and Arts Festival held between 7th and 9th June in Sliema
- *Festa tat-Tadam* (Tomato Festival) held on the 11th and 12th of August in Kerċem, Gozo
- Casal Fornaro held on the 21st and 22nd of September in Qormi
- *Gewż, Lewż, Qastan u Tin* (Almonds Festival) held on the 10th and 11th November in Sliema
- *Grand Culinary and Crafts Christmas Festival* held between the 8th and 10th December in Ta' Qali

More information about these activities can be found in Section E (III), *Other Programme-wide Activities*.

MNRN New Committee – 1st Meeting

During this Meeting held at the Dingli Interpretation Centre on the 20th of April 2012, the Maltese NRN was restructured: the Steering Committee and Coordinating Committee were merged into one committee. The new NRN committee which was launched during this meeting is made up of the three LAG managers, representatives from the Managing Authority, Paying Agency and the Ministry for Resources and Rural Affairs, together with representatives from the following sectors: craft, dairy, crop, poultry, pork, culture, environment, tourism and wine.

During this meeting, each of the three LAG managers gave a short presentation on the progress of their LAG, together with a list of Actions which will be launched throughout 2012. Other important issues were also discussed, including:

1. The NRN consultation process;
2. The latest developments in the CAP reform study being undertaken by the University of Gloucestershire;
3. The way forward of the National Rural Network Malta.



Figure 113 – Members of the MNRN at Dingli Interpretation Centre

MNRN New Committee – 2nd Meeting

The second NRN Meeting was held on the 10th of July at Birdpark Malta in Burmarrad. The main issues discussed during this meeting were:

1. The CAP Post-2013 and Malta;
2. Outcomes of the NRN Conference held in June;
3. The role of the NRN in the RDP 2014 – 2020 Consultation Process;
4. Activities undertaken by NRN in the last quarter.

The first presentation concerning the CAP post 2013 and Malta gave an overview of the differences between the current programming period and the one post 2013. The main changes and how these will affect Malta were discussed. The outcomes of the NRN Conference were discussed, together with the consultation process following the NRN Conference held in June. The role of the NRN in this process was also explained. The NRN activities carried out in the first two quarters of 2012 were then presented, together with a draft plan of activities to be held during the second half of the year.



Figure 114 – Members of the MNRN during the Meeting held at Birdpark Malta

MNRN New Committee – 3rd Meeting

The 3rd NRN New Committee Meeting was held on 30th October 2012 at Birdpark Malta, Burmarrad. The meeting focused on:

1. Measure 121 and Measure 123;
2. The state of play of the new legislative framework;
3. Developments in the NRN consultation process within the six thematic groups;
4. Activities undertaken by the NRN in the previous quarter.

The first item on the agenda was a discussion on Measures 121 and 123. During this presentation, the amount of funding received and the total project cost invested per sector were discussed. The main investments for each sector were also noted. The state of play of the new legislative framework was then discussed. Following this presentation, an update on the ongoing consultation process was given: during October, each of the six working groups met to carry out a SWOT analysis of the sector. The NRN activities carried out in the first three quarters of 2012 were then presented, together with a draft plan of activities to be held during the last quarter of the year.

MNRN New Committee – 4th Meeting

The last MNRN Meeting for 2012 was held on 10th December at Le Méridien Hotel, St Julians. Together with the MNRN committee members, Prof. Janet Dwyer was also invited in order to update the committee members on the progress carried out so far with respect to the consultation process. This 4th meeting focused on:

1. The Partnership Agreement;
2. The Common Strategic Framework;
3. The Main Outcomes of the Working Groups;
4. An update of the Works carried out so far by CCRI.

During this meeting, the ongoing meetings regarding the Partnership Agreement between different funds were mentioned, followed by a presentation on the Common Strategic Framework which encompasses a number of funds, including the EAFRD. Updates regarding the progress and outcomes of the six working groups were also discussed, with Prof Dwyer giving an update on the results achieved so far and the main concerns of the stakeholders attending these meetings. Following each presentation the NRN committee members were invited to discuss any issues.



Figure 115 – NRNM Committee meeting held in December 2012

The Maltese NRN Newsletter

The scope of the NRN newsletter is to reach out to stakeholders and the general public 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 by email to all NRN members and Public Service employees. It is also available for download from the Managing Authority website: https://secure2.gov.mt/mrra-ma/nrn_nl?!=1. Every issue focuses on NRN activities which have taken place during the previous quarter and promotes activities which are due to be held in the near future.

During 2012, three issues were published. The February 2012 issue focused on quality in agricultural produce, mainly on the quality in the pork, crop, and dairy sectors. The July 2012 edition was published both in Maltese and in English and was dedicated to the CAP post 2013 and the NRN consultation process. Another issue was published in October 2012, this time focusing on Measure 111.



Figure 116 – Snapshot from the July 2012 edition of the NRN Newsletter concerning the CAP post 2013 reform

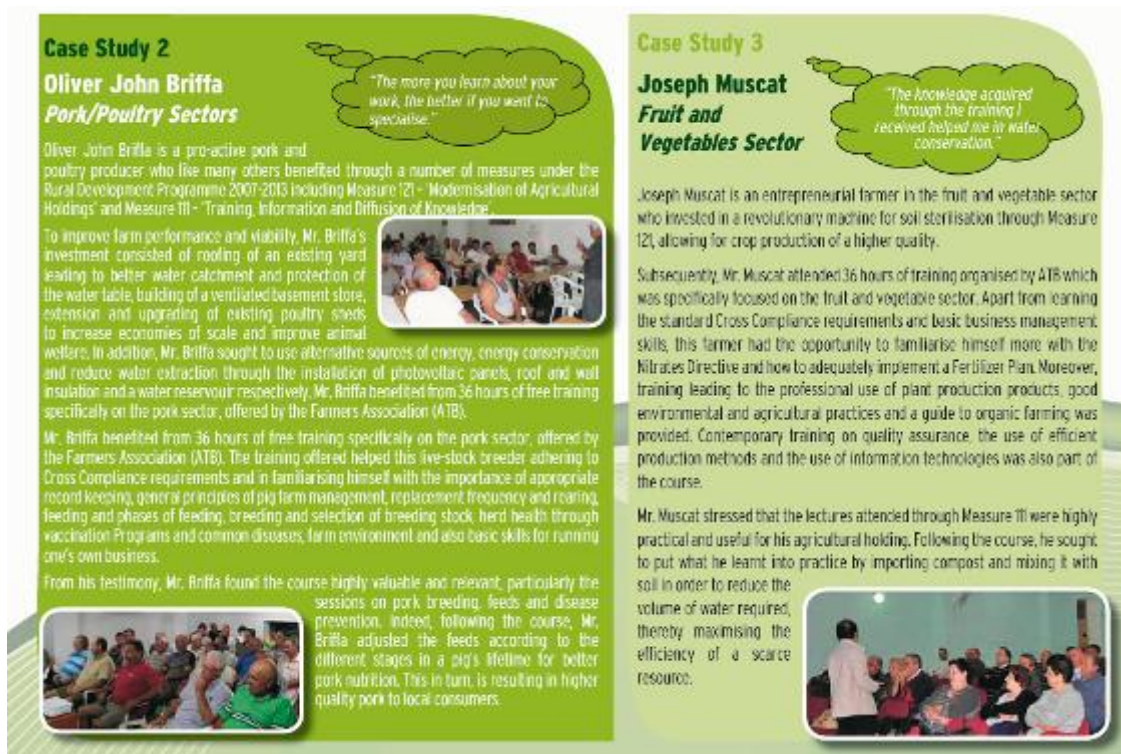


Figure 117 – Snapshot from the October 2012 edition of the NRN newsletter

ENRD Rural Photo Competition

The NRNM, together with the LAGs coordinated the ENRD 'Images of Rural Europe' photo competition. The general public was invited to submit rural photos related to any one of these six themes:

- Rural environment
- Rural employment
- Rural youth
- Rural people
- Rural diversity
- The spirit of LEADER.

Three winning photographs were chosen from each category and the winning photo entries were displayed at a major exhibition at Berlaymont building in Brussels in July 2012. Several images were submitted through the three Maltese LAGs but there were no winning entries.



Figure 118 – One of the Maltese entries under the ‘Rural People’ theme

ENRD Questionnaire

The Maltese Local Action Groups participated in a questionnaire on how young people perceive rural areas. 29 questionnaires have been received and the results will now be analysed by the ENRD.

Financial Implementation of NRN

The National Rural Network is co-financed at a rate of 75%. The following is a financial table showing the financial implementation of the programme till end of financial year 2012, 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 Financial Year 2009 (€) | Annual Payments for Financial Year 2010 (€) | Annual Payments for Financial Year 2011 (€) | Annual Payments for Financial Year 2012 (€) | Cumulative Payments from 2007 to 2012 (€) |
|---|---|---|---|---|---|
| (a) for running the structure of the NRN | 20,286.00 | 45,534.86 | 25,077.41 | 85,540.68 | 176,438.95 |
| (b) for implementing the action plan of the NRN | 883.44 | 6,828.00 | 841.72 | 19,303.85 | 27,857.01 |
| Total | 20,169.44 | 52,362.86 | 25,919.13 | 104,844.53 | 204,295.96 |

Table 53 – Financial implementation of the NRN

Work Envisaged on NRN for 2013

- The NRN consultation process will continue throughout the first few months of 2013. It is being envisaged that three meetings will be held during the first three months of 2013, including a joint meeting where all working groups will meet together and look across all sectors to identify similarities and differences.
- The NRN committee will also be involved in discussions related to draft of the Rural Development Programme for 2014 – 2020.

- The NRN section on the MA website shall be continuously updated with planned events, activities, latest copies of the newsletter and other useful material.
- Throughout 2013 NRN Malta will continue to participate actively in NRN meetings organised by ENRD.
- NRN Malta shall maintain its commitment to publish its newsletter every four months. Throughout 2013 the newsletter will focus on the benefits of the main RDP Measures by showcasing specific projects, beneficiary experiences and examples of good practice.
- 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 participate in the Mnarja Event and other fairs and events organised around the Maltese Islands by Naturalment Malti, Local Councils, Local Action Groups and other organisations.
- NRN Malta shall submit more projects to be showcased on the ENRD website.