

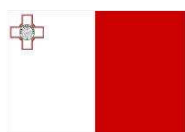
RURAL DEVELOPMENT PROGRAMME FOR MALTA

2007 – 2013

ANNUAL PROGRESS REPORT 2013

MINISTRY FOR EUROPEAN AFFAIRS AND
IMPLEMENTATION OF THE ELECTORAL MANIFESTO

EAFRD MANAGING AUTHORITY



Rural Development Programme for Malta 2007 – 2013

The European Agricultural Fund for Rural Development



Europe investing in Rural Areas

Contents

1. EXECUTIVE SUMMARY	6
2. SECTION A - CHANGES TO THE GENERAL CONDITIONS (ARTICLE 82(2)(A) OF REGULATION (EC) NO 1698/2005)	11
Legislative Changes in 2013	11
Maltese Economy in 2013.....	11
National Income.....	13
Gross National Income.....	13
Harmonised Index of Consumer Prices.....	13
Retail Price Index	14
Socio-economic Trends	14
Employment.....	16
Agriculture and Fisheries.....	17
Agriculture in General	17
Environmental Policy.....	18
Broadband in Malta.....	21
3. 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)	24
Highlights of Programme Implementation in 2013	24
Programme Modifications in 2013.....	26
Measure 111 – Vocational training and information actions.....	27
Measure 114 – Use of Advisory Services	31
Measure 115 – Setting up of Advisory Service	33
Measure 121 – Modernisation of Agricultural Holdings	36
Measure 123 – Adding Value to Agricultural Products.....	47
Measure 124 – Cooperation for development of New Products, Processes and Technologies in the Agricultural and Food Sectors.....	53

Measure 125 – Infrastructure related to the Development and Adaptation of Agriculture	57
Measure 132 – Participation of Farmers in Food Quality Schemes.....	61
Measure 133 – Information and Promotion Activities on Food Quality Schemes	64
Measure 142 – Setting up of Producer Groups.....	65
Measure 212 – Natural Handicap Payments in other Areas with Handicaps	68
Measure 214 – Agri-environment Measures	73
Measure 214 (10) – Support for the Conservation of Genetic Resources in Agriculture.....	79
Measure 313 - Encouragement of Tourism Activities.....	81
Measure 323 – Conservation and upgrading of the rural heritage	91
Measure 341 – Skills acquisition, animation and implementation.....	100
Measure 410 – Implementation of Local Development Strategy.....	102
Measure 421 – Inter-territorial and transnational cooperation	106
Measure 431 – Running costs, acquisition of skills and animation.....	108
Measure 511 – Technical Assistance Operations.....	109
Transitional Measures	111
4. 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)	112
Cumulative Financial Scenario as at 31st December 2013.....	118
Disbursements	119
N+2 Commitments	119
5. SECTION D - SUMMARY OF THE ONGOING EVALUATION ACTIVITIES (ARTICLE 86(3) OF REGULATION (EC) NO 1698/2005)	121
Ongoing and Ex-Post Evaluation.....	121
Evaluation Activities in 2013	122
Data Collection.....	124
Evaluation Expert Committee Meetings	124
Focus Group 2013.....	125

Ex-Ante Evaluation and SEA.....	126
6. 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)	128
Monitoring Activities	128
Managing Authority.....	128
Agriculture and Rural Payments Agency.....	129
Accreditation of the Paying Agency	131
The I.T System	131
Monitoring through Bilateral Meetings	133
Strategic Monitoring Level.....	134
Annual meeting between the Commission and the Managing Authority	134
Rural Development Committee.....	134
M313 and M323	136
Manual of Procedures	136
Coordination with relevant stakeholders to ensure complementarity and demarcation with other EU Financial Instruments	136
Summary of the Major Problems Encountered in Managing the Programme.....	137
Other Programme-wide Activities.....	138
Use of Technical Assistance	138
Information and Publicity.....	139
7. 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)	147
8. SECTION G – LEADER AND THE NATIONAL RURAL NETWORK	150
Operating Rules for LEADER.....	153
Publicity	153
Measures and Actions Launched.....	154
Majjistral Action Group Foundation.....	155

GAL Xlokk Foundation	159
Gozo Action Group Foundation.....	162
Measure 313 – 1st Call	164
Measure 313 – 2nd Call.....	166
Measure 125	168
Measure 421	169
Measure 431	170
Other Events	171
National Rural Network.....	171
The NRN Consultation Process	172
MNRN Meeting.....	177
Financial Implementation of NRN	178
Work Envisaged on NRN for 2014	179
9. CONCLUSION	180

ACRONYMS

ADSL	<i>Asymmetric Digital Subscriber Line</i>
AEM	Agri-Environmental Measure
APR	Annual Progress Report
ARPA	Agriculture and Rural Payments Agency
ATB	Assocjazzjoni 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	<i>Digital Subscriber Line</i>
EAFRD	European Agricultural Fund for Rural Development
EAGGF	<i>European Agricultural Guidance and Guarantee Fund</i>
EC	European Community
EENRD	<i>European Evaluation Network for Rural Development</i>
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
FASC	Farm Advisory Service Consortium
GAEC	<i>Good Agricultural and Environmental Condition</i>
GAGF	<i>Gozo Action Group Foundation</i>
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
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
MRRRA	Ministry for Resources and Rural Affairs
MSDEC	Ministry for Sustainable Development, the Environment and Climate Change
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 and 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

1. 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 2013 and is submitted in accordance with Article 82 of Council Regulation No. 1698/2005.
- 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 2013 centred mainly on the publication of results following the call for applications in 2011 and contracting of these beneficiaries. Disbursement of funds following contracts signed after the first call for applications in 2009 also continued. Additionally, implementation of projects contracted in previous years proceeded, with a good number of projects now being finalised
- 1.6 Measure 111 was re-launched twice in 2013. Measure 114 was launched in 2011 but was kept open throughout 2012 and 2013. Measures 212 and 214 under Priority Axis 2 were also re-launched. The three Local Action Groups launched a number of actions under Axis 4, as part of their Local Development Strategy. LAGs also issued Measure 125 and Measure 313.
- 1.7 As at end 2013 a total of 438 beneficiaries were committed under Axis 1 (Measures 111, 114, 115, 121, 123, 124, 125, 132, 142) with a public expenditure exceeding €21.6 million.
- 1.8 For Priority Axis 2, a call for new applications was issued for both Measure 212 and Measure 214. When the call closed on 15th May 2013, 5,854 payment claims were received for M212 and 1,983 payment claims were received for M214. In total, for Priority Axis 2, 7,837 payment claims were received. The public expenditure for Axis 2 exceeds €19.9 million.
- 1.9 In 2013, 50 beneficiaries were committed collectively under M313 and M323 with public expenditure exceeding €21.7 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 €0.47 million. Significant progress was made during 2013 under Measure 41 since the three LAGs started launching their Actions in 2012. In 2013 GAL Xlokk launched five Actions, Majjistral Action Group Foundation launched three actions while Gozo Action Group Foundation launched another three actions. €0.43 million have been disbursed as at end 2013. Measure 421 was launched in 2012, with each LAG submitting one application: applications were reviewed, evaluated and accepted in 2013 while implementation is expected to advance significantly in 2014, in line with other LAGs in this cooperation Measure.
- 1.11 In June 2013, the MA submitted requests for the 5th Programme Modification. 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 Measures 114, 121, 212, 214, 323 and 341. These modifications were approved on 16th October 2013.
- 1.12 In 2013, requests for reimbursement were submitted to the Commission for Measures 111, 115, 121, 123, 124, 125, 142 under Priority Axis 1; Measures 212 and 214 under Priority Axis 2; Measures 313 and 323 under Priority Axis 3; Measures 413 and 431 under Priority Axis 4; and Measure 511, Technical Assistance.
- 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.

Actions taken by the Managing Authority to mitigate these risks can be found under Section E.

- 1.14 By way of conclusion, the year 2013 was taken up primarily by contracting of beneficiaries following the 2011 call for applications, together with disbursements and 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 11 Actions under Measure 41 between them. All three LAGs issued calls for Measure 125 while MAGF and GAGF also re-issued Measure 313. In addition to this, controls and checks were undertaken by the Control Unit for each respective Measure.

2. 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 2013

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 2013

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 Europe and Africa makes it a target for illegal immigration, which has caused a strain on Malta's political and economic resources for the past 10 years, in fact since January 2008, a total of 8840 immigrants have landed on Maltese shores.¹ Malta adopted the Euro on 1st January 2008.

Malta has a small and open economy whose economic growth is expected to remain subdued in the coming years, because of Malta's reliance on EU demand. Malta can be considered as an offshore international banking centre and has a financial sector with assets roughly eight times its economy. Despite the similarities with Cyprus, Malta is not likely to follow suit, because it has strong macroeconomic fundamentals and a much healthier and more segregated financial system. General elections were held in March 2013 and led to a shift in power from the Nationalist Party to the Labour Party. The increasing and large public debt is a matter of concern, especially due to the weak perspectives for fiscal consolidation. The fact that the public debt is mainly domestically financed and that there is high demand for it gives some comfort.²

The small size of the Maltese economy gives rise to a number of challenges as a reflection of limited possibility for economies of scale and insularity. In addition, the Maltese economy is 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.

¹ <http://www.crimemalta.com/frontexwatch.htm>

² Country Report, Malta <https://economics.rabobank.com/publications/2013/may/country-report-malta/>

Malta's economy managed to limit its contagion from the global financial crisis with the economy undergoing modest growth and with unemployment being kept at a stable level, compared to that of other Eurozone and EU member states. This was accredited in the latest IMF report on the country.³

The general government deficit to GDP ratio of Malta exceeded the 3% benchmark by 0.3% during 2012. The debt-to-GDP ratio also increased and is expected to continue increasing in the foreseeable future. As a result, the European Commission recommended that Malta be placed under an Excessive Deficit Procedure, compelling authorities to put Malta's finances back on a sustainable path.⁴

During the first half of 2013, the Maltese economy expanded by 2.8%. In nominal terms, this increase was reflected in a GDP growth rate of 4.8%, up from 2.1% registered in the same comparable period last year. Emerging services sectors together with traditional services sectors, especially the tourism industry, contributed to this growth. In the latter case, the number of visitors and earnings from the industry reached an all time high.⁵

From the expenditure side, growth was mainly attributed to the external side of the economy and to stock building. By contrast, domestic consumption contracted as households reduced final consumption in the first half of 2013 reflecting a more guarded spending approach by consumers, partly in view of the uncertainty brought about by General Elections which were held in March 2013. This lower consumer confidence was confirmed the Consumers Surveys published by the European Commission.

During this period, there was also a decrease of 9.1% in gross fixed capital formation. However, public consumption contributed positively towards economic growth as it increased by 0.9% in the first half of the year. Nevertheless, since the negative contribution to economic growth of household consumption and investment was much larger than the positive contribution of government consumption, domestic demand led to dampening in real GDP growth.⁶

The sluggish growth in world trade and the continued uncertainty in the international economy had a negative effect on Malta's exports and imports. While exports decreased by 5.9% in real terms, imports decreased by 8.1%. As a result during the first half of 2013, net exports contributed positively to the economy. In the first half of 2013, the current account to GDP was in deficit by 0.8% compared with a deficit of 1.9% registered in the same period of 2012.⁷

The performance of the Maltese economy in recent years suggests that it was not as affected by the global recession to the same extent as other EU Member States. In the years leading to 2013, 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 stood at €16,100 in 2012, reflecting an increase of 2.5% from the previous year. GDP per capita for the EU27 average stood at €25,600 whereas that for the Euro Area stood at €28,500, registering an increase of 2% and 0.7% respectively.⁸

³ MFSA, Economic and Market Overview, July 2013

⁴ Ibid.

⁵ Economic Survey, Ministry for Finance, November 2013

⁶ Ibid.

⁷ Ibid.

⁸ MFSA, Economic and Market Overview, July 2013

National Income

Provisional estimates indicate that the Gross Domestic Product (GDP) for 2013 amounted to €7,186.4 million, an increase of 4.4% when compared to 2012. In real terms, GDP went up by 2.4%.⁹

During 2013, growth in gross value added was generated by the following economic activities: professional, scientific and technical activities; administrative and support service activities; electricity supply; water supply; waste management and remediation activities; public administration, education and health activities; transportation and storage; accommodation and food service activities; information and communication; and financial and insurance activities. Other growth industries included: real estate activities; arts, entertainment and recreation; and agriculture. A drop in GVA was registered in manufacturing and construction.¹⁰

Last year, total final consumption expenditure in nominal terms increased by 2.6% when compared to 2012. In real terms, total final consumption expenditure increased by 1.3%. Gross fixed capital formation increased in nominal prices but declined in real terms. Real imports and exports decreased over 2012.¹¹

Compared to 2012, GDP at current prices increased by €306.0 million, and is estimated to have been distributed into a €131.5 million increase in compensation of employees, a €125.2 million increase in gross operating surplus of enterprises, and a €49.4 million increase in net taxation on production and imports.¹²

Gross National Income

Considering the effects of income and taxation paid and received by residents to and from the rest of the world, Gross National Income (GNI) at market prices for 2013 is estimated at €6,738.4 million.¹³

Harmonised Index of Consumer Prices

In December, the annual rate of inflation as measured by the Harmonised Index of Consumer Prices stood at 1.0%.¹⁴

In 2013, the largest upward impacts on annual inflation were recorded in the alcoholic beverages and tobacco index (0.4%), the food and non-alcoholic beverages index (0.3%), and the recreation and culture Index (0.2%). These were mainly due to price rises in cigarettes, some vegetables and package holidays respectively. The biggest downward impact was brought about by the transport index (-0.3%), mainly due to price reductions of motor vehicles. In December 2013, the twelve-month moving average rate was 1.0%. In December the Harmonised Index of Consumer Prices went up from 117.57 in December 2012 to 118.75 in the same month of 2013. This resulted in an increase of 1.2% over the previous year and increase of 0.2% over the previous month.¹⁵

Comparing December 2012 to December 2013, a decrease of 0.2% in the Communications Index can be noted. The Restaurants and Hotels Index registered a decrease of 0.4%, mainly on account of seasonally

⁹ NSO News Release, Gross Domestic Product: 2013, Published on 11th March 2014

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

¹³ Ibid.

¹⁴ NSO, Harmonised Index of Consumer Prices (HICP), December 2013

¹⁵ Ibid.

lower-priced accommodation services while the Recreation and Culture index increased by 1.9%. The Clothing and Footwear Index increased by 1.0% due to seasonally higher-priced garments. An upward movement in cigarette prices caused the Alcoholic Beverages and Tobacco Index to go up by 11.4%, while the Transport Index decreased by 2.2%. An increase of 0.8% was noted in the Miscellaneous Goods and Services Index. The Food and Non-alcoholic Beverages Index rose by 1.9% while the Housing, Water, Electricity, Gas and Other Fuels Index went up by 0.6%. The Furniture, Household Equipment and Routine Maintenance of the House Index edged up by 1.8% while the Health Index increased by 1.5%.¹⁶

Retail Price Index

In December 2013, the annual rate of inflation stood at 1.04%, while in December 2012, the annual rate was 2.79%.¹⁷

The largest upward impact on annual inflation was recorded in the Food Index (0.56%), the Beverages and Tobacco Index (0.39%) and the Recreation and Culture Index (0.21%), mainly due to price rises in some vegetable items, cigarettes and audio-visual equipment respectively. The biggest downward impact was recorded in the Transport and Communication Index (-0.42%) and the Other Goods and Services Index (-0.07%), mainly due to price reductions in motor vehicles and jewellery items respectively. In December 2013, the twelve-month moving average rate was 1.38%.¹⁸

In December 2013, the Retail Price Index edged up to 109.5 from 108.6 in November 2013 and increased from 108.4 in December 2012. In December, the Retail Price Index went up by 0.9% comparing to November 2013. This primarily reflected an increase of 2.32% in the Food Index. The price of Beverages and Tobacco also edged up, mainly due to an upward movement in the price of cigarettes and alcoholic beverages. The Clothing and Footwear Index increased by 0.8%, mainly due to seasonally higher priced garments. The Housing index rose by 0.04% while there was no change in the Index for Water, Electricity Gas and Fuels. The Household Equipment and House Maintenance Cost increased by 0.53% while that for Transport and Communication increased by 0.65%. The Index for Personal Care and Health rose by 0.12% while that for Recreation and Culture also rose by 0.01%. On the other hand, the Index for other goods and services, decreased by 0.52%.¹⁹

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.²⁰

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

¹⁶ NSO, Harmonised Index of Consumer Prices (HICP), December 2013

¹⁷ NSO, Retail Price Index, December 2013, Published on 22nd January 2013

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Census of Population and Housing 2011, Preliminary Report 2012

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).²¹

The three most densely populated localities in Malta are all urban areas: Senglea is the densest (17,028 persons/km²) followed by Sliema (10,426 persons/km²) and Fgura (9,989 persons/km²). Għasri (in Gozo), is the least densely populated village in the Maltese Islands (85 persons/km²) and is the only locality within the overall EU average.²²

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.²³

On a demographic level, the largest proportion of non-Maltese nationals are males (52.9%) and are slightly younger, with an average age of 39.5 years. In addition, a higher proportion of non-Maltese nationals are observed in the younger age groups when compared to Maltese nationals. Nearly a fourth of them are between 25 and 34 years, compared to 14.1% of Maltese nationals.²⁴

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.²⁵

The shift in the age composition towards an older population continued to materialise: the average age of the Maltese population increased from 38.5 in 2005 to 40.5 in 2011. This resulted from the increase in the number of persons aged 55 and over, together with a decrease in the number of persons under 25 years of age. The average in Gozo and Comino (41.6 years) was higher than that observed for Malta. Persons aged 65 and over more represent 16.3% of the total population, compared to 13.7% in 2005. In contrast, persons aged 14 and under make up 14.8% of the population, compared to 17.2% in 2005.²⁶

There were also marked differences in the age distribution between districts and localities: Mdina is the locality with the oldest population, with an average age of 52.1 years, followed by Floriana (48.3 years) and Ғal Luqa (48.2 years). The localities with the youngest average age are Pembroke, Xgħajra and Mtarfa, with an average less than 35 years. Compared to 2005, the largest increases in the average age were observed in Mdina, Ta' Xbiex and Iklin, with 5.1, 4.7 and 4.3 years respectively.²⁷

Nevertheless, Malta's population is still relatively young compared to the EU average, as evidenced by the oldage dependency ratio, measured as the proportion of persons aged 65 and over divided by the working-age population of persons aged 15 to 64. In fact, expressed as a percentage, this indicator locally stands at 23.7% per cent, compared to 25.9% across the EU. This percentage stood at 17.2% in 1995 and 19.9% in 2005, thus showing a notable increase over the past years.²⁸

²¹ Census of Population and Housing 2011, Preliminary Report 2012

²² Ibid.

²³ Ibid.

²⁴ Ibid.

²⁵ Ibid.

²⁶ Ibid.

²⁷ Ibid.

²⁸ Ibid.

Employment

During the fourth quarter of 2013, Labour Force Survey estimates indicate an increase of 2.8% in employment when compared to the corresponding quarter of 2012. Total employment stood at 178,241, accounting for almost half the population aged 15 and over. Unemployed persons stood at 12,131 (3.4%) while inactive persons totalled 170,556 (47.3%).²⁹

The activity rate for the quarter under review was estimated at 65.3%. When compared to the previous year, the activity rate among men and women increased by 2.3% and 1.1% respectively. The highest activity rate was recorded among persons aged 25-54 (79.3%). Out of every 100 persons aged 15 to 64, 61 were employed. The employment rate increased by 1.6% percentage points compared to the corresponding quarter in 2012. The highest employment rate was recorded among persons aged between 25 and 54, at 75%.³⁰

Employed men were mostly engaged in wholesale and retail trade, transportation and storage, accommodation and food service activities (30.3%). On the other hand, employed women were mostly engaged (38.2%) in public administration, defence, education, human health and social work activities. Self-employed persons accounted for 13.1% of the total employed population. The majority of employed persons worked on a full-time basis and totalled 152,296. An estimated 21,504 (12.1%) had a part-time job as their primary employment. A further 4,441 were working on a full-time basis with reduced hours basis.³¹

The average gross annual salary of employees for the fourth quarter last year was estimated at €16,022. This amount refers to the gross annual basic salary and excludes extra payments such as overtime, bonuses and allowances. The highest average gross annual salary for employees was recorded in financial and insurance activities. Average annual salaries varied from €26,656 among managers to €10,747 among elementary staff.³²

Survey results estimate that the unemployment rate for the fourth quarter of 2013 stood at 6.4%. The largest share of unemployed persons was recorded among persons aged 25 and over. Among the unemployed, 45% per cent stated they had been seeking work for at least 12 months.

The latest data available from the Employment and Training Corporation (ETC) as at end October 2013 shows that the number of persons employed in crop and animal production, hunting and related service activities on a full-time basis stood at 1,555 whilst the number of part-timers stood at 762.³³ The Table below shows trend in employment in Agriculture and related activities over the past four years.

²⁹ NSO News Release, Labour Force Survey: Q4/2013

³⁰ Ibid.

³¹ Ibid.

³² Ibid.

³³ ETC, 2014

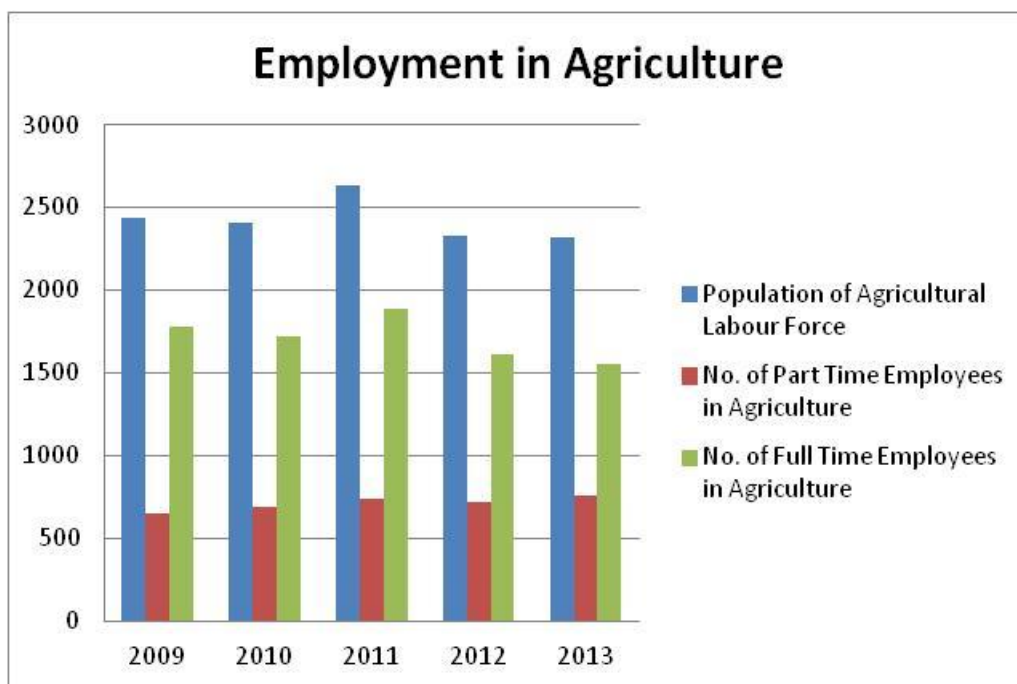


Figure 1 – Employment in Agriculture between 2009 and 2013

Figure 1 indicates that the population of the agricultural labour force has fluctuated to a very small extent between 2009 and 2013. The overall value has decreased slightly in 2013, compared to the previous years. The number of full time farmers has decreased while the number of part timers employed in agriculture has increased. Fluctuations are minimal across the board.

Agriculture and Fisheries

The agriculture and fisheries sector is a small but valuable sector of the Maltese Economy. It has an important impact on the environment and the landscape of the Maltese Islands. These sectors also provide a livelihood to a farming community who in turn ensures that a fresh and diverse local product base is available for marketing and distribution. Agriculture and fisheries contribute to the local heritage, keeping alive certain customs and traditions, also benefitting the tourism industry.³⁴

Over the first half of 2013, the gross valued added from the agriculture and fisheries sector increased by 6.8% from that of the same period in 2012. The sector's contribution to the Maltese economy as a share of total gross value added was 1.5% in the first half of 2013, practically unchanged from the same period in the previous year. This share was also largely in line to that registered over the 2008-2012 period which averaged 1.6%.³⁵

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

³⁴ Ministry for Finance, Economic Survey, November 2013

³⁵ Ibid.

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 2013 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 2013 amounted to €1.33 million. The highest amounts were given to support tomato growers €0.58 million, followed by the vine growers with aid amounting to €0.41 million, vegetables growers €0.17 million. Milk producers received €0.17 million in arrears.³⁶

The total volume of pork slaughtered in 2013 amounted to 5,485,913kg and 66,010 heads while beef slaughtering during the same period under review reached a total amount of 1,010,413 tonnes and 3,592 heads. The above resulted in an increase of 3.55% when compared to the total amount in weight of pork slaughtered in 2012 and increase of 0.1% when compared to the total amount in weight of beef slaughtered in 2012. Total volume of broiler slaughtered amounted to 1.83 million heads, with a total of 4,664,725kg in live weight in 2013 which shows a decrease when compared to the total amount of broiler slaughtered in 2012.³⁷

The volume of fresh fruit and vegetables passing through official markets in the fourth quarter of 2013 amounted to 8.3 million kilograms, yielding €4.0 million. This represents an increase of 1.5% in weight and a 3.1% decline in wholesale value over the corresponding period in 2012. Increases were registered in the supply of carrots (18.1%), cabbages (8.2%) and dry onions (5.3%). On the other hand, the wholesale value of fresh vegetables decreased by 2.8% to €3.7 million. Fresh fruit supplied decreased by 7.2% mainly on account of a decline in the availability of sweet oranges (-10.1%) and oranges (-1.5%). Similarly, the wholesale value of fresh fruit fell by 6.3% to €0.3 million.³⁸

Maltese farmers supplied 7.6 million kilograms of fruit and vegetables, an increase of 2.2% over the corresponding period in 2012. During the final quarter of 2013, the wholesale value of fresh fruit and vegetables declines by 2.0% to €3.5 million. This produce represented 91.7% of the total supply of fresh fruit and vegetables. Gozitan farmers supplied 0.7 million kilograms of fresh fruit and vegetables or 8.3% of the total supply. The volume of fresh fruit and vegetables declined by 5.6%. Likewise, the wholesale value dropped by 11.0% over the comparative quarter of 2012.³⁹

Environmental Policy

Malta faces a number of environmental challenges due to its small size, its high population density and limited natural resources. 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

³⁶ MSDEC, 2014

³⁷ Ibid.

³⁸ NSO News Release, Fruit and Vegetables: Q4/2013

³⁹ Ibid.

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.

An important measure in the Government's programme of work is to strengthen the relative regulatory and policy functions. One of the main strategies is to hive off the environment protection function from the present unitary administrative structure that also incorporates development planning within one organisation. A dedicated authority for the environment is therefore being set-up. This will bring about the required institutional improvement that ensures the achievement of Malta's environmental goals within the context of sustainable development. At the same time this demerger process is following a route for better regulation and simplification of administrative procedures.

Active discussions and work are currently underway at various levels across Government. In parallel to high level discussions at a political level, technical discussions are supporting the process on the drafting of the legislative act and the establishment of the new authority. It is planned that the draft of the new Act for the protection of the environment shall be presented and discussed in Parliament concurrently with the new Act for Planning and Development. Adoption of the two Acts by the House of Representatives is expected in 2014.

Another key policy development over the past few months has been the preparation of the Draft Waste Management Plan. Following extensive discussions with various stakeholders held during the summer, a draft Plan was prepared and published for public consultation on 22nd October 2013. Malta is committed to fulfilling its obligations pursuant to the Waste Framework Directive; in fact the draft Plan puts forward proposals for the management of the different waste streams together with a national Waste Prevention Programme, in accordance with the Directive and available guidance. Malta's Waste Management Plan was published in January 2014.

One of the major environmental challenges for agriculture in Malta concerns the management of organic fertilisers that are generated on livestock farms. These are dealt with under Nitrates Action Programme and the relevant legislation LN 321 of 2011, as amended on February 2013. The Agriculture Directorate as Competent Authority for Nitrates has been active on this front in terms of raising awareness through a Life Plus programme 'InfoNitrates' running between 2012 and 2014 in which a large number of farmers were given group and individual information and training on how to take soil samples from their fields for analysis, how to compile crop and fertiliser plans, their legal obligations as well as best practices for managing material flows on-farm. The Directorate also stepped up significantly its enforcement of the relevant legislation through 2013 and 2014 through increased inspection capacity and a more ambitious risk sample for control.

The National Biodiversity Strategy and Action Plan for Malta (NBSAP) entitled "Working Hand-in-Hand with Nature" was finalised and officially launched for publication by the Ministry for Tourism Culture and Environment together with the Malta Environment and Planning Authority on 12 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 current step is the implementation phase during which the collaboration of all relevant stakeholders is 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. The first review of Malta's NBSAP earmarked for 2014 is being undertaken in conjunction with the compilation of Malta's Fifth National Report to the Convention on Biological Diversity.

The Ministry for Sustainable Development, the Environment and Climate Change has recently updated Malta's Waste Management Strategy and National Waste Management Plan. The process entailed the publication of an issues paper, as the first step towards the revision of Malta's 2010 National Waste Strategy, and the formulation of a National Waste Management Plan, which was intended to 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 the issues paper was 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.

Studies are currently being conducted to establish the feasibility of capturing the storm water resulting in certain areas of the islands, in order to reduce dependency on desalination. The storm water infrastructure has been approved in order to alleviate the flooding problems; however the costs and feasibility to store this excess storm water and to promote its re-use for secondary usage is still being established.

MEPA conducted a number of measures to improve regulation, seeking to integrate better regulation issues and continuously improve its permitting and enforcement procedures. MEPA developed and successfully applied the transposition quality management procedure seeking to transpose EU legislation in the most efficient manner by preparing a time plan for all upcoming transposition obligations, organised public consultation sessions in conjunction with MEUSAC and provided input to consultation briefs, press releases, identification of stakeholders and post consultation briefs and contributed to inter ministerial meetings on draft regulations to ensure effective coordination and collaboration in the implementation phase, vetting drafts and drafting memos for cabinet.

In 2013, 15 pieces of legislation were published, with topics including industrial emissions, the storage of metallic mercury considered as waste, end of Life Vehicles, volatile organic compounds from storage and distribution of petrol for terminals, road tankers and petrol stations, national Emission Ceilings for Certain Atmospheric Pollutants and Packaging and Packaging Waste. Due to the Small Business Act coming into force, a series of additional documentation including SME test check, Explanatory Notes, User Guidance Notes had to be introduced to accompany all legislative instruments that need to be published.

MEPA also made efforts to raise awareness and provide information to ensure active participation, including public consultation initiatives. MEPA teamed up with MEUSAC to organise public consultation sessions on a number of issues including proposed EU legislation on Industrial Emissions and Waste Management relating to Packaging and Packaging Waste. Other Sessions regarding the transposition of EU legislation were held on the recast of the WEE Directive, and the storage of metallic mercury considered as waste.

On 17th January 2013 MEPA has 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 and is aimed to assist operators in improving their environmental performance through the release of fewer dust emissions into the air. The ToR are planned to be implemented and hence become a part of the Environmental Permit of quarries, batching plants etc. In this manner, it is envisaged that environmental management of sites is improved in order to reduce the emissions of dust particles into the air.

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. Management Plans are expected to be finalised in 2014.

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.

Out of a total of 353 environment-related infringement cases in the EU by the end of December 2013, Malta accounted for 5 cases: 2 on air, 1 on water, 1 on nature and 1 on public access to environmental information. Since then, one infringement on air quality; that related to fluorinated gases has been closed.

Broadband in Malta

The network operators and service providers which provide internet in Malta are GO plc., Melita plc., SIS Ltd., Ozone (Malta) Ltd., Vanilla Telecoms Ltd. and Vodafone (Malta) Ltd. Overall coverage reached approximately 100% of the geographic territory of Malta and Gozo by 2010. As at the end of September 2013, internet, mobile and TV subscriptions registered an increase while fixed telephone subscriptions declined, when compared to the corresponding period last year.⁴⁰

During the third quarter of 2013, broadband internet subscriptions numbered 143,659, up by 5.8% compared to the corresponding period last year. High speed internet connections exceeding 10 Mbps reached 117,603 and accounted for 81.9% of total subscriptions. On the other hand internet subscriptions with speeds ranging from 2 to 10 Mbps dropped by 24.0%. Market data indicates that Malta continues to experience a growing level of competition in electronic communications markets, as service providers battle it out on the basis of wider choice and further price declines. Technological advancements and changing consumer preferences have been influential, as has been notably the case with developments concerning mobile telecommunication and high speed internet connectivity.⁴¹

About 19.0% of all fixed broadband subscriptions as at the end of June 2013 had a connection speed of less than 10Mbps. Broadband subscriptions with a connection speed of 10Mbps but less than 30Mbps accounted for 69.3% of all subscriptions, whilst those with a connection speed of 30Mbps but less than 100Mbps accounted for 11.0% of all subscriptions. Fixed broadband subscriptions with a connection speed of 100Mbps or more only accounted for 0.7% of the total number of subscriptions.⁴²

⁴⁰ NSO News Release, Post and Telecommunications: Q3/2013

⁴¹ MCA Communications Market Review

⁴² Ibid.

DSL technology is the most popular broadband platform, accounting for almost 49% of all subscriptions at the end of June 2013. Meanwhile, the cable platform came close by and accounted for 48.1% of all subscriptions and the fixed wireless platform accounted for the remaining share, at 3% of the total. Compared to 12 months earlier, cable improved its market presence by 1.4%. Meanwhile, DSL presence in the market weakened by 1.2%, whilst that of fixed wireless fell by 0.2% points.⁴³

A total of 33.96% of Maltese population and 63.15% of Maltese households were subscribed in 2013. As a comparison, below are figures (Table 1) for Broadband subscribers for years 2009, 2010, 2011, 2012 and 2013 respectively, that show increasing number of subscribers for DSL, Cable Broadband and Fixed Wireless. The penetration rate is total subscribers divided by households and registered business units, subscribers data is not split by residential and business.

Broadband Subscribers by Type					
Total subscriptions	2009	2010	2011	2012	2013
Cable	54,380	53,600	59,084	64,768	69,728
DSL	51,650	63,394	66,084	68,053	69,711
Fixed Wireless	3,813	4,660	4,152	4,188	4,220
% Share	2009	2010	2011	2012	2013
Cable	49.51%	44.06%	45.69%	47.27%	48.54%
DSL	47.02%	52.11%	51.10%	49.67%	48.53%
Fixed Wireless	3.47%	3.83%	3.21%	3.06%	2.94%

Table 1 - Broadband Subscribers by type between 2009 and 2013

Broadband Subscribers by Speed					
SPEED Classification	2009	2010	2011	2012	2013
less than 5Mbps	86,716	93,671	96,598	16,661	13,703
>=5Mbps but < 10Mbps	12,339	13,731	883	14,878	12,353
>=10Mbps but < 20Mbps	8,781	11,342	19,693	83,598	89,296
>=20Mbps but < 30Mbps	1,132	2,614	10,548	9,029	8,394
>=30Mbps but < 50Mbps	163	34	2	10,053	16,262
>=50Mbps but < 100Mbps	712	262	964	1,921	2,676
100Mbps and more	/	/	632	869	975

Table 2 – Broadband Subscribers by speed between 2009 and 2013

Internet Subscriptions					
	End June	End Septmber		Absolute change	% change
	2013	2012	2013	2013/2012	2013/2012
Broadband Internet Subscriptions	142,295	135,847	143,659	7,812	5.8
Less than 144 kbps	/	/	/	/	/
Between 144 kbps and less than 2 Mbps	39	316	31	-285	-90.2
Between 2 Mbps and less than 10 Mbps	27,010	34,255	26,025	-8,230	-24.0
Greater than 10 Mbps	115,246	101,276	117,603	16,327	16.1

Table 3 – Number of internet subscriptions by speed in 2013

⁴³ Ibid.

Table 2 above shows internet speed for five consecutive years (2009 to 2013) which 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 the subsequent years. In 2013 the amount of subscribers with speed between 30 and 50Mbps went up considerably while that for speed less than 5Mbps continued in its downward trend. This indicates that Broadband speed has significantly strengthened over the recent years. This can also be confirmed by Table 3 above which shows that between September 2012 and September 2013, there was a decrease in subscribers with internet at slower speeds and an increase in subscriptions greater than 10Mbps. There is also an overall increase of 5.8% in

Population Penetration Rate					
	2009	2010	2011	2012	2013
Penetration Rate	26.49%	29.30%	31.08%	32.81%	33.96%
Population	414,723	415,198	416,110	417,620	422,978

Table 4 – Population penetration rate between 2009 and 2013

Household and Business Penetration Rate					
	2009	2010	2011	2012	2013
Penetration Rate	53.99%	58.82%	61.72%	65.32%	63.15%
Households	142,182	143,677	144,587	144,814	156,710
Registered Business Units	61,278	63,139	64,933	64,933	70,782

Table 5 – Household and business penetration rates between 2009 and 2013

ICT related initiatives are being encouraged 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 included several IT related activities such as: websites, documentaries, interactive panels, virtual tours and DVDs, IT hardware and software, computer stations and printers, point of sale systems, photocopiers, installation of audio-visual information panels and improvement in security systems. Total allocated volume of investment related to ICT activities amounted to €0.5 million.

3. 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 2013

In 2013, programme implementation mainly focused on the selection, implementation, contracting, 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 2013:

Measure	Call	Launched	Closed
111	4 th call	28 th June 2013	26 th July 2013
111	5 th call	12 th December 2013	13 th January 2014
114	2 nd call	18 th July 2011	Open until further notice
212	6 th call	18 th February 2013	15 th May 2013
214	5 th call	18 th February 2013	15 th May 2013
313	3 rd call	30 th August 2013	30 th September 2013

Table 6 – List of Measures launched during 2013

Measures 111, 212 and 214 were re-launched in 2013, while Measure 114 remained open throughout the year. Evaluation of applications and selection board meetings were held in 2012, while 2013 was characterised by the publishing of results:

- Measure 111: 3rd call, 31st May 2013
- Measure 111: 4th call, 7th August 2013
- Measure 121: 2nd call, 2nd September 2013
- Measure 123: 2nd call, 9th January 2013
- Measure 124: 2nd call, 9th January 2013
- Measure 142: 15th January 2013
- Measure 214 Sub-Measure 10: 16th January 2013

2013 was characterised with the re-launching of Measures 111, 212, 214, and 313, the publication of results and contracting of beneficiaries following the calls for applications which took place in 2011. Additionally, implementation of projects contracted in previous years proceeded, with a good number of projects now being finalised.

Project Selection Committee meetings were held in 2012 and preliminary results for Measure 142 were published in December 2012. Final results for Measure 123, Measure 124, Measure 142 and Measure 214 (Sub-measure 10) were published in January 2013. Results for Measure 121 were published in September 2013 while in October 2013, a final ranking report was issued, following transfer of funds in favour of Measure 121. For Measure 121 several applicants were deemed eligible but placed on the reserve list since the Measure was oversubscribed. Following transfer of funds, amounting to €3.5 million, in favour of this Measure in June 2013, a number of additional beneficiaries which had been placed on the reserve were contracted in the final quarter of 2013 and throughout 2014. Transfer of funds was approved by Commission Services in October 2013.

Two calls for one Measure under Axis 1 were issued in 2013. The fourth call for Measure 111 was launched on 28th June 2013, closing on 26th July 2013. Applications following the 5th call were received between 12th December 2013 and 13th January 2014. 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 and 2013. A number of applications were received in 2013, following the stepping up of operations by the FASC.

For Priority Axis 2, a call for new applications was issued for both Measure 212 and Measure 214. Applications to enter the schemes were received during the period June-October 2013, while payment claims were received online through the PA website between the 18th February and 18th March and at the Paying Agency Front Office in Malta and Gozo, between 18th March and 15th May 2013. When the call closed on 15th May 2013, 5,854 payment requests were received for M212 while 1,983 payment claims were received for M214.

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 was 20. A number of contracts were signed following the call issued by the three LAGs: six beneficiaries from the Xlokk LAG, five beneficiaries from the Gozo region (six contracts had been signed, one was withdrawn due to an instance of double funding) and three beneficiaries from the Majjistral Region. As at end 2013, the total number of beneficiaries contracted through Local Action Groups adds up to 14. Therefore, the total number of contracts under Measure 313 is 34.

In 2013, the three Local Action Groups launched a number of Actions under Measure 41, evaluated several applications and contracted a number of beneficiaries under Measure 313 and Measure 41. MAGF and GAGF also re-issued Measure 313 since not all of the funds available had been taken up following the first call for applications. Applications were evaluated by the LAGs together with their Technical Experts and ranked by their respective Decision Committees. The MA then verified that the selection and ranking processes were executed correctly. The Paying Agency drafted a number of contracts under Measure 313 and Measure 41 for eligible applicants.

During 2013, the three Local Action groups issued a number of Actions under Measure 410:

GAL Xlokk:

- Action 411.2: Capital Investment to Support Artisanal Agricultural Activity (6th May – 16th June)
- Action 413.A3: Open Call for Voluntary Organisations, 2nd Call (25th September – 8th November)
- Action 413.A5: Embellishment Projects (21st October – 22nd November)
- Action 413.A6: Cultural and Educational Activities (1st November – 10th December)
- Action 413.A7: Community Support for Children (8th May – 8th June)
- Measure 125: Infrastructure related to the development and adaptation of agriculture (1st call 27th February – 29th March, 2nd call 30th October – 27th November)

Majjistral Action Group Foundation:

- Action 413.2: Support for Direct Marketing – Crafts Sector (21st January – 5th March)
- Action 413.4: Development of 3 distinctive products for the Majjistral Region (18th March – 17th May)
- Action 413.7: Formation of Foundation of Territorial Rangers (30th October – 16th December)
- Measure 125: Infrastructure related to the development and adaptation of agriculture (1st call, 2nd May – 31st May and 2nd call, 30th October – 27th November)

- Measure 313: Encouragement of Tourism Activities (2nd call, 22nd August – 21st September)

Gozo Action Group Foundation:

- Action 413.2: Folk and Traditional Activities Support (1st call, 11th March – 22nd April, 2nd call 20th December 2013 – 20th January 2014.
- Action 413.3: Craft Sector Support (16th January – 17th March)
- Action 413.6: Events and Festivals (18th March – 26th April)
- Measure 125: Infrastructure related to the development and adaptation of agriculture (1st call 2nd May – 28th June, 2nd call 30th October – 27th November)
- Measure 313: Encouragement of Tourism Activities (2nd call, 30th August – 30th September)

Programme Modifications in 2013

In 2013, the MA submitted requests for the 5th Programme Modification. These requests were submitted on 17th June 2013. 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 114, Measure 121, Measure 212, Measure 214, Measure 323 and Measure 341. These modifications were approved on 16th October 2013.

Following the success of the second call for Measure 121, the MA requested transfer of funds in favour of this Measure. A total of €3,533,970 were transferred to M121 following reallocations from M114 (€1,300,000), M323 (€2,223,808) and M341 (€10,162). Therefore, as at end 2013, the total budget for Measure 121 amounted to €23,402,970. Consequently, the budget for M114 was reduced to €200,000 that for M323 was reduced to €15,868,903 while the budget for M341 now adds up to €308,438. This modification was proposed in order to make better use of available funds and diminish the risk of unutilized funds.

Another modification was carried out with respect to Axis 2 where €1,000,000 were transferred from M214 to M212. Therefore, as at end 2013, the total budget for M212 amounted to €15,500,000 while that for M214 amounted to €9,525,000. This modification was proposed in order to make better use of available funds since when comparing the success rate of both measures it can be noted that Measure 212 has had a better uptake than Measure 214. This amendment will therefore diminish the risk of unutilized funds.

Axis 1

The objective of Axis 1 is to improve the competitiveness of the agricultural sector by putting emphasis on investments targeting restructuring and innovation, and enhancement of human and physical potential. Following various Programme Modifications carried out throughout the programming period, support provided under this Axis now accounts for 37.3% of the total EAFRD allocation.

This Axis focuses on 4 priorities: knowledge transfer, modernisation of holdings, adding value to agricultural products with respect to quality and enhancing cooperation among producers.

The first priority targets the need of focused and specialised training for actors in the agricultural sector and the diffusion of knowledge, as a basis and catalyst for the better implementation of all measures. This priority includes support for Measure 111, Measure 114 and Measure 115. According to the original budget, the measures promoting knowledge and improving human potential had 4.6% share of EAFRD

allocated resources. As a result of budget reallocations in favour of the investment measures, the EAFRD share of first priority measures has decreased to 0.9%.

The main aim of support under the second priority is to overcome the inherent structural weakness of Maltese agriculture resulting from the very limited real capital expenditure channelled to upgrade the existing production systems. The objective of this priority is to provide financial support for restructuring and developing the physical potential and for the adoption of innovative, state-of-the-art technologies to enhance the quality of products, and thus promote the competitive and qualitative survival of producers on the market. Support is granted for:

- the modernisation of agricultural holdings (Measure 121)
- investments for adding value to agricultural products (Measure 123)
- cooperation for development of new products, processes and technologies in the agriculture and food sector (Measure 124)
- investments in infrastructure related to the development and adaptation of agriculture (Measure 125)

Following regrouping of funds in 2011, 2012 and 2013, the share of these Measures has increased to 35.4%.

The third priority aims to encourage the adding value to primary produce, enhance market consolidation and provide consumers with improved quality products. This priority was planned to include support for:

- the participation of farmers in food quality schemes (Measure 132)
- information and promotion activities (Measure 133, not implemented)

Support provided under the third priority – covering Measure 132 - accounts for 0.01% of EAFRD resources. As a result of lack of interest from the side of potential beneficiaries, Measure 133 was not implemented, and the funds have been reallocated to Measure 123 in the course of 2012.

The fourth priority introduces a transitional measure, the setting up of producer groups (Measure 142) in order to remedy the structural deficiencies related to supply and marketing of agricultural products, by improving the cooperation among primary producers. This priority accounts for 1% of EAFRD allocation.

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, providing 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 MSDEC 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.

The second call included 6 lots all linked to a specific sector: fruit and vegetable; dairy; pork; poultry; sheep and goats; and control function. For the first 5 lots the beneficiaries were paid €90 per farmer successfully trained or €100 per farmer successfully trained for farmers who are benefitting from financial assistance under any of the Measures of the 2007-2013 RDP. 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: fruit and vegetable sector, dairy sector (cattle, sheep and goats), nitrates, rubble wall construction, crisis management training, traditional products, commercial rabbit farming, young farmers, adding value to agricultural produce, managing a business, health and safety of agricultural holdings, the role of women in agriculture and 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.

Fourth Call – 2013

The main aim of this call is to provide courses to equip farmers with knowledge and skills which allow them to meet the challenges that result from the evolving standards and demands of the rural economy. Courses were aimed to be practical oriented, allowing participants to apply the knowledge and skills gained within their everyday working environment.

Applicants were requested to provide courses related to the fruit and vegetable sector, dairy sector, nitrates, rubble wall construction, crisis management, traditional products, commercial rabbit farming, adding value to agricultural produce, managing a business, health and safety of agricultural holdings, adherence to agri-environment obligations and farm study visits. Topics covered during these training

sessions will include cross compliance, GAEC, organic farming, livestock diseases, nitrate control, record keeping, impact of climate change, soil conservation and farm structuring.

Applications were received between 28th June and 26th July 2013 and both applicants were considered eligible. One of the beneficiaries, Agriculture Directorate, initiated training courses related to fruit and vegetables in January 2014. The other applicant is also expected to start courses in 2014.

Applicants are obliged to provide these courses free of charge for the farmers and more courses will be available throughout 2014.

As part of this call, the AD started and completed the 'Adherence to Agri-Environment Obligations' course. This involved the engagement of two trainers to provide one-to-one training to farmers who were found in breach of their M214 contractual obligations, as part of Malta's effort to reduce error rates.

The 'Adherence to Agri-environment' course trained a total of 188 farmers was carried out by two trainers. Each farmer was contacted by one of the trainers and an appointment was set for an on-site visit. During these sessions, the following points were discussed:

- The key challenges that prevented the farmer from adhering to his/her AEM obligations
- Technical issues of agronomic nature that would assist the farmers in meeting these obligations
- Remedial actions that farmer should undertake to meet his obligations

Each training session lasted about 30 minutes.

Fifth Call – 2013

The specific objectives of this call were to facilitate the evolution and specialisation of agriculture and to enable acquisition of an appropriate level of technical and economic training, including expertise in new information technologies, as well as adequate awareness in the fields of product quality, sustainable management of natural resources, including cross-compliance requirements, and the application of production practices compatible with the maintenance and enhancement of the landscape and the protection of the environment. The call was divided into four courses:

- Fruit and Vegetable sector: adherence to cross-compliance requirements, GAEC, introduction to quality assurance and basic skills for running a business.
- Fruit and Vegetable Producer Organisations (POs): essential management practices of a PO, application for recognition and compliance to recognition requirements, minimum obligations to be maintained by a recognised PO.
- Post-Harvest Management and Marketing Standards: produce quality factors, ripening, maturation and maturity indices, post-harvest management and marketing standards of most common crops on the Maltese market, inspections.
- Carcass Classification: beef carcass classification, beef price reporting, pig meat price reporting.

Applications following this Expression of Interest were received between 16th December 2013 and 13th January 2014. As at time of writing, the two applications received were still under evaluation process and contracting of any eligible beneficiaries is expected later on in 2014.

As at end 2013, 2,540 farmers had received training, and the number of training days received amounted to 11,442. The number of farmers who successfully ended training i.e. have exceeded the 80% threshold, amounted to 2,361 (93%). Additionally, another 188 farmers have received one to one training regarding

adherence to agri-environment obligations. 170 of these farmers had already received training in 2011, therefore, they will not be added to 'Number of participants to training'⁴⁴. A total of 94 hours (11.75 days) of training were received.

As at end 2013, five beneficiaries had been contracted, two of which in 2013, for a total of €296,820. This value however reflects the applicants contracted following the 2nd call. The contracted value following the 4th call will be available in 2014 since training following this call for applications will start in 2014. As at end 2013, €293,560 had been disbursed, with an EAFRD contribution of €220,170.

As at end 2013, indicator values were as follows:

	Indicator	Target	Value	Execution Rate
Output	Number of participants to training	2,500	2,558	102%
Output	Number of training days received	2,635	11,454	435%
Result	Number of farmers successfully ending training	2,000	2,379	119%
Impact	Change in gross value added per full time equivalent	1.2%	n/a	n/a ⁴⁵

Table 7 – M111 Indicator values as at end 2013

	Indicator	2012		2013	
		Value	Execution Rate	Value	Execution Rate
Output	Number of participants to training	2,540	102%	2,558	102%
Output	Number of training days received	11,442	434%	11,454	435%
Result	Number of farmers successfully ending training	2,361	118%	2,379	119%
Impact	Change in gross value added per full time equivalent	n/a	n/a	n/a	n/a

Table 8 – M111 Indicator values end 2012 vs. end 2013

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.

Support under this measure is expected to lead to the qualitative re-orientation of production resulting in diversification, the acquisition of a strategic attitude and skills needed to manage an economically viable agri-business enterprise, and the application of production practices compatible with the maintenance and enhancement of the landscape, the protection of environment, hygiene standards and animal welfare.

A Focus Group discussion was held in July 2013 by evaluators with a number of training participants. The attendees stated that the information received was useful however it did not affect their revenues, costs or quality of production. Furthermore, as most of them are managing a family run farm and/or business, effects on employment was negligible. Based on this, the change in gross value

⁴⁴ In 2013, 188 farmers have been trained. All of these farmers are M214 beneficiaries. In 2011, training was also held for all M214 (and M121) beneficiaries, therefore, the majority of these 188 farmers (170 in total) have already been trained in 2011. The remaining 18 farmers did not receive training in 2011, mainly because they initiated their commitment after 2011 and therefore were not yet registered. Therefore, unique number of participants is 2,540 (trained in 2011) + 18 (trained in 2013), i.e. 2,558

⁴⁵ Assessment of the indicator value is to be provided in APR 2014.

added per full time equivalent is expected to be moderate for the training participants, and impact of other factors (i.e. support from other measures, private investments) should be taken into due consideration.

Training was considered useful, however the relevance of information varied across different sectors. For the sheep and goat sector, the training course was considered relevant and provided practical information which was adequate and useful. On the other hand poultry, pig and rabbit sector participants considered the training of a rather general nature. The information provided was more of a refresher course.

Training can therefore be improved to be more need-driven and tailored to special conditions of the Maltese agriculture. In particular, classification of farmers according to the size of holding and orientation of breeding (example egg or meat for poultry sector) could help to tailor courses according to specific needs and interest of different groups.

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, 2012 and 2013. 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 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. Another programme modification was carried out in June 2013, where €1.3 million were transferred from Measure 114 to Measure 121. As at end 2013, the budget allocated towards this Measure was €200,000. These programme modifications were carried out 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 Managing Authority ensured that this Measure was given an adequate amount of publicity during any meetings and conferences organised for farmers and their representatives.

During 2013, there was a significant uptake of the FASC service. As at end 2013, there were 103 registered applicants in total, out of which 62 registered in 2012 and 41 in 2013. Up to end 2013, 67 applications have been submitted to the ARPA, out of which, 45 have been contracted while funds for additional 22 applicants are foreseen to be committed in 2014.⁴⁶ With the exception of one beneficiary, field inspections have been finalised in 2013 and compilation of reports was underway. The contracted amount adds up to €29,400, with an EAFRD contribution of €22,050.

From June 2013, three support officers/field inspectors started to work for FASC in order to liaise with existing clients and reach out to potential beneficiaries.

Following a slow start in the implementation of this measure, a number of farmers have registered with the FASC in 2013, and more farmers will be contracted throughout 2014. The successful implementation of this Measure 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 it resulted in a situation where no supplier was appointed to offer the advisory services. Significant progress is expected in 2014 since more farmers will be registered and contracted.

Apart from the fact that the FASC was established late in 2011, lack of popularity of this Measure can also be attributed to the fact that Maltese farmers are used to receiving free advice from the Ministry and other experienced people and the newly appointed body does not yet have trust to provide advisory services. Also, farmers 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.

However, significant progress has been registered in 2013 and this can be attributed to the intensification and increase in enforcement of certain basic legal obligations and SMRs, especially those concerning the application of organic fertilisers to land. This has been a major contributing factor to the increase in uptake of FASC's services among farmers. Farmers are also increasingly appreciative of the value of EU-subsidized advisory service as they are also made tangibly aware of the potential damage that non-compliance with environmental obligations can cause, as well as the actual price associated with such damage.

As at end 2013, indicator values were as follows:

	Indicator	Target	Value	Execution Rate
Output	Number of farmers supported	1,000	45	4.5%
Result	Increase in agricultural gross value added in supported holdings	2.7% €600,000	n/s ⁴⁷	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	2.7% €441	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 9 – M114 Indicator values as at end 2013

⁴⁶ The first round of disbursements is planned to be affected between Q1 and Q2 2014.

⁴⁷ The abbreviation of 'n/s' is used for 'none supported'. It is applied for indicators, where data collection cannot be performed due to the lack of progress, i.e. lack of funds paid. Assessment of indicator values for measure 114 and 115 is to be provided in IER14.

Due to their complementary nature, the effect of Measures 114 and 115 will be assessed jointly by using these indicators. As an extension, increase in agricultural gross value added and change in gross value added per full time equivalent will also be measured with regard to the agricultural sector as a whole.

In December 2013, the FASC started advertising a new type of service, the provision of fertilizer plans, however, no new applications were received for this service as at end of the period under review.

At the current stage, the impacts and effectiveness of the measure cannot be identified since no payments have been made. A considerable part of the budget (€1.2 million) was reallocated to Measure 121 in 2013. As a result of the change foreseen, only 17% (€0.2 million) of the original budget would stay for support under Measure 114.

The registration of farmers at FAS Consortium has started with significant delay and taken up slowly in 2013. The reluctance of farmers to apply indicates that this measure, the eligibility criteria and the conditions have not been sufficiently tailored according to the needs of the potential beneficiaries. The promotion activities related to this measure have had limited success in encouraging farmers to overcome the negative attitude towards the new type of advisory services.

As of 31 December 2013, no disbursements have been effectuated for Measure 114. In view of the moderate implementation progress, calculation of economic performance indicators is considered to be not applicable at current stage.

At current state, advisory services are envisaged to focus primarily on regulatory compliance issues. Considering this and the relatively short period of time left until programme closing, the effects of Measure 114 on improvement of farm management and economic performance of holdings is expected to be moderate. Furthermore, as the bulk of services focuses on compliance to regulatory requirements, the positive effect of the measure is foreseen to be limited to the promotion of adaptation of farming techniques to standards. In view of the current profile of advisory services, the scheme is not expected to bring about considerable positive changes regarding the competitiveness of the agricultural sector. Effects are anticipated to be limited to promotion of adaptation of farming techniques to regulatory standards.

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: 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.

First Call – 2009

Applications for this Measure were received between 20th and 29th May 2009. A total of 5 applications were received, 2 of which were deemed eligible since they were registered FAS providers as required. However they both 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 €99,900. Throughout 2013, a number of disbursements were carried out, adding up to €58,613.90, with an EAFRD contribution of €43,960.43. Funds were used mainly for the setting up and refurbishment of the FASC office including flooring, gypsum walls, bathroom, water dispenser, insect screens, windows, office furniture, computer software such as Microsoft Office and the purchase of a heavy duty printer. Additionally, uniforms for field inspections were also purchased including safety shoes, raincoats, hats and other clothing.

As at end 2013, indicator values were as follows:

	Indicator	Target ⁴⁸	Value	Execution Rate
Output	Number of newly set up advisory services	1	1	17%
Result	Increase in agricultural gross value added in supported holdings	3.8% €223,288	n/s ⁴⁹	n/a
Result	Increase in agricultural gross value added in the whole agricultural sector	2.33% €1,370,000	n/s	n/a
Impact	Change in gross value added per full time equivalent	0.43% €52	n/s	n/a
Impact	Change in gross value added per full time equivalent in the whole agricultural sector	0.43% €52	n/s	n/a

Table 10 – M115 Indicator values as at end 2013

⁴⁸ Targets were changes following a request for modification submitted in June 2013. Modifications were approved by the Commission in September 2013.

⁴⁹ Due to the strong inter-linkage with measure 114, result and impact indicators for measure 115 can be interpreted at the level of final beneficiaries, i.e. beneficiaries of measure 114. Therefore, respective indicator values match with measure 114 values. Assessment for indicator values is to be provided in IER14.

	Indicator	2012		2013	
		Value	Execution Rate ⁵⁰	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 11 – M115 Indicator values end 2012 vs. end 2013

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, 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 the modification was approved by Commission Services in September 2012. The FAS Consortium started registering farmers in 2012 and the process was continued in 2013.



Figure 2 – FASC office refurbishment

⁵⁰ Targets for Measure 115 have been updated in 2013. Execution rates for 2012 have been calculated against the targets in 2012, however the execution rates for 2013 have been calculated against the amended 2013 targets. Amendments to targets were as follows: Number of newly set up advisory services was changed from 6 to 1; Increase in agricultural gross value added in supported holdings was changed from 5.4% (€1,200,000) to 3.8% (223,288); Increase in agricultural gross value added in the whole agricultural sector was changed from 2.7% (1,700,000) to 2.33% (1,370,000); Change in gross value added per full time equivalent was changed from 5.4% (€886) to 0.43% (€52).

The reasons behind this limited success may be due to the fact that in the course of planning, the measure was not sufficiently tailored to the specific conditions of Malta. In line with this, excessively demanding eligibility criteria, selection criteria and scoring system did not enable the approval of the two eligible applications.

The MA does not envisage any more calls for applications under this measure. Members of the FAS Consortium, the beneficiary contracted, include all the major representatives from all sectors, 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 contract with FAS Consortium was signed in August 2011, and the first disbursements were made in 2013.

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 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. 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.

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.

As at end 2013, the budget allocation for this Measure added up to €23,402,970. 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. In 2013, a total of €3,533,970 were transferred to M121 following reallocations from M114 (€1,300,000), M323 (€2,223,808) and M341 (€10,162). This was done following the large number of applications received after the two very successful calls for applications in 2009 and 2011. This transfer of funds ensures that funds are absorbed through Measures which complement and strengthen the priorities identified in the National Strategy Plan.

First Call – 2008

Measure 121 was launched for the first time on 15th November 2008 and 360 applications were received, out of which, 281⁵¹ 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. Seven contracts have been terminated, therefore, from the first call for application, as at end 2013 there were 274 contracted beneficiaries⁵². Contracts were withdrawn for various reasons: works did not start in the stipulated timeframes, voluntary withdrawal by the beneficiary and pending court cases. Such delays in implementation would have increased the risk of decommitment of funds. The contracted applicants from the first call can be split as follows:

1. 109 beneficiaries from the Animal Husbandry sector;
2. 157 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%. The table below shows the number of contracted applicants from each sector, further subdivided into types:

Sector	Type	No of Contracted 1 st Call Applicants
Crop	Field Crop	115
Crop	Horticulture	14
Crop	Mixed Crops/Livestock	5
Crop	Permanent Crop	22
Crop	Wine	6
Animal Husbandry	Dairy	64
Animal Husbandry	Poultry	28
Animal Husbandry	Swine	17
Other	Apiculture	3

Table 12 – Contracted beneficiaries following the 1st call for applications as at end 2013

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

⁵² Another commitment has been ended due to the beneficiary's demise. The Force Majeure Board has concluded the case, however payments from this contract still feature in reporting since 80% of the commitments had already been paid before the beneficiary's demise. Therefore, even though the contract is technically closed, it still features as one of the commitments.

On-the-Spot Control

The on-the-spot checks of the holdings to be inspected were executed in accordance with Articles 25 – 27 of Regulation 65/2011 which lay down detailed rules for the implementation of Council regulation (EC) 1698/2005. For the purpose of Article 25 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.

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 2013 after completion of the project.

During 2013 the Control Unit processed 4 M121 applications, all of which were referred for payment.

Ex-post inspections, to verify that projects under Measure 121 have not undergone any modifications within five years from the date of contract were also carried out during 2013, these ex-post checks amounted to 2 two for Measure 121.

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. Final results were issued in September 2013.

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.

As at end 2013, 54 applicants had been contracted from the 2nd call for applications. The contracted applicants from the second call can be split as follows:

1. 38 beneficiaries from the Animal Husbandry sector;
2. 11 from Crop Sectors,
3. 5 from other sectors.

The largest number of contracted beneficiaries comes from the animal husbandry sector with 76% of contracted beneficiaries, followed by the crop sector at 19%. The table below shows the number of contracted applicants from each sector, further subdivided into types:

Sector	Type	No of Contracted 2 nd Call Applicants
Crop	Field Crop	11
Crop	Horticulture	0
Crop	Mixed Crops/Livestock	0
Crop	Permanent Crop	0
Crop	Wine	0
Animal Husbandry	Dairy	21
Animal Husbandry	Poultry	7
Animal Husbandry	Swine	10
Other	Other Sectors	5

Table 13 – Contracted beneficiaries following the 2nd call for applications as at end 2013

Summing up the two calls, out of the €23,402,970 allocated towards this Measure, €20,119,203 have been contracted by the end of 2013. This means that about 86% of funding available has now been contracted. As at end 2013, €15,929,257 had been disbursed, with an EAFRD contribution of €11,946,943. During 2013, €2,244,297 were disbursed with an EAFRD contribution of €1,683,223.

The total number of contracts adds up to 328:

1. 147 beneficiaries from the Animal Husbandry sector;
2. 168 from Crop Sectors,
3. 5 mixed investments (livestock and crops); and
4. 8 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 45%.

As at end 2013, indicator values were as follows:

	Indicator	Target ⁵³	Value	Execution Rate
Output	Number of farm holdings supported	363	328	90%
Output	Total volume of investment	€39,700,000	€42,879,300	108%
Result	Increase in gross value added in supported holdings/enterprises	9.2% €1,439,836	6.5% €985,026 ⁵⁴	n/a
Result	Number of holdings/enterprises introducing new products or techniques	216	230 ⁵⁵	106%
Impact	Net additional value added expressed in PPS	PPS 1,483,012	PPS 2,894,313 ⁵⁶	n/a
Impact	Change in gross value added per full time equivalent	4.7% €564	9.5% €1,140 ⁵⁷	n/a

Table 14 – M121 indicator values as at end 2013

⁵³ Targets were changed following a request for modification submitted in June 2013. Modifications were approved by the Commission in October 2013.

⁵⁴ Estimated by gross change in GVA in the FADN database (non-balanced sample, FADN weighted change)

⁵⁵ Estimated by scaling up measured indicator per unit ratio from end 2012

⁵⁶ Estimated by averaging the outcomes of three most relevant counterfactual impact evaluation methods

⁵⁷ Estimated by averaging the outcomes of three most relevant counterfactual impact evaluation methods

	Indicator	2012		2013	
		Value	Execution Rate ⁵⁸	Value	Execution Rate
Output	Number of farm holdings supported	273 ⁵⁹	61%	328	90%
Output	Total volume of investment	€31,490,200	79%	€42,879,300	108%
Result	Increase in gross value added in supported holdings/enterprises	19% €1,414,289	n/a	6.5% €985,026 ⁶⁰	n/a
Result	Number of holdings/enterprises introducing new products or techniques	192	240%	230 ⁶¹	106%
Impact	Net additional value added expressed in PPS	PPS 1,415,939 ⁶²	n/a	PPS 2,894,313 ⁶³	n/a
Impact	Change in gross value added per full time equivalent	2.3% ⁶⁴ €398	n/a	9.5% €1,140 ⁶⁵	n/a

Table 15 – M121 Indicator values end 2011 vs. end 2013

⁵⁸ Targets for Measure 121 have been updated in 2013. Execution rates for 2012 have been calculated against the targets in 2012, however the execution rates for 2013 have been calculated against the amended 2013 targets. Amendments to targets were as follows: Number of farm holdings supported was changed from 445 to 363; Increase in agricultural gross value added in supported holdings was changed from €6,100,000 to €1,439,836; Net value added was changed from €7,800,000 to PPS 1,483,012; Change in gross value added per full time equivalent was changed from €1,475,000 to €564.

⁵⁹ This value was updated in 2013

⁶⁰ Estimated by gross change in GVA in the FADN database (non-balanced sample, FADN weighted change)

⁶¹ Estimated by scaling up measured indicator per unit ratio from end 2012

⁶² Netted out by accounting for deadweight (beneficiary survey), multiplication (input-output-analysis) and double counting (PAMS), converted to PPS (Eurostat)

⁶³ Estimated by averaging the outcomes of three most relevant counterfactual impact evaluation methods

⁶⁴ Netted out by accounting for deadweight (difference-in-differences) and double counting (PAMS)

⁶⁵ Estimated by averaging the outcomes of three most relevant counterfactual impact evaluation methods



Figure 3 – Part of the investment carried out by this beneficiary included the purchase of boxes for claves, and the construction of a shed for storage purposes

Support granted under this measure is expected to lead to the adoption of state-of-the-art production technologies, facilitating a more differentiated production with added value in food quality, sustainable use of natural resources and environmentally friendly production, and improving the efficiency and productivity of the sectors, with special attention to the livestock sector.

As regards the different subsidised sectors, considerably different outcomes can be observed. Following the derogation period for Malta, local dairy farmers had to comply with Community regulations in the fields of environmental protection, animal welfare, hygiene, occupational health and safety. That was accompanied by a strong need for technological modernisation and the increase of operational efficiency. The need for high quality milk also emerged as a market requirement, which was also a strong driver for applying for EU funds. The dairy co-operative, which is governing the centralised processing and distribution of Malta's dairy products, was a useful help for dairy farmers to identify their technological shortcomings and non-compliance with EU regulations. The co-operative was also a catalyst for farmer's applications.

Projects financed in the dairy sector were essential for farmers to continue operation and to set conditions for future growth. Investments usually included reconstruction works, building of animal housing and milking machines. Current market needs and quality requirements are driving all market players towards making these investments, the financing of which are critically based on RDP resources. Key impacts of the measure in this sector so far have been the increasing of operational efficiency and technological modernisation that contributed to the survival of dairy producers on the market and maintenance of their competitiveness.



Figure 4 – Investments included new housing structure for cattle and milking robots

A common feature of the animal husbandry sector is the dependence on the importation of forage, which cannot be satisfied from inland production due to the limited size of utilisable agricultural area (85% of the beneficiaries rearing animals source more than 50% of their inputs from abroad⁶⁶). 45% of Maltese agricultural land is cultivated in roughage and fodder intended as feed for ruminants. Still, it cannot fulfil the needs of the sector, which results in higher operating expenses. The threat of cheaper foreign products put a cap on consumer prices that eventually decreases the added value of animal products. As a result, sector-wide technological improvement is a must to maintain the competitiveness of the farmers, which is underlined by the fact that 100% of the beneficiaries rearing animals marked their investments as vital regarding their future operation.

Within the crops sector (including field crops, permanent crops, wine and mixed farming) farmers have usually invested in buildings and machinery, including irrigation equipments, tractors, greenhouses and water reservoirs. An in-depth case study in the sector showed that the sector's competitiveness is greatly hindered by the small economic size of Maltese farms⁶⁷, the shortage of good quality water for irrigation and the suboptimal climate for agricultural production. Results and impacts are usually related to the increase in the efficiency of production (decrease energy costs, plant diseases etc.), production volume (technology and irrigation), output and gross value added. Similarly to the animal husbandry sector, there is a vast additional demand for this measure, which is underpinned by the continued success of the second call of the measure.

In order to optimise the allocation of funds, selection criteria favour full-time farmers by giving +5% during project selection. Evidence suggests that this is merely enough to significantly favour full-time farmers who could be the catalyst in maintaining the competitiveness and economic power of the primary production sector. While selection criteria give 10% extra points for young farmers, that

⁶⁶ Source: Beneficiary survey

⁶⁷ Averaging 4.4ha by programme participants (beneficiary survey) and 0.9ha at national level (National Statistical Office)

seems to have been insufficient in motivating younger generations to engage in agricultural activities to present.



Figure 5 – Funding under Measure 121 was used by this farmer to diversify his production through the construction of a greenhouse

As relatively simple projects were carried out under this measure (subsidy maximised at €150,000, average project size being around €60 thousand), the implementation of projects resulted in low administrative burden and required only a reasonable amount of management time from beneficiaries. Irregularities have been relatively rare.

The relevance of the measure continues to be high. It has a clear target group with well-identified needs, which is adequately supported by the financed activities. High relevance is also underpinned by the success of the second call, which has the potential to absorb additional funds beyond the budgeted amount. The overall risk of underutilisation funds is therefore low.

The effectiveness of the measure can be evaluated as good. Evidence from case studies, interviews and a beneficiary survey held in 2012 suggest that the investments have helped farmers a lot in maintaining or increasing output, gross value added, capitalisation, labour productivity, complying with EU standards, improving the quality of products, improving operational efficiency, and animal welfare.

A counterfactual impact evaluation carried out by ongoing evaluators provided sound quantitative evidence on positive net impacts regarding gross value added and labour productivity, while marginal impacts regarding employment creation. The latter indicate however that economic development, which often involved a switch from labour intensive to capital intensive technologies, has not

resulted in lay-offs and employment could be retained at its original level. Employment can also be characterised by a high degree of inertia over the years, which can be explained by the high proportion of family business and/or farms and small farms, which are less likely to adapt their workforce resiliently to their yearly production level.

The supported investments had a significantly positive impact on the use of production factors, both in terms of their capital and workforce. The modernisation of the technological background of Maltese farmers has been fostered by a high share of new products and technologies introduced.

The results of the beneficiary survey held in 2012 indicate that 68% of the beneficiaries introduced one or more new technologies (57%: 1 to 3 new technologies, 11%: 4+ new technologies), and 23% of them developed new product/s (15%: 1 to 3 new products, 4%: 4+ new products). Altogether, 70% of the supported projects resulted in new products or technologies. In broader terms, 88% of the investments have brought about significant modernisation of the applicants' technological background. As a consequence, the majority (89%) of the beneficiaries experienced considerable increase in the efficiency of production thanks to the support of the programme. As for innovation, 93% of beneficiaries reported that they have tried out new methods, techniques or other innovative solutions thanks to the support of the programme, which is an important and intended side effect of the support.

According to the two in-depth case studies, beneficiary interviews and other data sources (interviews with co-operatives, evaluations etc.), the developments typically included the installation of new technologies, such as milking robots in the dairy sector, feeders and cooling in all animal husbandry sectors, irrigation devices, tractors, greenhouses and other machinery in crops production. All of those have improved the efficiency of agricultural production, resulting in lower operational expenses, thereby setting the conditions for further growth.

As regards the utilisation of human production factors, the counterfactual impact evaluation concluded that labour productivity increased significantly, by €1,140 on average, which is attributable to programme support.

The supported investments have had a moderate impact on gaining market share in the farmers' regular markets in Malta, but have had a limited impact on accessing new domestic markets, and almost insignificant impact on accessing export markets.

The beneficiary survey indicates that half the beneficiaries (53%) experienced growth in their market share thanks to the supported investment. For the majority of them (34% of all beneficiaries) there was a one-digit growth, while some of them experienced two-digit growth (19%) of the market share that is mainly attributable to the RDP project. In contrast to that, only 17% of all beneficiaries have reported to have penetrated a new market, or have successfully targeted new groups of customers in Malta (6% reported new customers, while 13% reported winning customers from competitors). None of the beneficiaries has expanded in foreign countries.

Case studies and beneficiary interviews explain these trends as the developments were usually aimed at maintaining market position, and doing regular business at a more efficient way, with increased production volumes and higher revenues in order to protect their market position primarily against cheaper import agricultural primary products

As regards environmental sustainability, the results of the beneficiary survey show positive results amongst relevant projects in decreasing the use of pesticides and herbicides (55%), decreasing the use of chemical fertilisers (45%), decreasing the amount of manure seeping into the ground (64%)

and less sewage sludge in the fields (60%). The results for increasing animal welfare are very promising (88%).

As for energy consumption, positive trends can be observed as regards the reduced water use (57%) and less fuel burnt (33%). The electricity consumption decreased for 13% of the beneficiaries, saving €5,550 on electricity bills on average per year. 19% of the beneficiaries reported to have implemented some form of a renewable energy source (mostly photovoltaic systems) that contributed to savings on energy. These results are partly attributable to programme selection criteria, rewarding projects with energy and power savings (+10% each) and favouring if the applicant has also applied for measure 214 (+5%).

As for the social sustainability of farms, the majority of the beneficiaries run agricultural activity as family business (85%), however, only 70% envisage that a younger family member will continue running the business once the generation shift becomes inevitable.

Beneficiary case studies, and other data sources coincide with these outcomes, covering the installation of photovoltaic systems, reducing ground water consumption, optimising energy consumption, increasing hygienic conditions and animal welfare, etc.

The RDP has had a significantly positive impact on the competitiveness of the beneficiaries, contributing to the stabilisation of revenue flows, increasing output and gross value added, and enabling growth.

Findings on GVA are congruent with other responses of the beneficiaries. 70% reported that their growth was fully or moderately attributable to the RDP support. The majority of beneficiaries increased both production capacities (77%) and product quality (81%). 9% of all beneficiaries sell products under quality label (PDO, PGI, TSG or Organic Farming). The programme was vital in improving the compliance with EU standards, as 100% of the beneficiaries for which it was relevant, reported positive impact in this field.

In summary, 98% of the beneficiaries reported favourable impacts of the RDP support on their competitiveness, where 81% experienced growth while 17% have maintained their level of competitiveness. These results are justified by the quantitative methods (counterfactual impact evaluation, survey), case studies and beneficiary interviews.

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 and HC)	Annual Payments 2009	Annual Payments 2010	Cumulative Payments From 2009 to 2010
No. of beneficiaries paid	14	16	16 ⁶⁸
EAFRD amount paid in €	603,327	416,673	1,020,000

Table 16 – 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.

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 5,692kg per head in 2009 was improved to 6,621kg 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.

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

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.

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

Table 18 – Milk Production/Efficiency

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

Year	TBC (>100,000)	Somatic Cell Count (>400,000)
	% of total Raw Milk	% of total Raw Milk
2009	95.5	98.6
2010	99.8	99.7

Table 17 – Milk Quality/Hygiene

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.

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%⁶⁹ of Maltese processing companies, which shows that EU funded agricultural programmes have reached a good coverage at industry level so far.

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. SMPPMA had regressive amount of funds for all sectors since 20014, except for tomatoes for processing, where regression began in 2008. All livestock aids ended in 2010 whereas crop aids end in 2014.

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 €150,000⁷⁰. The aid intensity granted varies depending on the size of the enterprise, its number of employees and its annual turnover

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 2013 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, seven in total, is being implemented in the crops sector, all of them relating to the processing of fruits and vegetables, especially potatoes (three 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.

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.

⁶⁹ Number of processing companies: 117 (source: RDP, 2007, NACE category 15.8 excluded). Calculations assume no overlaps between RDP and SPD beneficiaries.

⁷⁰ 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.

On the Spot Control

The on-the-spot checks of the holdings to be inspected were executed in accordance with Articles 25 – 27 of Regulation 65/2011 which lay down detailed rules for the implementation of Council regulation (EC) 1698/2005. For the purpose of Article 25 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.

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 2013 after completion of the project.

During 2013 the Control Unit processed 10 M123 applications, all of which were referred for payment.

Ex-post inspections, to verify that projects under Measure 123 have not undergone any modifications within five years from the date of contract were also carried out during 2013, these ex-post checks amounted to 2 two for Measure 123.

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.

Applications following the second call were received between 24th October and 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, with 21 applicants being contracted in 2013.

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. No modifications were submitted with respect to this Measure in 2013. Therefore, as at end 2013, the total budget allocated towards M123 amounted to €6,358,405.

Following the 2nd call for applications, therefore, another 21 beneficiaries were contracted in 2013, for a total of €3,527,048, with an EAFRD contribution of €2,645,286. The total number of beneficiaries following both calls adds up to 45, with a total contracted value of €5,627,222.

During 2013, €854,358 were disbursed, with an EAFRD contribution of €640,768. As at end 2013, a total of €2,763,572 had been disbursed, with an EAFRD contribution of €2,072,679.

As at end 2013, indicator values were as follows:

	Indicator	Target ⁷¹	Value	Execution Rate
Output	Number of enterprises supported	45	45	100%
Output	Total volume of investment	€11,400,000	€13,049,152	114%
Result	Increase in gross value added in supported holdings/enterprises	8.4% €2,072,535	3.1% €27,751 ⁷²	n/a
Result	Number of holdings/enterprises introducing new products or techniques	59	41 ⁷³	70%
Impact	Net additional value added expressed in PPS	PPS 2,403,763	PPS 1,201,680	n/a
Impact	Change in gross value added per full time equivalent	1.3% €233	3.8% €2,387 ⁷⁴	n/a

Table 19 – M123 Indicator values as at end 2013

	Indicator	2012		2013	
		Value	Execution Rate ⁷⁵	Value	Execution Rate
Output	Number of enterprises supported	24	53%	45	100%
Output	Total volume of investment	€4,948,920	43%	€13,049,152	114%
Result	Increase in gross value added in supported holdings/enterprises	1.0% €388,134	n/a	3.1% €27,751 ⁷⁶	n/a
Result	Number of holdings/enterprises introducing new products or techniques	22	314%	41 ⁷⁷	70%
Impact	Net additional value added expressed in PPS	PPS 446,592	14%	PPS 1,201,680	n/a
Impact	Change in gross value added per full time equivalent	3.8% €2,837	n/a	3.8% €2,387 ⁷⁸	n/a

Table 20 – M123 Indicator values end 2012 vs. end 2013

Measure 123 has been successful in tackling the problems encountered by local agro-processors and it has been efficient in meeting the current needs of the sector. 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

⁷¹ Targets were changed following a request for modification submitted in June 2013. Modifications were approved by the Commission in October 2013.

⁷² Estimated from survey results

⁷³ Estimated by scaling up measured indicator per unit ratio from end 2012

⁷⁴ Estimated from survey results

⁷⁵ Targets for Measure 123 have been updated in 2013. Execution rates for 2012 have been calculated against the targets in 2012, however the execution rates for 2013 have been calculated against the amended 2013 targets. Amendments to targets were as follows: Number of enterprises introducing new products or techniques was changed from 7 to 59; Net additional value expressed in PPS was changed from €3,100,000 to PPS 2,403,763; Change in gross value added per full time equivalent was changed from 1.7% (€183) to 1.3% (€233).

⁷⁶ Estimated from survey results

⁷⁷ Estimated by scaling up measured indicator per unit ratio from end 2012

⁷⁸ Estimated from survey results

sum, the intervention logic of the measures was appropriate, and further demand under the second call underpins its continued relevance.



Figure 6 – Upgrading of poultry processing plant, including an investment in a more efficient processing line and photovoltaic system



Figure 7 – Processing equipment purchased by a rabbit processing plant



Figure 8 – Ciller and photovoltaic system installed by a local wine producer

This Measure is enhancing the competitiveness of the agro-food sector and bringing about a tangible benefit to the primary production sector by enhancing certain intrinsic characteristics of primary products.

Main progress made in 2013 included the contracting of successful applications from the second call, and the implementation and closure of projects from the first call.

Average commitments amount to €140,000 thousand for private entities (small and medium enterprises), and €57,000 for sole traders (micro enterprises). Differences in the size of enterprises however could justify a much larger gap. The reason for this is owed in part to the regressive aid intensity⁷⁹ and to the fact that the grant amount was capped at a maximum of €150,000, except for projects of national dimensions. No large enterprise received funds under this measure. The largest projects are implemented by the wine, and processed food sectors with grants reaching €150,000.

Maltese processing companies had to cope with the dismantling of import levies following Malta's accession into the EU. Prior to EU accession the Maltese agricultural sector operated within a complex network of protective measures aimed at encouraging local production by ensuring a regular income flow through a system of price guarantees and quota restrictions on imports. While free trade offered a large scale market for Maltese processed products, it also raised competition to international level, which still puts a large pressure on Maltese processing companies, especially when competing with cheaper imported products.

This necessitates higher operational efficiency both at enterprise and at supply chain level, even though the whole sector lacks the advantage of economies of scale. Finding new domestic markets and penetrating niche markets abroad also requires compliance with higher quality standards that, due in part to the lack of economies of scale, are usually too expensive to obtain at individual enterprise level. On the top of that, compliance with EU standards also raised need for additional external funding.

For an application to be considered as eligible, the investment was required to provide an indirect benefit to primary producers. Selection criteria rewarded investments with clear links to marketing of products, improving quality, adapting environmentally friendly technologies and job retention.

⁷⁹ 50% for micro and small enterprises, 40% for medium enterprises, 25% for large enterprises employing less than 750 employees with a yearly turnover less than €200 million

Based on the evidence collected through site visits, beneficiary interviews and questionnaires, the effectiveness of the measure can be evaluated as good. The supported investments have had a positive impact on introducing new technologies and fostered innovation by the majority of beneficiaries.

The results of a beneficiary survey held in 2013 indicates that 93% of all beneficiaries have introduced one or more new technologies, while 79% of them have developed new products thanks to the investment (21% of them). Altogether, 93% of the supported projects resulted in new products or technologies. Taking a broader perspective, all investments have brought about significant modernisation of the applicants' technological background. Innovative solutions were applied in the majority of cases (67%), showing that funding was able to trigger a change in the regular business of processing companies, which might be turned into economic success in the future.

The RDP, especially though this Measure, has been successful in contributing to raising the efficiency in the Maltese agri-processing sector. Findings from the beneficiary survey conducted by evaluators indicate that efficiency has improved in 92% of the cases thanks to the investment. Efficiency increase could cover many different dimensions, such as the efficient operation of new machinery, better utilisation of the human resources, improved control of operational and marketing costs and less energy consumption. For instance, efficiency improvements have been reached by decreasing water use, reducing fuel use, reducing energy consumption, increasing the amount of waste recycled and producing more green energy.

The supported investments have had a positive impact on processing companies with respect to gaining market share on both domestic and export markets. The beneficiary survey indicates that the majority of the beneficiaries (85%) experienced growth in their market shares thanks to the supported investment. Most of them (69%) experienced a one-digit growth, while some of them could attain two-digit growth (15%) of the market share that is mainly attributable to the RDP project. Beyond extending market share, 85% of the beneficiaries have reported to have penetrated a new market, or have successfully targeted new groups of customers in Malta. 31% of them could even gain better access to export markets thanks to the improvements.

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.

The Maltese agri-food sector faces cultural issues related to cooperation among farmers, while there is a general reluctance towards cooperation with the processing sector. However, this Measure is important in terms of breakout opportunities for high quality rural products. Cooperation would support farmers in market competition. Another obstacle may be derived from the lack of synergy with other measures such as M121 and M123.

Research and innovation are limited in the agri-food sector and this is reflected in terms of the number of applications submitted for Measure 124. As a result of the first call launched in late 2009, the MA contracted 3 beneficiaries out of the 5 eligible applications. The MA launched a second call in 2011 and received 5 applications for which the selection process was undertaken in 2012. Three projects were considered eligible and subsequently contracted. Therefore, as at end 2013, 6 beneficiaries have or are in the process of receiving funds under Measure 124: 3 dairy sector operators, and one each from the wine, fruit and vegetable and carob sector. All beneficiaries are established organisations or cooperatives in their field.

As at end 2013, two projects have been finalised while other two eligible projects are close to completion. Two second call projects are in early phase of implementation. Consequently, the financial and technical progress on beneficiary level so far can be assessed as moderate, with significant variation over the individual projects.

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. All three applicants were contracted in 2010, for a total Public Expenditure of €255,317.

On the Spot Control

The on-the-spot checks of the holdings to be inspected were executed in accordance with Articles 25 – 27 of Regulation 65/2011 which lay down detailed rules for the implementation of Council regulation (EC) 1698/2005. For the purpose of Article 25 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.

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 2013 after completion of the project.

During 2013 the Control Unit processed 2 M124 applications, both of which were referred for payment.

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. Three beneficiaries were contracted in April 2013, with an eligible grant amount of €195,069.52.

As at end 2013, the total number of contracted beneficiaries adds up to 6, with a total contracted amount of €450,387. Disbursements added up to €229,396, with an EAFRD contribution of €172,047.

As at end 2013, indicator values were as follows:

	Indicator	Target ⁸⁰	Value	Execution Rate
Output	Number of cooperation initiatives supported	8	6	75%
Output	Volume of investment	€1,134,744	€382,327 ⁸¹	33.7%
Result	Increase in gross value added in supported holdings/enterprises	€95,480	€71,856	n/a
Result	Number of holdings/enterprises introducing new products or technologies	16	7	43.8%
Impact	Net additional value added expressed in PPS	PPS 89,036	PPS 66,755	n/a
Impact	Change in gross value added per full time equivalent	0.2% €22	7.89% €1,140	n/a

Table 21 – M124 Indicator values as at end 2013

	Indicator	2012		2013	
		Value	Execution Rate ⁸²	Value	Execution Rate
Output	Number of cooperation initiatives supported	3	38%	6	75%
Output	Volume of investment	€802,640	40%	€382,327 ⁸³	33.7%
Result	Increase in gross value added in supported holdings/enterprises	n/a	n/a	€71,856	n/a
Result	Number of holdings/enterprises introducing new products or technologies	n/a	n/a	7	43.8%
Impact	Net additional value added expressed in PPS	n/a	n/a	PPS 66,755	n/a
Impact	Change in gross value added per full time equivalent	n/a	n/a	7.89% €1,140	n/a

Table 22 – M124 Indicator values end 2012 vs. end 2013

⁸⁰ Targets were changed following a request for modification submitted in June 2013. Modifications were approved by the Commission in October 2013.

⁸¹ Indicator value calculated on the basis of disbursements as end 2013, considering 60% aid intensity applicable for the measure.

⁸² Targets for Measure 124 have been updated in 2013. Execution rates for 2012 have been calculated against the targets in 2012, however the execution rates for 2013 have been calculated against the amended 2013 targets. Amendments to targets were as follows: Volume of investment was changed from €2,000,000 to €1,134,744; Enterprises introducing new products/technologies was changed from 40 to 16; Net additional value expressed in PPS was changed from €500,000 to PPS 89,036.

⁸³ Indicator value calculated on the basis of disbursements as end 2013, considering 60% aid intensity applicable for the measure.

The Measure is expected to lead to an improvement with regard to the level of innovation and marketability of agricultural products, through the creation of better working relationship between primary producers and processors in the sector.



Figure 9 – Stainless steel tanks and grape processing and filtering equipment, part of one of the projects implemented by one of the M124 beneficiaries

As at end 2013, two projects out of six were fully completed, another 2 are close to completion, while the remaining two projects have not started yet. Due to the relatively slow progress in the beginning, the effects of support cannot be fully assessed at this stage. As all the beneficiaries are already established organisations or cooperatives in their respective sector, the efficiency of cooperation is expected to be high on project level, and positive outcomes are foreseen with respect to product and technology developments.

4 out of the 6 beneficiaries are producer organisations and one is a public enterprise. In case of these entities, the gross value added can be interpreted on the level of final beneficiaries, i.e. holdings involved in the projects. Among the supported projects, direct and immediate economic benefit has been realised in the case of project of the Milk Producers Cooperative targeting increase in feeding efficiency. One of the beneficiaries, KPH, has reported an increase in feed efficiency in farms taking part in this project. The feed efficiency (expressed in kg of milk given from 1 kg of feed) in other countries is approximately 1.4, on average. In the beginning of the project, the value for the selected local farms was around 70-80% of the international average, while currently it is close to 1.4. In case of some farms, it even reached 1.5-1.6. On average this constitutes a 20-30% increase in feed efficiency measured as margin over feed.

As regards ‘change in GVA in supported holdings’, evaluators assume that the value should be interpreted at the level of final beneficiaries, i.e. farms participating in the cooperation projects, and not on the level of direct beneficiaries receiving support. For the calculation of gross value added indicator, evaluators assumed that the GVA/holding and GVA/AWU figures computed for Measure 121 beneficiaries by the counterfactual impact evaluation provide a fair approximation for final beneficiaries of Measure 124 as well, given that the type of beneficiaries are parallel under the 2 measures. The unit values calculated for economic progress are the followings:

- increase in GVA: €2,994/farm
- increase in AWU: 0.01, treated as 0
- increase in GVA/AWU: €1,140/farm

Taking into consideration the baseline value for labour productivity in agriculture (€14,443 GVA/AWU) provided in the RDP, the value increased by 7.89%, which can be solely attributed to the GVA increase, as the counterfactual impact evaluation indicates no change for the AWU figure.

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 by the MA, while the rural roads upgrading component has been launched by the LAGs. The Measure budget has been divided according to the following chart:

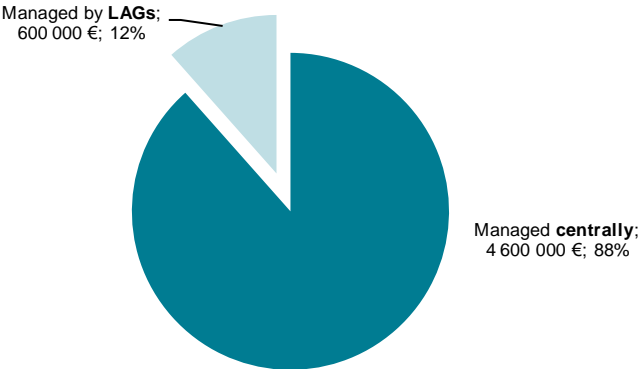


Figure 10 – Distribution of Measure budget

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 in the northern and one in the southern part of Malta⁸⁴. These pipelines shall lead treated sewage effluent to agricultural areas from the three sewage treatment plants.

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. 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 project will respect the provisions under the Water Framework Directive, as established in the Malta Rural Development Programme 2007 – 2013.

Malta's limited natural water resources 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 Water Framework Directive, 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 €2,214,963 have been disbursed by the end of December 2013, with an EAFRD contribution of €1,661,223.

⁸⁴ Due to the fact that the development of the distribution network for treated sewage effluent for farmers costs was higher than the forecasted amount, works related to the southern pipeline have been suspended. The MA may consider shifting of funds towards this Measure in order to complete this project however discussions are still underway.



Figure 11 – Metres installed by Water Services Corporation

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 23 – 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. Following a number of delays related to the evaluation of the roads and applications, final results were issued in the final quarter of 2013 and first quarter of 2014. Several contracts will be signed in 2014. All beneficiaries are Local Councils, however the ultimate individuals benefiting from this Measure will be the farmers who will have better access to their fields and farms.

LAG	Number of Applications	Successful Applications
Majjistral Action Group Foundation	17	8
GAL Xlokk	14	8
Gozo Action Group Foundation	14	7

Table 24 – M125 Expressions of Interest received by the three LAGs

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.

As at end 2013, indicator values were as follows:

	Indicator	Target ⁸⁵	Value	Execution Rate
Output	Number of operations supported	25	15 ⁸⁶	60%
Output	Total volume of investment	€5,700,000	€2,805,783	49%
Result	Increase in gross value added in supported holdings/enterprises	1.31% €388,040	n/a ⁸⁷	n/a
Impact	Net additional value added expressed in PPS	PPS 360,585	n/a ⁸⁸	n/a
Impact	Change in gross value added per full time equivalent	0.3% €30	n/a ⁸⁹	n/a

Table 25 – M125 Indicator values as at end 2013

	Indicator	2012		2013	
		Value	Execution Rate ⁹⁰	Value	Execution Rate
Output	Number of operations supported	15	6%	15 ⁹¹	60%
Output	Total volume of investment	€5,100,000 ⁹²	90%	€2,805,783 ⁹³	49%
Result	Increase in gross value added in supported holdings/enterprises	n/a	n/a	n/a ⁹⁴	n/a
Impact	Net additional value added expressed in PPS	n/a	n/a	n/a ⁹⁵	n/a
Impact	Change in gross value added per full time equivalent	n/a	n/a	n/a ⁹⁶	n/a

Table 26 – M125 Indicator values end 2012 vs. end 2013

The Water Services Project under M125 requires additional funding therefore the MA is proposing a shift of funds in favour of this Measure, however, discussions are still underway with respect to the amount of funds to be transferred.

⁸⁵ Targets were changed following a request for modification submitted in June 2013. Modifications were approved by the Commission in October 2013.

⁸⁶ The final value for the indicator is expected to be 15+22, once contracts are signed with successful applicants

⁸⁷ The calculation of values requires data collection from the final beneficiaries; therefore, the assessment of value is to be provided in IER14.

⁸⁸ See above.

⁸⁹ See above.

⁹⁰ Targets for Measure 125 have been updated in 2013. Execution rates for 2012 have been calculated against the targets in 2012, however the execution rates for 2013 have been calculated against the amended 2013 targets. Amendments to targets were as follows: Number of operations supported has been changed from 250 to 25; Increase in GVA in supported holdings has been changed from 2.7% (€1,500,000) to 1.31% (€388,040).

⁹¹ The final value for the indicator is expected to be 15+22, once contracts are signed with successful applicants

⁹² and ⁹⁴ In 2012, the total volume of investment has been assessed on the basis of commitments, while for 2013 disbursements were taken into account. Using disbursements value gives a closer, tie proportionate estimation to investments realized by end 2013. Calculating with committed amounts provides value for total project value which will be realized when the project is finalised, hence it was significantly higher.

⁹⁴ The calculation of values requires data collection from the final beneficiaries; therefore, the assessment of value is to be provided in APR 2014.

⁹⁵ See above.

⁹⁶ See above.

As construction works have not started neither for the pipeline project nor for the road construction projects managed by LAGs, no GVA increase could have been realised as a result of support. Up to the end of 2013, 1,219 water meters have been installed.

Apart from the economic dimension, environmental benefits are expected from the measure in terms of management of groundwater sources. The quantitative problem of groundwater resources has been raised by the Water Catchment Management Plan for the Maltese islands 2011 (WCMP) as well. As a supplementary measure, the WCMP foresees conduction of pilot projects on water demand management and supply augmentation measures during the first river basin cycle. The construction of the pipelines is highly interwoven with this objective, introducing alternative supply for irrigation, i.e. of treated sewage effluent. By means of this, Measure 125 is considered to be of high relevance for water supply augmentation for the agricultural sector. The installation of water meters does not provide direct economic or environmental benefits; nevertheless, it can contribute to increased awareness of farmers on sustainable groundwater management as well as provide input for the monitoring system envisaged by the WCMP. Consequently, the installation of water meters supported by the RDP interacts strongly with the objective of the WCMP, and can be considered as an important initial step in terms of water use control in the agricultural sector. WSC plans to finalise the metering part of M125 by end March 2015.

Measure 132 – Participation of Farmers in Food Quality Schemes

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

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

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

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

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.

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.

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 2013, 4 beneficiaries were contracted, for a total of €11,595. By the end of December 2012, €1,664.01 had been disbursed, with an EAFRD contribution of €1,248.01.

As at end 2013, indicator values were as follows:

	Indicator	Target⁹⁷	Value	Execution Rate
Output	Number of supported farm holdings participating in a quality scheme	4	4	100%
Result	Value of agricultural production under recognised quality label/standards	€76,723	very moderate increase, production is not market oriented ⁹⁸	n/a
Impact	Net additional value expressed in PPS	PPS 492	n/a ⁹⁹	n/a
Impact	Change in gross value added per full time equivalent	0.43% €52	no change is indicated in FTE, change is equivalent to change in GVA ¹⁰⁰	n/a

Table 27 – M132 Indicator values as at end 2013

⁹⁷ Targets were changed following a request for modification submitted in June 2013. Modifications were approved by the Commission in October 2013.

⁹⁸ No data has been provided by M132 beneficiaries; thus the value cannot be estimated.

⁹⁹ See above

¹⁰⁰ See above

	Indicator	2012		2013	
		Value	Execution Rate ¹⁰¹	Value	Execution Rate
Output	Number of supported farm holdings participating in a quality scheme	4	1%	4	100%
Result	Value of agricultural production under recognised quality label/standards	n/a	n/a	very moderate increase, production is not market oriented ¹⁰²	n/a
Impact	Net additional value expressed in PPS	n/a	n/a	n/a ¹⁰³	n/a
Impact	Change in gross value added per full time equivalent	n/a	n/a	no change is indicated in FTE, change is equivalent to change in GVA ¹⁰⁴	n/a

Table 28 – M132 Indicator values end 2012 vs. end 2013

In 2013 there was no progress with respect to this Measure since there were no new applicants following the second call for applications.

In 2012 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 was approved by the Commission in October 2012. As at end 2013, the total budget for this Measure amounted to €11,594.

The support allocated towards this measure is expected to contribute to the adoption of agricultural production methods by means of which higher added value of products can be ensured. However, the low interest towards the measure anticipates limited progress. All of the four beneficiaries are individual farmers managing relatively small agricultural area.

The revenue generating potential is limited due to the small economic size of the holdings and organic production is not market oriented. The value for indicator 'Increased value of agricultural production under recognised quality scheme' is estimated to be minimal. With respect to impact indicator 'Change in gross value added per full time equivalent', the employment creation can be assessed as 0 for the measure, given that all four beneficiaries are individual farmers. Based on this,

¹⁰¹ Targets for Measure 132 have been updated in 2013. Execution rates for 2012 have been calculated against the targets in 2012, however the execution rates for 2013 have been calculated against the amended 2013 targets. Amendments to targets were as follows: Number of supported farm holdings participating in a quality scheme was changed from 400 to 4; Increased value of agricultural production under recognised quality scheme was changed from €12,000,000 to €76,723; Net additional value expressed in PPS was changed from €500,000 to PPS 492; Change in gross value added per full time equivalent was changed from €300,000 to 0.43% (€52).

¹⁰² No data has been provided by M132 beneficiaries; thus the value cannot be estimated.

¹⁰³ See above

¹⁰⁴ See above.

the gross value added and net value added indicator values are expected to be very moderate for this Measure.

Late in 2013 the Agriculture Directorate took over the issue concerning the introduction of a new national framework for food quality schemes in view of the 2014 – 2020 programming period. Preliminary analysis indicates that such framework of technically competent capacity for introducing the necessary changes was lacking during the 2007-2013 period and this has contributed to the lack of uptake for this Measure.

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. 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. Due to a lack of legal clarity over local and EU aspects of linking the quality scheme to national origin, the '*Naturalment Malti*' brand has been discontinued and efforts are now being made to develop a quality mark under a different framework.

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 2013, the total budget for this Measure amounted to €0.

As at end 2013, indicator values were as follows:

	Indicator	Target ¹⁰⁵	Value	Execution Rate
Output	Number of supported actions	0	n/s	n/a
Result	Value of agricultural production under recognised quality label/standards	0	n/s	n/a
Result	Increase in gross value added in the agricultural sector	0	n/s	n/a
Impact	Net additional value added expressed in PPS	0	n/s	n/a
Impact	Change in gross value added per full time equivalent	0	n/s	n/a

Table 29 – M133 Indicator values as at end 2013

Since there were no applications and consequently no beneficiaries under this Measure, as at end 2013, no progress in relation to result and impact indicators can be reported. No progress will be reported in relation to this Measure since the whole budget was transferred to M123.

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

¹⁰⁵ Targets were changed following a request for modification submitted in June 2013. Modifications were approved by the Commission in October 2013.

establishment and recognition of the PG such as legal fees, together with operating costs such as manager and administrative staff salaries.

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.

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*.

On the Spot Control

The on-the-spot checks of the holdings to be inspected were executed in accordance with Articles 25 – 27 of Regulation 65/2011 which lay down detailed rules for the implementation of Council regulation (EC) 1698/2005. For the purpose of Article 25 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.

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 2013 after completion of the project.

During 2013 the Control Unit processed 1 M142 application which was referred for payment.

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 in December 2012. The final results were issued in January 2013. Two applications were deemed eligible, one from the poultry and one from the rabbit sector. As at end 2013, one contract was signed with *Għaqda Produtturi tal-Fniek Lokali*. The other contract was not signed since the PO had its recognition revoked by the Agricultural Directorate.

As at end 2013, 2 beneficiaries had been contracted for a total of €511,750. Disbursements add up to €121,631, with an EAFRD contribution of €91,223.

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 2013, indicator values were as follows:

	Indicator	Target ¹⁰⁶	Value	Execution Rate
Output	Number of supported producer groups	4	2	50%
Output	Turnover of supported producer groups	€7,800,000	€2,312,301	30%
Result	Number of farms entering the market	18	n/a ¹⁰⁷	n/a
Result	Increase in gross value added by supported producer groups	€149,750	n/a ¹⁰⁸	n/a
Impact	Net additional value added expressed in PPS	PPS 556,476	n/a ¹⁰⁹	n/a
Impact	Change in gross value added per annual work unit	0.2% €23	7.89% €1,140	n/a

Table 30 – M142 Indicator values as at end 2013

	Indicator	2012		2013	
		Value	Execution Rate ¹¹⁰	Value	Execution Rate
Output	Number of supported producer groups	1	25%	2	50%
Output	Turnover of supported producer groups	€1,970,000	7%	€2,312,301	30%
Result	Number of farms entering the market	n/a	n/a	n/a ¹¹¹	n/a
Result	Increase in gross value added by supported producer groups	n/a	n/a	n/a ¹¹²	n/a
Impact	Net additional value added expressed in PPS	n/a	n/a	n/a ¹¹³	n/a
Impact	Change in gross value added per annual work unit	n/a	n/a	7.89% €1,140	n/a

Table 31 – M142 Indicator values end 2012 vs. end 2013

With respect to impact indicator ‘Change in gross value added per annual work unit’, results of counterfactual impact evaluation have been used. Taking into consideration the baseline value for labour productivity in agriculture (€14,443 GVA/AWU) provided in the RDP, the value increased by 7.89%, which can be solely attributed to the GVA increase, as the counterfactual impact evaluation indicates no change for the AWU figure.

As a consequence of the low uptake, there are no indications of any impacts on the competitiveness of the agricultural sector in Malta. The sectors which can be potentially affected by the support are

¹⁰⁶ Targets were changed following a request for modification submitted in June 2013. Modifications were approved by the Commission in October 2013.

¹⁰⁷ No data has been provided by M132 beneficiaries; thus the value cannot be estimated.

¹⁰⁸ See above

¹⁰⁹ See above

¹¹⁰ Targets for Measure 142 have been updated in 2013. Execution rates for 2012 have been calculated against the targets in 2012, however the execution rates for 2013 have been calculated against the amended 2013 targets. Amendments to targets were as follows: Turnover of supported producer groups was changed from €28,000,000 to €7,800,000; Increase in GVA was changed from €270,000 to €149,000; Net additional value expressed in PPS was changed from €400,000 to PPS 556,476.

¹¹¹ See above

¹¹² See above

¹¹³ See above

the wine and rabbit industries of Malta. The producer group in wine sector covers the majority of operators in the sector; consequently, the strongest effect can be expected here. The other eligible applicant of the second call engaged in the rabbit industry comprises 6 members, and based on its marketed production accounts for a significantly smaller fraction of total production within the sector.

Axis 2

The main objective of Axis 2 is to improve the environment and the countryside, by means of encouraging farm management practices that incorporate actions targeting environmental and ecological sustainability. Support granted under this Axis has a share of 25% with respect to the total EAFRD allocation.

The priority of this Axis is the sustainable use of agricultural land. Support is directed to reduce the pressure on natural resources imposed by the increased use of inputs in agricultural production by integrating environmental concerns into farming practices, and to conserve biodiversity, with particular attention on indigenous animal and plant species in danger.

Support was divided among the following measures:

- support for areas with handicaps, other than mountain areas (Measure 212)
- agri-environmental commitments and conservation of biodiversity (Measure 214)

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. Seven calls have been launched so far, one every year since the beginning of the programming period (2007).

The application process for this measure is divided into two periods. During the request period between June and September, applications to join the scheme are received. Following the necessary administrative checks, multiannual agreements are prepared and signed by the applicants by the end of the year. Once the agreement is signed, the details are entered in IACS, the payment claim is generated and sent to the applicant. The signed payment claim is then received at the Front Office between March and May. The payment claim can also be submitted online between February and March.

The 7th request period was launched between June and October 2013 and payment claims related to the 6th call were received between the 18th of February and 15th of May 2013. 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, conditions 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, aiming to minimise land abandonment.

Due to the special land and weather conditions in Malta, the EU has accepted to consider all agricultural land in the Maltese Islands as disadvantaged. Therefore all beneficiaries of the Single Payment Scheme, who have the minimum size holding, are eligible to apply for Measure 212. The main conditions to qualify for this measure are the cross-compliance criteria and a minimum size of the holding of 1 tumolo (0.1124 ha), which farmers already need to comply with if they apply for the SPS scheme. The only additional criterion of Measure 212 is that farmers need to commit themselves for a minimum of five years.

Out of the 12,529¹¹⁴ holdings in Malta 5,853 (47%) are benefiting from the LFA scheme. This proportion is considered to be high, considering that out of the total number of holdings in Malta, 5,331 have a territory less than 0.5 hectares, which means that a significant part of the holdings do not necessarily reach the minimum size that is needed for the eligibility of this measure at all. As regards the total area committed, out of the total utilised agricultural land of 11,450ha of the Maltese Islands, 8,374ha are committed under Measure 212. This high proportion (73%) also indicates that the LFA scheme is very popular among Maltese farmers.

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 for all LFA applicants. However, this application method is not yet common as a form of claim submission among beneficiaries. 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, the number of applications was kept high. Simplification of the application process has been carried out by PA by 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.

As at end 2013, a total of seven 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 373.97ha while the total area committed is 8636.23ha.

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 applications¹¹⁵. Out of these 287 new applications, 245 were deemed eligible, committed and eventually paid. The total number of beneficiaries paid in 2012 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.

In 2013, payment claims were received between 18th March and 15th May 2013. Following this call 5,854 payment claims were received, out of which 680 were new applications. All 680 new applications were deemed eligible, committed and eventually paid. The total number of beneficiaries paid in 2013 was 5,990: this includes 116 beneficiaries from the 2012 campaign which were paid in 2013, following controls carried out by the Control Unit. 5,702 beneficiaries from the 2013 campaign were paid in 2013. New commitments cover an area of 909ha while the total area committed was 8,373.9ha.

The total financial allocation for this Measure amounts to €15,500,000 of which €12,400,000 is the contribution from EAFRD. The EU co-financing rate for this Measure is 80%. As at end 2013, €16,128,627.63 were contracted. The total disbursements amounted to €14,026,252, with an EAFRD

¹¹⁴ Source of data: Agriculture Census 2010, National Statistical Office for Malta

¹¹⁵ 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.

contribution of €11,221,002. For Measure 212, the total amount claimed in 2013 was €2,047,327. Following controls, €1,980,735 were paid, with an EAFRD contribution of €1,584,588.

Due to the joint application of the LFA and other direct payments, it is highly challenging to distinguish the impacts of the LFA measure from the effects of other area or entitlement based direct payment schemes such as the SPS. However, 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. Together with other agricultural direct payments the measure contributes to sustaining the rural landscape. Additionally, cross compliance brings about a number of benefits through application of its practices. The benefits of cross compliance are difficult to measure since it entails the production of positive externalities such as environmental goods which are difficult to measure and quantify. On the long run, cross compliance assures the preservation of agriculture's natural resource base, such as soil and water. Cross compliance brings additional benefits in the form of nature conservation including decreased risk of soil erosion, less water pollution and improved maintenance of natural and historical features on farmland.

On the Spot Control

Objective

The controls were carried out to ensure effective verification of compliance with the terms specified in the Commission Regulation (EU) No. 65/2011.

Methodology

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 (5,853) received during the call for payment claims for the year 2013 that was opened on the 1st of February, closed on the 15th May 2013, were 293, selected on the basis of a 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 2013 VHR images and on the basis of Article 35 of Commission Regulation (EU) No. 1122/2009.

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 %

As at end 2013, indicator values were as follows:

	Indicator	Target¹¹⁶	Value	Execution Rate
Output	Agricultural land area supported in areas with handicaps, other than mountain areas	8,500ha	8,373.9ha	98.5%
Output	No. of supported holdings in areas with handicaps, other than mountain areas	6,000	5,990	99.8%
Result	Area under successful land management contributing to:			
	(a) bio diversity	195 ha	479ha	245.6%
	(b) water quality	202 ha	497ha	246.0%
	(c) climate change	0 ha	292ha	n/a
	(d) soil quality	303 ha	454ha	149.8%
	(e) avoidance of marginalisation and land abandonment	170 ha	155ha	91.1%
Impact	Change in trend in biodiversity decline	no decline regarding the population of farmland bird species, and effective control of trapping and hunting activities	FBI has declined to 81.93% relative to the baseline value of 100% set in 2008	n/a
Impact	Decline in rate of land abandonment	no more than 1% land abandonment of the beneficiaries	n/a	n/a
Impact (s)	Maintenance of HNV farming and forestry areas	no more than 1% loss of HNV farming and forestry areas	n/a ¹¹⁷	n/a

Table 32 – M212 Indicator values as at end 2013

¹¹⁶ Targets were changed following a request for modification submitted in June 2013. Modifications were approved by the Commission in October 2013.

¹¹⁷ No information has been received with respect to the designation of HNV areas, related national conditions and criteria, and the change in HNV areas over time.

	Indicator	2012		2013	
		Value	Execution Rate ¹¹⁸	Value	Execution Rate
Output	Agricultural land area supported in areas with handicaps, other than mountain areas	8,547ha	101%	8,373.9ha	98.5%
Output	No. of supported holdings in areas with handicaps, other than mountain areas	6,002	100%	5,990	99.8%
Result	Area under successful land management contributing to:				
	(a) bio diversity	n/a	n/a	479ha	245.6%
	(b) water quality	n/a	n/a	497ha	246.0%
	(c) climate change	n/a	n/a	292ha	n/a
	(d) soil quality	n/a	n/a	454ha	149.8%
	(e) avoidance of marginalisation and land abandonment	8,547ha	106%	155ha	91.1%
Impact	Change in trend in biodiversity decline	n/a	n/a	no more than 1% land abandonment of the beneficiaries	n/a
Impact	Decline in rate of land abandonment	n/a	n/a	no more than 1% loss of HNV farming and forestry areas	n/a ¹¹⁹

Table 33 – M212 Indicator values end 2012 vs. end 2013

The progress of implementation has been very good and there is no risk of underutilisation of the budget. The amount contracted exceeds the Measure budget by approximately €2 million, therefore reallocation of funds from the next programming period will be requested.

The popularity of the measure is demonstrated by the fact that following the expiration of the first 5-year commitments in 2012, most of the beneficiaries have opted to renew the commitment for an additional 2 years. In 2013, further new commitments were opened on an additional 393ha, while closed commitments amounted to 53ha only. These figures demonstrate the continuous high relevance of the measure.

With respect to the impact indicator 'Change in trend in biodiversity decline' the results of Farmland Bird Index (FBI) survey has been used. Of the 16 species selected for the Malta Farmland Bird Index, 15 were recorded during the 2013 surveys. Based on the repeated surveys in 2013, the authors state that data collected during the 2013 surveys show that the Maltese FB Index has declined with an index estimated at 81.93% relative to the first year in the time series. This decline was not spread throughout all species with three species exhibiting an increase, whereas the majority experienced a decrease. Taking into account all considerations and the specific Maltese situation, the FB Index

¹¹⁸ Targets for Measure 212 have been updated in 2013. Execution rates for 2012 have been calculated against the targets in 2012, however the execution rates for 2013 have been calculated against the amended 2013 targets. Amendments to targets were as follows: Area under successful land management contributing to (a) biodiversity was changed from N/A to 195ha, (b) water quality was changed from N/A to 202ha; (c) climate change was changed from N/A to 0ha; (d) soil quality was changed from N/A to 303ha; (e) avoidance of marginalisation and land abandonment was changed from 8,075ha to 170ha.

¹¹⁹ No information has been received with respect to the designation of HNV areas, related national conditions and criteria, and the change in HNV areas over time.

shows a general decline in farmland bird species, which could be attributed to farmland practices, but also to other human impacts prevalent in both urban and rural areas. Based on the aggregated data, the Maltese situation is considered to be highly similar to the general trend across Europe regarding farmland bird species population. According to Eurostat data, the Farmland Bird Index has decreased by almost 3% annually between 2008 and 2010. The latest EU27 level data is from 2010, which is 87.7%.

In general terms, trends with respect to land abandonment can be assessed as positive. According to Eurostat and FADN databases, the total territory labelled as utilised agricultural area has increased by 10.8% between 2007 and 2010. The number of farm holdings has also grown by 13.7% for the same period, which shows that agricultural land use has retained certain popularity in the first half of the current programming period. The positive trend regarding the continuation of land use is also supported by the fact that for 96% of the parcels committed under LFA in 2007, the commitment has been renewed in 2012, following the expiration of the first 5-year commitment period. Further to that, new commitments have been made for 393ha in 2013.

Due to the relatively low amount of payment per holding, the impact of this Measure is minimal from a financial point of view. The measure covers additional costs and income foregone by the land manager in order to comply with cross compliance requirements, including statutory management requirements and good agricultural and environment conditions, therefore promoting more environmentally sustainable farming practices.

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 €9,525,000 of which €7,620,000 is the contribution from EAFRD due to a co-financing rate of 80%, the remaining 20% is provided by the Maltese Government.

The application process for this measure is divided into two periods. During the request period between June and September, applications to join the scheme are received. Following the necessary administrative checks, multiannual agreements are prepared and signed by the applicants by the end of the year. Once the agreement is signed, the details are entered in IACS, the payment claim is generated and sent to the applicant. The signed payment claim is then received at the Front Office between March and May. The payment claim can also be submitted online between February and March.

Payment claims following the 6th call for applications were received between 18th March and 15th May 2013. The total number of payment claims received for 2013 under Measure 214 was of 1,983 for the total area of 2,035.8ha and a request of €1,314,889. Following controls, 2,550¹²⁰ farm holdings were supported, at a total of €1,290,163, with an EAFRD contribution of €1,032,130.87. As at end 2013, €5,946,455.52 were disbursed with an EAFRD contribution of €4,757,164.41. Committed amount adds up to €€9,278,847.74 (this amount also includes the M124 (10) contract).

¹²⁰ The number of beneficiaries paid was higher than the number of payment claims since a number of beneficiaries who submitted their claim in 2012 were eventually paid in 2013 following controls.

The vast majority (68%) of the funds for M214 has been committed under sub-measure 3. The second largest sub-measure in terms of commitment has been sub-measure 4, with 14% of the total funds committed for 2014 and 2015 altogether. These two measures are by far the most popular ones among the beneficiaries. Among the less popular initiatives, 5% of the commitments were related to sub-measure 6 and 3% for Package 2 in 2014 and 2015. An emerging sub-measure (sub-measure 9) has gained more importance in the course of 2013/14, with €65,000 of commitments for 2014, which corresponds to 7% of the total funds committed for that year. The other sub-measures were insignificant in terms of their proportion of the total expenditures.

Although the number of beneficiaries is relatively large, the amounts claimed are very small compared to the overall budget of Measure 214. The amount paid per sub-measure ranges between €312 and €1,280. The smallest amount per hectare is paid for sub-measure 2, while the largest is disbursed under Package 2. Beneficiaries of the most popular sub-measure 3 have received the support of €660 per hectare.

Based on the relative proportion of the sub-measures in terms of the total areas committed, it can be highlighted that the great majority of the total agricultural area cultivated under Measure 214 are committed under 2 sub-measures, namely sub-measure 3 'Low input farming' and sub-measure 4 'Suppression of use of herbicides in vineyards and fruit orchards'. Sub-measure 6 'Conservation of rural structures providing a natural habitat for fauna and flora', sub-measure 9 'Support for the conservation of species in danger of genetic erosion' and Package 2, which covers Sub-measure 1 and Sub-measure 4, or the combination of the two, and can be adopted on vineyards and fruit orchards take up a relatively significant proportion of the total areas, but all the other sub-measures are insignificant or have not been implemented at all.

The simple and economically beneficial requirements might be the main reason for the popularity of sub-measures 3 and 4, since in most of the cases the beneficiaries are entitled to extra support with minor effort or change in cultivation methods in order to fulfil the requirements.

Organic farming has low uptake, with commitments of less than 1% of the total funds committed for 2014 and 2015. It is mainly due to the low demand for organic produce and the extensive land fragmentation in Malta, which renders it more difficult for beneficiaries to comply with the requirements of organic farming.

The uptake of the combined measures (Packages) was relatively poor. The low uptake of the measures was possibly due to the fact that the payment rate of combined measures is below the level when the measures are applied separately. For example, beneficiaries of Package 2, which combines sub-measure 3 and 4, receives the amount of €1280, while they would be eligible for the amount of €1305 if they apply separately. However, farmers could not apply for more than one AEM on the same parcel of land.

Due to the small areas under which commitments are made, the effectiveness of the measure is rather low. Since the amount of support is calculated upon the size of the land, the fragmented holdings and the small size of the parcels affect the value of the compensation received by the farmers.

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 2013	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 2013	Total Area (ha) Committed by sub-Measure as at end 2013	Total Amount (€) Requested by all applicants as at end 2013	Total Amount (€) Requested after Controls as at end 2013
1	Use of environmentally friendly plant protection products in vineyards	9	13.23	11,647.32	30	27.14	37,024.38	37,024.38
2	Traditional cultivation of sulla through crop rotation	0	0	0	0	0	0	0
3	Low input farming	592	601.07	268,755.77	1,512	1,379.91	798,075.34	777,590.68
4	Suppression of use of herbicides in vineyards and fruit orchards	233	147.75	114,863.66	554	362.12	238,410.34	235,282.25
5	Establishment and maintenance of conservation buffer strips	0	0	0	2	0.5229	675.69	675.69
6	Conservation of rural structures providing a natural habitat for fauna and flora	78	54.89	36,766.09	150	99.45	76,828.87	76,792.87
7	Provision of healthy forage area for bees	21	7.61	11,924.28	49	21.15	25,051.78	25,051.78
8	Organic farming	0	0	0	4	14.6332	1,557.79	1,557.79
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 ¹
9.2	Conservation of endangered plant species	67	27.30	31,629.93	152	61.59	73,836.43	73,567.60
Pak 1 (AEM 2&3)	Support for traditional cultivation of sulla through crop rotation and Support for low input farming	0	0	0	2	0.3748	445.69	445.69
Pak 2 (AEM 1&4)	Support for reduced use of plant protection products in vineyards	51	37.45	24,181.67	95	58.74	41,922.73	41,349.55

¹ Beneficiary has submitted an application of 'Force majeure' since one of the cows died in September 2013. Consequently, payment for claim year 2013 is still pending until a decision is taken by the Board. The figures quoted above refer to payments for calendar year 2012.

Table 34: The nine sub-Measures for Measure 214

On-the-Spot Control 2013

Objective

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

Methodology

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 (1983) received in the period 1st February and 15th May 2013, were 149 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 2013 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 %

As at end 2013, indicator values were as follows:

	Indicator	Target ¹²¹	Value	Execution Rate
Output	Number of farm holdings supported	2,241	2,550	113.8%
Output	Total area under agri-environment support (ha)	5,486	2,035.8	37.0%
Output	Total number of contracts	6,096	7,372	120.9%
Output	Physical area under agri-environment support (ha)	2,017	2,035.8	100.1%
Result	Areas under successful land management contributing to:			
	(a) biodiversity (ha)	195	479	245.6%
	(b) water quality (ha)	202	497	246.0%
	(c) climate change (ha)	0	292	n/a
	(d) soil quality (ha)	303	454	149.8%
	(e) avoidance of marginalisation and land abandonment	40	155	n/a ¹²²
Impact	Reversal in biodiversity decline (farmland bird species population)	no decline regarding the population of farmland bird species, and effective control of trapping and hunting activities	By 2013, FBI has declined to 81.93% relative to the baseline value of 100% set in 2008	n/a
Impact	Change in high nature value areas	<5%	n/a ¹²³	n/a
Impact	Changes in gross nutrient balance	40kg N/ha less	n/a	n/a
Impact	Contribution to combating climate change – Increase in production of renewable energy	Improved soil protection by at least 25% of beneficiaries	n/a	n/a

Table 35 – M214 Indicator values as at end 2013

* 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

¹²¹ Targets were changed following a request for modification submitted in June 2013. Modifications were approved by the Commission in October 2013.

¹²² No information has been received with respect to the designation of HNV areas, related national conditions and criteria, and the change in HNV areas over time.

¹²³ No information has been received with respect to the designation of HNV areas, related national conditions and criteria, and the change in HNV areas over time.

	Indicator	Target ¹²⁴	Value
Output	Physical area under organic farming	6ha	14.63ha
Output	Number of contracts related to maintenance of endangered breeds and varieties	498	481
Output	Number of conservation projects related to genetic resources	1	1
Impact	Contribution to combating climate change – through soil and tree planting	Trough increasing soil organic matter and carbon sink capacity	n/a

Table 36 – M214 Indicator values as at end 2013

	Indicator	2012		2013	
		Value	Execution Rate ¹²⁵	Value	Execution Rate
Output	Number of farm holdings supported	2,670	119%	2,550	113.8%
Output	Total area under agri-environment support (ha)	2,052.6	26%	2,035.8	37.0%
Output	Total number of contracts	7,510	327%	7,372	120.9%
Output	Physical area under agri-environment support (ha)	2,042.4	52%	2,035.8	100.1%
Result	Areas under successful land management contributing to:				
	(a) biodiversity (ha)	220.7	75%	479	245.6%
	(b) water quality (ha)	1469.0	92.4%	497	246.0%
	(c) climate change (ha)	n/a	n/a	292	n/a
	(d) soil quality (ha)	352.7	11.2%	454	149.8%
	(e) avoidance of marginalisation and land abandonment	n/a	n/a	155	n/a ¹²⁶
Impact	Reversal in biodiversity decline (farmland	*	n/a	By 2013,	n/a

¹²⁴ Targets were changed following a request for modification submitted in June 2013. Modifications were approved by the Commission in October 2013.

¹²⁵ Targets for Measure 214 have been updated in 2013. Execution rates for 2012 have been calculated against the targets in 2012, however the execution rates for 2013 have been calculated against the amended 2013 targets. Amendments to targets were as follows: Total area under agri-environment support (ha) was changed from 7,794 to 5,486; Total number of contracts was changed from 2,298 to 6,096; Physical area under agri-environment support was changed from 3,897 to 2,017; Physical area under organic farming was changed from 30 to 6; Number of contracts related to maintenance of endangered breeds and varieties was changed from 32 to 498; Number of conservation projects related to genetic resources was changed from 7 to 1; Areas under successful land management contributing to (a) biodiversity was changed from 293 to 195; (b) water quality was changed from 1,589 to 202; (c) climate change was changed from N/A to 0; (d) soil quality was changed from 3,148 to 303; (e) avoidance of marginalisation and land abandonment was changed from 3,927 to 40; Reversal in biodiversity decline (farmland bird species population) was changed from 100 to no decline regarding the population of farmland bird species and effective control of trapping and hunting activities; Change in gross nutrient balance was changed from 80kg N/ha to 40kg N/ha less; Contribution to combating climate change through soil and tree planting was changed from through increasing soil organic matter and carbon skin capacity to improved soil protection by at least 25% of beneficiaries.

¹²⁶ No information has been received with respect to the designation of HNV areas, related national conditions and criteria, and the change in HNV areas over time.

	bird species population)			FBI has declined to 81.93% relative to the baseline value of 100% set in 2008	
Impact	Change in high nature value areas	*	n/a	n/a ¹²⁷	n/a
Impact	Changes in gross nutrient balance	*	n/a	n/a	n/a
Impact	Contribution to combating climate change – Increase in production of renewable energy	*	n/a	n/a	n/a

Table 37 – M214 Indicator values end 2012 vs. end 2013

Values for result indicator have been calculated on the basis of expert impact assessment and GIS-data analysis. With respect to impact indicator ‘Contribution to combating climate change’, the production of renewable energy is not applicable due to the minor scale or renewable energy production in Malta. Another aspect of combating climate change is the emission of greenhouse gases, where the agricultural sector also has a stake. According to the National Emissions Inventory Report, the agriculture is estimated to contribute around 2.4% of total national GHG emissions for the year 2011. Between 2008 and 2011, the aggregated emission trends show 18% decrease. Agriculture is the second largest contributor to methane emissions following the waste sector, mainly from enteric fermentation and manure management. Apart from that, agriculture is the major source for national nitrous oxide emissions. Both methane and nitrous oxide emissions originating from the agricultural sector show a decreasing trend between 2008 and 2011. Emissions mainly originate from enteric fermentation (40.6%), manure management (36%) and from agricultural soils (23.4%). Nevertheless, up to the current evaluation no data has been collected on the extent of contribution of RDP measures to the aggregated trends in GHG emissions.

Beneficiaries of this Measure regard it as a source for income support, but pay less attention to the original environmental goals of the support. The agri-environmental support is not usually used for any specific purposes related to agri-environment, but is regarded as financial help for the operation of the holding. Additionally, the amounts received are not significant enough to be regarded as a separate income factor for the holding.

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.

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.

¹²⁷ No information has been received with respect to the designation of HNV areas, related national conditions and criteria, and the change in HNV areas over time.

Projects under Measure 214 (10) 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, Plant Health Directorate within MSDEC, was contracted in April 2013. The other applications were deemed ineligible or the beneficiary decided to withdraw the application. The contracted value amounts to €2,228,025.

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 contracted 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 project will finance the establishment and landscaping of an ex-situ habitat for cultivated and wild species. Funding has also been sought to finance technical expertise such as scientists, gardeners, agronomists, technicians and botanical managers and towards theoretical and hands on training on conservation methods, sanitation, seed sampling and seed quality testing. This project will also include the purchase of 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, the construction of a water reservoir, 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.

The contract was signed in April 2013 and works have started later on in 2013. Implementation has kicked off in 2013 and eventually, this project will encompass more than 80 tenders. A number of these tenders have experienced some delays however, project progress has been good. Several tenders have been adjudicated, and the total value awarded amounts to more than €1.3million. In addition to this, the Department is currently cultivating several plant species which used to be grown traditionally by Maltese farmers but are now close to extinction. These varieties will be subsequently planted in the public garden once this is complete.

Axis 3

The main objectives of Axis 3 are to improve the quality of life in rural areas and diversify rural economic activities. Originally, support provided under this Axis amounted to 32.5% of the total EAFRD budget. In the course of 2013, MA reallocated savings to Axis 1 investment measures, as a result of which Axis 3 budget decreased to 30.3%.

Measures introduced under Axis 3 are built around the following 4 priorities:

- diversification of rural economy
- improving quality of life in rural areas
- training, skills acquisition and animation
- implementation of axis

The financial support is directed to the development and rehabilitation of rural areas and landscape amenities in order to provide opportunities for diversification associated with tourism and informal recreation. For the realisation of the objectives the following Measures were introduced:

- Encouragement of Tourism Activities (Measure 313)
- Conservation and Upgrading of the Rural Heritage (Measure 323)
- Skills Acquisition, Animation and Implementation (Measure 341)

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 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.

Three calls were issued for Measure 313, one in 2009 issued centrally by the MA and one in 2011, which was issued by the three Local Action Groups. The third call was also issued by the LAGs to used up funds which were unutilised following the previous call.

First Call – 2009

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.

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. The demand for this measure has been considerable, which has been earmarked by the increase of the measure budget by €2.9 million to the detriment of Measure 323, thus allowing the contracting of 14 eligible applications that were originally placed on the reserve list.

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.

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).

The amount contracted under this measure is of €13,243,358. Until the end of 2013, €9,371,626 of Public funds were disbursed, with an EAFRD contribution of €7,028,719.

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 and as at end 2013 the number of contracted beneficiaries was as follows: six beneficiaries from the Xlokk LAG, five beneficiaries from the Gozo region (six contracts had been signed, one was withdrawn) and three beneficiaries from the Majjistral Region.

As at end 2013, the total number of beneficiaries contracted through Local Action Groups adds up to 14.

Third Call – 2013

Due to the availability of unutilised funds following the 1st call for applications in 2011, Majjistral Action Group Foundation and Gozo Action Group Foundation re-issued a second call for Measure 313. Applications were received between 30th August and 30th September 2013.

This call for applications was less restricted than the first one; six action types were eligible under this call:

1. The provision of small-scale infrastructure for tourism and countryside recreation such as, signposting of sites or route-trails. The provision of other small scale amenities sensitive to their surroundings, which are needed for the practicing of a particular recreational activity, such as bird watching or sight-seeing.
2. The creation and facilitation of access to areas of high nature, cultural, archaeological, geological/geomorphological and landscape value, such as natural habitats, monuments, temples, chapels, coastal cliffs etc.
3. The setting up of trails that interlink various sites of tourist value.
4. The provision and one-time restoration of small-scale recreational amenities, such as leisure parks, which are tourist attractions.
5. The development of tourism products based on the rural tourism concept and that promote the traditional character of rural communities, such as the development of arts and crafts centres exhibiting indigenous talents, etc.
6. The development of regional marketing services relating to rural tourism including the creation of ICT platforms.

Additionally, for this call only, beneficiaries with on-going projects under Measure 313 were eligible to re-apply for another different project, even though the previous project had not been concluded. In order to be eligible for funding under this Measure, applicants were requested to have planning permits available, if required.

Gozo Action Group Foundation received ten applications, seven of which were considered eligible. Two beneficiaries will be contracted in 2014, with another five applicants on the reserve list. One application was deemed unsuccessful while the other two were ineligible. Results were issued in December 2013.

Majjistral Action Group Foundation received eight applications, all of which were deemed eligible and will be contracted in 2014. Results were issued in March 2014.

Applications were received from both Public and Private entities, however, aid intensity varies between the two types of beneficiaries with public entities receiving up to 100% of the total eligible expenditure; and private entities receiving 50% of the total eligible expenditure.

LAG	Public Entity	Private Entity
Majjistral Action Group Foundation	4	4
Gozo Action Group Foundation	10	0
Total	14	4

Table 38 – Number of applications received by LAGs

Up to the end of 2013, 91% of the total budget (€13,243,358) has been allocated to final beneficiaries, while additional commitments, amounting to about 7% of the total budget, are in the process of contracting. The distribution of commitments between the central administration and the LAGs is presented below.

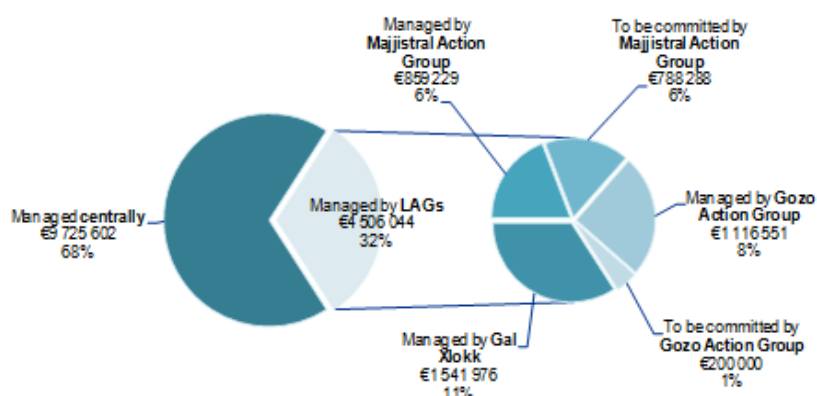


Figure 12 – Distribution of Measure 313 budget

The LAGs have already committed €4.3 million of funds, and contracting of funds is being processed for second call applicants in case of Majjistral and Gozo Action Group. As regards the central part of the budget, no new calls have been issued since 2009, therefore commitments can be considered as final.

The following figure summarises the distribution of commitments as per the types of entities.

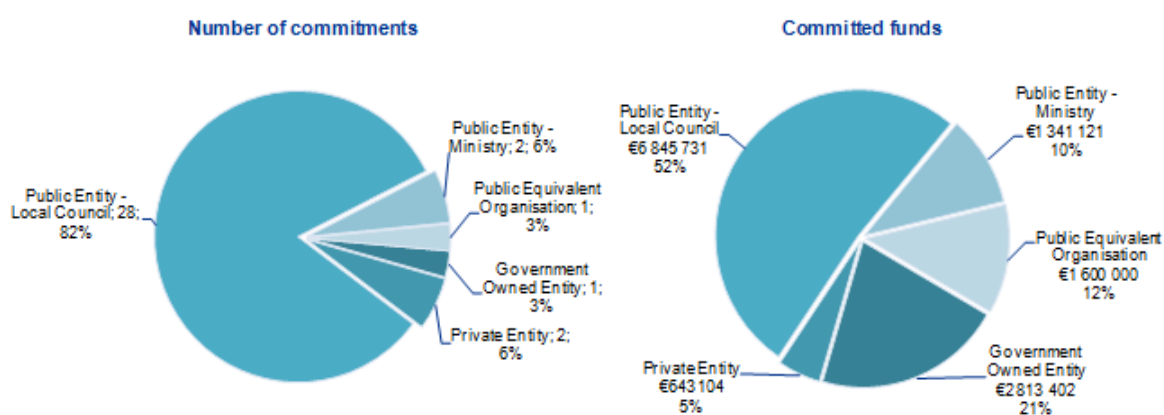


Figure 13 – Distribution of funds by entity

Out of 34 projects committed as at end 2013, 32 projects are being implemented by public sector organisations. 28 projects are being implemented by Local Councils (52% of the budget), one project, by the Ministry for Gozo (Walks and trails on rural Gozo), one by MSDEC aiming at investing in Dingli cliffs' touristic potential, two by private entities (Birdpark Ltd., Chateaux Heritage Ltd.), one project by the Malta Tourism Authority¹²⁸ ("Malta goes rural") and far the biggest one by Wasteserv Ltd., a government organisation, aiming at the development of leisure park for local and foreign visitors (€2.8 million). Projects in general were relatively evenly distributed between small-scale infrastructure developments (information centres, signposting of tourist sites), recreational infrastructure (offering access to natural areas, small-capacity accommodation) and the development and marketing of rural tourism services.

8 of the 28 projects implemented by Local Councils are integrated projects, since funding was received from both Measures 313 and 323. Selection criteria of the Measure rewarded this integrated approach with extra 12% (3% per actions, for a maximum of 4 actions). Evidence collected through a beneficiary

¹²⁸ Classified as 'public equivalent organisation'

survey and other interviews by evaluators proved this approach to be right for the needs of the target group, especially in cases where investments were aiming at exploiting tourism potential of the area's rural heritage. Through such integrated projects, while all project elements were treated and administered separately, the investment could be planned, submitted and managed as a whole, avoiding unnecessary management costs related to project implementation. Typical integrated projects aim at embellishing rural localities and developing heritage trails.

Despite the very good response and uptake of Measure 313, there were still unutilised funds amounting to €545,017.70. On the other hand, demand for M121 following the second call which took place in 2011, exceeds the budget allocated. Therefore, in order to decrease the risk of unutilised funds, the MA transferred these funds from M313 to M121. This reallocation of funds was approved by Commission Services in October 2013.

As regards the effectiveness of the measure, most projects from the 1st call are currently being implemented. Six projects are completed, while an additional seven projects are in the final phase of implementation.

Although the progress of project implementation shows large variation, some of the anticipated impacts could be observed. Based on these interim results, the Measure has been successful in reaching its objectives, especially as regards increasing awareness of Maltese inhabitants and foreign tourists; generating touristic potential while improving the rural landscape; enhancing of the 'value' of localities; generating revenues for the localities and local businesses (e.g. sale of food, beverages, local products) through increased number of tourists; and improving the quality of life of residents. The inter-linkage between Measures 313 and 323 has been strong, given that tourism, as a key source of living for many people in Malta, is a common theme in almost all rural development projects.

As at end 2013, indicator values were as follows:

	Indicator	Target ¹²⁹	Value	Execution Rate
Output	Number of new tourism actions supported	60	72	120%
Output	Total volume of investment	€14,872,812	€11,741,855	79%
Result	Increase in non-agricultural gross value added in supported businesses	1.5% € 3,720	€979	n/a
Result	Gross number of jobs created	53	21	40%
Result	Additional number of tourist visits	24,800	171,708 ¹³⁰	692%
Impact	Net additional value added expressed in PPS	PPS 5,597	PPS 1,842	n/a
Impact	Net additional full-time equivalent jobs created	59	30	51%

Table 39 – M313 Indicator values as at end 2013

¹²⁹ Targets were changed following a request for modification submitted in June 2013. Modifications were approved by the Commission in October 2013.

¹³⁰ The indicator value is based on monitoring data as of end 2012 (123,208) and data indicated by the case study for Birdpark Malta (2,500 per month, adding up to 48,500 in 2012 and 2013).

	Indicator	2012		2013	
		Value	Execution Rate ¹³¹	Value	Execution Rate
Output	Number of new tourism actions supported	52	217%	72	120%
Output	Total volume of investment	€11,234,660	39%	€11,741,855	79%
Result	Increase in non-agricultural gross value added in supported businesses	n/a	n/a	€979	n/a
Result	Gross number of jobs created	19 ¹³²	13%	21	40%
Result	Additional number of tourist visits	123,208 ¹³³	497%	171,708 ¹³⁴	692%
Impact	Net additional value added expressed in PPS	n/a	n/a	PPS 1,842	n/a
Impact	Net additional full-time equivalent jobs created	19 ¹³⁵	16%	30	51%

Table 40 – M313 Indicator values end 2012 vs. end 2013



Figure 14 – Gharghur M313 project

¹³¹ Targets for Measure 313 have been updated in 2013. Execution rates for 2012 have been calculated against the targets in 2012, however the execution rates for 2013 have been calculated against the amended 2013 targets. Amendments to targets were as follows: Number of new tourism actions supported was changed from 24 to 60; Total volume of investment was changed from €28,900,000 to €14,872,812; Increase in non agricultural GVA in supported businesses from N/A to €1.5% (€3,720); Gross number of jobs created was changed from 150 to 53; Net additional value expressed in PPS was changed from €5,700,00 to PPS5,5597; Net additional full-time equivalent jobs created from 116 to 59.

¹³² Calculated as the extrapolation of survey responses based on the amount of grants received

¹³³ 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)

¹³⁴ The indicator value is based on monitoring data as of end 2012 (123,208) and data indicated by the case study for Birdpark Malta (2,500 per month, adding up to 48,500 in 2012 and 2013).

¹³⁵ Netted out by accounting for deadweight (beneficiary survey), employment multiplication (input-output-analysis) and double counting (PAMS)



Figure 15 – Ministry for Gozo, part of M313 project: access to Santa Verna remains, before and after works



Figure 16 – Ministry for Gozo, part of M313 project: Calypso Cave railing and decking, before and after works



Figure 17 – Kirkop M313 project: Ongoing works at Pjazza Zernieq



Figure 18 – Mosta 313 project, Wied tal-Isperanza area



Figure 19 – Part of the Wasteserv Project, construction of farm and stables



Figure 20 – Wasteserv part of M313 project, Visitors' Centre



Figure 21 – Munxar M313 project, pathways

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.

With respect to calculation of non-agricultural GVA in supported businesses, the only project completed so far that directly generates income is managed by Birdpark Malta. This project has generated revenue, but overheads and input costs also grew. The 'Net additional value added' impact indicator is considered positive but moderate.

The value presented for result indicator 'Gross number of jobs created' is based on figures reported in surveys and case studies. Significant positive effect have been reported in case of 3 projects (implemented by Birdpark Malta, WasteServ Malta Ltd. and Ministry for Gozo), i.e. creation of 5-6 new jobs per project. For additional 4 projects, 1 new full time job has been created, but in the case of Malta Tourism Authority, further employees are planned to be hired. In terms of commitments, these 7 projects account for 46% of the total contracted funds, indicating that approximately half of the budget is allocated to investments contributing to employment increase. On the other hand, projects implemented by Local Councils are expected to have no or very moderate contribution to employment increase, i.e. creation of part-time maintenance jobs.

Beneficiaries also reported positive environmental impacts since investments will contribute to the sustainable management of Natura 2000 sites directly or indirectly, and contributed to the sustainable management of high nature value areas. Moreover, due to restoration activities, especially those related to rubble walls, a number of projects will contribute to a reduction of soil erosion.

The estimated number of tourist visits per year amounts to 123,208, which is a positive result, with beneficiaries reporting an increased touristic potential and number of tourist visits. This might be a result of the vicinity of rural and urban areas, as foreign and inland tourists usually reside in urban areas and they have easy access to rural touristic attractions.

Evidence indicates that displacement, which in this context is attracting tourist away from other revenue generating touristic attractions, is practically zero for foreign tourists, while it is quite high for inland tourists (usually in Malta-Gozo, Gozo-Malta relations). It implies that the potential in attractions for foreign tourists is still not exploited and new touristic attractions generate additional

revenues at industry level. However, drawing away inland tourists from other attractions does not bring about additional results at industry level.

Interim results indicate that the programme has had little impacts on promoting employment opportunities in rural areas. Based on beneficiary surveys, touristic attractions usually provide 1 full-time employment opportunity in the local labour market (the weighted average of which is below 1 FTE). Given the scope of the developments, this might be considered as economically rational; however, it also means that these projects have had a minor impact on local labour markets, and especially on the labour market in the touristic sector. Survey results imply that projects contribute to the creation of 2 indirect jobs on average, which indicates that the RDP support has a significant positive effect on the wider rural economy in terms of employment creation. Nevertheless, as the figures are primarily based on assumptions of beneficiaries, they should be considered with caution.

The Measure has had little impacts on improving the diversification of the rural economy; however, the rural economy itself has improved thanks to the implemented projects.

Projects have generated revenues for local businesses, directly and indirectly. With respect to revenue generation, short-term and long-term impacts should be differentiated. On the one hand, the projects contributed to one-off or short-term revenue generation for local business carrying out construction work or services related to technical implementation of the RDP projects. On the other hand, long-term effects are anticipated as a result of increasing the tourism potential, i.e. the investments are expected to contribute to increase revenue of local businesses active in the tourism sector.

The Measure has contributed significantly to the improvement of the quality of life in rural areas. Quality of life has many dimensions, but all projects have been efficient in one way or another, directly or indirectly, example through favourable side effects on touristic attractions, the rural landscape, and the embellishment of rural villages, making them more appealing for both residents and tourists.

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.

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 to Measure 313. This was done since the key objectives were achieved through the projects contracted. 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.

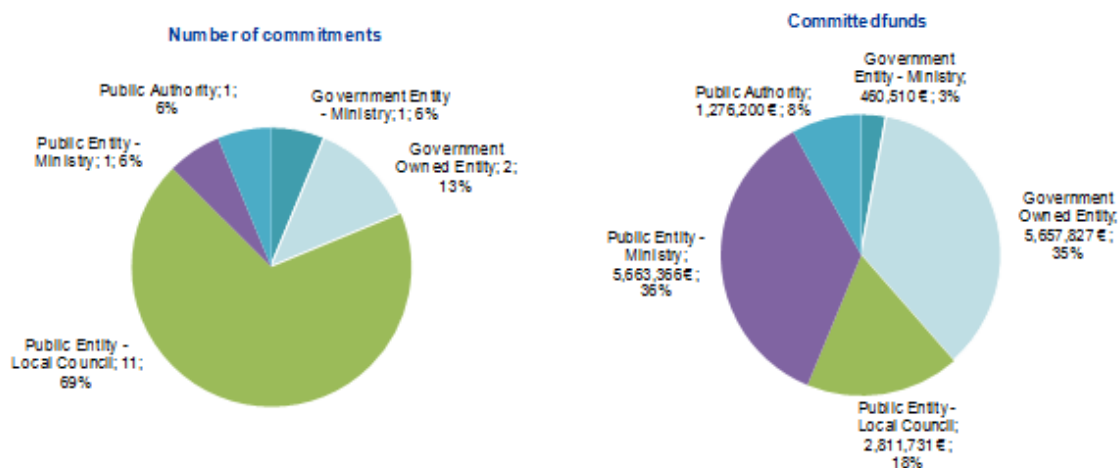


Figure 22 – Distribution of active commitments between public and private entities

As at end December 2013, 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 2013 amounted to €15,718,866. This amount is slightly lower than the amount which was quoted as contracted as at end 2012 since one of the beneficiaries had to re-dimension the project. As at end 2013, a total of € 12,391,130 were disbursed, with an EAFRD contribution of €9,293,347.

In the course of 2012, there was a significant revision to the project implemented by MEPA, where the originally estimated cost of €3,500,000 (calculated on market rates of similar services) was finalised at €1,276,200¹³⁶. Also, the joint M313-M323 commitment of the Local Council of Birżebbuġa was terminated. These changes have led to a decrease in budget utilisation to 87% with €15.7 million of commitments, against the budget of €18 million. In order to utilise remaining funds, MA reallocated €2.2 million to Axis 1, Measure 121 in the course of 2013.

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.

Typical projects implemented under the 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 and investing in other associated actions (e.g. cleaning facilities).

¹³⁶ The reason for such a large degree of variance was that the service was unprecedented both in scope and nature in Malta.

8 of the 16 projects are integrated projects, as they were financed from Measures 313 and 323 simultaneously. Selection criteria of the Measure rewarded this integrated approach with extra 12% (3% per actions, for a maximum of 4 actions). Evidence from the beneficiary survey, beneficiary interviews and case studies conducted by evaluators proved this approach to be appropriate for the needs of the target group, especially in cases where investments were aiming at exploiting tourism potential of the area's rural heritage. Such way, the investments could be planned, submitted and managed as a whole, reducing administration and management costs related to project implementation.

The impacts of Measure 323 overlap with those of Measure 313 due to the fact that half of 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 foreseen by beneficiaries 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 inter-linkage between Measures 313 and 323 has been strong, given that tourism, as a key source of living for many people in Malta, is a common theme in almost all rural development projects.

As at end 2013, the contracted amount adds up to €15,718,867. The amount disbursed adds up to €12,391,130, with an EAFRD contribution of €9,293,347.

The MEPA project drawing up of studies and plans for Natura 2000 sites and other areas of high natural value 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).

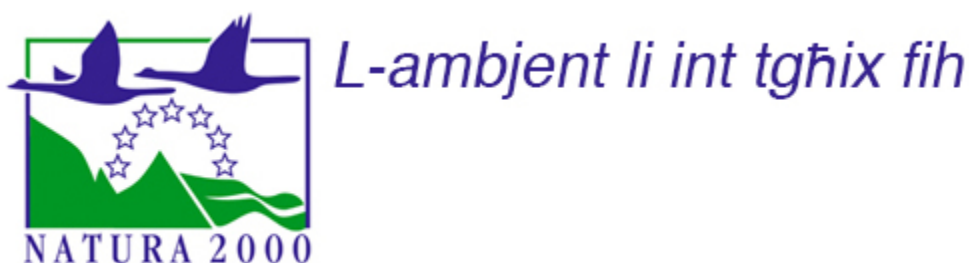


Figure 23 – Natura 2000 project logo


The 'Natura 2000 Management Planning for Malta and Gozo' project has two important components. The project will ensure that with the direct involvement of all stakeholders, management plans are in place for all Natura 2000 sites in the Maltese Islands and the public's awareness about these sites is significantly increased. A study carried out by the contractor at the start of the project showed that only 20% of the Maltese public had heard of Natura 2000, with over 60% stating that they did not know what Natura 2000 stood for. The majority of respondents stated that all sites should be accessible to the public and they would be willing to pay a minimal fee to visit these sites. Natura 2000 sites will not be a system of strict nature reserves where human activities are excluded. Some sites may include areas where human activities should be limited or controlled, the principle behind designating these sites is based on conserving the features they aim to protect and on the sustainable use of our resources, where people and nature can live together in harmony.

A press launch was held on 9th January 2013, followed by four information sessions, held between 4th February and 7th February 2013. A website, Facebook and Twitter page were also created in March 2013.¹³⁷ In May 2013, information boards were installed at each Management Plan area for NATURA 2000 sites.

Throughout 2013, the Natura 2000 team organised several exhibitions in collaboration with various Local Councils in Malta and Gozo. These events included public discussions and interactive displays encouraging participants to put forward their views and comments on the Natura 2000 sites within their locality. These events, locality meetings and exhibitions took place in Marsaxlokk, Rabat Gozo, Mellieha, Pembroke, Birzebbuga, St Paul's Bay and MEPA offices. Such communication activities are important since the involvement of stakeholders, including conservation experts, landowners, residents, businesses, local councils, community and environmental groups is essential in the management planning process. This ensures that management plans are appropriate to each site and can be successfully implemented. A total of twenty stakeholder workshops were also organised to discuss management plans for the different locations. These workshops were held in meeting venues close to the Natura 2000 sites between April and October 2013. Reports and more information were uploaded on the website and can be accessed on: http://natura2000malta.com/?page_id=1006.¹³⁸

¹³⁷ Website: <http://www.natura2000malta.com/> Facebook: <https://www.facebook.com/naturamalta>
Twitter: <https://twitter.com/natura2000malta>


¹³⁸ The final draft management plans will be delivered by the contractor in April 2014. Following approval by MEPA, they will be available for the public.




L-ambjent li int tgħix fih


You are in a Natura 2000 site



Natura 2000 is the EU-wide network of nature conservation areas set up to ensure the survival of Europe's most valuable species and habitats




L-INĦAWI TA' GHAJN BARRANI (SAC)


 L-Inħawi ta' Ghajn Barrani huma wita ta' xagħri mdawra minn għub imberzgin tal-tafal mogħnja d'haħna speċi. L-inħawi huma ta' importanza ekoloġika għax fihom insibu l-aħjar habitat li-Gżejjer Malin tal-tip Nerio-Tamaricetes li huwa ferm rari, magħmul mis-siġar tal-Virgi u tal-Bruk, il-trajn rari u protejti bi-l-igi f'Malta. Mal-għub tal-tafal imberzgin tgħix finxa wiensgħa ta' speċi mħadda u endemici, inkluża l-aħħar komunità li nafu biha tal-speċi rari haħna Xrien tal-Baħar u ġemgħa oħra rari haħna tal-Trew tal-Tafal speċi endemika Italo-Maltija. Il-medda art bejn Ghajn Damma u il-Pergja (limiti tax-Xagħra) hija wkoll Rixerva Naturali (masiġar protejti).

 This site comprises flat garrigue surrounded by species-rich clay slopes. The area is ecologically important as it supports the best example of the very rare Nerio-Tamaricetes habitat type in Malta, made up of Chaste Tree and African Tamarisk, both of which are rare and legally protected. The clay slopes support a wide range of threatened and endemic species, including the last known population of the very rare Sea Clover and a population of the very rare Italo-Maltese endemic Few-leaved Restharrow. The area between Ghajn Damma and il-Pergja (limits of Xagħra) is also a Nature Reserve (protected woodland).








L-Inħawi ta' Ghajn Barrani
Source: ARI Associates




Nerio-Tamaricetes community
Source: ARI Associates




KEY
■ L-Inħawi ta' Ghajn Barrani
■ Natura 2000 Network



Rural Development Programme for Malta 2007 - 2013
Art 2 - Improving the Quality of Life in Rural Areas
Project Implementation by the European Union -
The European Agricultural Fund for Rural Development
Co-financing from: 100% European Union, 0% Government of Malta




www.natura2000malta.com




L-ambjent li int tgħix fih


You are in a Natura 2000 site



Natura 2000 is the EU-wide network of nature conservation areas set up to ensure the survival of Europe's most valuable species and habitats




IX-XAGħRA TAL-KORTIN (SAC)


 Ix-Xagħra tal-Kortin hija mużajk ta' blat kbir, gebel, trinedaq u xiqaq li jipprovdi l-habitat tipiku għal komunità tal-irrum. Fi-rindum hemm finxa mħallta ta' flora, inkluż il-Giż ta' Malta, li f'Malta tinsab biss. Ix-Xagħra tal-Kortin u l-inħawi Tal-Miġruna magħmibha (tal-leħor Natura 2000). Ix-xiqaq biċ-ċaqhaq, il-Qala tal-Mistra, komument miksija bi għuz ta' wensq tal-alka minhabba l-invidi estensivi ta' Posidonia oceanica li hemm fil-bajja, jiprovdi habitat importanti għal fauna terrestri u marina, inklużi anfipodi, bebbux, bimb u harfus.

 Ix-Xagħra tal-Kortin comprises a mosaic of boulders, stones, dry gorges and crevices providing the typical habitat for a boulder scree community. The cliffs support a diverse range of flora, including the Maltese Stock, which in Malta is only found at Ix-Xagħra tal-Kortin and the adjacent Tal-Miġruna area (another Natura 2000 site). The small pebble beach at il-Qala tal-Mistra, commonly covered by seagrass banquettes due to extensive Posidonia oceanica beds found in the bay, provides an important habitat for terrestrial and marine fauna, including amphipods, snails, spiders and beetles.








Ix-Xagħra tal-Kortin
Source: ARI Associates




Maltese Stock
Source: ARI Associates



KEY
■ Ix-Xagħra tal-Kortin
■ Natura 2000 Network



Rural Development Programme for Malta 2007 - 2013
Art 2 - Improving the Quality of Life in Rural Areas
Project Implementation by the European Union -
The European Agricultural Fund for Rural Development
Co-financing from: 100% European Union, 0% Government of Malta



www.natura2000malta.com

Figure 24 – Billboards set up on site by the contractor implementing the Natura 2000 M323 project

Annual Progress Report for 2013

95

Rural Development Programme for Malta 2007-2013

As at end 2013, indicator values were as follows:

	Indicator	Target ¹³⁹	Value	Execution Rate
Output	Number of rural heritage actions supported	17	34	200%
Output	Total volume of investment	€17,300,000	€13,655,617 ¹⁴⁰	79%
Output	Completed Natura 2000 management plans as a % of total Natura 2000 sites	100 ¹⁴¹	0 ¹⁴²	0
Result	Gross number of jobs created	8	14 ¹⁴³	175%
Result	Population in rural areas benefiting from improved services	192,442	192,442	100%
Impact	Net additional value added expressed in PPS	0	0 ¹⁴⁴	n/a
Impact	Net additional full-time equivalent jobs created	9	16 ¹⁴⁵	178%

Table 41 – M323 Indicator values as at end 2013

	Indicator	2012		2013	
		Value	Execution Rate ¹⁴⁶	Value	Execution Rate
Output	Number of rural heritage actions supported	23	135%	34	200%
Output	Total volume of investment	€19,581,032	113%	€13,655,617 ¹⁴⁷	79%
Output	Completed Natura 2000 management plans as a % of total Natura 2000 sites	0	0	0 ¹⁴⁸	0
Result	Gross number of jobs created	14	n/a	14 ¹⁴⁹	175%
Result	Population in rural areas benefiting from improved services	192,442	75%	192,442	100%
Impact	Net additional value added expressed in PPS	0	n/a	0 ¹⁵⁰	n/a
Impact	Net additional full-time equivalent jobs created	16	n/a	16 ¹⁵¹	178%

Table 42 – M323 Indicator values end 2012 vs. end 2013

¹³⁹ Targets were changed following a request for modification submitted in June 2013. Modifications were approved by the Commission in October 2013.

¹⁴⁰ The total volume of investment has been calculated by taking into account the amounts paid up to 31 December 2013 and the aid intensity applicable for the measure (90% and 100% in the case of Natura 2000 project).

¹⁴¹ 100% of terrestrial Natura 2000 sites.

¹⁴² As at end 2013, reports were still in progress. Draft reports have been submitted in April 2014.

¹⁴³ Calculated as the extrapolation of survey responses based on the amount of grants received

¹⁴⁴ Projects under the measure are non-revenue generating

¹⁴⁵ Netted out by accounting for deadweight (beneficiary survey), employment multiplication (input-output-analysis) and double counting (PAMS)

¹⁴⁶ Targets for Measure 323 have been updated in 2013. Execution rates for 2012 have been calculated against the targets in 2012, however the execution rates for 2013 have been calculated against the amended 2013 targets. Amendments to targets were as follows: Gross number of jobs created was changed from N/A to 8; Population in rural areas benefiting from improved services from 257,000 to 192,442; Net additional value added expressed in PPS was changed from 1.2% to 0.

¹⁴⁷ The total volume of investment has been calculated by taking into account the amounts paid up to 31 December 2013 and the aid intensity applicable for the measure (90% and 100% in the case of Natura 2000 project).

¹⁴⁸ As at end 2013, reports were still in progress. Draft reports have been submitted in April 2014.

¹⁴⁹ Calculated as the extrapolation of survey responses based on the amount of grants received

¹⁵⁰ Projects under the measure are non-revenue generating and since this indicator takes into consideration the financial net value added, it can be considered as 0

¹⁵¹ Netted out by accounting for deadweight (beneficiary survey), employment multiplication (input-output-analysis) and double counting (PAMS)

Despite the very good response and uptake of Measures 323, there were still unutilised funds amounting to €2,223,808. On the other hand, demand for M121 exceeded the amount allocated after the second call. In order to decrease the risk of unutilised funds under this Measure, the MA requested transfer of funds from Measure 323 to Measure 121. This request was accepted in October 2013.



Figure 25 – Munxar M323 project, restoration of flourmill



Figure 26 – Storm Water Unit project at Salini Salt pans



Figure 27 – Mellieha M313/M323 integrated project



Figure 28 – Restoration of Bridge at Mosta valley

The 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.

Based on information stemming from on-going projects, the programme has had a positive impact on raising attractiveness of rural areas. On the basis of beneficiary interviews, surveys and case studies carried out by evaluators, projects under the measure were often driven from a touristic point of view, leaving attractiveness of rural areas as a second priority. Despite that, the majority of projects have had impacts on increasing the attractiveness of rural areas. This can be explained in part by the vicinity of rural and urban areas on one hand, and by the visually observable outputs of the projects concerned. Most of the projects involve activities related to the physical reservation of the site, which has a direct positive visual effect for the local population. Projects will also directly contribute to the improvement of rural landscape and embellishment of local villages.

Most of the projects supported include activities improving access to and facilities available at natural and cultural heritage sites. The measure has had positive side effects contributing to environmental sustainability and higher environmental awareness, and is foreseen to result in completed Natura 2000 management by the end of the programme¹⁵². As regards environmental sustainability and awareness, this Measure shows a positive impact. In terms of contribution to biodiversity, a number of projects have a direct link to the protection of wildlife species and endangered animals/breeds.

¹⁵² Draft Management Plans have been submitted in April 2014.

The measure has contributed significantly to the improvement of the quality of life in rural areas. Contribution can be interpreted in terms of providing more pleasant living environment through the restoration and upgrading of natural and cultural heritage sites, improving facilities related to outdoor activities and enhancing the visual experience for the local population.

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.

The call under Measure 341 was launched on 20th February 2009 until 9th May 2009. A total of 4 applications were submitted to the Paying Agency, 1 of which was found to be ineligible. The 3 selected formulations were contracted on 19th June 2009 for a total amount of € 308,438. Measure 341 was a one-time call and the Measure is now closed. As at end 2011 the total public expenditure disbursed for Measure 341 was that of €308,437.93, the EU part amounting to €231,328.45.

The GAL Xlokk Foundation was originally founded in 2009 with the participation of 12 local councils and 13 private members. Their LDS was finalised in December 2009.

The Majjistral Action Group Foundation was set up in 2009 when a group of Local Councils and private operators from the area initiated the Leader process. As for the public sector, the LAG consists of 16 localities. Beyond these, there are numerous LAG members from the private sector that is represented by 'Farmers' Organisations', NGOs and SMEs. Their LDS was finalised in December 2009.

The Gozo Action Group Foundation was officially launched in 2008 in the form of public private partnership. All 14 Local Councils were founding members together with members from the general business sector, the tourism sector, the farming community and the NGO sector of Gozo. Their LDS was finalised in December 2009.

The relevance of the Measure was high since the Leader initiative was a new concept in Malta, therefore 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 LDS.

The Measure has contributed effectively to the formation of public-private partnerships and to the elaboration of local development strategies. A large number of studies were carried out about the territories, promotional events were organised and leaders and staff involved in the development of

the strategy were trained. Bearing in mind that most of the Maltese population had not been familiar with the LEADER approach before the launch of the measure, the communication activities about the rural territory and the local development strategy proved to be relatively successful in terms of capacity-building.

As at end 2013, indicator values were as follows:

	Indicator	Target	Value	Execution Rate
Output	Number of skills acquisition and animation actions	6	26 ¹⁵³	433%
Output	Number of participants in actions	30	1,390 ¹⁵⁴	4633%
Output	Number of supported public-private partnerships	5	3 ¹⁵⁵	60%
Result	Number of participants that successfully ended a training activity	25	27	108%

Table 43 – M341 Indicator values as at end 2013

	Indicator	2012		2013	
		Value	Execution Rate ¹⁵⁶	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 44 – M341 Indicator values end 2012 vs. end 2013

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 were 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 transferred the remaining amount to M121. This request for modification was accepted by Commission Services in October 2013.

This Measure has contributed effectively to the formation of a balanced structure of public-private partnerships and to the elaboration of local development strategies that take into account the socio-economic circumstances and the territorial specificities of the regions. Further impacts regarding the reinforcement of territorial coherence and synergies between the measures are expected upon the implementation of the Leader-specific actions to be launched.

¹⁵³ The indicator value is based on monitoring data as of end 2012. As the measure is technically closed, the figure can be considered as final.

¹⁵⁴ See above.

¹⁵⁵ See above.

¹⁵⁶ Targets for Measure 341 have been updated in 2013. Execution rates for 2012 have been calculated against the targets in 2012, however the execution rates for 2013 have been calculated against the amended 2013 targets. Amendments to targets were as follows: Number of supported public/private partnerships was changed from 5 to 3.

Axis 4

The main objective of the LEADER initiative is to build local capacity and improve the efficiency of local decision making. Measures introduced under this Axis aims at the introduction and adoption of the Leader approach to Malta. The financial allocation is 4% the total EAFRD resources.

Support is divided among the following measures:

- implementation of the local development strategies (Measure 410)
- inter-territorial and transnational cooperation (Measure 421)
- running costs, acquisition of skills and animation (Measure 431)

The financial assistance provided under Axis 4 focuses on bringing together the different local public and private actors in the form of local action groups to promote cooperation, innovation and improve local governance.

Measure 410 – 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 410 was that of €2,935,000 since the budget allocated to Measure 410 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.

The year 2011 represented a period of preparation for the launch of the Actions while 2012 can be considered as the year during which implementation of the Measures took off. As at end 2013, GAL Xlokk had contracted €498,647, between 21 beneficiaries while MAGF contracted €294,473 among 15 beneficiaries. (The Measure codes 411 and 413 refer to the Axis in the RDP to which each action relates to. There are no Actions related to Axis 2 under LEADER).

As at end 2013, €432,529 had been disbursed, with an EAFRD contribution of €346,023.

2011 Calls

Majjistral Action Group Foundation:

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

2012 Calls

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: *Organisation of Culinary and Crafts Annual Festival and Promotion and Marketing of Culinary and Crafts Annual Festival*.

Gozo Action Group Foundation:

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

2013 Calls

GAL Xlokk Foundation:

- Action 411.2: *Capital Investment to Support Artisanal Agricultural Activity*, applications were received between 6th May and 16th June 2013;
- 413.A3: *Open Call for Voluntary Organisations (2nd call)*, applications were received between 25th September and 8th November 2013;
- 413.A5: *Embellishment Projects*, applications were received between 21st October and 22nd November 2013;
- 413.A6: *Cultural and Educational Activities*, applications were received between 5th December 2012 and 7th January 2013. A second call was issued in 2013, between 1st November and 10th December 2013;
- 413.A7: *Community Support for Children*, applications were received between 8th May and 8th June 2013.

Majjistral Action Group Foundation:

- 413.2: *Support for Direct Marketing – Crafts Sector*, applications were received between 21st January and 5th March 2013;
- 413.4: *Development of 3 Distinctive products for the Majjistral Region*, applications were received between 18th March and 17th May 2013;
- 413.7: *Formation of Foundation of Territorial Rangers*, applications were received between 30th October and 16th December 2013
- Measure 313: *Encouragement of Tourism Studies (2nd call)*, applications were received between 22nd August and 21st September 2013

- Measure 125: Infrastructure related to the development and adaptation of agriculture (1st call), applications were received between 2nd and 31st May 2013, (2nd call) applications were received between 30th October and 27th November 2013.

Gozo Action Group Foundation:

- 413.2: Folk and Traditional Activities Support, (1st call), applications were received between 11th March and 22nd April 2013, (2nd call), applications were received between 20th December 2013 and 20th January 2014
- 413.3: Craft Sector Support, applications were received between 16th January and 17th February 2013
- 413.6: Events and Festivals, applications were received between 18th March and 26th April 2013
- Measure 313: Encouragement of Tourism Studies (2nd call), applications were received between 30th August and 30th September 2013
- Measure 125: Infrastructure related to the development and adaptation of agriculture (1st call), applications were received between 2nd and 28th June 2013, (2nd call) applications were received between 30th October and 27th November 2013.

More information about these calls, the number of applications received and the number of beneficiaries contracted can be found in Section G – Leader.

As at end 2013, indicator values were as follows:

	Indicator	Target ¹⁵⁷	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	260,635	260,635	100%
Output	Number of projects financed by LAGs	40	50	125%
Output	Number of beneficiaries supported	40	50	125%
Result	Gross number of jobs created	6	6 ¹⁵⁸	100%
Result	Number of successful training results	20	0	n/a
Impact	Net additional value added expressed in PPS	PPS 338,231	n/a	n/a
Impact	Net additional FTE jobs created	5	6	120%

Table 45 – M410 Indicator values as at end 2013

¹⁵⁷ Targets were changed following a request for modification submitted in June 2013. Modifications were approved by the Commission in October 2013.

¹⁵⁸ Due to the relatively late take up, the results and impacts of projects managed by LAGs under Measure 410 are not yet visible. Further to that, most projects are not associated with employment generation. Therefore, the number of LAG managers and secretaries were considered since their employment is directly linked to the Measure.

	Indicator	2012		2013	
		Value	Execution Rate ¹⁵⁹	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	100%
Output	Number of projects financed by LAGs	5	22%	50	125%
Output	Number of beneficiaries supported	0	n/a	50	125%
Result	Gross number of jobs created	n/a	n/a	6	100%
Result	Number of successful training results	n/a	n/a	0	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	6	120%

Table 46 – M410 Indicator values end 2012 vs. end 2013

Overall, LAGs in Malta have a moderate level of autonomy in decision-making process. They are authorised to allocate the resources freely within the given budget on the basis of actions planned. Once these budgets have been approved, the LAG has the authority to ask for transfers of budgets within the same Axis but this must be approved by the MA. The LAG is also eligible to modify and adjust the previously defined budget allocation during the implementation period of the Local Development Strategy. The project applications are evaluated and approved or rejected by the members of the decision-making committees of the LAGs.

All LAGs were able to draw up a balanced and representative selection of private and public partners in their foundations, which also contributes to improving governance based on enhanced partnership and cooperation among local actors. The LEADER approach has contributed to involve the relevant actors of the socio-economic spectrum of the area in the decision-making process. The major stakeholders are represented in the decision-making committees, with the exception of the representation of environmental issues that could potentially be improved in order to increase the involvement of the environmental perspective in the decision-making.

The absence of solid local identity has been identified as a major weakness of the LAG areas. Experiences showed that festivals and other cultural events are important events for villages, and could be effective tools to improve the local identity. In the Majjistral area, its distinctive rural character, together with important historic towns and relatively modern holiday settlements are the specific characters that local identity could be built upon. In Xlokk, the territory has a high incidence of low quality dwellings new and emerging industries or visually obnoxious industrial activities, where embellishment projects could further enhance the level of local identity. In Gozo, one of the most important sectors is tourism. In order to promote tourism as the flagship sector related to local identity, the area should invest money into the renovation of touristic sites and environmentalism.

¹⁵⁹ Targets for Measure 124 have been updated in 2013. Execution rates for 2012 have been calculated against the targets in 2012, however the execution rates for 2013 have been calculated against the amended 2013 targets. Amendments to targets were as follows: Total population in LAG area was changed from N/A to 260,635; Number of projects financed by LAGs were changed from 23 to 40; Number of beneficiaries supported was changed from N/A to 40; Number of successful training results was changed from N/A to 20; Net additional value added expressed in PPS was changed from €700,000 to PPS 338,231; Net additional full time equivalent jobs created was changed from 7 to 5.

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 410. This transfer of funds was carried out since the LEADER programme is a 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 will be participating in the project '*MeDIETerranea*', whose lead LAG is *Sulcis Iglesiasiente 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.

In July 2013, the GAL Xlokk Secretary attended a meeting in Rivello, to discuss this project with other LAGs participating in this initiative. In 2014, GAL Xlokk members will actively participate in an artisanal festival in Sardinia. GAL Xlokk will then organize a festival in Malta where foreign partners will be invited to participate and share their own local and artisanal products.

Also in 2014, GAL XLOKK together with Majjistral Action group Foundation will collaborate with the Lead partner GAL Sulcis and the other 6 project partners in order to implement this action. GAL Xlokk shall appoint a chef in order to create a Maltese healthy regional menu, participate actively in 3 festivals held in Sardinia, Veneto and Malta. During these festivals LAG members shall showcase their regional, artisanal products. GAL Xlokk will also organise a mini event to discuss the way forward with other project partners and to launch the healthy regional menu.

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.

Implementation will be in line with progress by the lead LAG and other LAGs forming part of these cooperation projects.

As at end 2013, 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 47 – M421 Indicator values as at end 2013

	Indicator	2012		2013	
		Value	Execution Rate	Value	Execution Rate
Output	Number of supported cooperation projects	0	0%	0	0%
Output	Number of cooperating LAGs	0	0%	0	0%
Result	Gross number of jobs created	n/a	n/a	n/a	n/a
Result	Net additional full-time equivalent jobs created	n/a	n/a	n/a	n/a

Table 48 – M421 Indicator values end 2012 vs. end 2013

Output and result indicators were not updated since no disbursements were made throughout 2013. Progress will be registered in 2014 when most activities will be taking place, in synchrony with the lead LAG and other project partners.

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 2013, a total of €470,669 were disbursed under this Measure, with an EAFRD contribution of €376,535.

As at end 2013, 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	n/a ¹⁶⁰	n/a
Result	Number of successful training results	240	n/a	n/a

Table 49 – M431 Indicator values as at end 2013

¹⁶⁰ Indicator will be updated in the course of 2014

	Indicator	2012		2013	
		Value	Execution Rate	Value	Execution Rate
Output	Number of skills acquisition and animation actions	47	157%	47	157%
Output	Number of participants in actions	n/a	n/a	n/a ¹⁶¹	n/a
Result	Number of successful training results	n/a	n/a	n/a	n/a

Table 50 – M431 Indicator values end 2012 vs. end 2013

This Measure is important for a number of factors. There is a continuous need for the LAG offices to provide assistance to potential beneficiaries. Also, the delegated tasks carried out by the LAGs regarding administrative checks on the applications and project selection requires certain skills and capacities within management. Additionally, LAGs have a role as major information providers related to the actions of the local development strategies.

The effectiveness of the measure can be assessed as good. The three LAG offices have been set up, and their continuous operation is guaranteed. The LAG managers have received substantial training regarding their roles and responsibilities in order to be able to carry out their tasks effectively. Moreover, several communication tools have been used in order to promote the actions and spread information regarding the Leader programme and launch of Actions and Measures by the LAGs.

The support has contributed to cover the running costs for the management of each respective LAG, including the salaries of the LAG managers and secretaries, rent fees of the office premises, the purchase of office furniture, the services of lawyers and accountants, together with other running costs, such as internet and telephone services.

The availability of a local office, where interested local actors can receive information regarding the Actions, is expected to increase to a great extent the success of applications. Also, the appointment of the LAG managers is an important prerequisite for the LAGs to carry out their delegated tasks. Additionally, 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. This measure has been contributing continuously to the efficient and effective implementation of the three LDSs.

Measure 511 – Technical Assistance Operations

As a supplementary fund for the Axes, the main aim of support under TA is to facilitate the proper implementation of Measures, by means of allocating financial resources for the enhancement of human and physical resources of the Managing Authority and other delegated bodies. Support is channelled for harmonisation and development of IT systems, employment and training of associated personnel and projects related to programme implementation and evaluation tasks. The budget allocated accounts for 4% of total EAFRD funding.

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%.

¹⁶¹ Indicator will be updated in the course of 2014

Technical Assistance enhances the capacities of the MA for fulfilling its duties to the full extent as regards the local rural development program management. Utilisation of the total allocated budget for commenced in 2009 and became more intensive in the following years. While in 2009 only 10% of the total budget was disbursed, in 2010 the absorption increased to 22% and in 2011 it reached a take up of 37%. As at end 2012, 56% of the budget had been disbursed while as at end 2013, this amount rose to 66%. Considerable part of the remaining budget is already allocated in technical terms and amount for different tasks are agreed, but contracts have not been signed yet.

In the first year of utilisation, preparation and programming was dominant, while management, controlling, monitoring and evaluation got wider focus in the following years. The most important areas where MA allocated the TA resources were programme management, evaluation and controlling. In case of monitoring and controlling, technical resources were financed from TA funds to fulfil all MA obligations due to the limited internal resources available within MA. The largest items in terms of single commitments covered through TA funds were generated from the PA's information system development initiatives and the engagements of third parties to perform the program evaluation work pieces. Current and future significant projects are the drafting of Partnership Agreement for the new programming period, harmonisation and enhancement of IT systems of different agencies and the ex ante evaluation and strategic environmental assessment of RDP 2014-2020.

Accordingly, TA's role is crucial in the successful implementation, management, controlling and evaluation of the Maltese RDP and it contributed to a significant extent to MA's capacity enhancement. As considerable part of TA funds is already allocated to predefined tasks, MA needs to put efforts to ensure that tendering and contracting procedures are progressing in an adequate pace and full commitment will be met by the end of the programme.

With respect to the administrative capacity of the MA and PA, the small size of the organisations requires efficient task sharing. Allocation of funds for adequate training of employees related to core competency areas and outsourcing of activities requiring special professional background could further enhance the efficiency of operation.

As at end of 2013, the total public expenditure committed under the Technical Assistance was that of €2,693,640 with an EAFRD contribution of €2,020,230. 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.

- 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 2012, no payments were effected in 2013 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.

4. 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 2013 centred mainly on disbursement of funds following project selection and contracting of beneficiaries which took place in previous years. Additionally, several new contracts were signed following issuing of results in 2013. These results were issued following several Project Selection Committee meetings which were held in order to evaluate applications received in 2011.

A number of Measures were re-launched while Local Action Groups 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. Measure 125 and Measure 313 were re-launched by the LAGs, in order to make sure that all funding allocated towards these Measures is eventually taken up. The three Local Action Groups launched a number of actions under Measure 410, namely:

GAL Xlokk Foundation:

- Action 411.A2: Capital Investment to Support Artisanal Agricultural Activity (6th May – 16th June)
- Action 413.A3: Open Call for Voluntary Organisations, 2nd Call (25th September – 8th November)
- Action 413.A5: Embellishment Projects (21st October – 22nd November)
- Action 413.A6: Cultural and Educational Activities (1st November – 10th December)
- Action 413.A7: Community Support for Children (8th May – 8th June)
- Measure 125: Infrastructure related to the development and adaptation of agriculture (1st call 27th February – 29th March, 2nd call 30th October – 27th November).

Majjistral Action Group Foundation:

- Action 413.2: Support for Direct Marketing – Crafts Sector (21st January – 5th March)
- Action 413.4: Development of 3 distinctive products for the Majjistral Region (18th March – 17th May)
- Action 413.7: Formation of Foundation of Territorial Rangers (30th October – 16th December)
- Measure 125: Infrastructure related to the development and adaptation of agriculture (1st call, 2nd May – 31st May and 2nd call, 30th October – 27th November)
- Measure 313: Encouragement of Tourism Activities (2nd call, 22nd August – 21st September)

Gozo Action Group Foundation:

- Action 413.2: Folk and Traditional Activities Support (1st call, 11th March – 22nd April, 2nd call 20th December 2013 – 20th January 2014.
- Action 413.3: Craft Sector Support (16th January – 17th March)
- Action 413.6: Events and Festivals (18th March – 26th April)

- Measure 125: Infrastructure related to the development and adaptation of agriculture (1st call 2nd May – 28th June, 2nd call 30th October – 27th November)
- Measure 313: Encouragement of Tourism Activities (2nd call, 3^{0th} August – 30th September)

Following the closing date for submission of the Application Forms, applications submitted and Documentation were filed and given a reference number. Subsequently, the Evaluation Committee of the LAG will commenced the evaluation of the applications by conducting the necessary administrative checks. The Evaluation Committee is made up of the LAG secretary, the LAG Manager and a verifier. The verifier shall be a member of the Decision Committee, who shall be nominated by the majority of the Decision Committee. A Technical Expert, who will be selected, approved and contracted by the MA may also be included in the Evaluation Committee, depending on what type of expertise is required. The Technical Expert's role on the Evaluation Committee is to perform the Technical checks for each application.

Following Administrative Checks, an administrative and technical report was presented to the LAG Decision Committee. The DC then verified that projects fall within the scope of the LDS and fulfil the criteria set out in the guidelines for the Action or Measure. The Decision Committee then recommend the projects that are eligible as per the Local Development Strategy and Action/Measure guidelines to the Selection Board. The Selection Board is composed of two representatives from the MA, one representative from the PA and two representatives from the LAG's Decision Committee and is chaired by an MA or PA representative. The Selection Board reviewed all projects and recommendations of the Evaluation Committee and issued the final selection of projects. The MA then published results following the conclusion of this process.

At programme level, 92% of the budget has been committed by the end 2013, equalling to €93.1. This constitutes an additional uptake of 14% compared to the status as at end December 2012, when the commitment rate stood at 79%. The major part of the increase can be attributed to the uptake of Axis 1 commitments, particularly under Measure 121 and 123, as well as to new contracts for Measure 214. With respect to the different Axes and Measures, great differences can be observed. The following table comprises the progress of implementation as of 31 December 2013.

Financial implementation per measures, as of 31 December 2013

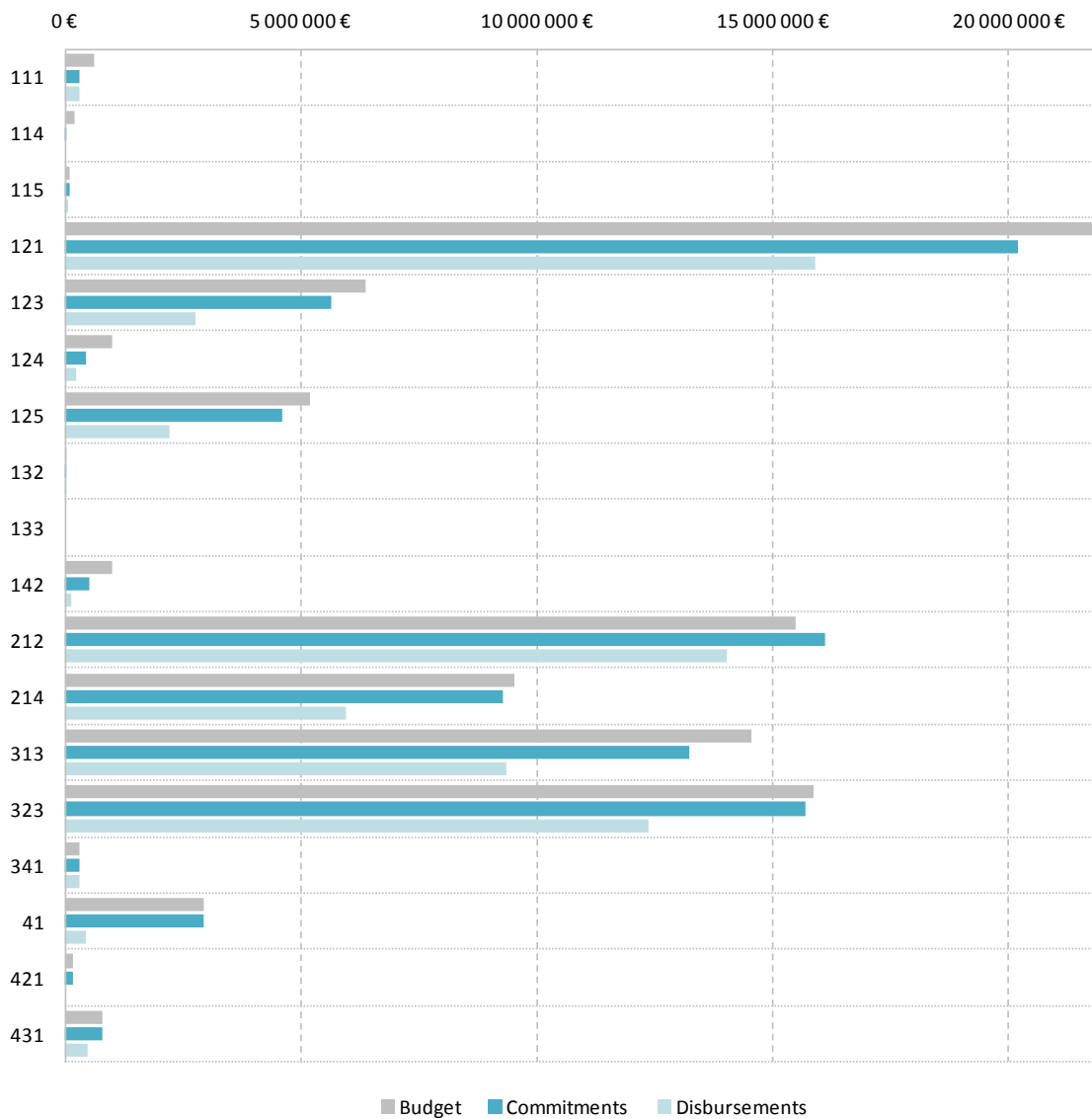


Figure 29 - Commitments and disbursements as compared to the allocated budget (data as of end 2013)¹⁶²

The table below represents the number of beneficiaries contracted in 2013, the number of beneficiaries who were paid in 2013 and the total payment issued for the Measures mentioned hereunder as at end 2013.

¹⁶² The budget for every measure reflects the changes in budget allocations carried out through programme modifications.

Measure Number	Title Title of the Measure	Legal Basis	Total Beneficiaries Contracted in 2013	Total Number of Beneficiaries Paid in 2013	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	2	611,000
Measure 114	Use of advisory services	Article 20(a)(iv) and 24 of Regulation (EC) No 1698/2005	45	0	200,000
Measure 115	Setting up of advisory services	Article 20(a)(v) and 25 of Regulation (EC) No 1698/2005	0	1	100,000
Measure 121	Modernisation of agricultural holdings	Article 20(b)(i) and 26 of Regulation (EC) No 1698/2005	54	54	23,402,970
Measure 123	Adding value to agricultural products	Article 20(b)(iii) and 28 of Regulation (EC) No 1698/2005	21	20	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	3	3	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	0	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	1	1	990,000
Measure 212	Natural handicap payemnts in other areas with handicaps	Article 36(a)(ii) and 37 of Regulation (EC) No 1698/2005	5,854	5,990	15,500,000
Measure 214	Agri-environmental payments	Article 36(a)(iv) Article 39 of Regulation (EC) 1698/2005	2,599	2,291	9,525,000
Measure 313	Encouragement of tourism activities	Article 55 of Regulation (EC) No 1698/2005	2	21	14,575,356
Measure 323	Conservation and upgrading of the rural heritage	Article 57 of Regulation (EC) No 1698/2005	0	11	15,868,903
Measure 341	Skills acquisition, animation and implementation	Article 59 of Regulation (EC) No 1698/2005	0	0	308,438
Measure 41	Implementation of Local Development Strategy	Article 64 of Regulation (EC) No 1698/2005	25	22	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 51: Contracted and Payments issued per Measure and payments issued as at end 2013

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. Two of the contracted beneficiaries received payments in 2012. One FAS Consortium was contracted in 2011, under Measure 115 and a number of disbursements were carried out during the period under review, amounting to €58,614. The FASC stepped up its operations in 2013 and disbursements were mainly related to the purchase of uniforms for inspectors and refurbishment of the FASC office.

A total of 275 beneficiaries were contracted under Measure 121 between 2009 and 2010, following the first call for applications. An additional 54 contracts were signed in 2013, following the second call for applications. During the period under review, a substantial amount of payments were made, with 54 distinct beneficiaries being paid a total of €2,244,298. As at end 2013, €20.2 million had been contracted. This includes 54 beneficiaries contracted following the second call for applications.

23 beneficiaries were contracted under Measure 123 in 2010. Following the second call for applications in 2011, 21 beneficiaries were contracted in 2013. Results were issued in January 2013. During the period under review, twenty distinct beneficiaries were paid a total of €854,358.

Beneficiaries under M124 following the first call for applications were all contracted in 2011. Three beneficiaries being paid during 2013 a total of €193,647. Three new beneficiaries from the second call of M124 were contracted in 2013.

One beneficiary was contracted under Measure 125 in 2011 and payments amounting to €57,555 were effected in 2013. Measure 125 was also launched by the LAGs: Expressions of Interest were received in 2011, formal applications were submitted in the second half of 2013 and contracts will be signed in 2014.

No new beneficiaries were contracted in 2013 under Measure 132. One beneficiary was contracted under Measure 142, following the second call for applications. One beneficiary was paid €58,632.

Under Measure 212, 5,990 beneficiaries were paid for a total of €1,980,735. For Measure 214, 2,291 beneficiaries were paid a total of €1,290,164.

During 2013, 4 beneficiaries were contracted under Measure 313, two through MAGF and another two through the Xlokk LAG. Additionally, 21 distinct beneficiaries were paid under M313, for a total of €2,258,771.

No new beneficiaries were contracted in 2013 under Measure 323. 11 distinct beneficiaries were paid a total of €2,962,556 in 2013. Under Measure 431, no new beneficiaries were contracted. However, an amount of €72,374 was disbursed to three LAGs who are the beneficiaries under this Measure.

Significant progress was made under Measure 410: 25 contracts were signed and 22 distinct beneficiaries were paid throughout 2013, the amount disbursed amounted to €309,043.

The table below represents the financial implementation for Measure 511 as at end of 2013.

Measure No	Title of the Measure	Legal Basis	Total Public Expenditure (€) Allocation for the Measure	Payments (€) Issued as at 2013
Measure 511	Technical Assistance	Article 66 of Council Regulation (EC) No 1698/2005	4,084,473	2,693,640.41

Table 52: Payments issued for Technical Assistance as at end 2013

Cumulative Financial Scenario as at 31st December 2013

Priority Axis	Measure	Title of Measure	Funds (€) Allocated to the Measure as per RDP as at 31/12/2013	Funds (€) Committed as at 31/12/2013	Annual Payments Executed in 2013	Funds Disbursed as at 31/12/13	Funds (€) certified to the European Commission as at 31/12/2013
1	111	Vocational training and information actions	611,000	296,820	17,352.64	293,560.00	220,170.00
1	114	Use of advisory services	200,000	29,400	0	0	0
1	115	Setting up of advisory services	100,000	99,900	58,613.90	58,613.90	43,960.43
1	121	Modernisation of agricultural holdings	23,402,970	20,199,203.00	2,244,297.47	15,929,257.53	11,946,943.15
1	123	Adding value to agricultural products	6,358,405	5,627,222.00	854,358.06	2,763,572.65	2,072,679.52
1	124	Cooperation for development of new products, processes and technologies in the agriculture and food sector	1,000,000	450,387.00	193,647.09	229,396.29	172,047.22
1	125	Infrastructure Related To the Development & Adaptation of Agriculture	5,200,000	4,600,000	57,555.00	2,214,963.90	1,661,222.93
1	132	Participation of farmers in food quality schemes	11,595	11,594.60	-434.29	1,664.01	1,248.01
1	133	Information and promotion activities	0	0	0	0	0
1	142	Setting up of producer groups	990,000	511,750	58,631.60	121,631.60	91,223.70
2	212	Support for areas with handicaps	15,500,000	16,128,627.63	1,980,735.54	14,026,252.83	11,221,002.25
2	214	Agri-environment Measures	9,525,000	9,278,847.74	1,290,163.59	5,946,455.52	4,757,164.41
3	313	Encouragement of tourism activities	14,575,356	13,243,358.00	2,258,771.04	9,371,626.22	7,028,719.67
3	323	Conservation and upgrading of the rural heritage	15,868,903	15,718,867.00	2,962,556.12	12,391,130.05	9,293,347.56
3	341	Skills acquisition, animation and implementation	308,437	308,438.00	0.00	308,437.93	231,328.45
4	41	Implementation of Local Development Strategy	2,935,000	2,935,000.00	309,042.23	432,529.43	346,023.55
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	72,374.38	470,669.95	376,535.96
5	511	Technical Assistance Operations	4,084,473	2,693,640.41	395,571.08	2,693,640.41	2,020,230.31
Total			101,611,139	93,073,055.38	12,753,235.45	67,253,402.22	51,483,847.12

Table 53 – Cumulative Financial Scenario as at end December 2013

Axis 1 stands at 84% budget utilisation, which represents a considerable uptake compared to 64% at the end 2012. The majority of newly committed funds were realised under Measures 121 and 123. Among measures with relatively small budget, Measures 124 and 142 showed good progress as well. Measure 115 and 132 are fully committed. Measure 123 has showed a good progress reaching 89% commitment rate by end 2013. Approximately half of the budget has been committed for Measures 111, 124 and 142, while commitments for Measure 114 still stand at 15%.

Axis 3 funds can be considered as fully committed, standing at 95%. For Measures 313 and 323, the total budget was contracted at end 2011. In the course of 2013, savings from 323 and 341 were transferred to Measure 121, resulting in full commitment of the measure budgets.

In a technical sense, the budget for Axis 4 has been fully committed and allocated to the 3 LAGs in the second half of 2010. Nevertheless, in view of budget utilisation only 26% of Axis 4 funds have been contracted with the final beneficiaries so far. These commitments relate to Measure 431, which has already been fully committed, and to multiple actions under sub-measure 41. 2013 marked a significant uptake in number of calls and contracts issued by LAGs, and the trend is expected to be continued in the first half of 2014, as a bunch of actions has been launched in the second half of 2013 and foreseen to be launched in 2014.

Disbursements

At programme level, payments add up to 66% of available funds, representing an adequate time-proportionate progress compared to 54% at end 2012. Disbursements still vary across the Measures, while the cumulated figures for the Axes show a relatively balanced picture, with the exception of Axis 4.

Axis 1 disbursements stand at 57% of allocated public expenditure, which is a moderate progress compared to the 51% figure at end 2012, particularly in view of the reallocation of funds from Axis 3 to Measure 121 in 2013. With respect to the different measures, big differences can be observed. Measure 121 is taking the lead with an execution rate of 68%, followed by Measure 115 standing at 59%. For Measures 111, 123 and 125, disbursement rate is between 40-50%. Beyond these figures, there are additional factors which can affect the absorption capacity. With respect to Measure 125, the majority of disbursement relates to the advance payment of the large pipeline construction project, which is in a very early stage of implementation due to tendering issues.

With respect to Axis 2, disbursement stands at 80%, which is the highest ratio among the four axes. Compared to the end 2012 figure of 44% payments under Measure 214 has showed a significant progress in 2013, reaching 62% of the budget.

Disbursements under Axis 3 account for 72% of the budget, which is an appropriate uptake compared to the 51% rate at end 2012, and also a good progress in view of the n+2 rule. With respect to Measure 341, the total amount of available fund has been paid, while Measure 313 and 323 stand at 64% and 78% respectively. As for Measure 313 funds allocated by the 3 LAGs, first call projects have already been contracted with the final beneficiaries, while for second call applicants contracting is underway. Payments related to LAG projects are expected to take up in 2014.

The payment ratio for Axis 4 is at 23%, which is a slight improvement compared to the 13% rate at end 2012. Disbursements under measure 431 proceeded in an adequate pace in 2013, with a closing figure of 61%. As regards Measure 41, the disbursements are catching up in a slow pace, standing at 15% as end 2013. In view of the 4% figure at end 2012, it can be assessed as a moderate progress.

As regards payments under Technical Assistance, disbursement proceeded in an adequate pace in 2013, in line with the previous plans, with an execution rate of 66% as of end 2013, compared to 56% at end 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. The disbursement of

the total amount committed for 2011 within the RDP had been entirely executed by end of quarter 4 of 2013.

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

As reported in previous Annual Progress Reports, the Managing Authority is 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.

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, KPMG Hungary, 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 2015¹⁶³ of the 2007-2013 Rural Development Programme as per Article 86(5) of Council Regulation (EC) No 1698/2005.

Ongoing evaluators are 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.

Ongoing evaluators are requested to analyse the implementation of the RDP, identify areas which need to be enhanced and put forward recommendations as to how such results may be achieved. Additionally, evaluators are requested to evaluate other aspects of the implementation of the Rural Development Programme, including the administrative capacity and structure of the PA and MA, the process from application stage up till disbursement stage, provide answers to horizontal and measure-specific evaluation questions and formulate a number of recommendations to enhance the effectiveness of the current programme.

Evaluators also undertake 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. Additionally, evaluators analyse the way in which the recommendations put forward throughout ongoing evaluation activities have been taken on board and the impact that such recommendations have had in improving the implementation of the RDP.

¹⁶³ Commission shall be amending Council Regulation 1698/2005, postponing the deadline for the submission of the ex post evaluation report. Date will be postponed from December 2015 to December 2016. Once this postponement of deadline is confirmed, the deadline for evaluators will be changed and an addendum to the contract will be drawn.

Evaluation Activities in 2013

Throughout 2013, the evaluators reviewed a number of case studies of beneficiaries who were granted funds through the LEADER programme. These case studies, which included project site visits and detailed interviews with beneficiaries, were held throughout July 2013. 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 encountered in the application process and their expectations for the future.



Figure 30 – Public garden in Għaxaq, funded through Measure 313 implemented by the Xlokk LAG



Figure 31 – Recreational and adventure facilities for children, funded through Measure 313 implemented by Għarb Local Council through the Gozo LAG

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 and multiplier effects, project indicators and lessons learnt.

As part of this ongoing evaluation process, the MA in collaboration with evaluators conducted a survey for beneficiaries under Measures 121, 123, 313 and 323 in December 2012 and January 2013. This survey aimed to 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. The questions were designed by ongoing evaluators, in such a way as to provide information required for the calculation of result and impact indicators.

The two interviewers were appointed following a call for applications and a selection process which included an interview with each of the applicants. Twenty two applications were received, thirteen of which were considered ineligible since the applicants did not possess the academic qualifications and/or the experience requested in the call. Nine eligible applicants were interviewed by a board made up of four MA representatives. The two best candidates were selected and each was given a list of 27 farmers. Interviewers were then asked to contact the farmers individually and set up meetings at the Front Office in Malta or Gozo to carry out the interviews.

In case of Measure 121, simple random selection was applied. Out of the total population of beneficiaries contracted at end 2012, a sample of 55 beneficiaries was selected, 50 of whom agreed to be interviewed. The sample size has been calculated with 90% confidence level and 10% margin of error which is considered unusually high.

Surveys for Measures 123, 313 and 323 were carried out online and by email throughout December 2012 and January 2013. 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, aims of the project, results achieved as a result of the investment, impact of funding on the holding and other outcomes achieved through the implementation of the project such as increase in quality and efficiency. Financial data related to the holding over the past five years was also requested.

During 2013, External Evaluators submitted two reports:

1. Interim Evaluation Report 2012: 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. Key findings and recommendations for the RDP: This report was prepared following a request by the MA in July 2013 and was presented in September 2013, during a meeting held between ongoing evaluators (for the 2007 – 2013 programme), ex-ante evaluators (for the 2014 – 2020 programme), the team drafting the new RDP, the MA and PA. The study summarised key findings and recommendations made between March 2012 and September 2013, in the Interim Evaluation Report 2010-2011, the Strategic Monitoring Report 2010-2011, the Interim Evaluation Report 2012 and results of the data collection tasks carried out

in July 2013. The primary aim of the study was to identify key bottlenecks, discuss the lessons learnt from the current programming period and provide recommendations to be taken into consideration in the drafting of the Rural Development Programme for the 2014 – 2020 period.

Data Collection

The MA works in collaboration with statistical entities which are responsible for the collection of statistics at a 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)¹⁶⁴, the Employment Training Centre (ETC), the Malta Communications Authority (MCA), the Ministry for Resources and Rural Affairs (MRRRA)¹⁶⁵, 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 ARPA including project application forms, and data elicited from surveys and interviews. The MA has also established a continuous communication channel with the Agriculture and Rural Payments Agency in order to obtain the necessary data, both for continuous monitoring and also for the compilation of the Annual Progress Report.

Evaluation Expert Committee Meetings

During 2013, the MA participated in several Evaluation Expert Committee Meetings (ExCo) held in Brussels:

- The 14th meeting of the Evaluation Expert Committee was held on 20th March 2013. During this half day meeting, the state of play of context indicators and evaluation plan were discussed.
- The 15th ExCo meeting was held on 30th April. The second meeting for 2013 focused on context indicators: presentation of the database and use of proxies. Information related to a Good Practice Workshop was provided. The Good Practice Workshop aimed to tackle experiences with preparation of the SWOT analysis, needs assessment and ex-ante evaluation. Additionally, the minimum requirements of the Evaluation Plan were discussed, followed by an update on the Thematic Working Group on 'Preparing Guidance on the Evaluation Plan'.
- The 16th ExCo meeting was held on 19th June 2013. Feedback from the Good Practice Workshop on ex-ante evaluation of the SWOT and needs assessment, which was held following the previous meeting, were discussed. An update on work of the Thematic Working Group on guidance for the Evaluation Plan, 2014-2020 monitoring and evaluation system guidance: overview and assessment of remaining needs was given, followed by the identification of potential topics for 2013 focus groups in MS. MSs in fact decided to discuss the Evaluation Plan during the Evaluation Focus Groups which were held in some MSs in the last quarter of 2013.
- The 17th meeting of the Evaluation Expert Committee was held on 18th September 2013. An update on the CAP reform and Intervention Logic and Indicators was given, following the political agreement on the CAP reform. The discussion progressed to Evaluation Questions: the lessons

¹⁶⁴ Following the General Elections held in March 2013, the name of this Ministry has changed to Ministry for Finance (MFIN)

¹⁶⁵ 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)

from the 2007 – 2013 programming period and to proposals for 2014-2020. A guidance document for the Evaluation Plan was presented, followed by another presentation related to reporting on evaluation in AIRs for 2014-2020. The plans to prepare a guidance document for the Ex-post evaluation for 2007-2013 were also discussed.

- The 18th ExCo meeting was held on 20th November 2013. Updates on the Evaluation Questions and draft implementing rules were given. The complete text of the evaluation guidelines was presented, followed on a synthesis of the APRs for 2012. A poster session related to the preliminary results of focus groups 2013 was then held. This was followed by a draft of the Annual Work Programme for 2014.

Focus Group 2013

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 several other EU Member States and in 2013 they focused on 'Establishing and implementing the Evaluation Plan of 2014-2020 RDPs'. Discussions were held regarding the drafting, importance and contents of the Evaluation Plan (EP) and how it can help the Managing Authority throughout the programming period for 2014 – 2020. This Focus Group was facilitated by Mr. Andreas Resch, Geographical Expert for Malta and the meeting was held on the 18th of October 2013, at BirdPark Malta, in Qawra.

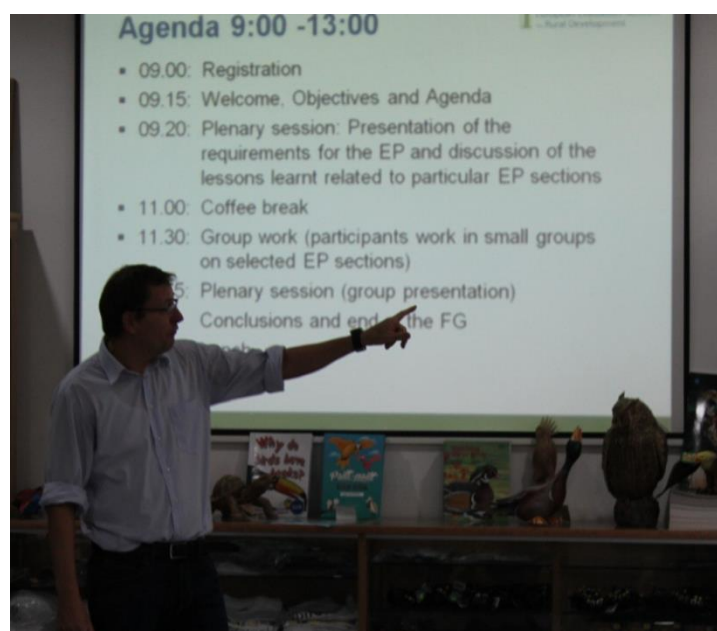


Figure 32 – Mr Andreas Resch presenting the agenda for the meeting

Several stakeholders were invited for this meeting, including MA and ARPA officials, together with members of the Monitoring Committee, ongoing evaluators, ex-ante evaluators, IT specialists and Local Action Groups.

During the first part of the meeting, Mr Resch gave an overview on the evaluation plan, its scope and importance, annual reporting linked to the EP and its legal basis and minimum requirements. As per minimum requirements, the EP shall be made up of at least 7 sections: Objectives and Purpose, Governance and Coordination, Evaluation Topics and Activities, Data and Information, Timeline, Communication and Resources. Following this presentation, the participants were divided into three groups and asked to discuss three of the main chapters, mainly Governance and Coordination, Evaluation

Topics and Activities, Data and Information, all of which were deemed as challenging to compile and administer.



Figure 33 – The plenary session

The main points discussed with respect to Governance and Coordination, were the limited internal capacity within the MA and within other bodies whose collaboration is required continuously. Additionally, the MC members had a limited involvement in the implementation of the RDP. Consequently, for the next programming period, better analysis tools will be used and there will be more outsourcing of technical expertise. The MA will attempt to extend the mandate of ongoing evaluators and communication will be enhanced through the NRN, which links institutional bodies and stakeholders. Regarding Evaluation Topics and Activities, recommendations included exchange of information with other MAs in other MSs and an improvement in the IT system to cater for data requirements. Collaboration is also required with other MAs implementing other funds in Malta to ensure that similar methodologies are used for EU 2020 indicators. With reference to Data and Information, ownership of the data needs to be established. Additionally, data gaps need to be addressed while baselines need to be set.

Ex-Ante Evaluation and SEA

Bids for the tender for Ex-ante evaluation and Strategic Environment Assessment were received between 6th November and 27th November 2012. . Evaluation was carried out in January 2013 and the contract was signed on 6th June 2013. The Ex-ante evaluation and SEA are being undertaken in tandem with the drafting of the RDP allowing for the Programme to be refined and to adopt where relevant suggestions and recommendations outlined in the ex-ante evaluation.

Ex-Ante Evaluation

The contractor will ensure that the formal objectives of the ex-ante evaluation as stipulated by Article 48 (3) of the Common Provision Regulations will be adhered to. This in particular refers to the identification and appraisal of the:

- medium and long term needs;
- goals to be achieved;
- results expected;
- quantified targets particularly in terms of impact in relation to the baseline situation;
- Community value-added;
- extent to which the Community's priorities have been taken into account;
- lessons drawn from previous programming; and

- quality of the procedures for implementation, monitoring, evaluation and financial management.

The study will proceed according to the following methodology:

- Assessment of the Situation Analysis presented in the Partnership Contract/Agreement
- Assessment of the relevance, external and internal consistency and coherence of the Programme
- Measuring progress and outcomes
- Governance arrangements, programme management and monitoring
- Horizontal and specific themes

Strategic Environmental Assessment

Initial phases of the SEA have started in parallel with the development of the Operational Programme. This is considered as good practice so that the outcome of the SEA can influence the Operational Programme. It will also ensure that alternatives are considered at an early stage during the formulation of the Programme.

The SEA will be carried out in two main phases:

- preparation of Scoping Report; and
- preparation of Environment Report

The Scoping Report defines the boundaries of the Environmental Report and is therefore an essential part of the SEA process. The Scoping Report will be used to compile a list of all relevant and readily available data sources, including relevant legislation, plans and policies, former EIAs, relevant project/programme reports and information on habitats, species, landscape, cultural heritage, recreation, access, air and water quality, infrastructure, and other relevant information (including GIS layers or other databases).

The information collected, together with a review of the programme and relevant plans / projects will help the consultants prepare a matrix of key environmental issues.

The chapter in the SEA that covers the relevant aspects of the current state of the environment and social issues will provide summary information on the current state of Malta's environment and relevant trends (where available), and indicate those issues that are considered to be of particular relevance to the development of the Programme. This data informs the environmental baseline against which the impacts of the objectives within the Programme will be assessed. In accordance with SEA guidance, the following environmental aspects will be considered:

- Biodiversity, fauna and flora;
- Landscape;
- Human environment including population and human health;
- Physical environment including soils, air and water quality and climate change;
- Material assets; and
- Cultural heritage.

6. 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

According to Article 75 of Council Regulation (EC) No. 1698/2005 the Managing Authority (MA) shall be responsible for managing and implementing the programme in an efficient, effective and correct way. In Malta the MA operates within the Ministry for Sustainable Development, Environment and Climate Change (MSDEC).

The MA has the overall responsibility for programme planning, for formulating amendments to the programme after approval of the Monitoring Committee, and deciding on the monitoring and evaluation activities of the RDP. More specifically, Article 75 defines the tasks of the Managing Authority as follows:

- ensure that operations are selected for funding in accordance with the criteria applicable to the Maltese Rural Development Programme 2007-2013;
- ensure that there is an electronic system to record and maintain statistical information on implementation adequate for the purposes of monitoring and evaluation;
- ensure that beneficiaries and other bodies involved in the implementation of operations:
 - are informed of their obligations resulting from the aid granted, and maintain either a separate accounting system or an adequate accounting code for all transactions relating to the operation
 - are aware of the requirements concerning the provision of data to the Managing Authority and the recording of outputs and results.
- ensure that programme evaluations are conducted within the time limits laid down in Council Regulation (EC) No. 1698/2005 and conform to the common monitoring and evaluation framework and for submitting evaluations undertaken to the relevant national authorities and the Commission;
- lead the Monitoring Committee and send it the documents needed to monitor implementation of the programme in the light of its specific objectives;
- ensure compliance with the obligations concerning publicity;
- draw up the annual progress report and, after approval by the Monitoring Committee, submit it to the Commission;
- ensure that the Paying Agency receives all necessary information, in particular on the procedures operated and any controls carried out in relation to operations selected for funding, before payments are authorised.

The Managing Authority 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 responsible for the compilation and formulation of RDP modifications, , coordination and implementation of the LEADER Programme. Additionally, in 2013, the MA continued to work on the preparations required for the design of the programming period for the years 2014 – 2020. In 2013, the

MA worked on the finalisation of the NRN consultation process, organisation and chairing of sectoral sub-committee meetings, signing of the ex-ante evaluation and SEA contract and commissioning and reviewing of the Farmland Bird Index study.

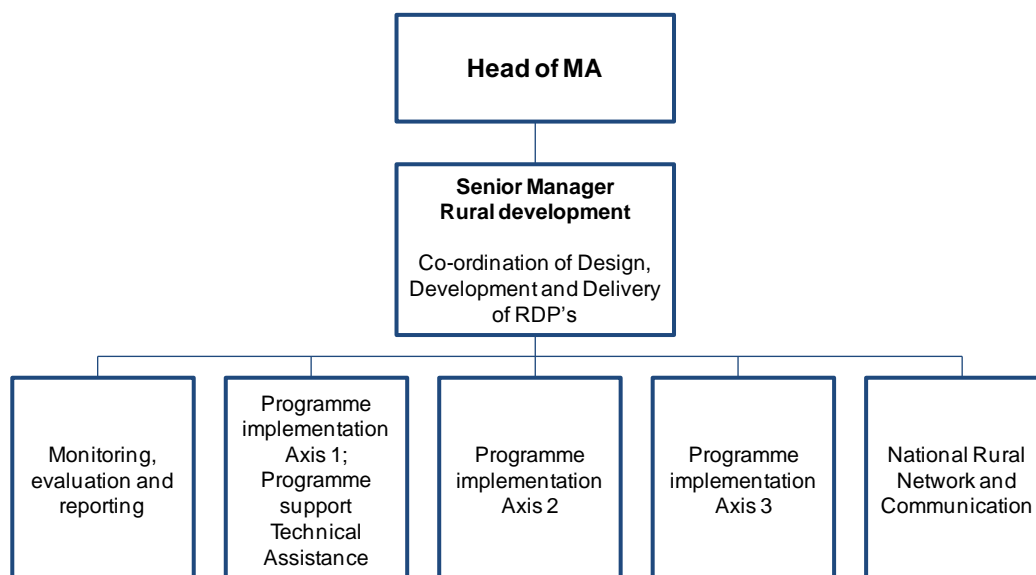


Figure 34 – Organisational Chart for the MA

The MA works in close collaboration with the MSDEC Agriculture and Rural Payments Agency (ARPA) that is responsible for the implementation and financial execution of the Measures. Each officer within the MA 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.

Agriculture and Rural Payments Agency

The Paying Agency, is an accredited body that pays expenditure from agricultural funds (EAFRD, EAGF). In Malta the designated Paying Agency is the Agriculture and Rural Payments Agency (ARPA) within MSDEC. In 2013, accreditation was achieved by the ARPA, covering the period between 16th October 2009 and 15th October 2012.

According to Article 6 of Council Regulation 1290/2005 Paying Agencies should provide sufficient guarantees that:

- the eligibility of requests and, in the framework of rural development, the procedure for allocating aid, as well as their compliance with Community rules are checked before payment is authorised;
- accurate and exhaustive accounts are kept of the payments made;
- the checks laid down by Community legislation are made;
- the requisite documents are presented within the time limits and in the form stipulated by Community rules;
- the documents are accessible and kept in a manner which ensures their completeness, validity and legibility over time, including with regard to electronic documents within the meaning of Community rules.

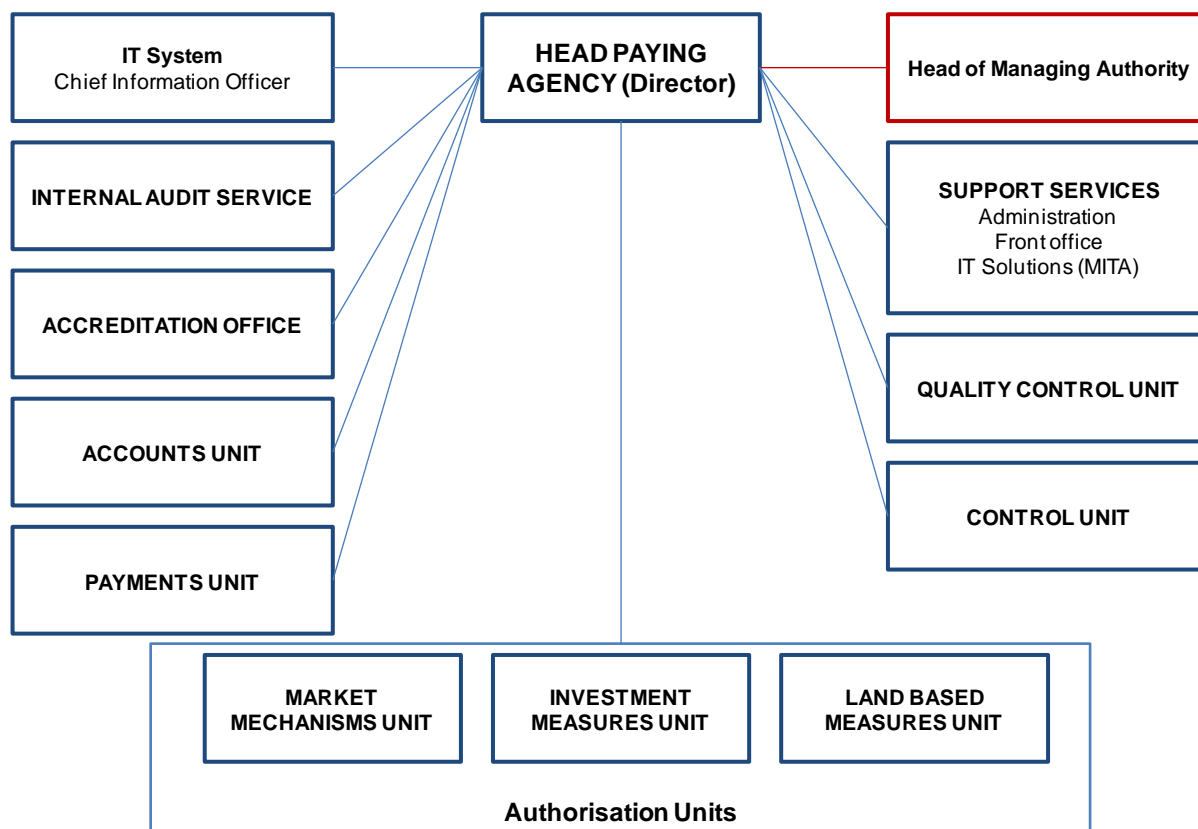


Figure 35 - Organisational Chart for the PA

In order to ensure effective demarcation with other systems of EU funding and to avoid duplication, management arrangements are in place to ensure compliance with Community policies, following Council Regulation No 1257/1999 and No 1698/2005. The MA and ARPA 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 ARPA 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 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 ARPA 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 ARPA to review project progress. Each officer in the ARPA has been assigned responsibility to review progress of a number of Measures and this is carried out through regular contact with the beneficiaries. This 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.

Accreditation of the Paying Agency

The Funds and Programmes Division within the Parliamentary Secretariat for the EU Presidency 2017 and EU Funds within the Ministry for European Affairs and Implementation of the Electoral Manifesto (MEAIM), has been nominated as the Competent Authority as defined in Article 1 (2) of Commission Regulation No. 885/2006 as from 2nd April 2012. Prior to this date, the duties of the Competent Authority were assigned to the European Affairs Directorate within the Ministry for Resources and Rural Affairs. The European Commission has been informed of the change by means of official communication addressed to Director General Agriculture and Rural Development, in correspondence dated 27th March 2012. The change in the Competent Authority is specified in Legal Notice 18/2012 Agricultural and Fisheries Industries (Financial Assistance).

During the Certification Audit for the Financial Years 2010, 2011, 2012 and 2013, the Certifying Body did not highlight any major or intermediate issues in respect of the compliance of the Paying Agency with the accreditation criteria. Only minor findings and recommendations were identified by the Certifying Body in this regard. These issues, which were communicated by the Certifying Body in a management letter following the conclusion of each Certification Audit, were acted upon on a timely basis by the Paying Agency's management by implementing the recommendations proposed by the Certifying Body.

The MSDEC Agriculture and Rural Payments Agency (ARPA) manages the EAGGF and EAFRD funds. The ARPA 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 ARPA in April 2013, covering the period between 16th October 2009 and 15th October 2012. The certifying body, Internal Audit and Investigations Department, concluded the Certification Audit in February 2013, for the Financial Year 2012. Certification Audits also go through the accreditation criteria and are held at the end of each financial year.¹⁶⁶

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:

- SITI-AGRI 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 Agriculture and Rural Payments Agency (ARPA) 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

¹⁶⁶ Certification Audits are held during the current FY and are then concluded in February or March of the next FY. In Summer 2014, the audit team will start the certification process for Financial Year 2014 which will then be concluded in February or March 2015. The audit for Financial Year 2013 was concluded in February 2014.

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 ARPA issues the relevant payments. The system now provides for the day to day financial monitoring of each project whereby the ARPA 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 2013 with the aim of implementing all measures within SITI-AGRI.

In 2013, 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 four years a number of issues have been encountered while using the system and different solutions have been suggested. The enhancements implemented in 2013 were aimed to implement changes to the subsequent calls for the investment measures already implemented in SITI-AGRI. In the implementation of subsequent calls, ARPA and MA included changes to ensure that calls are managed in a more efficient manner and to reduce the administrative burden on both entities.

A new module that has been implemented in 2013 is the PAMS module. The PAMS module replaced the old PAMS system used by ARPA to manage the issue and reconciliation of payments to beneficiaries. The old PAMS system helped ARPA to manage the payments effectively yet the system did not have the beneficiary at the centre of the information. This entailed a heavy administrative burden on the agency in ensuring that the beneficiary is always at the heart of the system.

The new PAMS module ensures that the Agriculture and Rural Payments Agency will be in a position to provide accurate and complete information allowing the Agency's aim of providing a better and more efficient service to the Beneficiaries.

Analysis

In November 2012, an IT Steering Committee was setup with the objective of analyzing the changes proposed in the new CAP reform 2014-2020. Whilst the Steering Committee was overseeing coordinating, discussing and monitoring progress on a horizontal level across all impacted areas, specific focused groups were setup in order to discuss areas/measures of the reform. These in turn reported back to the IT Steering Committee on a regular basis. The result of these meetings was the compilation of a comprehensive document that highlighted the impact of the CAP Reform considering the current IT solution that is in place (SITI-AGRI).

As part of the new CAP, the Agriculture and Rural Payments Agency has to comply with the regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Council Regulation (EC) No 1083/2006.

Article 14(2)(b) (CPR) outlines the content of the Partnership contract. The Article makes reference to the execution of an assessment of the existing systems for electronic data exchange, and the actions planned to permit all exchanges of information between beneficiaries and authorities responsible for management and control of programmes to be carried out solely by electronic data exchange. During 2013, ARPA has carried out an assessment on the information that is being managed related to land based and investment measures to identify areas where electronic data exchange processes can be setup. In particular, the following services have been identified related to investment measures that fall under this obligation:

- Request for termination of contract – This functionality is presently carried out manually; however, all the necessary documentation is uploaded and updated accordingly within the system. An enhancement will be in place so that this functionality is carried out directly in IACS.
- Progress Report – When a beneficiary is awarded a grant amount, there are instances where the beneficiary has to regularly submit a progress report. These progress reports are currently being submitted manually. Hence there is a need to provide beneficiaries with the possibility of submitting online such progress reports and upload relevant documentation. A new development will be in place in 2014 to enable this process.
- Contract Management – When a beneficiary is awarded a grant amount, a contract gets signed between ARPA and the concerned beneficiary. This business process can also include the request for termination of a contract since it can be classified as an instance where the beneficiary of the Agriculture and Rural Payments Agency requests changes to the project terms. At present, requests for changes to the contract are performed through a written request. It is planned that such requests for changes are to be provided within IACS to be submitted directly online.
- Payment Claim re-imburement – A beneficiary is awarded a grant amount and a contract gets signed between the ARPA and the concerned beneficiary. During the lifetime of a project, the beneficiary will submit the payment claim re-imburement claim details so that the beneficiary is reimbursed full or partial incurred expenditure. A number of small enhancements need to be carried out to ensure that data provided is valid and correct.

Monitoring through Bilateral Meetings

In 2013 the Managing Authority continued to hold quarterly bilateral meetings with the beneficiaries of the projects being implemented under Axis 3. This was done to ensure that projects are on track with their implementation and disbursement schedules and in line with the terms and conditions set out in the respective grant agreement.

During these meetings the beneficiaries update the MA 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 (PPRs) 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 periodic site visits to monitor the progress of these projects. During these visits, officers from the MA 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 through the Local Action Groups. These beneficiaries are requested to submit progress reports to the respective LAG and MA. LAGs are responsible for the organisation of quarterly bilateral meetings, which may also include site visits. MA representatives are invited to attend these meetings, with an observatory role.

In 2011 the MA issued a tender for the provision of project management services to assist the ARPA in ensuring that the works undertaken have been implemented appropriately, in line with the planning permit and grant agreement conditions. The winning bidder was contracted in November 2012 and in 2013, the company has prepared eight 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 2013 one Monitoring Committee meeting was organized. The 10th Monitoring Committee meeting, which was held on 24th May 2013, approved the Annual Progress Report for 2012.

During this meeting, the state of play of RDP implementation, its financial execution and the programme modifications made were presented. , The ongoing evaluators presented their findings and made a number of recommendations. The Commission Desk Officer for Malta provided some information regarding the next programming period. Additionally, the MA presented the state of play of LEADER Programme implementation and the National Rural Network, together with an update on the information and publicity activities held in 2013.

Annual meeting between the Commission and the Managing Authority

In Accordance with Article 83 of the Council Regulation 1698/2005, the annual meeting between the Commission and the Maltese authorities for Rural Development took place in Brussels on 17th December 2013 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.

Error Rates

The root cause of errors for Malta is Measure 214. During 2012 and 2013, Malta identified the root causes for errors and took a number of actions in order to minimise this error rate. The causes and the

action plan to reduce the risk of error were discussed with Commission services during two bilateral meetings held in June and September.

An analysis of the 2013 control outcomes revealed that the amount not paid due to errors found in financial terms in the Agri-environmental Measures decreased from 21.24% in CY2012 to 16.38% in CY2013. In order to decrease the risk of error, several actions had been identified most of which have been completed or will be completed shortly.

Ongoing actions to decrease the error rates related to M214 have been as follows:

- Reminders were sent to all M214 beneficiaries in August 2012 about their obligations through SMS and personalised letters. A reminder letter to farmers to respect their obligations will also be part of the application package for CY2014.
- A call for the provision of training under M111 was launched on the 14th August 2012 for which 15 applications were received. However none were contracted. On the 28th June, 2013 another call was launched that closed on the 26th July, 2013. The service provider was requested to call all farmers who had commitments under AEMs 6, 7 and 8 to explain all the AEM obligations.

Furthermore another call was launched between 16th December, 2013 and 13th January, 2014 for which two service providers applied. Such call will aim to further improve the farmers' understanding of their obligations in an effort to further reduce the error rates under M214.

- A review of the process of the mapping sheets of the parcels of beneficiaries that indicated the location of the trees in the register was carried out in the Paying Agency IT system in GIS format. In view of this, AEM 9 saw a decrease in the number of beneficiaries with area discrepancy in 2013.
- The sanction system applicable to article 18 of Regulation 1975/2005 was revised in 2012 following the bilateral meeting held with the Commission services as it was too severe and contributed to a high error rate. The outcomes for CY2013 showed the sanctions applied in accordance with article 18 were lower than that of CY2012.
- The Managing Authority's introduction of the obligation for beneficiaries of Measure 214 as well as those of M121 and M212, to attend a minimum number of hours of training provided for free under M111 resulted in a high number of participants receiving training thus ensuring that knowledge and awareness increased drastically from 2011 onwards.
- In 2013 the Farm Advisory Service (FAS) under Measure 115 began operating. The FAS applied a targeted approach in identifying potential clients. It primarily contacted beneficiaries who already had compliance issues, thereby optimising impact on error rate. It has already carried out cross-compliance related inspection in 2013. These inspections comprise of a field visit and a detailed report with recommendations prepared for the client with the aim of achieving compliance

The error rate is attributed to involuntary non-compliance by farmers due to lack of understanding of what is actually required for the implementation of the measures. The positive outcomes of the action plan are demonstrated by a reduction in the error rate in financial terms for CY2013. No new actions are envisaged, since the root cause of error remained the same. Through the implementation of the action plan and continued emphasis on training and advice, the error rate will further decrease drastically in the coming years. The error rate for Rural Development expenditure for FY2013 was maintained below 0.1%.

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 2013, the 68th to the 80th 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 axes; impact, output and result indicators; transitional rules; monitoring and evaluation; indicator plan; error rates; SFC, EIP; young farmers and CLLD.

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 throughout 2013 when several projects were completed. The MA reviewed leaflets, maps, publications, plaques and websites which have been financed through Axis 3 Measures to ensure that all publicity guidelines have been adhered to.

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 was drafted by the Managing Authority and is periodically reviewed and updated by the Agriculture and Rural Payments Agency, with the consent of the ARPA, 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. This version was issued from Financial Year 2012, with effect from 1st September 2012.

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

In accordance with its obligation deriving from Article 9(4) of Regulation EC/1083/2006, the MA ensured that there is clear demarcation between the type of actions to be funded through the EAFRD and other financial instrument, including ERDF, ESF and EFF. Demarcation criteria have also been established in the RDP.

This was maintained mainly through the co-ordination of the Inter-Ministerial Committee (IMCC), EU Human Capital Investment Programmes which met on 15th May 2013 with the aim to enhance synergies, ensure coordination and demarcation and ensure complementarity and maximum utilisation of resources whilst monitoring any possibilities of double funding.

As in previous years, the discussion held during the meeting revolved mainly around potential overlaps that may have been encountered by any of the members. In preparation for the meeting, members were

required to exchange lists of projects falling within their respective remits. This triggered the issues for discussion during the Committee meeting whereby exchange of detailed information of projects.

In view of the clear link that exists between vocational training in agriculture enterprises and within ESF OPII financing, close co-operation was maintained between the Managing Authority for ESF OPII and the Funds and Programmes Division as the Competent Authority for the EAFRD to avoid double funding as well as exchange good practices between both divisions. Taking into consideration the opportunities offered under the ESF Employment Aid Programme, potential double funding between the Aid Schemes and operations under the agriculture programmes was also discussed during the IB Network meetings. This complementarity calls for constant vigilance in order to avoid double funding. Exchange of lists of approved operations between the stakeholders involved helped to confirm that there was no double funding.

Summary of the Major Problems Encountered in Managing the Programme

1. *Insufficient administrative and technical capacity*

In 2013 a number of events led to periods of limited administrative capacity within the Managing Authority. Two EU Fund Officers and another officer engaged on a contract basis resigned over the course of 2013. This left the MA in a disadvantaged position when considering the small pool of human resource complement of four officers.

Action Taken

Two Agricultural Officers were engaged by the MA in 2013. Although the newly engaged officers have several years of experience in the agricultural sector they have experienced a steep learning curve, requiring time and training to familiarise themselves with Rural Development Programme procedures and new responsibilities presented to them.

2. *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 2013, 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 has set deadlines for beneficiaries whose permits were still pending and has rejected a number of applications and reallocated the budgets towards other projects. This was necessary to avoid decommitment of funds.

3. 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. Continuous contact was maintained with the Department of Contracts in order to identify priority vetting of main tenders and to ensure timely signature of contracts once a recommendation for award is in place.

Other Programme-wide Activities

Use of Technical Assistance

Technical Assistance allocation in the Rural Development Programme for 2007-2013 is governed by Article 66 of Council Regulation 1698/2005 and is used to finance activities required to ensure the effective implementation of the programme.

Malta is using Technical Assistance particularly for management and support actions, monitoring and evaluation activities, information, IT system development 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.

The Technical Assistance fund is managed by the Managing Authority and has an allocated budget of €4,084,473 with a 75% EAFRD co-financing 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 Agricultural and Rural Payments Agency, the Managing Authority, Local Action Groups and other Government Departments and entities having connections with activities linked with the implementation of the RDP. Beneficiaries are subject to eligibility checks and other controls.

As at end of 2013, €2,693,642 of Public funds were disbursed with an EAFRD contribution of €2,020,230. The Public expenditure between January 2013 and end December 2013 amounted to €395,573, with an

EAFRD contribution of €296,678. By the end of Calendar Year 2013, 66% of the total Public budget for the Measure was disbursed. This shows an increase from the situation at end 2012: as at end December 2012, 56.3% had been disbursed. There are various definite commitments already undertaken in relation to various activities and it is apparent that the maximum amount of funds stipulated by way of Article 66 of Council Regulation 1698/2005 is not sufficient. The threshold imposed is not proportional to the common set of obligations prescribed by the Commission and does not take into account the programme allocation.

Information and Publicity

Information and Publicity actions and activities are linked to obligations emanating from Article 76 of Council Regulation 1698/2005. The aim of the Communication Plan, as per under Article 58 of Commission Regulation (EC) No 1974/2006 and Annex VI of the same regulation is to disseminate the most comprehensive information possible on the financing opportunities offered by the RDP and to ensure that the RDP is publicised widely, with details of the financial contributions from the EAFRD. This information should be supplied to all interested applicants.

As per regulation, the MA shall provide potential beneficiaries with clear, detailed and updated information on the administrative procedures to be followed in order to qualify for financing under the RDP. The MA also needs to provide a description of the procedures for examining applications for financing and the eligibility criteria for selecting and evaluating the projects to be financed. Additionally, the MA shall also provide contact information of personnel who can help prospective applicants understand the way rural development programme works and the criteria for selecting and evaluating the operations.

Beneficiaries are also expected to place explanatory billboards or plaques on the site of funding, clearly indicating the source of funding and carrying a description of the project or operation. These plaques/billboards, together with any publications and websites, need to abide by publicity requirements. Beneficiaries were provided with detailed publicity guidelines which need to be followed¹⁶⁷. The MA and the beneficiaries shall therefore take all steps to provide information and publicity for the public on measures financed under the RDP in accordance with this Regulation.

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 15% of the budget allocated for Technical Assistance which translates to approximately €0.6 million. As at end 2013, about €0.29 million had been disbursed.

Publicity Activities Undertaken in 2013

Since the beginning of the Rural Development Programme 2007-2013, the Managing Authority has undertaken a number of publicity and information activities, including printing of booklets, organisation of seminars, meetings and exhibitions related to measures launched and projects contracted. Such publicity initiatives continued during 2013 in order to increase awareness of the funds and subsequent benefits of the Programme.

Payment Claims Campaign 2013 – Annual Launch of Axis 2 Measures

¹⁶⁷ Publicity guidelines can also be downloaded from the MA website: <https://secure2.gov.mt/MRRA-MA/publicity?l=1>

In 2013, the annual Payment Claims Campaign was launched on the 15th of February, through a conference held in Qawra. Several stakeholders were invited, including staff from the Agricultural and Rural Payments Agency, LAGs, IACS administrators and members from farmers' associations and cooperatives. During this conference, the online system for direct payments was explained: how to register and submit the applications online through a simplified process. A Front Office representative presented a survey and beneficiary feedback regarding the services being offered by this section of the ARPA. In order to highlight the importance of the RDP, an update of results was given, with a presentation focusing on projects financed through various Measures. The respective heads of units then presented a programme of activities for the MA and ARPA for 2013.



Figure 36 – Payments Claim Campaign held in Qawra on 15th February 2013

To further promote Axis 2 Measures, three 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 the ARPA Front Office. In addition to information regarding Axis 2, the FASC also promoted its portfolio, including services related to Cross compliance, crop plans and fertilizer plans. The Agriculture Directorate also participated during these sessions, mainly focusing their interventions on the nitrates issue. These sessions were held as follows:

- Thursday 4th April 2013 – Notre Dame Parish Hall, Żabbar, 7.00pm
- Tuesday 9th April 2013 – Mgarr Farmers Cooperative, Mgarr, 7.00pm
- Thursday 11th April 2013 – Government Farm Hall, Xewkija, Gozo, 7.00pm



Figure 37 – The meeting held at Notre Dame Parish Hall, Żabbar

Newspaper Adverts

Various adverts were published on the main local newspapers including the Government Gazette, The Times, *l-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 June and December 2013, and Axis 2 Measures (Payment Claims Campaign) from 18th February to 15th May 2013. Additionally, an advert was also published to promote the Consultation Meeting held in November 2013.

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

TV Programmes

Between January and June 2013, the Managing Authority sponsored through TA a number of 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 EAFRD were featured including:

- 6th January – *Żvilupp Rurali Sostennibli fil-Mellieħa* (Sustainable Rural Development in Mellieħa, Axis 3)
- 27th January – *Żvilupp Rurali Sostennibli fil-Munxar* (Sustainable Rural Development in Munxar, Gozo, Axis 3)
- 3rd February – *Biedja: it-Trobbija tan-Nagħaġ u Produzzjoni tal-Ġbejniet* (Sheep rearing and production of *ġbejniet*, Axis 1)
- 17th February – *L-Imprenditorija fil-Biedja, Suq Lokali* (Entrepreneurship in the local farming market: a young farmer's perspective, Axis 1)
- 10th March – *It-tkabbir tas-Siġar taz-Żebbuġ (Ta' Żeppi)* (Growing olive trees: cultivation and pressing, Axis 1)

- 25th March – *Servizzi ta' Pariri lill-Bdiewa u lir-Raħħala* (Farm Advisory Services, Axis 1)
- 25th March – *Progetti tal-GAL Għawdex* (Gozo Action Group Foundation Projects, Axis 4)
- 31st March – *Il-progett tas-Salini* (Salini saltpans restoration Projects, Axis 3)
- 7th April – *Il-BSS, Esperti fil-Ġerminazzjoni taz-Żerriegħa* (Seed germination experts, local private company, Axis 1)
- 14th April – *Miżuri Ġodda ta' Għajnuna għall-Bdiewa u Raħħala* (New Measures to Help Farmers and Livestock Breeders, Axis 1 and 2)
- 28th April – *Żvilupp turistik u sostenibbli fil-Qrendi* (Touristic Development in Qrendi, Axis 3)
- 5th May – *Biedja: Imprenditorija Lejn Swieq Barranin* (Entrepreneurship in agriculture: exports to foreign markets, Axis 1)
- 5th May – *Żvilupp Rurali Sostenibbli fiz-Żurrieq* (Ġnien tal-Ġibjun) (Sustainable development in Zurrieq, Axis 3)
- 19th May – *Biedja: Titjib fl-infrastruttura tal-produzzjoni ta' nbid Malti* (Improving the wine sector in Malta through better infrastructure, Axis 1)
- 26th May – *Rijabilitazzjoni tal-banjijiet Rumani* (Rehabilitation of Roman Baths, Axis 3)
- 9th June – *Biedja: Għajnuna lill-Apikultura Maltija* (Helping the apiculture sector in Malta, Axis 1)
- 9th June – *Ġnien gdid fil-Għargħur b'Fondi Ewropej* (New Gardens in Għargħur through EU Funds, Axis 3)
- 23rd June – *Biedja: Frott Artna, Inizjattivi fl-Mgarr* (Frott Artna, Initiatives in Mgarr, Axis 1)
- 30th June – *Progetti f'Sannat u San Lawrenz* (Projects in Sannat and San Lawrenz, Axis 3)



Figure 38 – Screenshot from one of the adverts for 'Malta u lil Hinn Minnha'

The Managing Authority also sponsored a total of 20 features, between April and September 2013, on 'Mad-Daqqa t'Għajn' (At a Glimpse), which is aired weekly on ONE TV, every Thursday at 08.30pm, with various repetitions throughout the following week. Various projects financed through the RDP were featured including:

- Local Beef Production, Axis 1
- Smoothies producer, Axis 1
- Rabbit rearing, Axis 1

- Benefits of Measure 214, Axis 2
- Marsaskala Family Park, Axis 3
- Natura 2000 Management Planning, Axis 3
- Malta Goes Rural, Axis 3
- Rehabilitation of Roman Baths, Axis 3
- Majjistral Action Group Foundation, Axis 4
- Grupp Azzjoni Lokali Xlokk, Axis 4
- Several Axis 3 projects implemented by various Local Councils, including: Kirkop, Mosta, Mqabba, Munxar, Sannat, San Lawrenz, Qala and Zejtun

Such features, broadcast on popular TV programmes aim to inform the general public of the benefits of the RDP and how this is contributing to an improvement in their quality of life, environment and rural communities.

MA Website

The Managing Authority website is continuously updated with articles, presentations, news, photographs and activities. The website can be accessed through this link: <https://secure2.gov.mt/MRRA-MA/home?l=1> . The MA intends to upgrade this website throughout 2014, in order to make it more appealing, user friendly and interactive. The refurbished MA website will also be linked to the general government website for EU Funds, <https://eufunds.gov.mt/>.

SMSs

Prior to important meetings and conferences the Managing Authority sent SMSs to encourage participation. These SMSs are sent to all farmers who are registered on the IACS system. SMSs were found to be highly useful to ensure a substantial turnout for promotional sessions.

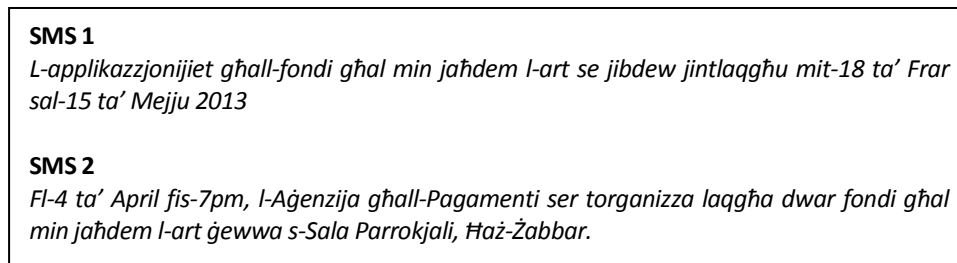


Figure 39 – Examples of SMSs sent to farmers in relation to Axis 2 meetings held in April 2013

Media Events

A number of projects financed through RDP Measures were inaugurated throughout 2013, including:

- Restoration of three farmhouses in Buskett, financed through Measure 323;
- Restoration of several chapels in Għarb, Gozo, financed through Measure 323;
- Mqabba Heritage Trail and Pjazza Ġubilew tad-Djamanti through Measure 313.

A press release was issued in conjunction with these inauguration events and the ceremonies featured in several news bulletins on local TV stations.



Figure 40 – Taz-Żejt Chapel, Għarb Gozo



Figure 41 – Inauguration of the Mqabba Heritage Trail, 2nd March 2013

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 the Rural Festivities Unit (MSDEC), *Naturalment Malti*, Local Councils and Local Action Groups. The MA participated in:

- Festa tal-Ħalib (Milk Festival) held on 28th April in Għargħur
- Wirja Agrarja (Agrarian Exhibition) held on 4th May in Dingli

- Festa tal-Ħut (Fish Festival) held on 2nd June in Zurrieq
- Casal Fornaro held on the 21st September in Qormi

Festa tal-Ħalib

The *Festa tal-Ħalib* (Milk Festival), organised by the Rural Festivities Unit, was held on the 28th of April in Għargħur, with the participation of the Milk Producers Cooperative (KPH), Malta Dairy Products, Għargħur Local Council and several cheese producers. 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 42 – Festa tal-Ħalib held in Għargħur

Wirja Agrarja

The MA participated for the first time in *Wirja Agrarja* (Agrarian Exhibition), which was held in Dingli, along the picturesque Dingli Cliffs. This event was organised by the Dingli Local Council, with the collaboration of several local organisations, including drama groups and Scouts. Several local craftsmen exhibited their work during this event. Additionally, several products could be purchased, including fresh produce, artisanal products and wine. This event was very well attended and the MA representatives were kept busy throughout the day, interacting with several farmers who hail from the region and various other queries from the general public. A number of activities and competitions were held throughout the day.



Figure 43 – The *Wirja Agrarja* in Dingli was very well attended by both locals and tourists

Festa tal-Hut

The Fish Festival was held on 2nd June in Żurrieq, a village in the south eastern part of the island which in the past, was populated by several fishermen. Apart from a wide variety of fish on sale, those attending could also admire the works of several craftspeople and purchase a variety of local products including olive oil, wine, capers and sun dried tomatoes. This event was organised by the Żurrieq Local Council, with the collaboration of a number of organisations.



Figure 44 – Festa tal-Hut was organised along the main road leading to the Zurrieq Church

Imnarja 2013

Between the 28th and 29th of June, the Managing Authority and the National Rural Network Malta 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 2007-2013. The stand also provided several leaflets related to the Rural Development Programme, the Common Agricultural Policy, the National Rural Network and Measure 114 which is an ongoing measure in the programme. Farmers approaching the stand were briefed on the benefits of Measure 114 and encouraged to approach the Farm Advisory Service Consortium.

The National Rural Network targeted children who were invited to colour drawings and complete worksheets related to farming. The drawing book 'On the Farm' was also distributed.

'Lejl f'Casal Fornaro'

The Managing Authority participated in the 7th edition of 'Lejl f'Casal Fornaro' held in Qormi on 21st September 2013. This activity was coordinated by *Kummissjoni Zgħazagħ Bastjanizi* and Qormi Local Council with the participation of several bread producers. Entertainment was provided with several local artists exhibiting their talents.

7. 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 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 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 54 - 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, as well as other Departments and Ministries thereby ensuring conformity and compatibility with Community Policies.

Private entities that applied for funding under the Measures through the Paying Agency, 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 Public Procurement Regulations, Legal Notice (296/2010).

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 2013, 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.

Private enterprises, were also 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.

8. SECTION G – LEADER AND THE NATIONAL RURAL NETWORK

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

Axis 4 supports actions that lead to an improvement in the quality of life of rural communities through the implementation of LDSs designed and delivered by Local Action Groups (LAGs). LAGs have a better understanding of the needs and requirements of their region since they are living, working and connected with the communities in which they work. This promotes the bottom-up approach which the LEADER Programme aims to build. In Malta three distinct regions have been designated, one for the North of Malta (Majjistral Action Group Foundation, MAGF), another in the South (GAL Xlokk Foundation, GXF) and the third one in Gozo (Gozo Action Group Foundation, GAGF).

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 lifetime of the programme. Each LDS was developed following a public consultation process which entailed:

- meetings organised in all localities forming part of the territory covered by each representative LAG;
- meetings with representatives from the main sectors of activity namely economic, social and environmental that operate within the region; and
- online consultation.

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

GAL Xlokk Foundation:

- 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 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:

- Action 413.1 – A 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:

- 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 45 – Logos of the three Local Action Groups

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

- Measure 125: Infrastructure related to the development and adaptation of agriculture, Action Type 4, 'Infrastructure relating to the development of agriculture';
- Measure 313: Encouragement of Tourism Studies;
- Measure 421: Inter-territorial and Transnational Cooperation; and
- Measure 431: Running the LAG, acquiring skills and animating the territory.

The financial allocation of each respective LAG for these Measures is 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
	Majjistral	€56,100	
	Gozo	€52,800	
431	Xlokk	€263,500	€775,000
	Majjistral	€263,500	
	Gozo	€248,000	

Table 55 – LAG financial allocation per Measure

Measure 125

The call for expression of interest was launched by all three LAGs between the 17th October and 2nd December 2011. A total of 36 expressions of interest were received.

A number of meetings were held with MEPA on the permit requirements for each proposal and an onsite check by an independent architect appointed by the MA was undertaken, to verify the nature of works required and provide guidance to applicants on the basis of MEPA recommendations.

Subsequently, call for applications were launched in 2013:

First Call:

- MAGF: applications were received between 2nd and 31st May 2013;
- GAGF: applications were received between 2nd and 28th June 2013;
- GXF: applications were received between 27th February and 29th March 2013.

Following the first round of applications a total of 10 projects were committed. Given that there was still uncommitted budget, mostly arising from applications failing to score the minimum amounts of points required, it was decided to issue a second call for applications, on order to commit available funds:

Second Call:

- MAGF: applications were received between 30th October and 27th November 2013;
- GAGF: applications were received between 30th October and 27th November 2013;
- GXF: applications were received between 30th October and 27th November 2013.

Measure 313

All 3 lags received applications for funding under Measure 313 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 technical experts provided by the MA and subsequently ranked by their respective Decision Committees. Six contracts for GXF were signed in 2012 and works have already started, with a number of payments already effected. Another five contracts for beneficiaries under the call by GAGF were signed in 2012. For MAGF, one contract was signed in 2012 and another 2 in 2013.

Measure 421

Measure 421, Inter-territorial and Transnational Cooperation, was launched in June 2012. The LAGs submitted draft TNC 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 entered into agreement with the lead partners from foreign LAGs. In all of the three projects, the Maltese LAGs are partners and not leaders. The TNC projects have started in 2013, with the main activities taking place in 2014. No inter-territorial projects have been proposed.

Operating Rules for LEADER

The Operating Rules are a set of procedures based on EU and National regulations and principles which serve 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 principles on which each LAG should deliver actions supported.

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 work is underway to publish a revised version.

Publicity

The MA and the three LAGs work hand in hand to promote LEADER and launching of Actions and Measures.

LEADER in Malta 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*.

MAGF participated in Hidmet Missirijietna Activity in Mġarr in July and Mnarja Festivities in June. Additionally, the same LAG participated in Ġieħ I-Artiġjanat Event held in February and a Creativity Seminar held in May. All LAGs participate in other meetings organised by the Managing Authority such as the Public Consultation Seminar held in November and NRN Meetings.

Newsletters

In December 2013, GAL Xlokk, under Action 413.A1A (Communication and Branding of the Region) started publishing a newsletter which included a number of articles about the Xlokk region and the projects financed through LEADER. The newsletter was posted in each household of the Xlokk territory.

Additionally, the 6th edition of the NRN Newsletter was mainly dedicated to LEADER. LAGs were requested to provide an update on progress regarding LDS implementation. This newsletter is distributed in fairs and events in which the MA participates, sent out electronically to the NRN mailing list and additionally, uploaded on the MA website.

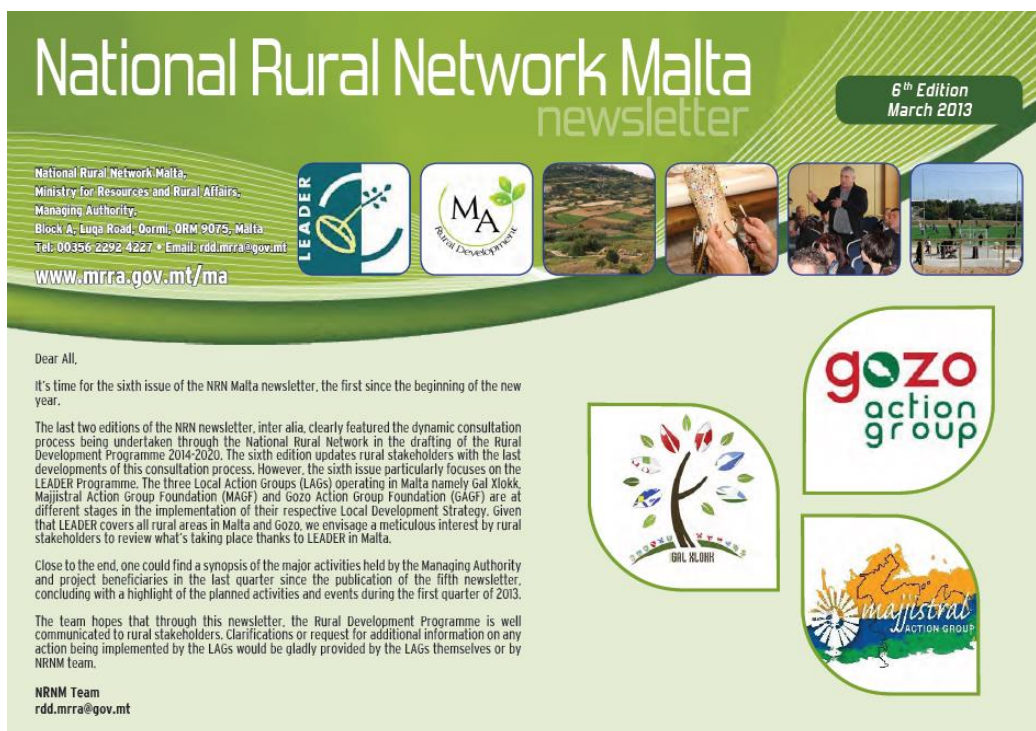


Figure 46 – 6th Edition of the NRN Newsletter dedicated to LEADER

Measures and Actions Launched

In order to re-launch the LEADER programme after the relatively quiet summer months, a press conference was addressed by Hon. Roderick Galdes, Parliamentary Secretary for Agriculture, Fisheries and Animal Rights. During this event, held on 17th September, a number of LEADER Actions were issued by the three Local Actions Groups. The press event was held in Ғal Għaxaq Leisure Centre which was refurbished through LEADER funds, to serve as a leisure area for locals.



Figure 47 – Hon. Galdes addressing the press in Hal Ghaxaq

Measure 410

M410 is a combination of actions devised as part of each respective Local Development Strategy. When the LAGs were founded and contracted under M341 they were required to draw up and submit an LDS which reflects the needs and priorities of their respective region. Measure 410 provided the legal and financial framework by which each LAG could then implement these set of action.

Before implementation, the MA reviewed all proposal and outlines and requested the opinion of DG AGRI with regards to their eligibility.

Actions are then launched following discussions and review of relevant application dossiers by the MA. When a call for application closes, all applications are reviewed, vetted, and evaluated following the procedures set out in the Operating Rules.

Majjistral Action Group Foundation

Action 413.3: Open Call for Craft Workers

The first action under Axis 4 by MAGF was launched following a press conference held on 6th September 2011. Applications were received between the 19th of September and 2nd November 2011. This open call was designed to provide small scale capital support to new craft businesses which require assistance to establish their business. Aid was granted for the purchase of equipment and fixtures and fittings and support was also available for existing entrepreneurs wishing to upgrade or expand their existing business. A total of 6 applications were received following this call, requesting about €44,000 in funding. In 2012 the applications were evaluated by the LAG Technical

Expert and ranked by the LAG Decision Committee. Three beneficiaries were contracted in 2012, and another 2 were contracted in 2013. Therefore, the number of beneficiaries contracted under this action amounts to 5, with a total amount contracted of €24,319. Three projects had been completed as at end 2013.

Due to the fact that this was the first action to be launched under Axis 4, a number of difficulties were encountered, until the MA, PA and LAGs ironed out all procedures from application to contracting stage.

Art Club 2000 aimed to upgrade their premises through funding under this Action, enabling them to continue teaching and promoting traditional artisanal skills. This club has been operational since the year 2000 and several of its students have proceeded with their studies and set up their own business. Interventions included the purchase of wooden chairs and tables, air conditioning equipment, computer equipment, projector, digital camera, camcorder and printer. These facilities are required to modernise the teaching practices carried out at this club, aligning them with current technologies.

Another project consists of the upgrading and refurbishment of an exhibition area inside the Limestone Heritage Complex. This area houses a collection of authentic tools which were used by local Maltese craftsmen for building, quarrying and carving, hundreds of years ago, giving visitors a good insight on how many of Malta's historical buildings were built throughout the ages. Interventions will include the restoration of exhibits, investment in IT and the embellishment of the physical setting of the exhibition, therefore upgrading the touristic product.

Action 413.6: Support Arts and Culture Organizations to undertake Capital Projects

This action was launched on 7th December 2011 with applications received between the 19th of December 2011 and 3rd February 2012. 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 correctly. A total of 16 applications were received following this call, requesting a total of about €180,000. Nine contracts were signed in 2013, for a total of €89,900. One of the projects has already been completed with another 4 at an advanced stage of implementation.

Għaqda Mużikali Santa Marija Dingli, a local band club, will receive funds in order to install a hydraulic lift within its premises. This elevator will operate from the basement up to the third floor, making the club facilities more accessible to the elderly and disabled members of the club and the community.

The Wignacourt Museum in Rabat project is entitled 'The Fusion of Contemporary Art with History' and aims to upgrade the cultural product of this well established historical site. The main entrance of the museum will be restored to serve as a multi-purpose exhibition hall. Additional interventions will be made to cater for theatre performances, cultural workshops and artistic installations. Through this project, the community can enjoy an array of cultural activities and participate in a mixture of artistic features in a restored, embellished environment.

Action 413.1: Organisation of Culinary and Crafts Annual Festival and Promotion and Marketing of Culinary and Crafts Annual Festival

For this particular action, the LAG was a direct beneficiary. Activities included the organisation of a 'Culinary and Crafts Festival', whereby MAGF sought to promote a culinary, artisanal, crafts and agricultural products, traditions and services. Following the success of the first event held during the

Christmas period in 2012, the LAG requested to utilise funds from other actions which were not so popular, to hold another event in 2014. The request was approved by the MA and the LAG started drafting tenders for the organisation of this event which it planned to be held in June 2014. Various meetings were held with farmers organisations, Local Councils, crafts people and processors of agricultural products.

This was a onetime action which took place in December 2012. Payments in relation to this Action, amounted to €180,254 and they have all been disbursed.

Action 413.5: Creation of Rural Tourism Network

This Action, aims to establish a rural tourism network that brings together farmers, artisanal and tourist operators and other interested stakeholders that operate in the Majjistral region. The scope of this network, was to encourage locals and tourists to discover local products, services offered and amenities that one can visit and explore with the aim of stimulating economic activity in rural areas. This Action also aims to contribute to the national tourism product and raise awareness amongst the general public. To increase the visibility of this action, a communication campaign will also be integrated as part of the supported activities. 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. One application was submitted, requesting a grant of €176,800. Results were issued by the LAG in December 2013. The contracted amount will add up to about €89,700 and the applicant will be contracted in 2014.

The applicant, Merill Eco Tours, will create, manage and promote a rural tourism network within the Majjistral territory which encompasses the north and west of Malta. The basis of this network has already been set up, however funding will allow the enterprise, farmers and visitors to benefit from increased investment which will be of more benefits to all parties. The beneficiary organisation will be able to grow and maintain this network while farmers will be provided with an alternative source of income. Tourists, on the other hand, tourists will benefit from an alternative experience: that of visiting farms in rural areas. Funding will cover marketing costs including: an educational campaign for children, outreach for local families, an awareness campaign for post secondary institutions, social media campaign, video clips, and a website update which gives more access foreign markets. Additionally, funding will be allocated towards project management costs and to purchase capital equipment such as catering supplies, health and safety equipment, furniture, storage facilities for farm units. Ultimately, the beneficiaries under this action will be the farmers and the tourists visiting these holdings.



Figure 48 – Merill Eco Tours, the beneficiary under Action 413.5

Action 413.2: Support for Direct Marketing – Crafts Sector

This call was designed to provide financial support to new and existing crafts businesses for the marketing of their products. The scope of this action was to improve the competitiveness of the sector by offering financial support for the promotion and marketing of products made by local craft artisans in the Majjistral territory. Funding also supported efforts by entities and individuals operating in the Artisan Crafts sector to raise awareness about the territory's traditional crafts and about the quality and variety of local artisanal work and thus enable them to improve the sales of their products. Eligible actions include the development of websites, design, development, printing and distribution of marketing material and costs associated with the organization of workshops. Applications were received between 21st January and 5th March 2013. A total of 9 applications were received, requesting about €44,400. Seven contracts will be signed in 2014, for a total value of about €25,700.

Local artist Ms Stephanie Borg intends to promote her works of art and generate more awareness about local heritage and culture. Her project is entitled 'Promotional Literature to Advertise Malta inspired Artworks and Products'. This project aims to promote local heritage and culture through a variety of promotional material, which additionally will also help the artist to advertise her work. Through this project, the artist will design, produce and print a number of flyers, posters and catalogues featuring various aspects of Maltese traditional infrastructure, particularly Maltese doors.

Alka Ceramics Ltd aims to develop a website which will enable them order to sell and promote their products, both locally and internationally. Additionally, new ranges of products, techniques and artists will be launched and promoted through the website. Eventually, through this investment, the company aims to attract more clients and promote local craftsmen.

Limestone Heritage Ltd. will publish two different brochures, one aimed at school children and another one at foreign artists. The brochure for school children will introduce the Maltese stone, how it is formed and how it is used for the construction of buildings in Malta. The brochure aimed at foreign artists will promote Malta as a sculpturing destination. This may potentially attract a new specific niche of tourists towards Malta, especially during the winter period.

Action 413.4: Development of 3 Distinctive products for the Majjistral Region

The aim of this action was to encourage primary producers and other interested actors such as processors or retailers to form a partnership in order to design/develop and promote distinctive product that is linked to the Majjistral Region. These products will promote the identity of the territory and not that of a single locality. Eligible investments included research fees on product development, product design costs, products development costs, recognised certification fees, marketing and promotion of the products, including participation in fairs, advertising and development and distribution of marketing materials. Applications were received between 18th March and 17th May 2013. A total of four applications were received, requesting a total grant amount of about €106,700. One of the applications was deemed ineligible. Three beneficiaries will be contracted in 2014, for a total of circa €99,800.

This project is a collaborative one between Ms Marie Louise Vella representing Pastizzi Gourmet and Mr Joseph Schembri, from La Pinta Ltd. The aim is to research, design, develop and market a number of innovative products, including a range of low fat pastizzi (traditional Maltese savoury pies) and a range of aromatic, herbal olive oil varieties. Research will enable Pastizzi Gourmet to develop products which can be enjoyed by customers suffering from a number of food intolerances. The packaging of these products will emphasise the fact that these products were made in the Majjistral territory. Promotion will be

carried out through printed material such as business cards, menus, promotional leaflets, participation in a number of activities and events, online advertising, an audiovisual production and a website promoting both ranges of products.

Action 413.7: Formation of Foundation of Territorial Rangers

The aim of this action is to offer assistance for the setting up of a Foundation composed of Territorial Rangers. The foundation's mandate will be to manage, monitor and intervene in areas which require special protection and maintenance such as conservation areas, valleys and parks. The Foundation must also seek to raise awareness and visibility of the main natural and cultural sites within the territory and raise the profile of key environmental issues relevant to the Majjistral territory. The rangers on their part would offer opportunities for interested persons to participate actively by becoming a member of the foundation and participate actively in their events.

Eligible investments include costs related to the setting up of the Foundation such as notarial and registration fees; small scale interventions to premises from where the Foundation can operate; purchase of capital equipment for site management and maintenance; purchase of uniforms; marketing and communication costs associated with the promotion of the Foundation; educational costs such as training for the members of the Foundation and expenses related to educational activities. One application was received during the application period between 30th October and 16th December 2013, requesting a grant amount of €175,700. As at end of the period under review, the application was being evaluated by the LAG.¹⁶⁸

GAL Xlokk Foundation

Action 413.A1a: Communication and Branding of the Region

This action 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 is the beneficiary under this Action. This action was issued as 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 evaluation, the bidder was contracted in May 2012, for a total of €208,500. As at end 2013, the project was still underway, with about 60% of the funds being disbursed.

¹⁶⁸ The application was eventually rejected.



Figure 49 – Screenshot from the new Gal Xlokk Website¹⁶⁹

Action 413.A3: Open Call for Voluntary Organisations

This action targeted voluntary organisations to help them to enhance, promote, valorise and facilitate cultural traditional activities within the territory. Beneficiaries eligible for funding under this Action were local band 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. Eleven applications were received, requesting a total of €154,200. Following evaluation, all were deemed eligible and were contracted throughout 2013 for value of €147,639. As at end 2013, 3 projects have been completed while another 4 were in an advanced stage of completion.

Following the success of the first call another call was launched in 2013 between 25th September and 8th November. This call for applications attracted 15 applications, 14 being local band clubs and 1 from a sports club. The total amount requested adds up to about €188,000. All applications were deemed eligible and applicants shall be contracted in 2014 for a value of about €188,000.

The aim of this project implemented by Beland Band Club is to upgrade the club's main premises. The club will be investing in a set of new band instruments which will be used for teaching purposes. An old cellar will be rehabilitated into a multipurpose space which can be used to host numerous cultural activities. Additionally, the club will also upgrade the main hall and kitchen, making the premises more attractive for youths in the region.

Another band club, Għaqda Mużikali San Ġużepp in Għaxaq, aims to renovate and restore a building which was purchased to serve as an extension to the present club. The new premises will include areas which will be used mainly by youths, musicians and for administrative purposes. In addition to this, the new premises will also include an open space which can be used for various cultural activities.

¹⁶⁹ Website can be accessed on: <http://www.galxlokk.com/>

Għaqda Muizikali San Gorg Martri has embarked on a project to update its music tuition programme. Music tuition is provided for free by the band club however, the music school needs to be restructured and transformed into a music academy. The first part of the project requires physical upgrading of the premises. Interventions include laying of electrical works, marble flooring and aluminium fittings.

Action 413.A8: Open Call for Sports Activities/Facilities

This Action aimed to encourage sports activities in order to sustain and promote amongst the local communities a healthy 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 within the Xlokk territory.

Applications for this Measure were received between the 1st and 31st May 2012. Eleven applications were received, requesting a total grant of €138,500. Eight applications 8 of which were deemed eligible and contracted in 2013 for a total of €92,508.

Għaxaq Football Club requested funding under this action in order to promote a healthy lifestyle through an educational programme which includes various sports activities. This programme is targeted towards children who attend the football nursery and their parents. Activities will include a number of educational talks about the importance of sports, together with the organisation of physical activities. The project will finance equipment required to organise these activities mainly: tables and chairs, projector, screen, laptop, PA system and sports equipment.

Kalkara Football Club has requested funding under this action to upgrade its facilities as to provide better training facilities to all of its members. Through this action, the club will purchase football posts and footballs of various sizes to enhance the training experience. Upgraded facilities will attract more members to the club and will ensure that children and youths can train using adequate, safe and modern equipment.

Qormi Football Club Nursery aims to construct a dormitory on top of existing offices. This dormitory will host a total of 24 beds and will also include a kitchenette, living area and leisure room. This will enable the club to organise training camps for teams of all ages aimed at improving team dynamics through training sessions, team building activities, friendly games and tournaments. This project will ensure that children and their coaches enjoy modern and safe facilities throughout their stay.

Action 413.A6: Cultural and Educational Activities

This call for this action was issued as a Tender with the LAG being the beneficiary. The winning bidder had to organise three large scale events focusing on the culture, products and produce of the Xlokk region. These events aim to create synergies and links 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. Tenders were received between the 5th of December 2012 and 7th January 2013. One bid was received however it was not deemed eligible. The call was reissued again in November 2013 and two bids have been received. The tenders are being evaluated by the LAG.

Action 411.2: Capital Investment to Support Artisanal Agricultural Activity

This aim of this action was to assist producers of agricultural and artisanal food products to invest in equipment, infrastructure and techniques to develop further their products. This scope behind this

action was to add intrinsic value to the agro tourism industry by valorising traditional products. Eligible costs under this Action include the purchase of new machinery and equipment, general costs such as architects, engineers and consultants, product development costs and marketing and promotion. Three applications were received, two of which were deemed ineligible. The contract was signed in December 2013, for a total of €50,000.

Action 413.A5: Embellishment Projects

The scope of having such an action was to upgrade localities through the improvement of derelict sites, leading to an improvement of the value of the citizens property. The objectives of this action are to make the rural areas in the regions more attractive, improve the visual appearance of rural areas and make them more accessible, leading to an improvement in the quality of life of people in the region. Eligible actions under this Action included the construction costs including minor Interventions such as cleaning of sites, rehabilitation of rubble walls and improvements to basic facilities, purchases of new fixtures and fittings, new outdoor furniture and general costs such as architects, engineers and consultants. Applications were received between 21st October and 22nd November 2013. A total of 11 applications were received, requesting a total of €154,000. Three applications were deemed ineligible. The other 8 applicants will be contracted in 2014, for a total of about €109,200. All applications were received from Local Councils.

Qormi Local Council applied for funding under this Action in order to rehabilitate a rural area known as Sqaq Awzara. This neglected area will be cleaned and upgraded through the installation of lighting and benches. The ultimate aim is therefore to upgrade a dangerous, derelict area, improving the quality of life of residents in the surrounding area.

Action 413.A7: Community Support for Children

This action aims to train elderly people to enable them to support youths and children. This Action will help to engage the elderly in assisting children after school hours with homework, teaching them some new skills, or simply passing on their knowledge regarding traditions. This Action therefore aims to enhance community cohesiveness by providing the necessary instruments to consolidate the education system in the Xlokk region. Eligible actions under this Action will include purchase of fixtures and fittings, professional fees for carers and teachers, together with marketing and promotion. Four applications were received, all of which were deemed ineligible. The call will be reissued in 2014.

Gozo Action Group Foundation

Action 411.1: Promotion of Gozo Produce

This Action, entitled 'Promotion of Gozo Produce', aims to provide assistance to the development of marketing initiatives focusing on Gozitan agricultural products. This action will support marketing campaigns of Gozitan agricultural products, focusing particularly on the typical production of the island. This 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. Five applications were received, requesting a total of €154,000 and evaluation will be completed in 2014.

Action 413.3: Craft Sector Support

This Action aims to provide assistance to the craft sector in Gozo in the implementation of innovative and marketing projects. It 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 reply for this Action.

Applications for this Action were received between 15th January and 17th February 2013. Four applications were received, requesting €65,000 of funding. All applications were deemed ineligible. The Decision Committee of the LAG will decide on whether to issue a 2nd call or transfer the funds to another Action.

Action 413.4: Landscaping

This action 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 this Action were received between the 2nd July and 17th August 2012. Ten applications were received, seven of which were deemed ineligible, while another one was withdrawn, requesting a total of €533,000. Evaluation was finalised in 2014. Contracts will be drawn in 2014, for a total of about €93,700.

Munxar Local Council applied for funding under this Action to create pedestrian priority area in the streets around the village square. The Local Council is planning to embellish the area by installing street furniture, light fixtures and planting trees which will also serve as barriers between pedestrian zones and areas open for traffic. In addition to this, a series of water culverts will also be installed to redirect water to an area which can then be used by farmers in Xlendi valley.

Qala offers breathtaking views of the Maltese Archipelago and therefore, the Local Council aims to maximise this touristic potential by enhancing the area of the belvedere. This will be achieved through the embellishment and landscaping works in this public area. Street furniture and lighting systems will be installed together with the construction of a reservoir, catchment and irrigation systems.

Action 413.2: Folk and Traditional Activities Support

Funding under this action will help local organisations to implement activities linked to the maintenance and enhancements of local traditions. Activities eligible under this measure will include research on local traditions, presentation of local traditions, publications, sessions for folk and traditional activities. The purpose of the action is to provide assistance to initiatives that aim at enhancing and revalorising Gozitan heritage through implementation of marketing plans for folk and traditional events; development, printing and distribution of marketing materials; purchase of new machinery and equipment as part of the project and has to be directly related to folk practises; attendance to trade fairs and marketing events; advertising and promotion.

No applications were received following the first call between 11th March and 22nd April 2013. A second call was issued between 20th December 2013 and 20th January 2014, during which, one application was submitted, requesting €56,000 of funding. Evaluation will be carried out in 2014.

Action 413.6: Events and Festivals

The action will support one off events, particularly focusing on the promotion and enhancement of Gozo intangible heritage. Multi annual festivals can also be supported with a decreasing rate of support so as to encourage self-sustainability in the mid-term. Existing festivals can also benefit from limited support, exclusively limited to the marketing component of the initiative. Eligible investments include the implementation of marketing plans; developments of websites to promote events; development, printing and distribution of marketing material to promote event; attendance at fairs and marketing events, both locally and abroad in relation to the event; marketing and promotion; renting of space at fairs on a short-term basis, renting of location to host the event on a short-term basis; setting up including scenery, costumes and stage on a short-term basis. Applications were received between 18th March and 26th April 2013. Three applications were received, 2 of which were withdrawn while the third one failed to provide all supporting documentation. These three applications had requested a total of about €17,800. A second call will be launched in 2014.

Measure 313 – 1st Call

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.

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

Beneficiaries eligible for funding under Measure 313 were public and private legal entities. The aid intensity granted depended on the type of beneficiary: public entities shall receive up to 100% of the total eligible expenditure while private entities shall receive up to 50% of the total eligible expenditure. A total of 24 applications were received, 19 from the public sector and 5 from the private sector:

LAG	Public Entity	Private Entity
GAL Xlokk Foundation	5	1
Majjistral Action Group Foundation	6	2
Gozo Action Group Foundation	8	2
Total	19	5

Table 56 – 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 this Measure.

All six applicants from the Xlokk LAG were contracted, 4 in 2012 and another 2 in 2013. Six beneficiaries from the Gozo region were contracted in November 2012. One of the contracts was eventually withdrawn. Two applicants from the Gozo region withdrew their application while another two were disqualified. For the Majjistral region all three applicants were contracted in 2013. Some of the other projects which had been eligible for funding were eventually rejected since planning permits were not issued.

As at end 2013, the total number of beneficiaries contracted through Local Action Groups adds up to 14.

Siggiewi Local Council applied for funding under M313 for the project entitled 'A Shepherd's Tale' to further improve and embellish the locality of Siggiewi, as to enhance its potential as rural and agricultural destination, generating economic activities for the business community within the region. The project aims to embellish the area known as *is-Salib tal-Gholja* (Laferla Cross) by creating a recreational park which promotes the traditional rural heritage through the setting up of a shepherd's market. This market will enable farmers and artists to sell their products and engage visitors in hands-on activities. The intervention will include the upgrading of footpaths and trails in the area.

The M313 Rabat project, entitled 'Renovating recreational amenities in the rural locality of Rabat' aims to upgrade the rural tourism potential of Rabat. Interventions will include the improvement of a recreational area found in the village square and the setting up of heritage trails which interlink touristic sites. This will be achieved by increasing pedestrian areas and providing information panels regarding the various historical sites in Rabat. This Local Council applied for funding through majjistral Action Group Foundation.

Zejtun Local Council applied for funding under Measure 313 issued by GAL Xlokk Foundation to rehabilitate an area known as Ta' Strejnu in which there are a number of established dairy farms, vineyards, a boutique winery, an olive pressing facility and an agri-touristic accommodation. The overhaul of this area aims to strengthen and encourage established and new private investment and attract more visitors to the area.



Figure 50 – Rehabilitation of Ta Strejnu area, Zejtun

Luqa Local Council sought funding under this Measure through GAL Xlokk Foundation in order to create a recreational park for tourists and families, in an area which was previously neglected. This project will create play areas for children, picnic areas and a cycle track, further promoting an active lifestyle for different age groups. This park will also serve as the final destination for a number of WWII tours which are being planned, giving the tourists some time to relax in the quiet environment of the park.

Qormi Local Council aims to create a countryside walk in order to promote the historical and rural wealth of this locality. Through this project, a number of neglected areas will be rehabilitated and enhanced in order to increase Qormi's potential as a recreational rural area. Ultimately, the Local Council envisages an increase in the influx of tourists leading to more investment in the area and more interest in the local farming sector.

Gharb Local Council have constructed a leisure park which will enable a number of activities, making the region more diverse and attractive to locals and visitors. This park will offer leisure and sports facilities for various age groups. The new playground will include modern adventure facilities for children and young adults. Additionally, a football pitch was developed, surrounded by seating facilities and changing rooms. Such a project improves the quality of life of residents and visitors while promoting an active, healthy lifestyle. This Local Council applied for funding through Gozo Action Group Foundation.

The scope of this project being implemented by Kercem Local Council is to create an aromatic park in an area which is already being embellished by the Local Council. This rural recreational area will serve as an educational experience focusing on local produce, especially aromatic herbs and shrubs. This park will also boast spectacular views over most of Gozo. Interventions will include the installation plumbing, irrigation, lighting and security systems. Public convenience facilities will be installed, in addition to mini audio interpretation panels, seating facilities and ancillary park furniture. Funding will also be used to purchase and plant trees and shrubs which will be the main attraction of the park. This Local Council applied for funding through Gozo Action Group Foundation.

Measure 313 – 2nd Call

Due to the availability of unutilised funds following the 1st call for applications in 2011, Majjistral Action Group Foundation and Gozo Action Group Foundation re-issued a second call for Measure 313. Applications were received between 30th August and 30th September 2013.

This call for applications was less restricted than the first one; six action types were eligible under this call:

1. The provision of small-scale infrastructure for tourism and countryside recreation such as, signposting of sites or route-trails. The provision of other small scale amenities sensitive to their surroundings, which are needed for the practicing of a particular recreational activity, such as bird watching or sight-seeing.
2. The creation and facilitation of access to areas of high nature, cultural, archaeological, geological/geomorphological and landscape value, such as natural habitats, monuments, temples, chapels, coastal cliffs etc.
3. The setting up of trails that interlink various sites of tourist value.
4. The provision and one-time restoration of small-scale recreational amenities, such as leisure parks, which are tourist attractions.

5. The development of tourism products based on the rural tourism concept and that promote the traditional character of rural communities, such as the development of arts and crafts centres exhibiting indigenous talents, etc.
6. The development of regional marketing services relating to rural tourism including the creation of ICT platforms.

Additionally, for this call only, beneficiaries with on-going projects under Measure 313 were eligible to re-apply for another different project, even though the previous project had not been concluded. In order to be eligible for funding under this Measure, applicants were requested to have planning permits available, if required.

Gozo Action Group Foundation received ten applications, requesting a total of more than €1.2 million. Seven applications were considered eligible. Two beneficiaries will be contracted in 2014, for a total of €200,000. Another five applicants have been placed on the reserve list. One application was deemed unsuccessful while the other two were ineligible. Results were issued in December 2013.

Majjistral Action Group Foundation received eight applications, requesting a total grant amount of about €788,300. All applications were deemed eligible and will be contracted in 2014 for approximately €788,300. Results were issued in March 2014.

Applications were received from both Public and Private entities, however, aid intensity varies between the two types of beneficiaries with public entities receiving up to 100% of the total eligible expenditure; and private entities receiving 50% of the total eligible expenditure.

LAG	Public Entity	Private Entity
Majjistral Action Group Foundation	4	4
Gozo Action Group Foundation	10	0
Total	14	4

Table 57 – Application for Measure 313 2nd call

Alka Ceramics Ltd will be using funding under this Measure to refurbish their premises as to make them more attractive for visitors. This project is entitled 'The Pottery Experience: A Maltese Perspective' and funding will be used to carry out the first phase of a larger project: the refurbishment of a neglected area which so far hasn't been used. Works will include electrical and plumbing works, replacement of roof wooden beams, water proofing, restoration of dilapidated stone stairs, plastering works and restoration of old walls and rubble walls. The ultimate aim of the project is to ensure that the premises are adequately renovated to attract visitors, to ultimately boost sales and revenue for the company.

Mgarr Local Council applied for funding through Majjistral Action Group Foundation in order to embellish areas within this locality as to increase its touristic appeal. The Local Council aims to highlight the key touristic areas, which include countryside views, historical sites and sandy beaches. This will be undertaken through the upgrading of various sites which will then be linked together in one rural trail map. Through this project the Local Council intends to highlight the rural aspect of the village which is already famous for its sandy beaches. By highlighting the rural aspect, the Local Council aims to attract more tourists all year round and not just in the summer months.

Nadur Local Council aims to improve the sidewalk and walkway surrounding the main catering establishments in the village, in order to attract more tourists to the locality as to improve the local economy. This intervention will be part of a larger project which in the future will lead to a complete

overhaul of the village square. The selected site is also the initial point of all Nadur nature walks and will also serve as an adequate drop off point for tourists. Parking facilities will also be available, facilitating and enhancing access to Nadur's rural attractions.

Measure 125

M125 Expression of Interest was launched on 17th October and closed on the 2nd December 2011. The three LAGs issued an Expression of Interest for 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.

A total of 36 Expressions of Interest were received. 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 also evaluated the expressions of interest in the Majjistral Region while another Technical Expert for Gozo region was also contracted in 2013. The Technical Experts assessed the roads and compiled a BOQ which was then submitted with the formal applications.

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.

Following the submission of Expressions of Interest, evaluation, and assessment, formal applications were submitted in 2013:

MAGF:

1st Call: 2nd May – 31st May 2013: 13 applications (5 successful applicants, contracts in 2014)

2nd Call: 30th October – 27th November: 4 applications (3 successful applicants, contracts in 2014)

GAGF:

1st Call: 2nd May – 28th June 2013: 10 applications (3 successful applicants, contracts in 2014)

2nd Call: 30th October – 27th November 2013: 4 applications (4 successful applicants, contracts in 2014)

GXF:

1st Call: 27th – 29th March 2013: 8 applications (2 successful applicants, contracts in 2014)

2nd Call: 30th October – 27th November 2013: 6 applications (6 successful applicants, contracts in 2014)

The table below shows the amount of funding requested by applicants from the three LAGs, together with the amounts which will be contracted throughout 2014.

LAG	Amount requested (€)	Amount to be contracted (€)
GAGF	759,447	188,381
GXF	204,000	204,000
MAGF	366,161	198,362

Table 58 – Amount of funding requested following the two M125 calls

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 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 submitted the official application. The application deadline was extended until the 30th of November 2012.

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.

In July 2013, the GAL Xlokk Secretary attended a meeting in Rivello, to discuss this project with other LAGs participating in this initiative. In 2014, GAL Xlokk members will actively participate in an artisanal festival in Sardinia. GAL Xlokk will then organize a festival in Malta where foreign partners will be invited to participate and share their own local and artisanal products.

Also in 2014, GAL XLOKK together with Majjistral Action group Foundation will collaborate with the Lead partner GAL SULCIS and the other 6 project partners in order to implement this action. GAL Xlokk shall appoint a chef in order to create a Maltese healthy regional menu, participate actively in 3 festivals held in Sardinia, Veneto and Malta. During these festivals LAG members shall showcase their regional, artisanal products. GAL Xlokk will also organise a mini event to discuss the way forward with other project partners and to launch the healthy regional menu.

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.

Implementation will be in line with progress by the lead LAG and other LAGs forming part of these cooperation projects.

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. Following evaluation by the Managing Authority and the Paying Agency, the projects were approved and LAGs proceeded with implementation of this Measure.

Measure 431

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

The scope of the Measure is therefore 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, 3 and 4. This need is more pronounced in the local scenario where the Leader initiative is being implemented for the first time. As at end 2013, a total of €470,060 were disbursed under this Measure, with an EAFRD contribution of €352,545.

Other Events

Leader Event 2013

Between the 17th and 18th of April, the Maltese LAGs and Managing Authority, together with representatives from 34 countries in Europe met in Brussels for the third annual ENRD LEADER event. The event theme was 'Building Bridges for the Future' and the aim was to support the process of successful programming of CLLD at a national and local level.

This event focused on several themes including adding value to LEADER, developing LDSs and LAGs and delivery of the LEADER approach in a more simplified and efficient manner. Participants also had the opportunity to learn from experiences, case studies and success stories of other LAGs.

The format of the event was active and participatory with the aim of encouraging interaction between participants. Open exchange between Local Actions Groups, Managing Authorities and Paying Agencies was encouraged and the event activities allowed participants ample opportunity to meet other rural development practitioners, European policy-makers and ENRD Contact Point representatives.

11th Leader Sub-Committee

MA representatives participated in the LEADER Sub-Committee Meeting held in Brussels on November 11th and 12th. This event focused on the state of play of LEADER, focusing especially on Transnational Cooperation Projects, LEADER evaluation, guidance for the 2014 – 2020 programming period: the regulatory framework and the changes from the current programming period.

National Rural Network

The Maltese National Rural Network was set up in July 2009 to act as a networking platform, bringing together stakeholders involved in rural development, so as to support the implementation and evaluation of the RDP through communication, exchange, and knowledge transfer.

The Maltese NRN set up was restructured in 2012, with the aim of increasing 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 into one NRN committee with a wider and more diverse representation.

17th NRN Meeting

The 17th NRN Meeting was held in Åre, Sweden, on the 15th of March 2013. The meeting focused on strategic programming of and by NRNs, the use of the NRN Toolkit and the added value of networking. The role of NRNs in the preparation of the Partnership Agreement and Rural Development Programmes was also discussed. The ENRD Youth Initiative was presented, to encourage involvement of youths in preparing local development strategies for the next programming period. Additionally, the findings of a survey regarding short food supply chains were presented.¹⁷⁰

18th NRN Meeting

The second NRN meeting for 2013 was held in Tomar, Portugal on June 16th. Self assessment of NRNs and how to make the best use of networks for self evaluation were discussed. The different views of member states on the adoption of CLLD were also examined, together with the role of NRNs in supporting LEADER and CLLD. CAP communication networks and the CAP Communication Awards were also reviewed.¹⁷¹

19th NRN Meeting

The third NRN meeting for 2013 was held in Gdansk, Poland, on the 11 and 12th September. The state of play of the 2014-2020 regulatory framework and Guidance on Networking were examined. A number of member states then presented case studies, with Italy presenting its progress on NRN planning and its involvement in the Partnership Agreement. Poland described its NRN structure and operation at regional level while Scotland examined its opportunities and challenges from a Regional Programme Network. Latvia discussed how connections are set up with regional and local stakeholders.¹⁷²

The NRN Consultation Process

The NRN Consultation Process for the drafting of the 2014 – 2020 RDP was launched in June 2012, during a public conference entitled ‘*L-Agricoltura: il-Qofol ta’ Kull Żvilupp Rurali*’ (Agriculture: the Key to Rural Development)¹⁷³. Several stakeholders were invited for this conference, including farmers, farmers’ representatives, processors, Local Councils, NGOs and educational institutions. The conference was very well attended, with around 150 attendees.

Following this conference six working groups were set up, each of which was led by a group leader from the agricultural sector and facilitated by a representative/s from the Managing Authority and/or Paying Agency.

¹⁷⁰ More information about this meeting can be found on the event website: http://enrd.ec.europa.eu/en-rd-events-and-meetings/meetings/en/17th-nrn-meeting_en.cfm

¹⁷¹ More information about this meeting can be found on the event website: http://enrd.ec.europa.eu/en-rd-events-and-meetings/meetings/en/18th-nrn-meeting_en.cfm

¹⁷² More information about this meeting can be found on the event website: http://enrd.ec.europa.eu/en-rd-events-and-meetings/meetings/en/19th-nrn-meeting_en.cfm

¹⁷³ More information about this event can be found on the MA website: https://secure2.gov.mt/mrra-ma/pe_act?!=1

The findings from these working groups were subsequently discussed by the NRN committee and Sectoral Sub-committee meetings hosted by the MA. This process was set up in order to further promote the bottom-up approach.

Each of the six working groups was related to one of the following 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.

The working groups were very well attended and highly animated where participants shared their ideas and opinions, explored new ideas and perspectives and used their knowledge and experience to help in the development of a the rural development strategy.

Participants included 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 and another two times in 2013: in January and March.

The first working group session held in January 2013 was a joint meeting: members from all six working groups met together in order to identify and discuss the differences and similarities which were identified from all group discussions. The six working groups had been meeting independently during the previous four sessions, however several similar issues and proposals were identified.

Participants were divided into four groups and given a list of resources which had been identified in working groups. This list included investments (such as small scale processing space, storage, packaging, sales infrastructure, quality assurance, water, renewable energy, laboratory services, livestock, facilities to support rural tourism and investing in the next generations), support (information and advice, educating consumers, market research support for collective actions, quality assurance, communication and networks, marketing and promotion) and skills and training (development of new skills, reviving traditional skills, learning from other member states and apprenticeship schemes). Each group was asked to allocate funding towards these resources. All groups gave the highest percentage to investments (50 – 60%), followed by support and skills (25 – 40%) and training (10 – 20%).



Figure 51 – Allocating funding towards different resources, Joint Working Group Meeting

The six working groups met for a sixth and final time in March 2013, to discuss a first draft outline of the RDP. The first draft proposal contained a number of thematic Programme areas:

1. Training and Skills Development
2. Investing in Young Farmers
3. Rural tourism
4. Rural Landscape and Environment
5. Rural economy
6. Resource Management
7. Sustainable livestock
8. Local action and quality of life in rural areas
9. Advice and Business Support

Sectoral Sub-Committee Meetings

Throughout 2013, a number of Sectoral Sub-Committee meetings were held, with the aim of identifying the main priority areas in the local agricultural sector to be taken into consideration in the drafting of the Partnership Agreement. This Committee was chaired by the Managing Authority and Paying Agency and included representatives from several Ministries (including Ministry for Resources and rural Affairs¹⁷⁴, Ministry for Gozo, Ministry for Tourism, Culture and the Environment¹⁷⁵, Ministry of Finance, Economy and Investment¹⁷⁶, and Funds and Programmes Division) farmers' organisations and other stakeholders such as the Malta Resources Authority (MRA), National Statistics Office (NSO), Malta Environment and Planning Authority (MEPA), Agriculture Directorate and Malta Tourism Authority (MTA). Representatives from the wine, swine, dairy, poultry and crop sector were also present during these discussions.

During these meetings, the results of the SWOT analysis carried out during the working groups were discussed. These findings were presented by the group leaders or facilitators and a discussion followed each presentation. Members were encouraged to put forward any other elements or areas of priority which they believe should be taken into consideration in the drafting of the Partnership Agreement and RDP. During the ninth meeting, a new thematic priority area was presented, based upon the recommendations of the Sectoral Sub-Committee members. This new thematic area concerns organisations and other groups in the agricultural sector. All the proposals and feedback were collected and presented during the last meeting of the Sectoral Sub-Committee. Again members were invited to discuss the conclusions drawn, and provide further recommendations or proposals to complement the ones presented.

¹⁷⁴ Now Ministry for Sustainable Development, the Environment and Climate Change (MSDEC)

¹⁷⁵ Now Ministry for Tourism (MOT)

¹⁷⁶ Now Ministry for Finance (MFIN)

Ten meetings were held between December 2012 and February 2013:

- 10th December 2012: Introductory Meeting;
- 18th January 2013: Overview of Malta's preparations for RDP 2014-2020;
- 24th January 2013: Theme 1 'Increasing returns to the fresh produce sector, and improving efficient input use';
- 1st February 2013: Theme 4 'Direct sales of fresh produce';
- 6th February 2013: Theme 3 'Food processing and adding value – establishing quality chains and new products';
- 12th February 2013: Theme 2 'Improving the long-term sustainability of the livestock sector in Malta';
- 18th February 2013: Theme 5 'Making a high quality rural visitor experience'
- 21st February 2013: Theme 6 'Enhancing the landscape and adapting to future water challenges';
- 25th February 2013: New Theme: 'Organisations and groups in Agriculture';
- 27th February 2013: Tenth Meeting: Final Meeting 'Conclusions and Proposals for the Partnership Agreement'.

Additionally, discussions regarding the new programming period were held during NRN meetings throughout 2013. The consultation process also featured in one of the NRN newsletters, published in both Maltese and English by the Managing Authority.

These discussions held at different levels and involving various stakeholders, were carried out in order to ensure that the new programme meets the needs of the agricultural sector. Findings from all of these meetings were forwarded to the team of consultants drafting the RDP. The Managing Authority is in continuous communication with the programme drafters and various draft versions of the programme have been reviewed throughout the year by the MA team.

The five themes identified as the basis of the RDP 2014 – 2020 are:

- Theme 1: Water, wastes and energy
- Theme 2: Maltese quality produce
- Theme 3: Sustainable livestock
- Theme 4: Landscape and environment
- Theme 5: Wider rural economy and quality of life

Public Consultation Meeting

In November 2013, a public consultation meeting on the draft RDP 2014 – 2020 was held. This seminar provided an insight on the processes involved in identifying the needs for Maltese agriculture and rural development, information on what are the main needs identified and how the programme intends to address these. The seminar also discussed the delivery mechanisms envisaged, to allow more efficient and effective programme implementation. Participants took an active part in the discussions and provided additional proposals, feedback, suggestions and recommendations.

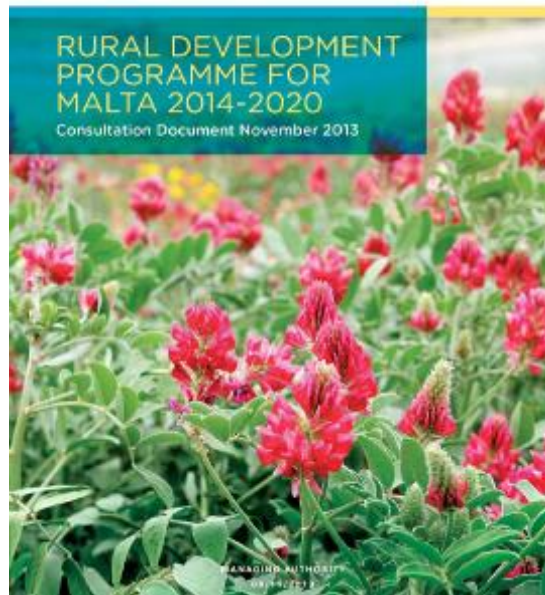


Figure 52 – Public Consultation document prepared prior to the meeting



Figure 53 – Public Consultation Meeting held in November 2013

A Consultation Document was prepared prior to this meeting. It was uploaded on the MA website and also distributed during the meeting. This document summarised the proposals for the new RDP. Feedback could also be submitted by answering a number of questions found at the end of the booklet.

Fairs and Events

The MA and the NRN set up a stand during several fairs and events organised by the Ministry for Sustainable Development, the Environment and Climate Change, 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 2013, the MA participated in:

- Festa tal-Ħalib (Milk Festival) held on 28th April in Gharghur
- Wirja Agrarja (Agrarian Exhibition) held on 4th May in Dingli
- Festa tal-Ħut (Fish Festival) held on 2nd June in Zurrieq
- Imnarja Festivities held on 28th and 29th June in Buskett
- Casal Fornaro held on the 21st September in Qormi

More information about these activities can be found in Section E (III), *Other Programme-wide Activities*.

MNRN Meeting

Throughout 2013, one MNRN Committee Meeting was held at Birdpark Malta, Burmarrad on 14th June 2013. The main issues discussed during this meeting were:

1. The New Approach for Malta RDP 2014-2020;
2. RDP 2014-2020: Conclusions of the consultation process so far;
3. Activities undertaken by NRNM in the last two quarters;
4. Overview of LEADER activities and Post 2013.



Figure 54 – NRN Meeting held at Birdpark Malta

The Maltese NRN Newsletter

The NRN newsletter is a communication tool developed in conjunction with MA, NRN members and individuals active in rural development. Stakeholders are periodically invited to suggest important topics, contribute articles and promote forthcoming activities. The newsletter is available for download from the Managing Authority website: https://secure2.gov.mt/mrra-ma/nrn_nl?!=1. During 2013, a number of past and current editions were printed and distributed during various conferences, festivals and events.

Two editions were issued in 2013. The 6th Edition of the NRN newsletter focused on progress in the implementation of the LEADER programme: the actions issued so far and those which were planned to be issued throughout 2013. The 7th edition focused on the consultation process, with a description of the core delivery areas and comments from stakeholders.

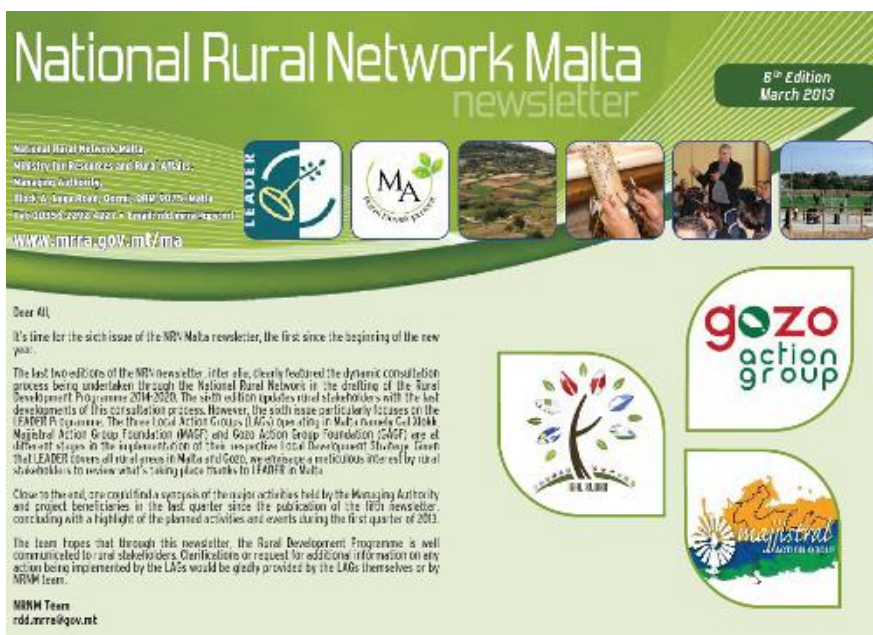


Figure 55 – Front page of the 6th NRN Newsletter



Figure 56 – Comments from stakeholders, 7th edition of NRN newsletter

Financial Implementation of NRN

The operations and activities of the National Rural Network are financed through Technical Assistance, at a co-financing rate of 75%. The following is a financial table showing the financial implementation of the programme till end of calendar year 2013, 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 (€)	Annual Payments for Financial Year 2013 (€)	Cumulative Payments from 2007 to 2013(€)
(a) for running the structure of the NRN	20,286.00	45,534.86	25,077.41	85,540.68	10,106.92	186,599.75
(b) for implementing the action plan of the NRN	883.44	6,828.00	841.72	19,303.85	8,848.92	36,704.93
Total	20,169.44	52,362.86	25,919.13	104,844.53	19,008.54	222,304.50

Table 59 – Financial implementation of the NRN

Work Envisaged on NRN for 2014

- The NRN consultation process will continue throughout 2014. It is being envisaged that a number of information sessions will be carried out as the draft RDP is developed further.
- 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 2014 NRN Malta will continue to participate actively in NRN meetings organised by the ENRD.
- NRN Malta shall continue to reach key target groups through its newsletter which will be published every quarter
- NRN Malta will invest in developing new tools and products to actively promote the benefits of the new RDP 2014-2020 amongst its stakeholders and general public.
- 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 support initiatives promoted by Local Councils, Local Action Groups and other organisations.
- NRN Malta shall submit more projects to be showcased on the ENRD website.

9. CONCLUSION

This Annual Progress Report conveys not only the challenges faced but also the achievements obtained during the year 2013. Due to the N+2 commitments, the Managing Authority, together with the Agriculture and Rural Payments Agency and other stakeholders involved, focused their efforts in warranting enough commitment, disbursement and verification of amounts paid in a timely manner to achieve the financial targets.

Out of the eighteen measures being implemented through the RDP, sixteen were active in 2013, most of which have registered significant progress. Commitments have exceeded €93 million while disbursements add up to more than €67.2 million. More than 8,300 beneficiaries have benefitted from different measures and actions implemented under the RDP.

The year 2014 will present several challenges to the MA and all stakeholders involved. Such challenges include commitments emerging from the N+2 commitments for 2014 and the financial targets that need to materialise in the upcoming year. Additionally, the MA will also face challenges related to the final stages of preparation and launch of the programming period 2014 – 2020.