



PARLIAMENTARY SECRETARIAT
FOR THE EU PRESIDENCY 2017 AND EU FUNDS

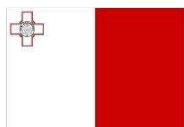
RURAL DEVELOPMENT PROGRAMME FOR MALTA

2007 – 2013

ANNUAL PROGRESS REPORT 2015

MINISTRY FOR EUROPEAN AFFAIRS AND
IMPLEMENTATION OF THE ELECTORAL MANIFESTO

EAFRD MANAGING AUTHORITY



Managing Authority
Rural Development Programme for Malta 2007 – 2013
The European Agricultural Fund for Rural Development
Europe investing in Rural Areas



1. ACRONYMS	6
2. EXECUTIVE SUMMARY.....	9
3. SECTION A - CHANGES TO THE GENERAL CONDITIONS (ARTICLE 82(2)(A) OF REGULATION (EC) NO 1698/2005).....	10
Legislative Changes in 2015	11
Maltese Economy in 2015	11
National Income.....	13
Gross National Income.....	13
Harmonised Index of Consumer Prices	13
Retail Price Index	14
Socio-economic Trends.....	14
Employment.....	15
Agriculture and Fisheries	17
Agriculture in General.....	18
Environmental Policy	20
Broadband in Malta	22
4. 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).....	28
Highlights of Programme Implementation in 2014	28
Programme Modifications in 2015.....	29
Measure 111 – Vocational training and information actions.....	31
Measure 114 – Use of Advisory Services	36
Measure 115 – Setting up of Advisory Service	38
Measure 121 – Modernisation of Agricultural Holdings	40
Measure 123 – Adding Value to Agricultural Products.....	48
Measure 124 – Cooperation for development of New Products, Processes and Technologies in the Agricultural and Food Sectors.....	52

Measure 125 – Infrastructure related to the Development and Adaptation of Agriculture	55
Measure 132 – Participation of Farmers in Food Quality Schemes.....	60
Measure 133 – Information and Promotion Activities on Food Quality Schemes	63
Measure 142 – Setting up of Producer Groups.....	64
Measure 212 – Natural Handicap Payments in other Areas with Handicaps	66
Measure 214 – Agri-environment Measures	71
Measure 313 - Encouragement of Tourism Activities.....	78
Measure 323 – Conservation and upgrading of the rural heritage	85
Measure 341 – Skills acquisition, animation and implementation.....	87
Measure 410 – Implementation of Local Development Strategy.....	90
Measure 421 – Inter-territorial and transnational cooperation	94
Measure 431 – Running costs, acquisition of skills and animation.....	96
Measure 511 – Technical Assistance Operations.....	97
Transitional Measures	99
5. 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).....	100
Cumulative Financial Scenario as at 31st December 2015.....	107
Disbursements	109
N+2 Commitments	109
6. SECTION D - SUMMARY OF THE ONGOING EVALUATION ACTIVITIES (ARTICLE 86(3) OF REGULATION (EC) NO 1698/2005).....	110
Ongoing and Ex-Post Evaluation.....	110
Evaluation Activities in 2015.....	111
Data Collection	111
Evaluation Expert Committee Meetings.....	112
Ex-Ante Evaluation and SEA for Rural Development Programme 2014 – 2020.....	113

7. 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)..... 115

Monitoring Activities	115
Managing Authority.....	115
Agriculture and Rural Payments Agency.....	117
Accreditation of the Paying Agency	119
The I.T System	119
Strategic Monitoring Level	122
Error Rates.....	125
Audit Missions.....	133
Rural Development Committee.....	133
M313 and M323	133
Manual of Procedures.....	134
Coordination with relevant stakeholders to ensure complementarity and demarcation with other EU Financial Instruments	134
Summary of the Major Problems Encountered in Managing the Programme.....	135
Other Programme-wide Activities.....	137
<i>Use of Technical Assistance</i>	137
<i>Information and Publicity</i>	137
Technical Assistance funded Publicity Activities Undertaken in 2015.....	138
Payment Claims Campaign 2015 – Annual Launch of Axis 2 Measures	138
Newspaper Adverts	138
Publication: Project Examples	139
MA Website	144
Sectoral Meeting.....	144

8. 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)..... 145

9. SECTION G – LEADER AND THE NATIONAL RURAL NETWORK..... 148

Operating Rules for LEADER.....	151
Publicity	153
Measure 410	156
Majjistral Action Group Foundation.....	156
GAL Xlokk Foundation	161
Gozo Action Group Foundation.....	166
Measure 313 – 1st Call	168
Measure 313 – 2nd Call.....	170
Measure 125	171
Measure 421	172
Measure 431	180
Annual General Meetings	181
National Rural Network	181
The Maltese NRN Newsletter	181

10. CONCLUSION..... 185

1. ACRONYMS

ADSL	Asymmetric Digital Subscriber Line
AEM	Agri-Environmental Measure
APR	Annual Progress Report
ARPA	Agriculture and Rural Payments Agency
ATB	Assoċjazzjoni tal-Bdiewa
BWA	Broadband Wireless Access
CAP	Common Agricultural Policy
CCRI	Countryside and Community Research Institute
CLLD	Community-Led Local Development
CMEF	Common Monitoring and Evaluation Framework
CMO	Common Market Organisation
CPR	Common Provisions Regulation
CSF	Common Strategic Framework
DOI	Department of Information
DOP	Protected Designation of Origin
DSL	Digital Subscriber Line
EAFRD	European Agricultural Fund for Rural Development
EAGGF	European Agricultural Guidance and Guarantee Fund
EC	European Community
EENRD	European Evaluation Network for Rural Development
ENRD	European Network for Rural Development
ERDF	European Regional Development Fund
ETC	Employment and Training Corporation
EU	European Union
ExCo	Evaluation Expert Committee
FAS	Farm Advisory Service
FASC	Farm Advisory Service Consortium
GAEC	Good Agricultural and Environmental Condition
GAGF	Gozo Action Group Foundation
GAL Xlokk	Grupp Azzjoni Lokali Xlokk
GDP	Gross Domestic Product
GXF	GAL Xlokk Foundation
GIS	Geographic Information System
GNI	Gross National Income
GVA	Gross Value Added
Ha	Hectare
IACS	Integrated Administration and Control System

ICT	Information and Communication Technology
IER	Interim Evaluation Report
ICT	Information and Communication Technology
IT	Information Technology
IMCC	Inter-Ministerial Co-ordination Committee
IPPC	Integrated Pollution Prevention and Control
KPH	Koperattiva Produtturi tal-Ħalib Ltd
LAG	Local Action Group
LDS	Local Development Strategies
LEADER	Liaison Entre Actions de Développement de l'Economie Rurale
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
MMA	Malta Maritime Authority
MNRN	National Rural Network Malta
MoPs	Manual of Procedures
MRA	Malta Resources Authority
MRRA	Ministry for Resources and Rural Affairs
MSDEC	Ministry for Sustainable Development, the Environment and Climate Change
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
ORs	Operating Rules (LEADER)
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

2. EXECUTIVE SUMMARY

- 1.1 The Annual Progress Report on the Malta Rural Development Programme 2007-2013 covers the period of 1st January to 31st December 2015 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 In 2015, programme implementation mainly focused on the implementation, management and disbursement 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. A number of new beneficiaries were also contracted in 2015. Additionally, implementation of projects contracted in previous years proceeded, with the vast majority of projects being finalised within the stipulated deadline.
- 1.6 Under Axis 1, Measure 114 was launched in 2011 but was kept open throughout 2012, 2013, 2014 and 2015. Measures 212 and 214 under Priority Axis 2 were also re-launched. Whilst one of the Local Action Groups, the Majjistral Action Group Foundation launched an actions under Axis 4, as part of their Local Development Strategy.
- 1.7 As at end 2015 a total of 702 beneficiaries were contracted under Axis 1 (Measures 111, 114, 115, 121, 123, 124, 125, 132, 142) with a public expenditure exceeding €46.1 million. Whilst the actual amount disbursed exceeded €41.5 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 June 2015, 4112, payment claims were received for M212 and 1010

payment claims were received for M214. In total, for Priority Axis 2, 5,122 payment claims were received. The public expenditure for Axis 2 exceeds €27.2 million.

- 1.9 By end 2015, 74 beneficiaries were committed collectively under M313, M323 and 341 with public expenditure exceeding € 29.1 million whilst the actual amount disbursed exceeded €28 million, Measure 341, was launched and all actions undertaken in 2010.
- 1.10 Three Local Action Groups were contracted under Axis 4 in 2010. Initiatives by the LAGs continued under Measure 431, with a public expenditure exceeding €0.125 million. Significant progress was made during 2015 under Measure 410 numerous contacts were signed, but only one action was launched by Majjistral Action Group Foundation. Measure 421 was launched in 2012, with each LAG submitting one application: applications were reviewed, evaluated and accepted in 2013 while implementation advanced significantly in 2014- 2015, with a public expenditure of €0.027 million.
- 1.11 In June 2015, the MA submitted requests for the 7th Programme Modification, the modification was revised in September 2015. This modification concerned a number of changes to the text. Additionally, the changes to measure budgets were also carried out, aimed at satisfying the demands and objectives of rural development in Malta whilst ensuring absorption of funds. This modification affected the financial allocations of 111, 123,124, 125, 142, 212 and 323. These modifications were approved in November 2015.
- 1.12 In 2015, requests for reimbursement were submitted to the Commission for all programmed Measures, including Technical Assistance.

By way of conclusion, the year 2015 was taken up primarily by the implementation and management of the various Measures, whilst some projects were also contracted. Measures 212 and 214 were re-launched, for renewal of commitments for applicants from previous year/s and the commencement of new commitments. Under the LEADER Programme in 2015, only MAGF launched a call under Measure 410.

3. 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 2015

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 Programme 2007-2013, apart from the extension of the deadline for applications for the 2015 direct aid payment from May 15 to June 16, 2015.

Maltese Economy in 2015

During the first half of 2015, the Maltese economy expanded by 5.1 per cent in real terms, outperforming growth in the EU by nearly three times as much. In nominal terms, this increase was reflected in a growth rate of 7.2 per cent, with Gross Domestic Product (GDP) standing at €4,088.5 million up from the €3,815.5 million recorded in the same comparable period last year. Growth was mainly attributed to the domestic side of the economy, driven by positive developments in gross fixed capital formation, which increased by 11.5 per cent in real terms.¹

Furthermore, private and public consumption also contributed positively towards economic growth as they increased by 3.6 per cent and 4.5 per cent, respectively. On the other hand, net exports contributed marginally negatively as imports growth, in nominal terms, outperformed export growth. During the Survey period, Gross Value Added at basic prices increased by 7.0 per cent, attributable to increases registered in the majority of sectors of the Maltese economy. Significant increases were recorded in the professional, scientific and technical activities sector, real estate activities, in the public sector, in the arts, entertainment and recreation sector, in the wholesale and retail trade, transportation and accommodation sector, in the financial services sector, and in the information and communication sector².

The performance of the Maltese labour market during the first half of 2015, continued to be positive as increases in the activity rate translated into higher employment whilst at the same time unemployment decreased when compared to 2014. Overall, positive patterns of labour market dynamics were exhibited by the majority of segments of the Maltese labour market with employment growth being broad-based and well-diversified. During the second quarter of 2015, results from the Labour Force Survey indicated an increase of 1.8 per cent in employment when compared to the corresponding quarter of 2014. Furthermore, Eurostat data shows that Malta recorded an employment growth rate higher than that of the Euro Area, while the Eurostat harmonised and seasonally adjusted unemployment rate stood at 5.1 per cent in July 2015, 0.7 percentage points lower than that recorded in July 2014³.

The sectoral overview of developments in the labour market shows that the private sector was the main contributor to the increase in full-time employment reflecting a significant expansion in employment in the private market services category. This was complemented by a smaller increase in employment in the private direct production activities category. The higher level of employment in direct production was mainly a reflection of developments in the construction and manufacturing sector. Meanwhile, employment increases in the services sector mainly originated from activities related to professional, technical and administrative activities, transport and storage and arts, entertainment and recreation. It is also notable, that the share of female in total employment

¹ Economic Survey 2015, Ministry for Finance, Economic Policy Department, 12 October 2015

² Ibid.

³ Ibid.

continued to increase, meaning that the underlying trend relative to rising female employment rate was sustained⁴.

A sample based survey of the industrial sector, indicates that companies registered a net positive turnover during the first seven months of this year over the same period last year. This net increase reflected an increase in exports which more than offset a decline in the local market. Conversely, the survey recorded a decrease in both industrial employment and in the number of hours worked during this period. Nonetheless, in the same period, remuneration for industrial employees increased. Indeed, the average weekly wage, based on a sample of collective agreements, stood at €325.22 up by €3.02 or 0.9 per cent over the same period last year, with direct production and market services showing a 0.2 per cent and 1.3 per cent increase respectively⁵.

In August 2015, HICP annual inflation rate stood at 1.4 per cent. During the last twelve months up till March 2015, inflation hovered around the rate of 0.6 per cent, before averaging to 1.3 per cent between April and August. Meanwhile, the Euro Area annual inflation rate for August 2015 stood at 0.1 per cent⁶.

In 2014, the general Government deficit in Malta decreased to 2.1 per cent of GDP. During the eight months to August 2015, the shortfall between central Government recurrent revenue and total expenditure declined to €141.0 million - an improvement of €68.9 million when compared to the same period in the previous year. This improvement was mainly the result of higher recurrent revenue in particular, indirect and direct tax revenue, reflecting in particular the impact of stronger economic growth, corporate profits and employment, increased capital gains and further efficiency in revenue collection⁷.

Meanwhile, the public sector borrowing requirement declined from €516.9 million to €221.1 million in reflection of developments in the sinking fund contribution and direct loan repayment. Meanwhile, Malta's Trade gap widened by €410.5 million in the period January-July of 2015, an increase of 31.8 per cent when compared to the corresponding period in 2014. This development was driven by a decrease in exports of 7.1 per cent, coupled with increases in imports of 7.0 per cent. The current account surplus stood at 5.4 per cent of GDP during the first half of 2015, an improvement over the 1.9 per cent of GDP registered in the period January-July of 2014. This increase in the current account surplus was underpinned by a substantial decrease in primary income net payments and an increase in the secondary income net receipts. Meanwhile, net lending in the financial account increased by €567.2 million following an increase in net assets pertaining to other investments due to a decrease in currency and deposits liability holdings. This was partially offset by a decrease in net assets concerning direct investments driven by a decrease in asset holdings of debt instruments⁸.

During the Survey period, overnight deposits contributed significantly to the increase in broad money. Given the relatively low interest rate environment, depositors seemed to be more inclined in holding highly liquid short-term deposits in their bank accounts. Indeed, deposits with an agreed maturity of up to two years and deposits with agreed maturity of up to three months contributed negatively to M3. Meanwhile, the spread between the weighted average lending and deposit rates remained largely stable with minor volatilities between mid-2014 and mid-2015, despite the

⁴ Ibid.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

progressive downward movement in the European Central Bank (ECB) minimum bid rate. The dynamics of such a stable spread level between lending and deposit rates were reflected in an overall marginal decrease in deposit rates and a corresponding minimal decline in lending rates over the Survey period⁹.

National Income

Provisional estimates indicate that the Gross Domestic Product (GDP) in 2015 amounted to €8,796.5 million, an increase of €712.3 million or 8.8 per cent when compared to 2014. In real terms, GDP went up by 6.3 per cent.¹⁰

During 2015, Gross Value Added (GVA) increased by €626.3 million when compared to 2014. This was mainly generated by wholesale and retail trade; repair of motor vehicles and motorcycles; transportation and storage; accommodation and food service activities which increased by €154.0 million or 9.6 per cent; professional, scientific and technical activities; administrative and support service activities which increased by €144.9 million or 17.9 per cent; and public administration and defence; education; human health and social work activities which increased by €93.1 million or 6.9 per cent. A drop of €2.9 million or 0.4 per cent was registered in manufacturing.¹¹

In 2015, total final consumption expenditure in nominal terms increased by 6.2 per cent and by 4.9 per cent in real terms when compared to 2014. Gross fixed capital formation increased by €401.8 million in nominal prices and by 21.4 per cent in real terms. Real exports and real imports increased.¹²

Compared to 2014, GDP at current prices went up by €712.3 million, and is estimated to have been distributed into a €189.9 million increase in compensation of employees, a €449.2 million increase in gross operating surplus of enterprises, and a €73.2 million increase in net taxation on production and imports.¹³

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 2015 is estimated at €8,567.5 million.¹⁴

Harmonised Index of Consumer Prices

In December 2015, the annual rate of inflation as measured by the Harmonised Index of Consumer Prices stood at 1.2 per cent. A year earlier the annual rate was 0.4 per cent. The largest upward impacts on annual inflation were brought about by the Food and Non-alcoholic Beverages Index (0.43 percentage points), the Restaurants and Hotels Index (0.29 percentage points) and the Alcoholic Beverages and

⁹ Ibid.

¹⁰ NSO News Release 041/2016, Gross Domestic Product: 2015, Published on 8th March 2016

¹¹ Ibid.

¹² Ibid.

¹³ Ibid.

¹⁴ Ibid.

Tobacco Index (0.22 percentage points). These were mainly due to higher prices of vegetables, restaurant services and cigarettes respectively.¹⁵

The main downward impacts were recorded in the Transport Index (0.30 percentage points) and the Communication Index (0.10 percentage points), mainly due to lower fuel prices and cheaper mobile phones respectively.¹⁶

Retail Price Index

In December 2015, the annual rate of inflation as measured by the Retail Price Index stood at 1.04 per cent¹⁷ while in December 2014, the annual rate of inflation stood at 0.15¹⁸.

The main upward impacts on annual inflation were recorded in the Food Index (0.56 percentage points), the Beverages and Tobacco Index (0.27 percentage points) and the Recreation and Culture Index (0.27 percentage points). This was mainly due to higher prices of vegetables, cigarettes and entertainment and cultural visits respectively. The largest downward impact was recorded in the Transport and Communication Index (0.60 percentage points), mainly due to lower fuel prices. A less pronounced downward impact was brought about by the Water, Electricity, Gas and Fuels Index (0.07 percentage points), mainly due to a reduction in the price of gas.¹⁹

The twelve-month moving average rate was 1.10 per cent.²⁰

Socio-economic Trends

According to the Final Report published following the 2011 Census, the total estimated population of Malta at the end of 2011 stood at 417,432²¹. Although a direct comparison with past censuses may not be strictly possible, the trends in population growth rates are evident. In fact, the rate of increase in the population decreased in recent years, compared to the sharp increase observed at the start of the century.²²

Malta remains by far the most densely populated EU Member State, with an average of 1,325 persons per square kilometre, compared to an overall average of 117 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 1,566 persons per square kilometre, compared to 457 for Gozo.

The three most densely populated localities were Senglea (17,146 persons/km²), Tas-Sliema (10,511 persons/km²) and Fgura (10,019 persons/km²). In terms of land-area, Senglea is the smallest locality with 0.16km², compared with 1.14 km² and 1.30 km² for Fgura and Tas-Sliema respectively. In contrast, the largest three localities are Rabat (26.60 km²), Mellieħa (22.64 km²) and Siggiewi (19.88 km²), with Rabat being larger than the entire Northern Harbour (24.02 km²) or Southern Harbour (26.17 km²) districts.²³

¹⁵ NSO News Release 009/2015, Harmonised Index of Consumer Prices (HICP), December 2015, Published on 14th January 2016

¹⁶ Ibid.

¹⁷ NSO News Release 014/2015, Retail Price Index, December 2015, Published on 21st January 2016

¹⁸ NSO News Release 014/2014, Retail Price Index, December 2014, Published on 21st January 2015

¹⁹ NSO News Release 014/2015, Retail Price Index, December 2014, Published on 21st January 2016

²⁰ Ibid.

²¹ NSO Census of Population and Housing 2011, Final Report, Published in 2014

²² Ibid.

²³ Ibid.

In 2011, the population of Malta comprised more females (209,807) than males (207,625). This trend was quite in-line with the gender distribution observed in the other EU Member States, although the gap between the two sexes in Malta is narrowing gradually. On a regional basis, gender distribution reflected the national proportions, while in Gozo and Comino, the male population segment was less pronounced than its female counterpart.²⁴

The average age of the population stood at 40.5 years, indicating that the upward shift in the age composition of the population continued to materialise. This varied from 41.6 for females to 39.4 for males. On a regional basis, persons residing in Gozo and Comino were slightly older (41.7 years) than their Maltese counterparts (40.4 years). Persons aged 65 and over represented 16.3 percent of the total population compared to 14.8 percent of persons aged 14 or less. Mdina was the oldest locality (52.4 years) followed by Floriana (48.4 years) and Ħal Luqa (48.2 years). The localities with the youngest average age were Pembroke, Xgħajra and Mtarfa (all less than 35).²⁵

Non-Maltese nationals, or persons not in possession of a Maltese citizenship, amounted to 20,289, or 4.9 percent of the enumerated population, of whom 643 were born in Malta. The majority of non-Maltese nationals (12,215 or 60.2 percent) are EU citizens, particularly from the United Kingdom (6,652 persons), while the majority of non-EU citizens were Somalis (1,041 persons). There were 2,279 non-Maltese nationals in institutional households, particularly in open centres and refugee homes.²⁶

In 2011, the literacy rate stood at 93.6 percent for persons aged 10 and over, resulting in 24,074 illiterate persons (6.4 percent). The literacy rate was found to be highly influenced by age, and consequently, older regions and localities also exhibited higher illiteracy rates than average. The illiteracy rate varied between 23.3 percent for persons aged 90 and over to 10.3 percent for those aged 60 to 69, and continued to decrease gradually to a minimum of 1.0 percent for persons aged 10 to 19.²⁷

Employment

During the third quarter of 2015, Labour Force Survey estimates indicate an increase of 2.8 per cent in employment when compared to the corresponding quarter of 2014.

Labour Force Survey estimates indicate that, during the third quarter, total employment stood at 189,565 accounting for more than half the population aged 15 and over. Unemployed persons stood at 10,485 (2.9 per cent) while inactive persons totalled 160,978 (44.6 per cent). The activity rate for the quarter under review was estimated at 68.9 per cent. The highest activity rate was recorded among persons aged 25-54 (81.9 per cent). When compared to the previous year, the total activity rate increased by 1.4 percentage points.²⁸

On average, out of every 100 persons aged 15 to 64, 65 were employed. The highest employment rate was recorded among persons aged between 25 and 54 and stood at 78.7 per cent. The male employment rate for this age bracket was 92.2 per cent while that for females stood at 64.4 per cent.²⁹

Employed men were mostly engaged in wholesale and retail trade, transportation and storage, accommodation and food service activities (29.4 per cent). On the other hand, at 40.8 per cent, employed

²⁴ Ibid.

²⁵ Ibid.

²⁶ Ibid.

²⁷ Ibid.

²⁸ NSO News Release 237/2015, Labour Force Survey: Q3/2015, Published on 29 December 2015

²⁹ Ibid

women were mostly engaged in public administration, defence, education, human health and social work activities³⁰.

Self-employed persons accounted for 13.7 per cent of the total employed population. The majority of employed persons worked on a full-time basis and totalled 158,761. An estimated 24,756 (13.1 per cent) had a part-time job as their primary employment. A further 6,048 were working full-time on a reduced hour basis.³¹

The average annual basic salary of employees for the third quarter of 2015 was estimated at €16,634. This amount refers to the annual basic salary and excludes extra payments such as overtime, bonuses and allowances. The highest average annual basic salary for employees was recorded in the information and communication sector. Average annual salaries varied from €29,576 among managers to €10,840 among persons engaged in elementary occupations.³²

Survey results estimate that the unemployment rate for the third quarter of 2015 stood at 5.3 per cent. The largest share of unemployed persons was recorded among persons aged 25 and over. Among the unemployed, 45.3 per cent stated that they had been seeking work for at least 12 months.³³

The latest data available from the Employment and Training Corporation (ETC) as at end July 2015 shows that the number of persons employed in crop and animal production, hunting and related service activities on a full-time basis stood at 1,826 whilst the number of part-timers stood at 694.³⁴ The figure below shows trend in employment in Agriculture and related activities over the past seven years.

³⁰ Ibid

³¹ Ibid

³² Ibid

³³ Ibid

³⁴ ETC, January 2015 (data as at end July 2015)

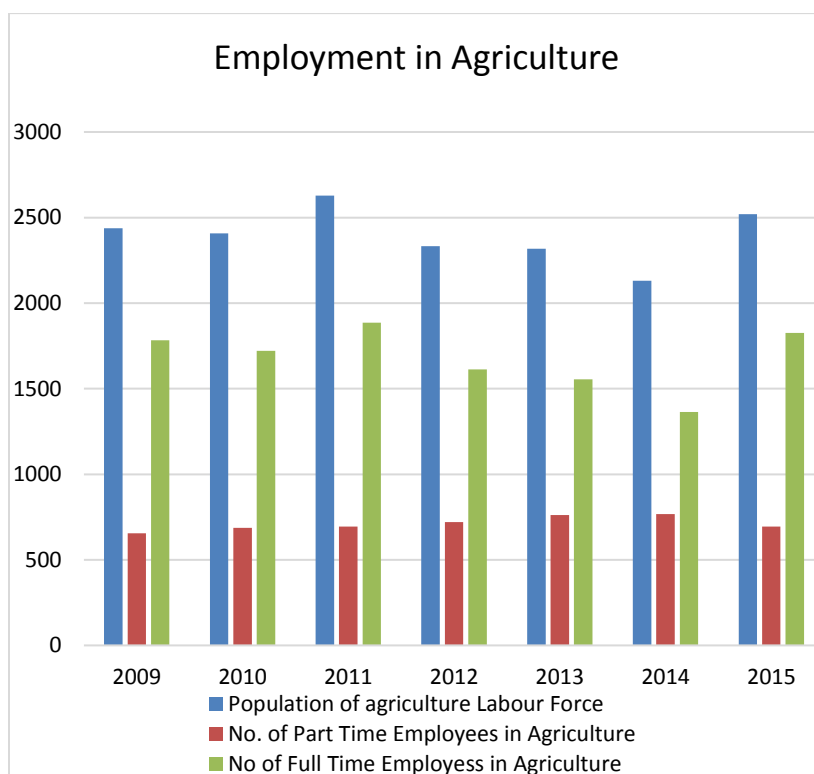


Figure 1 - Employment in Agriculture between 2009 and 2015

Figure 1 indicates that the population of the agricultural labour force has fluctuated to a very small extent between 2009 and 2015. The number of Full Time farmers increased in 2015, whilst the number of part time farmers decreased by a small amount.

Agriculture and Fisheries

The agriculture and fisheries sector is a small albeit valuable sector of Malta's economy, which has an important environmental impact due to the utilisation of valuable natural resources. This sector also ensures the availability of fresh regional produce to the locals, while also contributing to tourism and to the local heritage. The agriculture and fisheries sector registered an increase of 3.8 per cent in the Gross Value Added during the first two quarters of 2015 when compared to the same period in 2014. Notwithstanding this increase, the contribution of the agriculture and fisheries sector has remained stable at 1.3 per cent due to a larger increase in the Gross Value Added of other sectors. This sector's contribution to total Gross Value Added was also marginally lower than that registered on average during 2011- 2014, which averaged 1.5 per cent³⁵.

Agricultural production in Malta is mainly composed of livestock products, crop products, animal products and secondary activities, which include the production of wine and cheese. This productive sector faces a number of challenges mainly arising from the size of the country and the limited availability of agricultural land, which makes it difficult to exploit the benefits of economies of scale. The scarcity in agricultural water

³⁵ Economic Survey 2015, Ministry for Finance, Economic Policy Department, 12th October 2015

supply and the fragmented land ownership arising from traditional inheritance patterns are also amongst the challenges faced by this sector in Malta.³⁶

The total volume of slaughtered beef, pork and broilers decreased by 6.6 per cent to 6,971 tonnes during January-August 2015, when compared to the same period a year earlier. A decrease was registered in all three areas, with the main contributors being a decrease in the slaughtering of pork (-9.7 per cent) and in the slaughtering of beef (-12.1 per cent). The slaughtering of broilers declined marginally by 0.4 per cent. The amount of agricultural products traded on organised markets during the first eight months of 2015 decreased by 7.3 per cent to 29,279 tonnes. This was mainly due to the amount of fresh vegetables traded which declined by 7.7 per cent, mainly attributed to the decrease in the trading of vegetable marrows. The trading of fresh fruit has also decreased by 0.7 per cent, when compared to the previous year.³⁷

Between January and August 2015, the wholesale value of fresh fruit and vegetables sold through organised markets increased by 25.9 per cent to €16.5 million, when compared to the same period in 2014. This resulted mainly from a double-digit increase in the wholesale value of fresh vegetables by 30.6 per cent. The wholesale value of fresh fruit also increased during this period by 5.5 per cent. This increase in wholesale value of fresh traded vegetables was mainly attributable to an increase in the value for dry onions, vegetable marrows, tomatoes, other vegetables and cauliflowers.³⁸

During the first seven months of 2015, the total value of imports of major agricultural commodities declined by 0.8 per cent to €288.0 million. The largest decline was registered in the importation of fish, which registered a decrease of €4.1 million, equivalent to 12.3 per cent. The largest increase was on the other hand registered in the importation of cereals which increased by 29.2 per cent, equivalent to a change of €5.1 million.³⁹

Fisheries

Although small in size, the Maltese fisheries sector provides an important contribution to the country's socio-economic and environmental aspects. The fisheries sector mainly utilises traditional fishing methods, as well as fish farming aquaculture methods. Traditional fishing techniques mainly provide for dolphinfish (lampuki), blue fin tuna and swordfish for the local community. Aquaculture fish farming, on the other hand, caters mostly for the export sector.⁴⁰

In the first eight months of 2015, the price index of fish increased by 6.9 per cent while the volume index of fish decreased by 5.1 per cent, when compared to the same period of the previous year. During January-August 2015, there were 541.8 tonnes of fish landings with a total value of €3.7 million. When compared to the same period of 2014, the largest decrease in fish landings was observed for the blue fin tuna (-34.9 tonnes), whilst the largest increase in fish landings was registered for the sword fish, with an increase of 20.5 tonnes. Although the amount of mackerel landings is rather small relative to the total amount of fish landings, one should note the substantial decrease of 66.4 per cent, equivalent to 5.4 tonnes.⁴¹

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

³⁶ Ibid.

³⁷ Ibid.

³⁸ Ibid.

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹ Ibid.

fruits and vegetables, wines and beer, and animal feeds. Even though the small size of the agricultural industry might be unfavourable to its performance, this industry still bears an important role in the Maltese economy. However, the Maltese agricultural sector faces problems of irrigation, water scarcity, fragmented land ownership as well as the absence of economies of scale.

In the fourth quarter of 2015, meat production and producer value decreased by 8.2 and 11.9 per cent respectively over the same quarter in 2014. Meat production in the fourth quarter of 2015 amounted to 2,633 tonnes, down by 8.2 per cent over 2014. This was due to drops of 15.0 and 0.5 per cent in the production of pigmeat and broiler meat respectively. This was partially offset by an increase of 4.0 per cent in the production of beef.⁴²

Lower pigmeat production resulted from a 14.3 per cent drop in the number of slaughtered pigs. Slaughtered broilers decreased by 37,334 heads, leading to a drop in the production of broiler meat, despite an increase of 6.2 per cent in the average carcass weight. The increase in beef production was due to a 4.5 per cent rise in the number of slaughtered cattle.⁴³

The producer value of animals slaughtered at licensed slaughterhouses amounted to €5.5 million, 11.9 per cent less when compared to the fourth quarter of 2014. This was a consequence of decreases in the producer value recorded for pigmeat, beef and broiler meat by 18.2, 4.1 and 1.4 per cent respectively.⁴⁴

During the fourth quarter of 2015, the volume and wholesale value of fresh fruit and vegetables increased by 0.5 and 9.5 per cent respectively over the comparative period in 2014. The volume of fresh fruit and vegetables sold through official markets amounted to 8.5 million kilograms, yielding €4.8 million. This represented an increase of 0.5 per cent in weight and a 9.5 per cent growth in the wholesale value over the corresponding period in 2014.⁴⁵

Fresh vegetable supply went down by 0.1 per cent to 8.1 million kilograms. Drops of 22.4, 13.5 and 11.3 per cent were registered in the supply of potatoes, cauliflowers and cabbages respectively. In contrast, the wholesale value of fresh vegetables increased by 8.2 per cent to €4.3 million.⁴⁶

The supply of fresh fruit advanced by 15.1 per cent, mainly on account of an increase in the availability of lemons and oranges by 34.6 and 26.2 per cent respectively. The wholesale value of fresh fruit went up by 25.0 per cent to €0.4 million.⁴⁷

The volume of fresh fruit and vegetables supplied by Maltese farmers edged down by 3,156 kilograms over the corresponding quarter in 2014. Maltese farmers supplied 7.8 million kilograms of fresh fruit and vegetables or 91.6 per cent of the total supply. The wholesale value of such produce went up by 9.4 per cent, from €3.9 million to €4.3 million.⁴⁸

Gozitan farmers contributed 0.7 million kilograms of fresh fruit and vegetables, equivalent to 8.4 per cent of the total supply. In volume terms, this produce advanced by 7.0 per cent, while the wholesale value increased by 10.2 per cent.⁴⁹

⁴²NSO News Release 035/2015, Meat Production Q4/2015, Published on 22 February 2016

⁴³ Ibid.

⁴⁴ Ibid.

⁴⁵ NSO News Release 020/2016, Fruit and Vegetables Q4/2015, Published on 4th February 2016

⁴⁶ Ibid.

⁴⁷ Ibid.

⁴⁸ Ibid.

⁴⁹ Ibid.

The quarterly All Items fresh fruit price index increased by 7.58 points (8.9 per cent) to 92.88 points over the comparative quarter in 2014. The respective volume index went up by 7.79 points (15.1 per cent) to 59.51 points. The quarterly All Items fresh vegetables price index advanced by 9.22 points (7.9 per cent) to 126.28 points. In contrast, the respective volume index decreased by 0.08 points or 0.1 per cent to 78.97 points.⁵⁰

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 renewable energy such as solar and wind power, penetration of these technologies remains rather 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 a unitary administrative structure that also incorporates development planning within one organisation. This process is ongoing. A dedicated authority for the environment has been very recently set-up. The Environment Protection Act 2016 (Act I of 2016) was published in January 2016, and will enter into force in stages. 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.

With respect to waste management, following an extended public consultation period, the Waste Management Plan for the Maltese Islands was approved by Government in January 2014 and work started immediately towards its implementation. Pursuant to the adoption of the plan the Ministry for Sustainable Development, the Environment and Climate Change embarked on a number of studies to assess the feasibility for development of a state of the art waste to energy facility.

In November 2013, a three-year contract for a nation-wide awareness campaign targeted on behaviour was signed with a private consortium. This campaign was officially launched in April 2016. The main branding of this campaign is linked to the message of not wasting waste.

In October 2015, a pilot project to introduce the collection of organic waste from households was launched in five local councils. In January 2016, this pilot project was introduced in four new localities. It is envisaged that the project will be rolled out at the national level. The co-ordination of efforts within the various entities in the Ministry on this front has been a priority, and supported with ongoing stakeholder meetings.

Other on-going initiatives that originated from the Waste Management Plan are related to the reforms in the collection of bulky refuse and WEEE by Local Councils, packaging and reforms in the collection of batteries.

One of the major environmental challenges for agriculture in Malta concerns the management of organic waste that is generated on livestock farms as well as the sustainable use of fertilisers organic and synthetic as fertilisers. These are mainly dealt with under Nitrates Action Programme and the relevant legislation S.L 504.108,, as amended . The Rural Development Department has been active on this front in terms of raising awareness through a Life Plus programme 'InfoNitrates' which ran between 2012 and 2014 in which a large number of farmers were given group and individual information and training on on the proper fertiliser application and storage. With regards to application information which included the methodology to take

⁵⁰ Ibid.

soil samples for the relevant analysis, as well as provided farmers with first-hand information with regards to the compilation of the necessary crop plans and fertiliser plans was provided. This was done together with the appropriate fertiliser application methods as established in the relevant legislation. On the other hand Livestock farmers were also given information with regards to the obligations concerned on proper waste management processes (Organic Waste (excreta) storage, transport and record keeping). Following the Information Campaign the Nitrates Action Unit within the Agriculture Directorate (Rural Development Department) had stepped up significantly its monitoring and enforcement procedures with respect to the provisions as per S.L 504.108. In 2013 and 2014 Inspection Campaigns were carried out at which a significant sample of the population was inspected, and enforcement procedures followed through. In addition the Unit had also followed up all reports of alleged breaches received by the said Unit.⁵¹

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 2015 11 pieces of legislation were published, with topics including Ambient Air Quality Environmental Impact Assessment, Waste Management (Electrical and Electronic Equipment) and Prevention and Remedying of Environmental Damage.

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 the newly adopted pieces of EU legislation on Waste Batteries and Accumulators and Water Policy.

In 2009, MEPA was awarded EAFRD funds under Measure 323 of the Rural Development Programme to establish management plans and/or legal provisions for all terrestrial Natura 2000 sites in the Maltese Islands and to implement an awareness campaign on Natura 2000 amongst the general public and target stakeholders. The grant was awarded in August 2010, following which a grant agreement was signed in January 2011. The EAFRD-funded project titled 'Natura 2000 Management Planning for Malta and Gozo' was implemented through a service contract of €1.276 million covering the period between October 2012 and March 2014 by Epsilon International SA - Adi Associates Environmental Consultants Ltd Consortium. The project was concluded in 2014 and has supported Malta in fulfilling its EU and international commitments by establishing management plans and/or legislative provisions; creating awareness and building momentum for the implementation of the EU Natura 2000 network of protected areas whilst improving quality of life in rural communities.

Out of a total of 286 environment-related infringement cases in the EU by the end of December 2015, Malta accounted for 2 cases on nature.

⁵¹ More information about this project can be found here: <http://infonitrates.blogspot.com/>

Broadband in Malta

According to the Digital Agenda Scoreboard, Malta ranks first in next generation broadband network coverage, scoring 100 percent in this regard. Internet infrastructure in Malta which is capable of providing broadband download speeds of 30 Mbps or more is available nationwide as opposed to 62 percent coverage in the EU. As at the end of 2013, 79 percent of Maltese households had a broadband connection, again above the EU average of 76 percent. 66 percent of Maltese individuals continue to access the internet on a regular basis. Whilst the number of persons accessing the internet daily has marginally increased to 59 percent in 2013 from 57 percent in 2012, 28 percent have never used the Internet.⁵² Overall coverage reached approximately 100 percent of the geographic territory of Malta and Gozo by 2010.

Results from the survey carried out by Malta Communication Authority (MCA) between August and October 2015 show that 77% of Maltese households have Internet access; a considerable development when compared to 68% of households that claimed to have Internet access in 2011. Meanwhile, out of the remaining 23% households that do not have Internet access, 13% have indicated that they are willing to get such a connection during the year. Only 8% of respondents cite affordability as a reason for not getting Internet access in the future. The main reasons mentioned for not getting Internet access are that no one needs Internet or that respondents do not have a computer at home⁵³.

Market trends observed for the first half of 2015 continue to show an increased propensity for end-users to move towards mobile-related services and higher broadband data speeds. Of significance in this regard is the continued drive to more competitively priced offers on the market.⁵⁴

Take-up of fixed broadband and mobile broadband remained strong during the first six months of 2015. When compared to the end of June 2014, the number of fixed broadband subscriptions at the end of the current reporting period was up by 6,713 (or up by 4.5%). Underlying the progress in take-up of fixed broadband has been an increase in the number of end-users opting for products supporting download speeds of 30Mbps or higher. In this regard, the proportion of fixed broadband subscriptions supporting such download speeds stood at 57.8% at the end of June 2015, up from 47.7% a year earlier. The increase in high-speed subscribers helped local service providers improve upon their ARPU figure, even though the average price per Mbit was down by 1.1% year-on-year. Fixed broadband ARPU for the first half of 2015 stood at €90.49, up by 2.5% from €88.29 for the same period a year earlier.⁵⁵

Meanwhile, the number of end-users actively using mobile broadband services increased by around 46,500 (or by around 21%) between June 2014 and June 2015. The stronger penetration and usage of mobile broadband comes on the back of a continued increase in the uptake of smart-phones, tablet computers and laptops, especially as local service providers continue offering such devices at discounted prices in combination with mobile data plans.⁵⁶

⁵² Malta Communications Authority, *Malta performing ahead of other EU countries in a number of broadband indicators*, <http://www.mca.org.mt/notices-and-announcements/malta-performing-ahead-other-eu-countries-number-broadband-indicators> accessed on 22nd March 2015

⁵³ Malta Communications Authority, *Market Research Consumer Perception Survey Results- Broadband Internet*, Published January 2016.

⁵⁴ Malta Communications Authority, *Communications Market Review, January to June 2015*, Published on 4th December 2015

⁵⁵ Ibid.

⁵⁶ Ibid.

The fixed broadband subscriber base now surpassed the 150,000 mark as 6,713 new customers signed up to the service in the 12-month period to the end of last June. Fixed broadband subscriptions totalled 154,888 at the end of the current reporting period, corresponding to a fixed broadband penetration rate of 36.1%, up from 34.7% a year earlier.⁵⁷

Of the total fixed broadband subscriptions recorded at the end of last June, 89,574 subscriptions (or 57.8% of the local fixed broadband subscriber base) had a connection supporting a download speed of 30Mbps or more. Meanwhile, 65,314 subscriptions had a connection supporting a download speed of less than 30Mbps. Year-on-year, the number of connections supporting download speeds of 30Mbps or more was up by almost 19,000 (or by almost 27%), whilst the number of connections supporting download speeds lower than 30Mbps was down by 12,250 (or by 15.8%).⁵⁸

Take-up of fixed broadband in bundle packages increased, with these kinds of subscriptions climbing by 26,803 (or by 32.5%), from 82,525 at the end of June 2014 to 109,328 at the end of June this year. As a result, the proportion of fixed broadband subscriptions on a bundle at the end of last June reached 70.6%, up from 55.7% a year earlier.⁵⁹

As for pricing of fixed broadband services, the average rate per Mbps calculation shows that, overall, the fixed broadband sector continues to register prices that are more competitive, particularly for products supporting fast and ultra-fast download speeds. In fact, the average rate per Mbps in the first half of 2015 was slightly down by 1.0% to €1.70, from €1.72 recorded in the first half of the previous year.⁶⁰

Given the increase in uptake of fast and ultrafast fixed broadband offers, ARPU for the sector improved by 2.5%, from €88.29 in the first half of 2014 to €90.49 in the first half of 2015.

Take-up of mobile broadband represents another area of growth for local service providers, as reflected by an increase of 58,000 end-users actively using mobile broadband services in the year to the end of June 2015. In line with this increase, Malta continues to improve its mobile broadband penetration rate, as confirmed by figures published by the European Commission.⁶¹

The following points outline the salient developments for the data sector in the Fixed and mobile broadband:

- The number of fixed broadband subscriptions totalled 154,888 at the end of June 2015. This figure is up by 6,713 (or by 4.5%) from 148,175 reported a year earlier.
- The fixed broadband penetration rate (measured as the proportion of the number of active fixed broadband connections to Malta's population) stood at 36.1% at the end of the current reporting period, representing an increase of 1.4 percentage points on the corresponding rate at the end of June 2014.
- 70.6% of all fixed broadband subscriptions reported at the end of last June were purchased in a bundle. This figure is up by almost 15.0 percentage points since the end of June 2014. In absolute

⁵⁷ Ibid.

⁵⁸ Ibid.

⁵⁹ Ibid.

⁶⁰ Ibid.

⁶¹ Ibid.

terms, the number of fixed broadband subscriptions in a bundle totalled 109,328 at the end of last June.

- Demand of fixed broadband has witnessed a shift towards products supporting higher download speeds. At the end of June 2014, 52.3% of all fixed broadband subscriptions had a download speed of less than 30Mbps, almost 47.0% had a download speed of 30Mbps but less than 100Mbps, whilst 0.7% had a download speed of 100Mbps or more. The two latter categories registered gains in takeup in the first six months of 2015. In fact, the proportion of subscriptions having a download speed of 30Mbps but less than 100Mbps improved by ten percentage points to 56.9% whilst the proportion of subscriptions having a download speed of 100Mbps or more improved marginally to 0.9%. Meanwhile, the proportion of subscriptions with a download speed of less than 30Mbps fell by 10.1 percentage points to 42.2%.
- Of all fixed broadband subscriptions reported at the end of June 2015, those on the cable platform totalled 79,342 (equivalent to 51.2% of the total). Meanwhile, the number of subscriptions on the DSL and wireless platforms totalled 74,047 (equivalent to 47.8% of the total) and 1,499 (equivalent to 1.0% of the total) respectively.
- Fixed broadband ARPU in the first half of 2015 stood at €90.49, up from €88.29 in the corresponding period a year earlier. This increase in ARPU happened despite a slight fall in the average rate per unit of download speed (or per Mbps), from €1.72 in the first half of 2014 to €1.70 in the first half of this year.
- As for the uptake of mobile broadband services, preliminary figures show that the number of end users actively making use of mobile broadband services increased from around 214,000 at the end of June 2014 to around 270,000 at the end of June this year. This increase is mainly attributed to a higher propensity of end-users making use of data services delivered over their mobile connection.⁶²

Fixed broadband subscription

The number of fixed broadband subscriptions totalled 154,888 at the end of June 2015. This figure is up by 6,713 (or by 4.5%) from 148,175 fixed broadband subscriptions recorded at the end of June 2014. The number of fixed broadband subscriptions recorded at the end of June 2015 corresponds to a fixed broadband penetration rate of 36.1%, up by 1.4 percentage points from 34.7% a year earlier.

The number of end-users opting to purchase their fixed broadband subscription in combination with other electronic communications products and services in a bundle continued to increase steadily.⁶³

Fixed broadband subscriptions by type of access technology

A breakdown of fixed broadband subscriptions by technology shows that there were 79,342 cable-based subscriptions at the end of June 2015, up by 6,187 (or by 8.5%) from 73,155 subscriptions a year earlier.

Meanwhile, DSL-based subscriptions and fixed wireless subscriptions totalled 74,047 and 1,499 respectively at the end of last June. The DSL subscriber base saw an increase of 1,188 connections over a 12-month period since the end of June 2014, whilst the subscriber base for fixed wireless saw a drop of 662 connections during the same period.⁶⁴

⁶² Ibid.

⁶³ Ibid.

⁶⁴ Ibid.

In view of the changes observed above, cable increased its market share of the local fixed broadband subscriber base from 49.4% at the end of June 2014 to 51.2% at the end of last June. Meanwhile, DSL lost market share, from 49.2% to 47.8%, whilst fixed wireless also experienced a weakening market presence, from 1.5% to 1.0%.⁶⁵

The number of end-users opting to purchase their fixed broadband subscription in combination with other electronic communications products and services in a bundle continued to increase steadily. In this regard, the number of fixed broadband subscriptions purchased in combination with some other electronic communications service on a bundle totalled 109,328 at the end of the current review period. The latter figure is equivalent to 70.6% of all fixed broadband subscriptions recorded at the time.⁶⁶

Fixed broadband subscriptions by speed

Over the last few years, take-up of fixed broadband has shifted towards products supporting higher download speeds. Figure 31 illustrates that the number of fixed broadband subscriptions supporting download speeds of less than 30Mbps at the end of last June stood at 65,314. This figure is down by 12,250 (or by 15.8%) from 77,564 at the end of June 2014.⁶⁷

Meanwhile, the number of fixed broadband subscriptions allowing for a download speed of 30Mbps but less than 100Mbps was up by 18,485 (or by 26.6%), from 69,594 to 88,079. The number of fixed broadband subscriptions availing of a download speed of 100Mbps or more has also increased during the same period, from 1,017 to 1,495.⁶⁸

Table 1 shows the number of Broadband subscribers between 2009 and 2015. It indicates an increasing number of subscribers for DSL, Cable Broadband and Fixed Wireless.

Broadband Subscribers by Type							
Total subscriptions	2009	2010	2011	2012	2013	2014	2015
Cable	54,380	53,600	59,084	64,768	70,498	75,594	80,590
DSL	51,650	63,394	66,084	68,053	70,052	73,895	75,095
FTTH							3,755
Fixed Wireless	3,813	4,660	3,510	2,937	2,460	2,068	2,227
% Share	2009	2010	2011	2012	2013	2014	2015
Cable	49.51%	44.06%	45.92%	47.71%	49.30%	49.88%	49.85%
DSL	47.02%	52.11%	51.36%	50.13%	48.98%	48.76%	46.45%
FTTH	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.32%
Fixed Wireless	3.47%	3.83%	2.73%	2.16%	1.72%	1.36%	1.38%

Table 1 - Broadband Subscribers by type between 2009 and 2015⁶⁹

⁶⁵ Ibid.

⁶⁶ Ibid.

⁶⁷ Ibid.

⁶⁸ Ibid.

⁶⁹ Data for 2015 reflects position at end September 2015

Broadband Subscribers by Speed							
SPEED Classification	2009	2010	2011	2012	2013	2014	2015
less than 5Mbps	86,716	93,671	95,956	15,406	11,229	9,387	3,041
>=5Mbps but < 10Mbps	12,339	13,731	883	14,880	7,721	306	573
>=10Mbps but < 20Mbps	8,781	11,342	19,693	83,600	77,844	53,213	57,748
>=20Mbps but < 30Mbps	1,132	2,614	10,548	9,029	7,622	4,885	4,209
>=30Mbps but < 50Mbps	163	34	2	10,053	34,718	78,699	85,776
>=50Mbps but < 100Mbps	712	262	964	1,921	2,877	3,998	8,107
100Mbps and more	0	0	632	869	999	1,069	2,213

Table 2 – Broadband Subscribers by speed between 2009 and 2015⁷⁰

Internet Subscriptions					
	End June	End September		Absolute change	% change
	2015	2014	2015	2015/2014	2015/2014
Broadband Internet Subscriptions	158,869	151,460	161,667	10,207	6.7%
Less than 144 kbps	0	0	0	0	
Between 144 kbps and less than 2 Mbps	29	20	0	-20	-100.0%
Between 2 Mbps and less than 10 Mbps	7,902	10,721	3,546	-7,175	-66.9%
Greater than 10 Mbps	150,938	140,719	158,121	17,402	12.4%

Table 3 – Number of internet subscriptions by speed in 2015⁷¹

Table 2 above shows internet speed for seven consecutive years (2009 to 2015) which show a continuous improvement in the speed that the majority of subscribers have access to. The number of subscribers at low speed connections has been decreasing constantly while access to higher speeds is now available to more subscribers, as a result of improved technologies and infrastructure by internet service providers. 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 2014 and September 2015, there was a decrease in subscribers with internet at slower speeds and an increase in subscriptions greater than 10Mbps.

⁷⁰ Data for 2015 reflects position at end September 2015

⁷¹ Data for 2015 reflects position at end September 2015

Population Penetration Rate							
	2009	2010	2011	2012	2013	2014	2015
Penetration Rate	26.49%	29.30%	30.92%	32.51%	33.62%	35.30%	37.36%
Population	414,723	415,198	416,110	417,620	425,384	429,344	432,768

Table 4 – Population penetration rate between 2009 and 2015⁷²

Household and Business Penetration Rate							
	2009	2010	2011	2012	2013	2014	2015
Penetration Rate	51.89%	56.35%	56.43%	62.97%	61.89%	64.65%	68.80%
Households	142,182	143,677	152,986	144,814	159,427	162,807	163,365
Registered Business Units	69,496	72,231	75,052	70,782	71,629	71,629	71,629

Table 5 – Household and business penetration rates between 2009 and 2015⁷³

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.

⁷² Data for 2015 reflects position at end September 2015

⁷³ Data for 2015 reflects position at end September 2015

4. 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 2015

In 2015, programme implementation mainly focused on the implementation, contracting, and management 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 2015:

Measure	Call	Launched	Closed
114	2 nd call	18 th July 2011	30 June 2015
212	9 ^h call	15 th March 2015	15 th June 2015
214	8 th call	15 th March 2015	15 th June 2015

Table 6 – List of Measures launched during 2015

Measures 212 and 214 were re-launched in 2015, while Measure 114 remained open up to June 2015.

Throughout 2015 implementation of projects contracted in previous years proceeded, with the vast majority of projects finalised by end 2015. Some new beneficiaries were also contracted under Measure 114, 121 212,214 and 410.

The second call under Measure 114 was launched on 18th July 2011 and has remained open up to June 2015.

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 2015, while payment claims were received online through the PA website between February and March and at the Paying Agency Front Offices in Malta and Gozo, between 15th March and 15th June 2015.

In 2015, only MAGF launched a call under Measure 410 and evaluated several applications and contracted a number of beneficiaries under Measure 410, other LAGs also contracted a number of beneficiaries in 2015, of measures which were launched in 2013-2014.

During 2015, only MAGF issued an Action under Measure 410:

LAG	Action	Call	Application Period
MAGF	413.6 Support Arts and Culture Organisations to Undertake Capital Projects	3 rd	12/01/15 - 12/02/15
GXF	No actions were issued in 2015	N/A	N/A
GAGF	No actions were issued in 2015	N/A	N/A

Table 7 – Actions issued by the three Local Action Groups throughout 2015

Programme Modifications in 2015

In 2015, the MA submitted requests for the 7th Programme Modification. These requests were submitted on 17th June 2015 and revised on 30 September 2015. 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: 111, 123,124, 125, 142, 212 and 323. Modifications were approved on 16th November 2015.

The MA requested transfer of funds towards Measures 125 and 212. Given the very high demand to address the need to improve farm accessibility the MA launched a third call under Measure 125 (action type 4) which required additional funds, while ongoing commitments for M212 also require additional funding. Funding was reallocated from Measures whose budget had not been committed and for which, no additional calls are envisaged. The budget reallocations were as follows:

From	To	EAFRD part
M111	M125	€111,762.00
M124	M125	€16,382.65
M123	M125	€69,248.08
M123	M212	€1,224,396.33
M132	M125	€1,116.04
M142	M125	€9,750.00
M323	M125	€372,549.32

Table 8 – Budget transfers carried out by the MA in 2015

In addition to these budget transfers, a number of changes to the text were also made.

Changes in the text of Axis 1, Axis 2 and Axis 3 were required since following budget re-allocations, the percentage of funds allocated towards each Measure and Axis has changed. Text modification were also required to align the RDP text with previous modifications and with actual implementation.

Modification of the implementation circuits under Leader (Measure 410) was also required, whereby a text was included in order to ensure that the implementation of the circuit will also be followed in the case of actions financed through Measure 410. This modification also adjusting the competence between the responsibilities of the MA, Paying agency and the Local Action Groups (LAGs).

Axis I

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 38.6 % 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. Following budget reallocations, the EAFRD share of first priority measures adds up to 0.7% of the total EAFRD allocation.

The main aim of support under the second priority is to overcome the inherent structural weakness of Maltese agricultural sector as a result of 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 transfer of funds, the share of these Measures adds up to 36.9% of the total EAFRD allocation.

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. Following transfer of funds, this priority accounts for 0.2% of the total 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, which was 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.

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.

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 on 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 was 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. The Contract between the Agriculture and Rural Payments Agency (ARPA) within the Ministry for Sustainable Development, the Environment and Climate Change and the Agriculture Directorate was signed on the 30th of September 2013, initiated training courses related to fruit and vegetables in January 2014. The other applicant, the Government Abattoir, signed the contract on June 2014, however the training was delivered in April 2015.

Beneficiaries who apply to provide courses under this Measure are obliged to provide courses free of charge for the farmers.

Agricultural Directorate (AD)

On the 18th of August 2014, the AD requested an extension to deliver all of its training courses- a request that ARPA approved. The courses should have all been delivered (as stipulated by contract) by the 30/09/14 but approved extension meant that the AD had until the 30/09/15 to complete all its training courses.

Through this Contract, the Agriculture Directorate agreed to provide training in the following Courses:

- Course 1- Fruit & Vegetable Sector
- Course 4: Nitrates
- Course 5: Rubble Wall Construction
- Course 6: Crisis Management Training
- Course 8: Commercial Rabbit Farming
- Course 9: Adding Value to Agriculture Produce
- Course 11: Health & Safety of Agricultural Holdings
- Course 12: Adherence to Agri-Environmental Obligations

The AD started promoting the courses using a variety of methods namely the distribution of brochures in places frequented by farmers and which included agricultural retail shops, Local Councils and coffee shops. The AD also agreed with Parish priests of Churches in rural villages to announce the commencement of these courses during Mass. However, interest in such courses were very low. Subsequently, the AD initiated discussions with ARPA to discuss ways that could be used to reach farmers better and increase interest in such courses. This was done by sending farmers in ARPA's database an SMS to this effect. Notwithstanding, interest remained very low and it was not feasible for the AD to deliver these courses in light of the fact that the minimum number of farmers stipulated in the contract for each course was not reached. It was thus decided following consultations with the MA and ARPA that Courses 5, 6, 8, 9 and 11 should not be delivered.

Circumstances were different for Courses 1, 4 and 12.

Course 12- Adherence to Agri-Environmental Obligations

Farmers who were in breach of their Measure 214 obligations were required to undertake a short on-farm training. This was done through Course 12 after a list of such farmers was provided by ARPA.

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

Course 1- Fruit & Vegetable Sector⁷⁴

Farmers who benefited from direct payments were obliged to follow a 40- hour training: Course 1.

Sixteen lectures of 2.5 hours each were delivered to 10 classes of approximately 25 learners each. A total of 284 farmers were successfully trained and certified. Notes were provided to all learners and lecturer made use of a PowerPoint presentation that was projected on a screen. Certificates were prepared, signed by Agricultural Directorate's Director and course tutor and handed out to participants who attended for more than 80% of the lectures.

Course 4: Nitrates⁷⁵

Malta's Nitrate Action Program obliges farmers to attend training on the subject. Course number 4 (Nitrates) was promoted in this light and an SMS was sent to all farmers in Malta and Gozo to make them aware of this reality and of the possibility of getting trained by enrolling in this free course. Farmers could enrol by calling on an office number and giving their details accordingly. Considering that the subscription to this course was high, six lecturers were enrolled to deliver this course simultaneously.

The nitrate course was made up of 6 lectures of 2.5 hours each. Forty-five (45) courses with approximately 25 learners in each class were delivered. Notes were provided to all learners and lecturers made use of a power point presentation that was projected on a screen. Certificates were prepared, signed by Agricultural

⁷⁴ Due to late submission of claims and in order to ensure appropriate and thorough checks, this courses was not funded through the RDP 2007-2013

⁷⁵ Due to late submission of claims and in order to ensure appropriate and thorough checks, this courses was not funded through the RDP 2007-2013

Directorate's Director and course tutor and handed out to participants who attended for more than 80% of the lectures. A total 1154 farmers were trained through this Course

Most of the learners in all courses were men and having a part-time agricultural activity. A number of full-time farmers also attended the courses. Evaluation sheets gauged the respondents' satisfaction of course content, execution speed, resources utilized and lecture room together with lecturer's knowledge of the subject, preparation and delivery.

Results of the evaluation sheets filled in by the participants' show that the majority of participants declared that the course met their expectations and found the slides and notes presented helpful in their understanding of the subject.

The Government Abattoir

The Government Abattoir, was contracted in June 2014, however the course was delivered in April 2015. The main objective of this course was to provide training for people working in public Civil Abattoir on the basic skills required to run their activity, in order to be kept informed about recent and ongoing developments in the sector; be made aware of developments in new regulations and to become knowledgeable about practices that respect the environment.

Course and training modules for people working in Public Abattoir undertaken by the Service provider:

Course 4-Carcass Classification⁷⁶

- *Beef Carcass Classification*
- *Beef Price Reporting*
- *Pig Meat Price Reporting*

16 participants received training under this Module over four days.

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.

Applications following this Expression of Interest were received between 16th December 2013 and 13th January 2014. Two applications were received, however, they were both deemed ineligible and neither applicant was contracted.

⁷⁶ Due to late submission of claims and in order to ensure appropriate and thorough checks, this courses was not funded through the RDP 2007-2013

As at end 2014, 2,558 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. 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'⁷⁷. A total of 94 hours (11.75 days) of training were received⁷⁸.

As at end 2015, five beneficiaries had been contracted, for a total of €589,710, which means that the measure was overcommitted. However, since three beneficiaries had already concluded their training session's savings from their projects amounting to €111,762 (EAFRD part) were routed to honour commitments under M125. Two of the courses provided by the Agricultural Directorate (AD); Course 1- Fruit & Vegetable Sector and Course 4: Nitrates as well as course and training modules for people working in Public Abattoir on Carcass Classification were not funded through the Rural Development Programme 2007-2013, but were funded through National Funds. By end December 2015, €300,840 had been disbursed, with an EAFRD contribution of €225,630.

As at end 2015, 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%	6.89% €870 ⁷⁹	574%

Table 9 – M111 Indicator values as at end 2015

The training modules which were 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 led 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.

⁷⁷ '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

⁷⁸ The data of courses held in 2015, were not included. Whilst the courses were held and participants were certified, they were not financed through RDO 2007-2013. The courses being referred to are Course 1- Fruit & Vegetable Sector and Course 4: Nitrates provided by the Agricultural Directorate (AD), and course and training modules for people working in Public Abattoir on *Carcass Classification, provided by the Public Abattoir*

⁷⁹ For indicator value computation the results of CIE for measure 121 were considered (as training is obligatory for measure 121 beneficiaries), while for participant not supported under measure 121 the change in GVA/FTE in the whole agricultural sector in 2010-2013 was used (based on Eurostat data).

According to the feedback on the second call courses gathered during the focus group discussion held by evaluators and MA in July 2013, the training material contained general information regarding diseases and technicalities related to breeding (i.e. lighting, ventilation). Most of the participants present agreed that targeted training i.e. differentiation according to size of farms, herd and holding, breeding techniques, specialisation in egg or meat for poultry sector would be welcome. As regards the pig and poultry sector, some farmers argued that they would prefer tailor-made advice i.e. business consultancy instead of trainings. Furthermore, the need for more emphasis on practical training was raised by participants. For the sheep and goat sector, training was considered as relevant and useful especially due to the fact that the sector was not really structured, therefore, the new flow of information was welcome. The low level of literacy among farmers is another important issue that has not yet been addressed in terms of the design of the training programme. This high rate of illiteracy hinders the provision of more technical and advanced courses. The latter can only be provided for a restricted audience.

As regards to the courses under the Fourth Call the Courses were aimed to be practical oriented, allowing participants to apply the knowledge and skills gained within their everyday working environment thus ensuring that the courses relate to the real needs of the farmers.

For the 2014 – 2020 Programme training provided can 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 could help to tailor courses according to specific needs and interest of different groups. The Managing Authority will ensure that these observations are factored in while designing calls under the 2014 – 2020 Programme.

Measure 114 – Use of Advisory Services

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

The first call for Measure 114 was launched on 20th February 2009 with the call closing on 29th May 2009, however no applications were received.

Measure 114 was launched for the second time on the 18th of July 2011 and has remained open until June 2015.

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 was aimed at helping farmers align their practices and operations with new developments in the sector. Farmers were also be directed to adopt sustainable practices that decrease the impact of agricultural activities on the environment. This Measure provides farmers with tailor made advice, related specifically to their holdings.

This Measure was aimed at full time and part time farmers registered with the Employment Training Corporation (ETC) that make use of advisory services offered by a registered farm advisory service, as detailed under the Farm Advisory Services Regulation (LN 113 of 2010).

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 2014, 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.

By end 2015, the number farmers registered with the FASC reached 480, out of which 238 have signed a contract with the Paying Agency. Registrations have increased rapidly since the FASC has been established for a few years and now has the necessary set up to contact farmers and promote its services. The reason for the accelerated increase is the high demand for fertiliser plan. The FASC started to advertise provision of fertiliser plan as a new type of service in late 2013, and interest for this service had grown due to farmers’ obligations with respect to the Nitrates Directive which required farmers to obtain a fertiliser plan from an authorised entity. FASC offers a combined package: if farmers opt to take cross compliance service, they receive the fertiliser plan at a reduced price. In 2015, 113 farmers took cross compliance service, optionally combined with fertiliser plan.

The contracted amount adds up to € 198,859.20, however as at end 2015, € 152,639.80 had been disbursed, with an EAFRD contribution of €114,479.85.

Following a slow start in the implementation of this measure, several farmers have registered with the FASC in 2013-2015. Several beneficiaries were also contracted throughout 2015. Successful implementation of this Measure was hindered by the fact that the only registered FAS was set up late in 2011, therefore, the delay of Measure 115 had a direct effect on Measure 114, resulting in a situation where no supplier was appointed to offer the advisory services. This anomaly was rectified following the setting up of a registered Farm Advisory Services Consortium.

Progress has been registered in 2013- 2015, which can be attributed to the intensification and increase in enforcement of certain legal obligations and SMRs, especially those concerning the application of organic fertilisers to land. This, and a direct marketing strategy, 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 2015, indicator values were as follows:

	Indicator	Target	Value	Execution Rate
Output	Number of farmers supported	1,000	238	23.80%
Result	Increase in agricultural gross value added in supported holdings	2.7% €600,000	Based on the analysis of the intervention logic of the measure and the type of services provided , primarily environmental benefits are expected	

			from the implementation of the measure ⁸⁰	
Result	Increase in agricultural gross value added in the whole agricultural sector	2.7% €1,700,000	6.33% €3,700,000	234%
Impact	Change in gross value added per full time equivalent	2.7% €441	Economic and competitiveness related impacts of the implementation of the measure are expected on the longer run. ⁸⁰	
Impact	Change in gross value added per full time equivalent in the whole agricultural sector	2.7% €441	3.38% €403	125%

Table 10 – M114 Indicator values as at end 2015

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.

The advisory services focused primarily on regulatory compliance issues, mainly SMRs, cross compliance, crop plans and fertilizer plans and health and safety on the holding. When taking this into consideration, the effects of Measure 114 on improvement of farm management and economic performance is expected to be moderate. The positive effect of the measure is more related to the promotion of adaptation of farming techniques to regulatory and environmental 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, and occupational health and safety standards.

First Call – 2009

⁸⁰ Fertiliser plans and similar services mainly aim at enhancing water quality and other environmental aspects of farming activities. These environmentally conscious farming practices are expected to have economic effects as well, however on the longer run only. Consequently, no quantified results can be provided regarding the change of GVA based on the current examination period.

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 2015, a number of disbursements were carried out, adding up to €6,540 with an EAFRD contribution of €4,905, whilst by end 2015 €92,539 were disbursed with an EAFRD contribution of €69,404. The contract between the Agriculture and Rural Payments Agency and the FASC was signed in 2011, with first disbursements being carried out in 2013. In 2013, funds were used mainly for the setting up and refurbishment of the FASC office including flooring, gypsum walls, bathroom, office furniture, computer software such as Microsoft Office and the purchase of a heavy duty printer. In 2014 and 2015 disbursements were mainly related to salaries of administrative staff.

As at end 2015, indicator values were as follows:

	Indicator	Target	Value	Execution Rate
Output	Number of newly set up advisory services	1	1	100%
Result	Increase in agricultural gross value added in supported holdings	3.8% €223,288	Based on the analysis of the intervention logic of the measure and the type of services provided, primarily environmental benefits are expected from the implementation of the measure ⁸¹	
Result	Increase in agricultural gross value added in the whole agricultural sector	2.33% €1,370,000	6.33% €3,700,000	272%
Impact	Change in gross value added per full time equivalent	0.43% €52	Economic and competitiveness related impacts of the implementation of the measure are expected on the longer run. ⁸²	
Impact	Change in gross value added per full time equivalent in the whole agricultural sector	0.43% €52	3.38% €403	786%

Table 11 – M115 Indicator values as at end 2015

⁸¹ Fertiliser plans and similar services mainly aim at enhancing water quality and other environmental aspects of farming activities. These environmentally conscious farming practices are expected to have economic effects as well, however on the longer run only. Consequently, no quantified results can be provided regarding the change of GVA based on the current examination period.

⁸² Fertiliser plans and similar services mainly aim at enhancing water quality and other environmental aspects of farming activities. These environmentally conscious farming practices are expected to have economic effects as well, however on the longer run only. Consequently, no quantified results can be provided regarding the change of GVA based on the current examination period.

The FAS Consortium started to register farmers in 2012. The concept was to focus on farmers adversely affected by cross compliance deductions. By the end of 2015, 480 farmers registered for services. In 2013-2015 239 field inspections were carried out. The preparation of fertiliser plan was started as a new activity in 2014. Due to the increased demand for services, an open call was launched in 2014 to hire additional employees. As a result in 2014- 3 new field inspectors, 4 office workers and one expert on health and safety was hired, whilst in 2015, 6 technical experts, 4 office workers and 3 field workers were hired.

The late start of this Measure has posed some limitations on the positive impacts which the FAS could have had. One FAS has been set up and no additional calls were made. In view of this, output indicator 'Number of newly set up advisory services' was not increase. Members of the FAS Consortium include representatives from several sectors and include different agricultural associations and ministry representatives. Locally, the FASC is the only registered Farm Advisory Service provider.

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 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.

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 the total eligible expenditure of his/her proposed investment cost. The amount of funding was capped at a maximum of €150,000 per beneficiary.

Funding under this Measure is available for registered 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 2011. 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 on 15th November 2008 and 360 applications were received, out of which, 282 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, 282 applicants had been contracted. Eight contracts have been withdrawn, therefore, from the first call for application, as at end 2014 there were 274 contracted beneficiaries. 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 de-commitment 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 sector;
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
Total		274

Table 12 – Contracted beneficiaries following the 1st call for applications as at end 2015

Second Call – 2011

Applications for the second call were received between October and December 2011. Again, 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.

Following this call for application, 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.

Out of the 503 applications 91 were subsequently contracted, 11 of which were contracted in 2015. In 2015 2 contracts were withdrawn, therefore, from the second call for application, as at end 2015 there were 89 contracted beneficiaries.

Therefore, as at end 2015, the contracted applicants from the second call, which add up to 89 contracts, can be split as follows:

1. 61 beneficiaries from the animal husbandry sector;
2. 19 from crop sector;
3. 2 mixed investments (livestock and crops);
4. 7 from other sectors.

The largest number of contracted beneficiaries comes from the animal husbandry sector with 68.54% of contracted beneficiaries, followed by the crop sector at 21.35%. 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	19
Crop	Horticulture	0
Crop	Mixed Crops/Livestock	2
Crop	Permanent Crop	0
Crop	Wine	0
Animal Husbandry	Dairy	34
Animal Husbandry	Poultry	13
Animal Husbandry	Swine	14
Other	Other Sectors	7
Total		89

Table 13 – Contracted beneficiaries following the 2nd call for applications as at end 2015

Summing up the two calls, €25,296,538.39 have been contracted by the end of 2015. The budget allocated towards this measure is of €23,402,970, therefore, the measure was overcommitted. Savings within the measure were re-routed to make up for this over commitment. By end 2015, €22,558,397 had been disbursed, with an EAFRD contribution of €16,918,797.75. During 2015, €4,036,788.76 were disbursed with an EAFRD contribution of €3,027,591.57. The discrepancy between the committed amount and the disbursed amount boils down to savings generated with the Measure, withdrawal of contracts, claims not submitted by end 2015 and also claims submitted but pending clarifications.

The total number of contracts adds up to 363:

1. 170 beneficiaries from the animal husbandry sector;
2. 176 from crop sectors,
3. 7 mixed investments (livestock and crops); and
4. 10 from other sectors.

The largest number of contracted beneficiaries comes from the crop sector with 48.6% of contracted beneficiaries, followed by the animal husbandry section at 45.30%.

As at end 2015, indicator values were as follows:

	Indicator	Target	Value	Execution Rate
Output	Number of farm holdings supported	363	363	100%
Output	Total volume of investment	€39,700,000	€ 51,637,253	130%
Result	Increase in gross value added in supported holdings/enterprises	9.2% €1,439,836	29.4% € 2,942,448	320%
Result	Number of holdings/enterprises introducing new products or techniques	216	273	126%
Impact	Net additional value added expressed in PPS	PPS 1,483,012	PPS 5,750,322 ⁸³	388%
Impact	Change in gross value added per full time equivalent	4.7% €564	14.3% €2,027	202%

Table 14 – M121 indicator values as at end 2015

Support granted under this measure has led to the adoption of modern and improved production technologies, facilitating a differentiated production with added value in food quality, sustainable use of natural resources, 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. 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. Projects financed in the dairy sector were essential for farmers to continue operation and to set adequate conditions for future growth. Investments included reconstruction works, building of animal housing and purchase of automated 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. Measure 121 has led to an increase in operational efficiency and technological

⁸³ Assuming that all support was directed at the “Agriculture, forestry and fishing” sector, the GVA multiplier is 1.86. According to EUROSTAT, the relative price level compared to the EU28 in Malta was 80.9% in 2014. Hence the PPP conversion rate is $1/0.809=1.236$. Deadweight is assumed to be 15%. The value will be updated during the ex post evaluation, upon availability of FADN data for 2014.

modernisation that contributed to the survival of dairy producers on the market and maintenance of their competitiveness.

A common feature of the animal husbandry sector is its dependence on importation of forage. Local supply of forage does not satisfy the demand by the sector. Inland production is limited due to the size of utilisable agricultural area (85% of animal rearing beneficiaries' source more than 50% of their inputs from imports⁸⁴). 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 therefore has to resort to imports. The threat of cheaper foreign products put a cap on consumer prices that eventually decreases the value of animal products. As a result, sector-wide technological improvement is important to maintain the competitiveness of farmers, and vital for their future operation.

Within the crop sector (including field crops, permanent crops, wine and mixed farming) farmers have invested in buildings and machinery, including irrigation equipment, tractors, greenhouses and water reservoirs. An in-depth case study on the sector showed that the sector's competitiveness is greatly hindered by the small economic size of Maltese farms⁸⁵, the shortage of good quality water for irrigation and the suboptimal climate for agricultural production. Results and impacts are usually related to an increase in production efficiency (decrease energy costs, plant diseases etc.), production volume (technology and irrigation), output and gross value added. Similar to the animal husbandry sector, there is a vast additional demand for this measure, from the crop sector, 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 seems to have been insufficient in motivating younger generations to engage in agricultural activities to present.

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%: more than 4 new technologies), and 23% of them developed new product/s (15%: 1 to 3 new products, 4%: 4 than 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 effect of the support.

According to two in-depth case studies, beneficiary interviews and other data sources (interviews with co-operatives, evaluations etc.), 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. These investments lead to an

⁸⁴ Source: M121 beneficiary survey, 2013

⁸⁵ Averaging 4.4ha by programme participants (beneficiary survey) and 0.9ha at national level (National Statistical Office)

improvement in the efficiency of agricultural production, resulting in lower operational expenses, thereby setting the conditions for further growth.

The supported investments have had a moderate impact on gaining market share in the local market. They 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, 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.

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.

The relevance of the measure was very high, since it had a clear target group with well-identified needs. High relevance is also underpinned by the success of the second call, which was overcommitted. Evidence from case studies, interviews and the beneficiary survey 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.

The counterfactual impact evaluation provided sound quantitative evidence on positive net impacts regarding gross value added and labour productivity, while neutral 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 at least, 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 members and small farms, which are less likely to adapt their workforce resiliently to their yearly production level.

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:

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

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 ⁸⁶
EAFRD amount paid in €	603,327	416,673	1,020,000

Table 15 - EERP and HC

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

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

Table 16 – Milk Production/Efficiency

As can be seen from the figures presented in Table 16, 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.

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

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

Table 17 presents the values concerning the Total Bacterial Count (TBC) and the Somatic Cell Count for milk produced in Malta. Both values are considered to be the main measurements that denote quality and hygiene.

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

The picture that emerges from 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 has improved 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.

Investment eligible under this Measure needs to fit within the list of actions namely quality marks, traditional characteristics of products, freshness, cottage industry and new markets. The proposed investment should be related either to 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%⁸⁷ of Maltese processing companies, which shows that EU funded agricultural programmes have reached a good coverage at industry level so far.

Through Measure 123, beneficiaries are granted up to 50% of the total eligible expenditure. The maximum eligible grant amount shall be of €150,000⁸⁸. The aid intensity granted varied depending on the size of the enterprise (between 50% and 25%), 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 2014 stood at 24, with a contracted value of €2,100,173.

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.

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.

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.

⁸⁷ Number of processing companies: 117 (source: RDP, 2007, NACE category 15.8 excluded). Calculations assume no overlaps between RDP and SPD beneficiaries.

⁸⁸ Following programme amendments carried out in June 2012, and accepted by Commission Services in September 2012, the MA removed this threshold for projects of a national dimension.

Second Call – 2011

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. One of the contracts was withdrawn in 2014 and another one in 2015. In view of this, the total number of contracted applicants as at end 2015 adds up to 19.

Following the success of the second call the MA requested a further Programme 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. In view of the fact that there were uncommitted funds under this Measure and no further calls were envisaged, the remaining uncommitted budget (€602,741, EAFRD amount) was transferred to M125 throughout the course of 2014. On the 11th of September 2015 the commission approved another Programme modification, whereby savings registered from concluded projects under M123 were transferred to Measure M125 and M212. The amount of €69,248.08 (EAFRD part) was transferred to Measure 125, whilst € 1,224,396.33 (EAFRD part) were transferred to M 212. Therefore, as at end 2015, the total budget allocated towards M123 amounted to €3,829,891. This modification was proposed in part to cater for the demand under M212 and M125 but also to ensure that the remaining unutilised funds from Measure 123, for which, no new calls were envisaged are used reducing the risk of unutilised funds.

Following the 2nd call for applications, therefore, another 21 beneficiaries were contracted in 2013. One contract was withdrawn in 2014 and another in 2015, therefore, as at end of the period under review, the total amount committed adds up to € 3,868,006.06, distributed among 43 beneficiaries. As at end 2015, a total of € 3,553,507.52 had been disbursed, with an EAFRD contribution of €2,665,130.64.

As at end 2015, indicator values were as follows:

	Indicator	Target ⁸⁹	Value	Execution Rate
Output	Number of enterprises supported	40	43	108%
Output	Total volume of investment	€6,866,621	€6,946,758	101%
Result	Increase in gross value added in supported holdings/enterprises	8.4% €953,595	14.1% €1,598,093	168%
Result	Number of holdings/enterprises introducing new products or techniques	22	61	277%
Impact	Net additional value added expressed in PPS	PPS 280,00	PPS 2,737,410 ⁹⁰	248%
Impact	Change in gross value added per full time equivalent	1.3% €233	40.37% €7,237	3105%

Table 18 – M123 Indicator values as at end 2015

⁸⁹ Targets were changed following a request for modification submitted in September 2014 and June 2015. Modifications were approved by the Commission in January 2015 and November 2015

⁹⁰ PPS conversion based on EUROSTAT table tec00120. For the conversion, the average PPP between 2010 and 2013 was used (1.259). The year 2010 was selected as it was the first year when beneficiaries received payments.

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

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.

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.

Case studies provide further evidence supporting these findings. In one case, the increase in efficiency was clearly visible through the modernised technological background, the installation of solar water heaters and better waste water treatment, while the other beneficiary has realised efficiency improvement through installing modern and high-capacity food producing machines. The third interviewed beneficiary could extend its production period through the year, increase turnover and increase the quality of their products without rising unit costs of production.

Case studies underline these results. In one case, the supported enterprise could introduce 3 brand new products produced from local ingredients, while in the other case, innovative technological solutions enabled the optimisation of production and enhancement of the value added of the whole product portfolio. Another beneficiary showed similar results regarding the introduction of new technologies (i.e. for peeling, washing and packaging of potatoes for a potato export-import firm) and new products.

The RDP, especially through this Measure, has been successful in contributing to raising efficiency of the Maltese agri-processing sector. Findings from a 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. Efficiency has increased through 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.

The survey respondents reported that they could improve their competitiveness thanks to the RDP support. The majority of beneficiaries increased both production capacities (92%) and product quality (78%). The programme had an important role in improving compliance with EU standards, as 100% of the beneficiaries reported positive impact in this field. Production growth has been experienced in 79% of the cases: 21% of respondents stated that this was fully attributable to the programme while 58% stated that production growth was moderately attributable to the programme. This underlines the significance of programme in technology-based boosting of the sector's economic performance on local and export markets.

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, with 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.

In 2014, the MA carried out a budget transfer from Measure 124 in favour of Measure 125. In view of the fact that all eligible beneficiaries had been contracted and the MA was not going to issue further calls under this Measure, the remaining budget of €550,587 (€412,940 EU part) was transferred from Measure 124 to Measure 125.

In 2015 following a budget shift approved by the commission on the 16th of November 2015, savings registered from concluded projects, which add up to €16,382.65 (EAFRD part), were transferred to M125. This modification was made in order to make efficient use of available funds. The demand under Measure 125 justified the need to transfer unutilised funds from Measure 124, for which, no new calls were envisaged, hence this transfer reduce the risk of unutilized funds. Therefore, as at end 2015, the total budget allocated towards M123 amounted to €427,569, with an EAFRD contribution €320,676.75.

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. These projects have now been concluded.

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.

When taking into consideration both calls, as at end 2015 the total number of contracted beneficiaries adds up to 6, with a total contracted amount of €427,568.80. Disbursements till end 2015 add up to €250,505.11 with an EAFRD contribution of €187,879.13. From these six beneficiaries 3 were contracted from dairy sector operators, and 1 each from the wine, fruit and vegetable and carob sector. All beneficiaries are established organisations or cooperatives in their field.

As at end 2015, indicator values were as follows:

	Indicator	Target ⁹¹	Value	Execution Rate
Output	Number of cooperation initiatives supported	5	4	80%
Output	Volume of investment	€712,615	€417,509 ⁹²	55.7%
Result	Increase in gross value added in supported holdings/enterprises	€68,622	€71,856	104%
Result	Number of holdings/enterprises introducing new products or technologies	10	8	80%
Impact	Net additional value added expressed in PPS	PPS 63,751	PPS 112,670	6,938%
Impact	Change in gross value added per full time equivalent	0.2% €22	13.9% €2,004	9,109%

Table 19 – M124 Indicator values as at end 2015

As at end 2015, all six projects were completed, however 2 of the beneficiaries did not submit all claims within the stipulated deadline, whilst some claims were pending clarifications due to difficulties encountered in the implementation of the project. Hence also to ensure proper and thorough checks disbursement for these two projects was not claimed from the RDP 2007-2013. Consequently, the financial progress on beneficiary level can be assessed as moderate, with significant variation over the individual projects.

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.

Since 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.

Out of the 6 beneficiaries contracted, 4 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 implemented by the milk producers cooperative which targeted feeding efficiency. The beneficiary 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

⁹¹ Targets were changed following a request for modification submitted in September 2014 AND June 2015. Modifications were approved by the Commission in January 2015 and November 2015.

⁹² The indicator value has been calculated on the basis of disbursements as end 2014, taking into account 60% aid intensity applicable for the measure. No disbursement in 2015.

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.

The interviewed beneficiaries implemented research projects with no direct market connection. One project aimed at increasing feed efficiency in dairy sector and thus contributing to reduction of costs and increasing income of milk farms. The other project targeted development of production techniques with exploring innovative product opportunities for an indigenous Maltese grape variety. The latter project does not result in direct economic benefits, new production techniques are in experimental stage, but foreseen to be applied from the next harvesting season. According to the beneficiary, market opportunities and adaptation of production to market requirements will be subject to continued research.

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. In 2014, a third restricted call was issued under this Measure, again targeting the upgrading of rural roads. This call was issued by the Managing Authority.

Eligible investments under the first call were 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, installed smart water meters on private, agricultural, groundwater boreholes. Additionally, one pipeline was constructed in the northern part of Malta. This pipeline shall lead treated sewage effluent from sewage treatment plants to agricultural areas. 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. The use of treated sewage effluent will reduce reliance on this limited supply of fresh water.

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. Farmers rely on the extraction of groundwater for irrigation purposes. 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 under M125 are granted 90% of the total eligible expenditure while the beneficiary shall provide the remaining 10% of the eligible investment. 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.

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
Total	36

Table 20 – 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 this expression of interest, eligibility of roads was evaluated and later on, the LAGs issued calls for applications. Final results were issued in the final quarter of 2013 and first quarter of 2014. Several contracts were signed in 2014. All beneficiaries are Local Councils, however the ultimate individuals benefitting from this Measure will be the farmers who will have better access to their holdings.

LAG	Number of Applications	Successful Applications
Majjistral Action Group Foundation	17	8 ⁹³
GAL Xlokk	14	8 ⁹⁴
Gozo Action Group Foundation	14	7
Total	45	23

Table 21 – M125 No of applications received by the three LAGs

Under this call, each application was capped at €30,000 (excluding VAT). The RDP 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 was available under this Measure.

Twenty two contracts were signed in 2014, seven through Gozo Action Group Foundation, eight through GAL Xlokk Foundation⁹⁵ and seven through Majjistral Action Group Foundation⁹⁶. The total amount committed under the three Local Action Groups ads up to €585,753. The actual amount disbursed was that of €280,060 the difference between the contacted amount and the amount disbursed was due to a number of contact withdrawers and savings in the projects.



Figure 2 – Road resurfacing by Marsascala Local Council, contracted through GXF

The third call for Measure 125 Action type 4 was launched by the Managing Authority on 9th September 2014, closing on 30th September 2014. Transport Malta was the only applicant following this restricted call. The application was evaluated throughout October and provisional results were issued on 28th October,

⁹³ One applicant did not sign the contract even though his application was successful, whilst another withdrawn his contact

⁹⁴ Three of the contracts signed through GAL Xlokk Foundation were withdrawn in 2015.

⁹⁵ Three of the contracts signed through GAL Xlokk Foundation were withdrawn in 2015.

⁹⁶ One of the beneficiary withdrawn his contact in 2015

while final results were published on 7th November 2014. The total original project cost added up to €6.6million, however the Managing Authority reserved the right to increase the grant allocated towards this project. In fact in 2015 the MA increase the total project cost to € 11,376,111.11 with an aid intensity of 90% from the RDP and 10% financed by the beneficiary. Therefore, the grant amount added up to € 10,238,500.00. Through this project, several rural roads, adding up to about seventy eight were resurfaced.

In view of this new call under M125, in 2014 the MA made several budget shifts towards this Measure. Whilst in 2015 in order to make efficient use of available funds and reduce the risk of unutilized funds, savings from other measures were shifted to M125. The following table summarises the funds reallocated from various measure towards M125 in 2014 and 2015.

From	To	EAFRD part
<u>M115</u>	<u>M125</u>	<u>€75</u>
<u>M123</u>	<u>M125</u>	<u>€602,741.27</u>
<u>M124</u>	<u>M125</u>	<u>€412,940.75</u>
<u>M132</u>	<u>M125</u>	<u>€1,658.49</u>
<u>M142</u>	<u>M125</u>	<u>€555,750</u>
<u>M323</u>	<u>M125</u>	<u>€1,829,303.05</u>
<u>M111</u>	<u>M125</u>	<u>€111,762</u>
<u>M124</u>	<u>M125</u>	<u>€16,382.65</u>
<u>M123</u>	<u>M125</u>	<u>€69,248.08</u>
<u>M132</u>	<u>M125</u>	<u>€1,116.04</u>
<u>M142</u>	<u>M125</u>	<u>€9,750</u>
<u>M323</u>	<u>M125</u>	<u>€372,549.32</u>

Table 22 – Budget shifts towards M125

As at end 2015, the total budget allocated towards this Measure adds up to €10,511,036 with an EAFRD contribution of €7,883,276.25. By end 2015 a total of €15,467,712.73 were contacted with an over commitment of €5,104,675.16, whilst the amount of €14,432,739 had been disbursed, with an EAFRD contribution of €10,824,554.25. This over commitment was partially covered by savings generated by the other Axis 1 measures.

As at end 2015, indicator values were as follows:

	Indicator	Target ⁹⁷	Value	Execution Rate
Output	Number of operations supported	25	34	152%
Output	Total volume of investment	€11,678,929	€16,036,840	137%
Result	Increase in gross value added in supported holdings/enterprises	0% ⁹⁸ 0	0 ⁹⁸	n/a
Impact	Net additional value added expressed in PPS	0 ⁹⁸	0 ⁹⁸	n/a
Impact	Change in gross value added per full time equivalent	0% ⁹⁸ 0	0 ⁹⁸	n/a

Table 23 – M125 Indicator values as at end 2015

The project which was implemented by Transport Malta is related to Action Type 4, 'Infrastructure related to the development and adaptation of agriculture'. The Maltese agricultural sector is threatened by an increase in land abandonment due to limited accessibility and land fragmentation. The aim of this project is to improve accessibility to agricultural holdings to reduce the risk of land abandonment, improve farm management, and increase farm efficiency. Works include general site cleaning, demolition, earth works, road formation and resurfacing.



Figure 3 – Three of the rural roads which will be resurfaced through the 3rd M125 call

The road construction initiative is of high relevance since holdings which were not very accessible can now be accessed with more ease, using machinery which greatly helps farmers in the day to day running of the holding. The impact on competitiveness of the holdings is expected to be significant since holdings which might have been inaccessible and with a high risk of abandonment, can now be accessed. Additionally, better access to machinery and means of transportation will also facilitate the farmer's day to day work, including transportation of produce. This increases efficiency and improves time and farm management.

⁹⁷ Targets were changed following a request for modification submitted in September 2014. Modifications were approved by the Commission in January 2015.

⁹⁸ As all beneficiaries are public entities, no GVA increase is expected. Also, based on the case study conducted on the implementation of the measure, economic benefits might be realised on the long-run only, no change in GVA attributable to the implementation of M125 are observable in the course of the examination period.

The measure has contribute to the development of physical potential, particularly through the pipeline project. The construction of distribution network for treated sewage effluent is a major improvement for environmentally sustainable irrigation of utilised agricultural land. In terms of water management, the pipeline project is of high relevance since efficient water management is very important for the local agriculture sector, therefore it is expected to significantly contribute to long-term sustainable economic operation of holdings. The construction of the pipeline has increase the use of treated sewage effluent for irrigation to reduce extraction of groundwater resources.

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 gives added value to agricultural produce 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 2015, 4 beneficiaries were contracted, for a total of €7,895.63. By the end of December 2015, €2,966 had been disbursed, with an EAFRD contribution of €2,225.

As at end 2015, indicator values were as follows:

	Indicator	Target ⁹⁹	Value	Execution Rate
Output	Number of supported farm holdings participating in a quality scheme	3	4	100%
Result	Value of agricultural production under recognised quality label/standards	€18,185	The production is not market oriented, no financial data regarding the value of the agricultural production under recognised quality label is available. No associated economic impacts were identified. ¹⁰⁰ 0%	
Impact	Net additional value expressed in PPS	due to the nature of the supported projects (non-market oriented production), no increase is envisaged		
Impact	Change in gross value added per full time equivalent	due to the nature of the supported projects (non-market oriented production), no increase is envisaged		

Table 24 – M132 Indicator values as at end 2015

⁹⁹ Targets were changed following a request for modification submitted in June 2013 and June 2015. Modifications were approved by the Commission in October 2013 and November 2015.

¹⁰⁰ Based on semi-structured interviews conducted with each of the beneficiaries.

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.

In view of the limited success of this Measure and the fact that the MA does not intent to launch any additional calls, the uncommitted budget under this Measure, amounting to €2,211.32 (EU part €1,658.49), were transferred to M125. Therefore, as at end 2014, the total public budget allocated towards this Measure amounted to €9,383.68. In 2015 following another budget shift approved by the commission, whereby the amount of €1488.05 (EU part €1,116.04) was transferred to M 125 the total public budget allocated towards this Measure amounted to €7895.63.

The support allocated towards this measure was 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 led to limited progress. All of the four beneficiaries are individual farmers managing a small agricultural area.

The revenue generating potential was 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, the gross value added and net value added indicator values are very moderate for this Measure.

In 2013 the Agriculture Directorate started working on the introduction of a new national framework for food quality schemes in view of the 2014 – 2020 programming period. SWOT analysis indicated 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. Marketing and quality assurance were identified as major areas for development in the SWOT analysis for the 2014-2020 Programme, in order to secure a sustainable future for agriculture and rural areas in Malta. The analysis identified a wide range of areas requiring action, including: Storage and packaging facilities; Small scale processing space; Marketing, short supply chains and sales infrastructure; Quality assurance systems and traceability.

This limitation will be remedied following the establishment of the 'Products of Quality' National Scheme, following the publication of LN 467 of 2014.¹⁰¹ In 2014 Malta established the first National Quality Scheme of its own. By the end of 2014 the Department of Agriculture with the assistance of the Mediterranean Agronomic Centre of CIHEAM, Bari, Italy developed the necessary regulatory documentation and published the Legal Notice 467 of 2014 – " Establishment of Products of Quality – National Scheme Regulations" (Subsidiary Legislation 427.90 on the Establishment of the 'Products of Quality' National Scheme Regulations).

¹⁰¹ LN 467 of 2014 can be downloaded from this link:

<http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=12267&l=1>

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 was in the 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 2015, indicator values were as follows:

	Indicator	Target ¹⁰²	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 25 – M133 Indicator values as at end 2015

Since there were no applications and consequently no beneficiaries under this Measure, 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 first Pillar of 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 rent of office space, purchase of office furniture, computer hardware and other office equipment. Eligible expenses shall also include preparatory costs for the establishment and recognition of the PG such as legal fees, together with operating costs such as manager and administrative staff salaries.

¹⁰² Targets were changed following a request for modification submitted in June 2013. Modifications were approved by the Commission in October 2013.

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. 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*.

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. The contract with the poultry PG was never signed since its PG status was revoked. The contract with the rabbit PG was signed, however, this contract was withdrawn in 2015.

Therefore, by end 2015, 2 beneficiaries were contracted for a total of €535,000 but one of the contracts was withdrawn in 2015, hence the contracted amount when down to €236,000.00. Disbursements add up to €236,000, with an EAFRD contribution of €177,000. In 2015 following a budget shift the amount of €9,750 (EAFRD part) was transferred to measure M125; hence total budget allocation for Measure 142 amounted to €236,000. This modification was proposed in order to make efficient use of available funds. The demand under Measure 125 justified the need to transfer unutilised funds from Measure 142, for which, no new calls were envisaged.

The MA has noted that the concept of Producer Groups is not operating as successfully as it was planned. Some members of such organisations have had negative experiences with the management of past 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 was rather limited.

As at end 2015, indicator values were as follows:

	Indicator	Target ¹⁰³	Value	Execution Rate
Output	Number of supported producer groups	1	1 ¹⁰⁴	100%
Output	Turnover of supported producer groups	€1,950,000	€2,312,301	119%
Result	Number of farms entering the market	4	0 ¹⁰⁵	0%
Result	Increase in gross value added by supported producer groups	€149,750	As the producer group comprises farms already	

¹⁰³ Targets were changed following a request for modification submitted in September 2014. Modifications were approved by the Commission in January 2015

¹⁰⁴ Two beneficiaries were contracted but one of the contracts was withdrawn in 2015

¹⁰⁵ According to beneficiary interview, all members of the producer group have been present in the market prior to the intervention

Impact	Net additional value added expressed in PPS	PPS 139,119	
Impact	Change in gross value added per annual work unit	0.2% €23	present in the market, the economic performance of the supported farms cannot be clearly linked to the producer group. However, the activities of the producer group are expected to result in positive economic effects on medium and long term. ¹⁰⁶

Table 26 – M142 Indicator values as at end 2015

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.

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 28% 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. Eight calls have been launched so far, one every year, since the launch of the RDP.

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

¹⁰⁶ The producer group is engaged in multiple activities, such as control of grape production for quality wines, dissemination and marketing activities and organization of information courses for farmers.

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 9th request period was launched between June and October 2014 and payment claims related to this request were received between the 15th of March and 15th of June 2015. 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 and 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 eligible under Measure 212. Therefore all beneficiaries of the Single Payment Scheme, who have the minimum size holding, are eligible to apply for Measure 212. For an applicant to be eligible under this Measure:

- The holding must have a minimum area of 1 tumolo
- Applicant must be registered on the ARPA Farmer's Registry
- Applicant must observe the baseline cross compliance requirements which include SMRs and GAEC.
- Applicants must maintain the holding for a minimum of five ears

Out of the 12,529¹⁰⁷ holdings in Malta 5,823 (46%) 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, 8,484ha are committed under Measure 212. This high proportion (74%) also indicates that the LFA scheme is very popular among Maltese farmers.

The wide coverage of the Measure has helped 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 ARPA 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 ARPA 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 2015, a total of nine 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.

¹⁰⁷ Source of data: Agriculture Census 2010, National Statistical Office for Malta

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. 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 applications. The 7th call was launched between 18th March and 15th May 2013. Following this call 5,854 payment claims were received, out of which 680 were new applications. The 8th Call was launched between 20th March and 15th May 2014. Following this call 5,918 payment claims were received, out of which 78 were new applications.

For the 9th call payment claims were received between 15th of March and 15th of June 2015. Following this call 4,112 payment claims were received, however no new applications were submitted. The total number of beneficiaries paid was 4486: this includes 350 beneficiaries from previous campaigns which were paid in 2015, following controls carried out by the Control Unit 3985 beneficiaries from the 2015 campaign were paid in 2015. The total area committed was 6,845.5781 ha.

The original total financial allocation for this Measure amounted to €14,500,000. However in 2013, a budget transfer was carried out in favour of this Measure, from Measure 214 to Measure 212, increasing its budget to €15,500,000. Another budget transfer in favour of this Measure was carried out in 2014, where €500,297 (EU Part) were transferred from M323 to M121, whilst in 2015 the amount of €1,224,396 (EU part) were transferred from M123 to M212. As at end 2015, the total budget allocated towards this measure adds up to €17,655,867, with an EAFRD contribution of €14,124,693.60. The EU co-financing rate for this Measure is 80%. As at end 2015, €17,577,206.72 were committed. The total disbursements amounts as end 2015 ads up to €17,577,206.72 with an EAFRD contribution of €14,061,765.37. For Measure 212, the total amount claimed in 2015 was €1,590,872.28. Following checks, €1,566,882.24 were paid, with an EAFRD contribution of €1,253,505.79.

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 environmental 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 an improved maintenance of natural and historical features on farmland.

As at end 2015, indicator values were as follows:

	Indicator	Target ¹⁰⁸	Value	Execution Rate
Output	Agricultural land area supported in areas with handicaps, other than mountain areas	8,500ha	8,484ha	99.8%
Output	No. of supported holdings in areas with handicaps, other than mountain areas	6,000	5,823	97.1%
Result	Area under successful land management contributing to:	195 ha	479 ha	246%
	(a) bio diversity			
	(b) water quality	202 ha	497 ha	246%
	(c) climate change	0 ha	292 ha	n/a
	(d) soil quality	303 ha	454 ha	150%
	(e) avoidance of marginalisation and land abandonment	170 ha	155 ha	91%
Impact	Change in trend in biodiversity decline	no decline regarding the population of farmland bird species, and effective control of trapping and hunting activities	Farmland Bird Index 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	Compared to the baseline value, a general positive trend can be observed in terms of land utilisation in Malta (10,149 ha in 2001 and 11,450 ha in 2015). However, the rate of land abandonment among beneficiaries slightly exceeded the target value (1.8%) during the observed time period. ¹⁰⁹	
Impact (s)	Maintenance of HNV farming and forestry areas	no more than 1% loss of HNV farming and forestry areas	2% loss of HNV areas ¹¹⁰	n/a

Table 27 – M212 Indicator values as at end 2015

¹⁰⁸ Targets were changed following a request for modification submitted in June 2013. Modifications were approved by the Commission in October 2013.

¹⁰⁹ Note: Based on interim data, the indicator is likely to be updated during the ex post evaluation due in the second half of 2016.

¹¹⁰ The value of the indicator is likely to be updated in the course of the ex post evaluation due to on-going reconciliation of available data regarding HNV areas. Note: If HNV area is compared to the total area in 2008 and 2015, a 2% increase can be observed (from 9% to 11%).

The impact of Measure 212 is highly interwoven with the effects of other area or entitlement based agricultural support schemes. The compensations are expected to increase the number of farmers that maintain their agricultural land use due to the 5 year commitment that restrict them from giving up their farming activities.

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 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.

On the Spot Control

Objective

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

Methodology

The Control Unit conducted on-the-spot checks on applications submitted under the Less Favoured Area Measure.

The total number of on-the-spot checks carried out on eligible applications (4163) received during the call for payment claims for the year 2015 that was opened on the 15th of March and closed on the 15th May 2015 (with an extension to 15th June), were 208, selected on the basis of a 5% sample in accordance with Article 32 of Commission Implementing Regulation (EU) No. 809/2014. The control sample was controlled through rapid field visits and photo interpretation of 2015 VHR images.

In accordance with Article 34(3) of Commission Implementing Regulation (EU) No. 809/2014, the control sample was selected according to the following criteria;

Random	20 %
Risk analysis	80 %

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 8th call for applications were received between 15th March and 15th June 2015. The total number of payment claims received was of 1,010. The total number of beneficiaries paid was 1301 this includes beneficiaries from previous campaigns which were paid in 2015, with a total request of €2,498,656.21. Following checks, €2,454,702.65 were paid, with an EAFRD contribution of €1,963,762.12. The total area committed was of 1014.7225 ha.

Further payments were carried out under sub-Measure 10, Support for the Conservation of Genetic Resources in Agriculture, added up to €1,921,946.11, with an EAFRD contribution of €1,537,556.89. Therefore, in total under Measure 214, €2,454,702.65 were paid in 2015, with an EAFRD contribution of €1,963,762.12. As at end 2015, the total amount paid under M214 adds up to €9,655,581.78, with an EAFRD contribution of €7,724,465.42

The majority (69%) of the funds for M214 have 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. These two measures are by far the most popular ones among the beneficiaries. Among the less popular initiatives, 4% of the commitments were related to sub-measure 6 and 6% for Package 2. Payments for beneficiaries under AEM 9 add up to 5%. The other sub-measures were relatively insignificant in terms of their proportion of the total expenditures.

Although the number of beneficiaries is relatively large, the amounts claimed are 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.

Organic farming has low uptake, with commitments of less than 1% of the total funds committed. 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 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 2015	New Area (ha) Committed by sub-Measure	Amount Requested (€) prior to controls by new applicants	Total number of applications by sub-Measure active as at end 2015	Total Area (ha) Committed by sub-Measure as at end 2015	Total Amount (€) Requested by all applicants as at end 2015	Total Amount (€) Requested after Controls as at end 2015
1	Use of environmentally friendly plant protection products in vineyards	0	0	0	15	17.70	19,147.60	19,147.60
2	Traditional cultivation of sulla through crop rotation	0	0	0	0	0	0	0
3	Low input farming	0	0	0	765	1,030.28	1030802.78	1019359.87
4	Suppression of use of herbicides in vineyards and fruit orchards	0	0	0	268	232.10	210,423.12	209,775.98
5	Establishment and maintenance of conservation buffer strips	0	0	0	0	0	0	0
6	Conservation of rural structures providing a natural habitat for fauna and flora	0	0	0	99	74.74	67,205.97	63,019.84
7	Provision of healthy forage area for bees	0	0	0	33	18.27	19,620.67	18,077.84
8	Organic farming	0	0	0	2	7.67	8,779.88	8,779.88
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	11.6	39,120.80	39,120.80
9.2	Conservation of endangered plant species	0	0	0	80	52.04	55873.03	54,665.79
Pak 1 (AEM 2&3)	Support for traditional cultivation of sulla through crop rotation and Support for low input farming	0	0	0	0	0.19	103.72	103.72
Pak 2 (AEM 1&4)	Support for reduced use of plant protection products in vineyards and Support to suppress the use of herbicides in vineyards and fruit orchards	0	0	0	38	47.47	79010.52	78383.61

Table 28: The nine sub-Measures for Measure 214

As at end 2015, indicator values were as follows:

	Indicator	Target ¹¹¹	Value	Execution Rate
Output	Number of farm holdings supported	2,241	1,907	85.1%
Output	Total area under agri-environment support (ha)	5,486	1,478.21	26.9%
Output	Total number of contracts	6,096	5,538	90.8%
Output	Physical area under agri-environment support (ha)	2,017	1,478.21	73%
Result	Areas under successful land management contributing to:		479 ha	246%
	(a) biodiversity (ha)	195		
	(b) water quality (ha)	202	497 ha	246%
	(c) climate change (ha)	0	292 ha	n/a
	(d) soil quality (ha)	303	454 ha	150%
	(e) avoidance of marginalisation and land abandonment	40	155 ha	388%
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	Less than 5% loss of HNV area	2% loss of HNV areas ¹¹²	n/a
Impact	Changes in gross nutrient balance	40kg N/ha less (target: 80kg N/ha)	The estimation of the indicator value is in progress, judgment will be provided as part of the ex post evaluation of the programme.	
Impact	Contribution to combating climate change – Increase in production of renewable energy	Improved soil protection by at least 25% of beneficiaries	1,956,981 kW·h yearly	n/a

Table 29 – M214 Indicator values as at end 2015

¹¹¹ Targets were changed following a request for modification submitted in June 2013. Modifications were approved by the Commission in October 2013.

¹¹² The value of the indicator is likely to be updated in the course of the ex post evaluation due to on-going reconciliation of available data regarding HNV areas. Note: If HNV area is compared to the total area in 2008 and 2015, a 2% increase can be observed (from 9% to 11%).

	Indicator	Target	Value
Output	Physical area under organic farming	6ha	7.67ha
Output	Number of contracts related to maintenance of endangered breeds and varieties	498	377
Output	Number of conservation projects related to genetic resources	1	1
Impact	Contribution to combating climate change – trough soil and tree planting	Trough increasing soil organic matter and carbon sink capacity	n/a

Table 30 – M214 Indicator values as at end 2015

On-the-Spot Control

Objective

The controls were carried out to ensure effective verification of compliance with the terms specified in Commission Regulation (EU) No 65/2011 and 1122/2009.

Methodology

The Control Unit conducted on-the-spot checks on applications submitted under the M214.

The total number of on-the-spot checks carried out on eligible applications (1274) during the payment claims period for the year 2015 that was opened on the 15th of March and closed on the 15th May 2015 (with an extension to 15th June), were 117 selected on the basis of 9% random/risk sample in accordance with Article 32 of Commission Implementing Regulation (EU) No. 809/2014.

The control sample was controlled through on-the-spot checks and area updated through 2015 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 34(3) of Commission Implementing Regulation (EU) No. 809/2014, the control sample was selected according to the following criteria;

Random	20-25 %
Risk analysis	75-80 %

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

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

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.

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 applicant decided to withdraw the application. Following an addendum the contracted value amounts to €2,263,217.93.

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 financed 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 was 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 project was finalised in 2015. As at end 2015, €2,256,127.11 have been disbursed, with an EAFRD contribution of €1,804,901.68. In view of its dimension and importance, the MA closely monitored this project through frequent bilateral meetings and site visits.

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 and 2014, and 2015 MA reallocated savings to Axis 1 investment measures, as a result of which Axis 3 budget decreased to 26.7%.

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 two by the Local Action groups, in 2011 and 2013. The third call was also issued by the LAGs to use 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 and in view of this, the measure budget was increased 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 313 to a total allocation of €14,443,956. A further budget transfer was carried out in 2012, from Measure 341 to Measure 313. The total budget allocated towards this Measure is €14,575,356. This transfer of funds enabled the contracting of 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 application before they were contracted. 2 beneficiaries that were already contracted requested to withdraw their projects in 2011 thus, reducing the number of contracted beneficiaries to 20.

As at end 2015, twenty beneficiaries were contracted and the contracted amount adds up to €9,826,617. The contracted amounts have increased over the past year since a number of beneficiaries have requested additional funds due to unforeseen expenses or to finance additional complementary components which were needed to complete the projects.



Figure 4 – M313 Għargħur Local Council project

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 five from the private sector. The applications were evaluated by the LAGs together with their Technical Experts and ranked by their respective Decision Committees. At end 2015 the number of contracted beneficiaries was as follows: 5 beneficiaries from the Xlokk LAG (6 contracts had been signed, 1 was withdrawn), 5 beneficiaries from the Gozo region (6 contracts had been signed, 1 was withdrawn) and 3 beneficiaries from the Majjistral Region.

As at end 2015, the total number of beneficiaries contracted through Local Action Groups following the second call added up to 13. The contracted value adds up to €3,663,139.



Figure 5 – Mtarfa Local Council M313 project, contracted through MAGF



Figure 6 – Marsascalea Local Council project, contracted through GXF

Third Call – 2013

Due to the availability of unutilised funds following the 1st LAG 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 second call; 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/geomorphologic 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.

Gozo Action Group Foundation received 10 applications, 7 of which were considered eligible. 1 application was deemed unsuccessful while the other 2 were ineligible. Results were issued in December 2013 and beneficiaries were contracted in 2014.

Majjistral Action Group Foundation received 8 applications, all of which were deemed eligible and 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 31 – Number of applications received by LAGs Third Call

The total amount contracted through the third call adds up to €1,708,255 which is divided among 15 beneficiaries.

Therefore, as at end 2015, 28 beneficiaries had been contracted through the three LAGs (second and third calls) benefiting from €5,371,394 worth of funding.

Call	Number of beneficiaries	Amount contracted
First call (central)	20	€9,826,617
Second call (LAGs)	13	€3,663,139
Third call (LAGs)	15	€1,708,255
Total	48	€15,198,011

Table 32 – Summary of the three M313 calls

This measure was overcommitted however savings in a number of projects balanced this differences.

Out of 48 projects as at end 2015, 43 projects were implemented by public sector organisations. 39 projects are being implemented by Local Councils, 1 project, by the Ministry for Gozo (Walks and trails on rural Gozo), 1 by MSDEC aiming at investing in Dingli cliffs' touristic potential, 5 by private entities, 1 project by the Malta Tourism Authority¹¹³ (Malta goes rural) and 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 39 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 four actions). Evidence collected through a beneficiary 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.

The amount contracted under this measure is of €15,579,234.35. By end 2015, €14,729,154.27 of Public funds were disbursed, with an EAFRD contribution of €11,046,865.70.

¹¹³ Classified as 'public equivalent organisation'

As at end 2015, indicator values were as follows:

	Indicator	Target	Value	Execution Rate
Output	Number of new tourism actions supported	60	104	173%
Output	Total volume of investment	€14,872,812	€15,421,600	103.6%
Result	Increase in non-agricultural gross value added in supported businesses	1.5% € 3,720	€979 ¹¹⁴	26%
Result	Gross number of jobs created	53	28	54.7%
Result	Additional number of tourist visits	24,800	246,395 ¹¹⁵	1,007%
Impact	Net additional value added expressed in PPS	PPS 5,597	PPS 2,858 ¹¹⁶	51%
Impact	Net additional full-time equivalent jobs created	59	22 ¹¹⁷	37%

Table 33 – M313 Indicator values as at end 2015



Figure 7 – M313 Kirkop Local Council project

¹¹⁴ The value is subject to revision in the ex post evaluation, based on the detailed project closure reports.

¹¹⁵ Based on NSO data for 2012-2014 for Malta.

¹¹⁶ GVA multiplier in the tourism sector, assuming that all support is targeted at tourism sector: 2.35.

¹¹⁷ The higher value of this impact indicator, when compared to Result Indicator 'Gross number of jobs created' is caused by the multiplier effect, i.e. the FTE jobs created indirectly (1.45 multiplier).

Due to the nature of M313 projects, especially since most projects were implemented by public entities, this Measure did not have a major impact in the field of job creation. A significant share of the projects did not expected to generate income for the project owner. 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. Such projects will attract inland and foreign tourists, and thus have indirect economic effects. They will also contribute to the aesthetic value of rural areas and lead to a better quality of life for visitors and residents.

The value presented for result indicator 'Gross number of jobs created' is based on the closure report submitted by the beneficiaries. Significant positive effect have been reported in case of 2 projects implemented by Birdpark Malta, with 8 jobs created and WasteServ Malta Ltd with 9 jobs created. In Addition 3 projects implemented by Local Councils generated 7 jobs, whilst another two projects generated 2 jobs. Results under the indicator for gross number job created has been moderate since the majority of projects implemented under this measure were projects implemented by Local Councils, which have had very moderate contribution to employment increase, i.e. creation of part-time maintenance jobs.

Results indicate that the programme has had a limited impact on promoting employment opportunities in rural areas. Based on the closure reports and figures reported in surveys and case studies projects under this measure have had a minor impact on local labour markets, and especially on the labour market in the touristic sector. However 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.



Figure 8 – Signposting around Naxxar, part of a heritage trail implemented by Naxxar Local Council

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. A further budget shift was carried out in 2014, where €2,329,600 (EU part) were transferred from M323 to M125 (€1,829,303.05 EU part) and M212 (€500,297.60 EU part). Therefore, the budget allocated towards this Measure in 2014 was €12,762,768. In 2015 following another budget shift from M323 to M125 of €372,549.32 (EAFRD part) the budget allocation for Measure 323 was further reduced to €12,266,036.

The total number of contracted beneficiaries under this measure amounts to seventeen: one of the beneficiaries withdrew its contract in 2011. The total amount contracted as at end of 2015 amounted to € 13,222,624.08. As at end 2015, a total of € 12,993,725.39 were disbursed, with an EAFRD contribution of €9,745,294.04.

Projects under Measure 323 consist of operations oriented towards the provision of improved rural surroundings for the general public. Out of the sixteen beneficiaries contracted, twelve are Local Councils, covering an area of 67.21km² and a total population of 50,869. Out of these, seven localities are found in Malta (covering a surface area of 46.62km² with a population of 44,753) and five in Gozo (covering a surface area of 20.79km² with a population of 6,116). The remaining five beneficiaries contracted are Government 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, include the development of leisure and historic parks, restoration and upgrading of rural heritage and investing in other associated actions (e.g. cleaning facilities).

Eight of the sixteen projects are integrated projects, financed through both Measures 313 and 323. Selection criteria rewarded this integrated approach an additional 12% (3% per actions, for a maximum of 4 actions). Evidence from beneficiary surveys, 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 developing the area's rural heritage tourism potential. Through this approach, 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 several projects were integrated. 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.

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

The 'Natura 2000 Management Planning for Malta and Gozo' project has two important components. The project 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.

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. The final draft management plans were presented by the contractor in April 2014.

As at end 2015, indicator values were as follows:

	Indicator	Target ¹¹⁸	Value	Execution Rate
Output	Number of rural heritage actions supported	17	34	200%
Output	Total volume of investment	€13,900,000	€19,581,030	140.87%
Output	Completed Natura 2000 management plans as a % of total Natura 2000 sites	100	100	100%
Result	Gross number of jobs created	8	26	213%
Result	Population in rural areas benefiting from improved services	192,442	192,442	100%
Impact	Net additional value added expressed in PPS	0	0 ¹¹⁹	n/a
Impact	Net additional full-time equivalent jobs created	9	25 ¹¹⁷	278%

Table 34 – M323 Indicator values as at end 2015

Based on information stemming from the 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. The majority of projects have had impacts on increasing the attractiveness of rural areas. 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 have also directly contribute to the improvement of rural landscape and embellishment of local villages.

Most of the projects supported include activities which improve access 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 has result in the establishment of management plans and legal provisions for all terrestrial Natura 2000 sites. 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.

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

¹¹⁸ Targets were changed following a request for modification submitted in September 2014. Modifications were approved by the Commission in January 2015.

¹¹⁹ None of the projects generates income directly.

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 four applications were submitted, one of which was found to be ineligible. The three 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 deliverables financed through this Measure had been finalised, with a disbursement of €308,437.93 and an EU part amounting to €231,328.45. The remaining funds were later reallocated to other Measures.

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.

This Measure was a very important one 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 to the formation of public-private partnerships and to the elaboration of Local Development Strategies. Studies were carried out on 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 successful in terms of capacity-building.

As at end 2015, indicator values were as follows:

	Indicator	Target	Value	Execution Rate
Output	Number of skills acquisition and animation actions	6	26 ¹²⁰	433%
Output	Number of participants in actions	30	1,390 ¹²¹	4,633%
Output	Number of supported public-private partnerships	3	3 ¹²²	100%
Result	Number of participants that successfully ended a training activity	25	27	108%

Table 35 – M341 Indicator values as at end 2015

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.

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)

¹²⁰ 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.

¹²¹ See above.

¹²² See above.

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 and contracts with the three Local Action Groups were signed in September 2010¹²³. 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 was carried out to 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 launch of Actions took off. Several contracts were signed in 2013-2015. At end 2015, GAL Xlokk had contracted about € 992,068 among 47 beneficiaries, MAGF contracted about € 1,457,801 among 49 beneficiaries, while GAGF contracted € 921,461 between 15 beneficiaries.¹²⁴

As end 2015 €2,925,704.49 had been disbursed, with an EAFRD contribution of €2,340,563.59.

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.

¹²³ These LDSs were revised and approved in 2015

¹²⁴ For more information regarding individual calls, please refer to Section G – LEADER and NRN.

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;
- 413.A3: Open Call for Voluntary Organisations (2nd call);
- 413.A5: Embellishment Projects;
- 413.A6: Cultural and Educational Activities, (1st and 2nd call);
- 413.A7: Community Support for Children.

Majjistral Action Group Foundation:

- 413.2: Support for Direct Marketing – Crafts Sector;
- 413.4: Development of 3 Distinctive products for the Majjistral Region;
- 413.7: Formation of Foundation of Territorial Rangers.
- Measure 313: Encouragement of Tourism Studies (2nd call).
- Measure 125: Infrastructure related to the development and adaptation of agriculture (1st and 2nd call).

Gozo Action Group Foundation:

- 413.2: Folk and Traditional Activities Support, (1st and 2nd call);
- 413.3: Craft Sector Support; 413.6: Events and Festivals.
- Measure 313: Encouragement of Tourism Studies (2nd call);
- Measure 125: Infrastructure related to the development and adaptation of agriculture (1st and 2nd call).

2014 Calls

Majjistral Action Group Foundation

- 413.6: Support Arts and Culture Organisation to Undertake Capital Projects, (2nd call), applications were received between 8th August and 22nd September 2014.

GAL Xlokk Foundation

- 413.A1B: Setting up of Tourist Hub, (1st call), applications were received between 24th January and 2nd February 2014, (2nd call), applications were received between 9th October and 10th November 2014;
- 413.A7: Community support for Children, (2nd call), applications were received between 27th June and 8th July 2014

Gozo Action Group Foundation

- 413.1: Promotion of Gozo as Distinct Destination, (1st call), applications were received between 17th July and 26th August 2014;

- 413.2: Folk and Traditional Activities Support, (2nd call), applications were received between 20th December 2013 and 20th January 2014, (3rd call), applications were received between 9th November and 6th December 2014;
- 413.4: Landscaping, (2nd call), applicants were received between 22nd May and 23 June 2014;
- 413.5: Signposting, (1st call), applications were received between 16th October and 13th November 2014;
- 413.6: Event and Festivals, (2nd call), applications were received between 1st April and 30th April 2014.

2015 Calls

Majjistral Action Group Foundation

- 413.6: Support Arts and Culture Organisation to Undertake Capital Projects (3rd Call) Application were received on the 13th of January and 12 February 2015

GAL Xlokk Foundation

- No new calls were made by GAL Xlokk in 2015

Gozo Action Group Foundation

- No new calls were made by GAL Xlokk in 2015

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

As at end 2015, indicator values were as follows:

	Indicator	Target ¹²⁵	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	275,906 ¹²⁶	106%
Output	Number of projects financed by LAGs	40	113	282.5%
Output	Number of beneficiaries supported	40	113	282.5%
Result	Gross number of jobs created	6	6 ¹²⁷	100%
Result	Number of successful training results	0 ¹²⁸	0	n/a

¹²⁵ Targets were changed following a request for modification submitted in June 2015. Modifications were approved by the Commission in November 2015.

¹²⁶ Total rural population in Malta, as at end 2014 (NSO).

¹²⁷ 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.

¹²⁸ The action financed under this measure were not related to the provision of training activities of any kind. Consequently, the target value was reduced to 0, following programme modification.

Impact	Net additional value added expressed in PPS	Not ¹²⁹ interpreted		
Impact	Net additional FTE jobs created	5	6	120%

Table 36 – M410 Indicator values as at end 2015

LAGs in Malta have a moderate level of autonomy in the decision-making process. They are authorised to allocate the resources freely within the given budget on the basis of actions planned in their Local Development Strategy. The project applications are evaluated and approved or rejected by the members of the Decision Committee 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. Representation of environmental groups could potentially be improved in order to increase the involvement of the environmental perspective in the decision-making.

The absence of solid regional identity has been identified. 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 the Xlokk region, there is a relatively high number of new and emerging industries and various 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.

Participatory decision-making, as an essential element of the LEADER approach, was implemented by the LAGs in general to a significant degree. LAGs can better understand the local needs due to the involvement of local actors in the development process. This has been identified by the LAGs as one of their most successful aspects. It has also led to the diversification of the local economy. Participatory decision-making overall has only influenced the consensus concerning local policies to a moderate degree, with Majjistral LAG assessing the effect of the governance structure to a greater degree, while the other two LAGs claiming to have witnessed lesser affect in that respect. In case of Xlokk, new interest groups have also emerged as a result of participatory governance structure.

Cross-sectoral cooperation proved to be of great importance in the LAGs. The greatest level of multi-sectoral cooperation was experienced during the selection of projects. Moderate level of cross-sectoral activities could be observed through project animation and the preliminary negotiations among interest groups. However, actors of the assisted activities have cooperated only at moderate level beyond LEADER.

LAGs have also established numerous external contacts. The main benefit of networking activities have been the exchange of information and methodologies. LAGs have participated in a number of international meetings, also for the purpose of knowledge sharing.

¹²⁹ Due to the nature and dimension of the supported projects and the fact that a significant proportion of the beneficiaries were public entities, this indicator is not to be applied for this measure.

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 were various eligible investments which could have been 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. As at end 2015, €116,705 had been disbursed, with an EAFRD contribution of €93,364.

GAL Xlokk participated in the project '*MeDIETerranea*', whose lead LAG was *Sulcis Iglesiasiente Capoterra e Campidano di Cagliari*. This transnational project aimed at promoting and enhancing the Mediterranean diet as a source of identity and culture. This project raised 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 participated in five activities:

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

Majjistral Action Group Foundation

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

Gozo Action Group Foundation

GAGF participated 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 developed 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 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 four 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.¹³⁰

As at end 2015, indicator values were as follows:

	Indicator	Target ¹³¹	Value	Execution Rate
Output	Number of supported cooperation projects	3	2 ¹³²	100%
Output	Number of cooperating LAGs	3	3	100%
Result	Gross number of jobs created	0 ¹³³	0 ¹³⁴	n/a
Result	Net additional full-time equivalent jobs created	0 ¹³⁵	0 ¹³⁶	n/a

Table 37 – M421 Indicator values as at end 2015

In the second half of 2014, MAGF and GXF participated in two events organised in the framework of the project by the Italian partners. The aim of these events was to exhibit local produce from each LAG area and facilitate the exchange of experience. Operators exhibiting products were selected via

¹³⁰ More information regarding this Measure can be found in Section G – LEADER and NRN

¹³¹ Targets were changed following a request for modification submitted in June 2015. Modifications were approved by the Commission in November 2015.

¹³² MAGF and GXF are participating in the same TNC project together with several Italian LAGs.

¹³³ Due to the nature of the cooperation projects implemented, no effect on jobs creation can be expected. Consequently following programme modification the target was reduced to 0.

¹³⁴ The nature of the implemented projects do not lead to job creation.

¹³⁵ Due to the nature of the cooperation projects implemented, no effect on jobs creation can be expected. Consequently following programme modification the target was reduced to 0.

¹³⁶ The nature of the implemented projects do not lead to job creation.

open calls, applicants were evaluated according to pre-defined criteria. Whilst in 2015 MAGF collaborating with other LAGs, including another Maltese LAG, GXF, to organise the project closing event held Malta. This event was organised on the 15 and 16 of May 2015, as a collaboration project between the two LAGs. The Majjistral and Xlokk LAG spent approximately 98.8 % of the allocated funds.

GAGF participated 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 has developed 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 be promoted as an integrated tourist offer, both at a regional and transnational level. As part of this project 'Network of Transnational Eno-gastronomic itineraries for the promotion of the Mediterranean cultural-food model', the Gozo Action Group Foundation organised a seminar in Gozo on the 20th July 2015 promoting the objectives of the project. The Gozo Action Group Foundation also published a booklet: TEINET- The Gozo Eno-Gastronomic Itinerary as part of this project. Due to late submission of claims, Funds allocated to the GAGF for this measure were only partially utilised only the amount of €5,752.34 was claimed from the RDP 2007-2013.

All three LAGs have engaged in international cooperation projects with multiple partners, mainly from Italy. Both projects targeted the promotion of local special or traditional produces, and builds on cooperation and networking with local enterprises and producers. The events and fairs organised in the framework of the MeDIETerranea project and the Network of Transnational Eno-gastronomic itineraries for the promotion of the Mediterranean cultural-food model'project created a good platform for networking, knowledge sharing and transfer of best practices for the local producers selected and attendees of these events.

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 and contracted in September 2010. Consequently, by end of 2010, a total of €777,174.39 were contracted. As at end 2015, a total of €777,174.39 were disbursed under this Measure, with an EAFRD contribution of €621,739.51.

As at end 2015, indicator values were as follows:

	Indicator	Target ¹³⁷	Value	Execution Rate
Output	Number of skills acquisition and animation actions	30	50	166.6%
Output	Number of participants in actions	n/a ¹³⁸		
Result	Number of successful training results	n/a ¹³⁹		

Table 38 – M431 Indicator values as at end 2015

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

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

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

¹³⁷ Targets were changed following a request for modification submitted in June 2015. Modifications were approved by the Commission in November 2015.

¹³⁸ Due to the difficulties regarding the interpretation of the additional output and result indicators, following a programme modification the previous targets were removed.

¹³⁹ Due to the difficulties regarding the interpretation of the additional output and result indicators, following a programme modification the previous targets were removed.

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.

Technical Assistance 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, for which the EAFRD contribution rate is 75%.

Technical Assistance enhances the capacities of the MA in fulfilling its duties in order to manage the Rural Development Programme. 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%. As at end 2014, 74% of the allocated budget has been disbursed. By end of 2015 the entire remaining budget was disbursed, with a 100% absorption.

In the first years 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. Significant projects which were paid through Technical Assistance in 2015 include the drafting and finalisation of the Partnership Agreement for the 2014 – 2020 programming period, harmonisation and enhancement of IT systems of different agencies, the ex-ante evaluation and strategic environmental assessment of RDP 2014-2020 and the drafting of the Rural Development Programme 2014 – 2020.

Significant projects which were paid through Technical Assistance in 2015 including, the ex-ante evaluation and strategic environmental assessment of RDP 2014-2020, harmonisation and enhancement of IT systems of different agencies, construction and finishing of the new Paying Agency building in Ghammieri. Publicity commitments such as payment of adverts to the Department of Information and other newspapers and training agencies were also paid during the financial year 2015, as well as hotel and conference centres were events related to RDP 2007-2013 were held.

As at end of 2015, the total public expenditure disbursed under Technical Assistance was that of €4,163,666.13 with an EAFRD contribution of €3,330,932.904. The funds were committed as follows:

- Preparation and programming – funding was utilised for activities required to maintain and run the National Rural Network including publicity materials and newsletters.
- Management and support – funds were allocated towards the running of the I.T system, upgrades and new functionalities to implement the CAP effectively, the provision of professional services and per-diem allowances to attend meetings abroad.
- Monitoring – funds were mainly allocated towards the organisation of the Monitoring Committee meetings and the service of professionals such as architects.
- Evaluation – financial support was directed towards contracting of professionals to undertake the necessary evaluations in accordance with EC regulations.

- Information – this section of TA was allocated for holding various seminars, printing and distribution of information material, publishing of advertisements in both in Maltese and English on national newspapers, and in the Government Gazette.
- Control/Restructuring - This section of TA was allocated for the Construction and finishing of the new Paying Agency Building

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 EAGF. 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, 2014 or 2015 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.

5. 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)

Throughout 2015, the main focus of programme implementation revolved around the disbursement of funds with only few contracts signed for applicants who had applied for funding in previous years. Most results had been issued in 2013, however, following reallocation of funds, withdrawal of a number of contracts and savings from concluded projects, more funds became available and beneficiaries who were on reserve lists could eventually be contracted in 2014 and 2015.

Measure 114, which was re-launched by the MA in October 2011, has remained opened up to June 2015. As in previous years, Measures 212 and 214 under Priority Axis 2 were re-launched as part of the Payment Claims Campaign. From the three Local Action Groups only MAGF launched an Actions as part of the implementation of its Local Development Strategies. The Actions launched by MAGF under M410 is:

LAG	Action	Call	Application Period
MAGF	413.6 Support Arts and Culture Organisations to Undertake Capital Projects	3 Rd	12/01/15 - 12/02/15

Table 39 – Calls issued by the Local Action Groups in 2014

As at end 2015, at programme level, there is an overall over-commitment of 9.6%, amounting to €111.2 million of public funds. This constitutes an additional uptake of 3.6% compared to the status as at end December 2014, when the over-commitment of 6%. With respect to commitment levels between the different Axes and Measures, the great differences observed in previous years have been reduced. All Axes were fully committed or over-committed, however, following savings in different measures by end 2015 €104.8 million were disbursed. In 2015, the MA carried out an exercise to identify the amount of savings from each Measure; hence a budget transfers between Measures was carried out in an attempt to absorb the entire budget. The following table graphically describes the progress of implementation as of 31 December 2015.

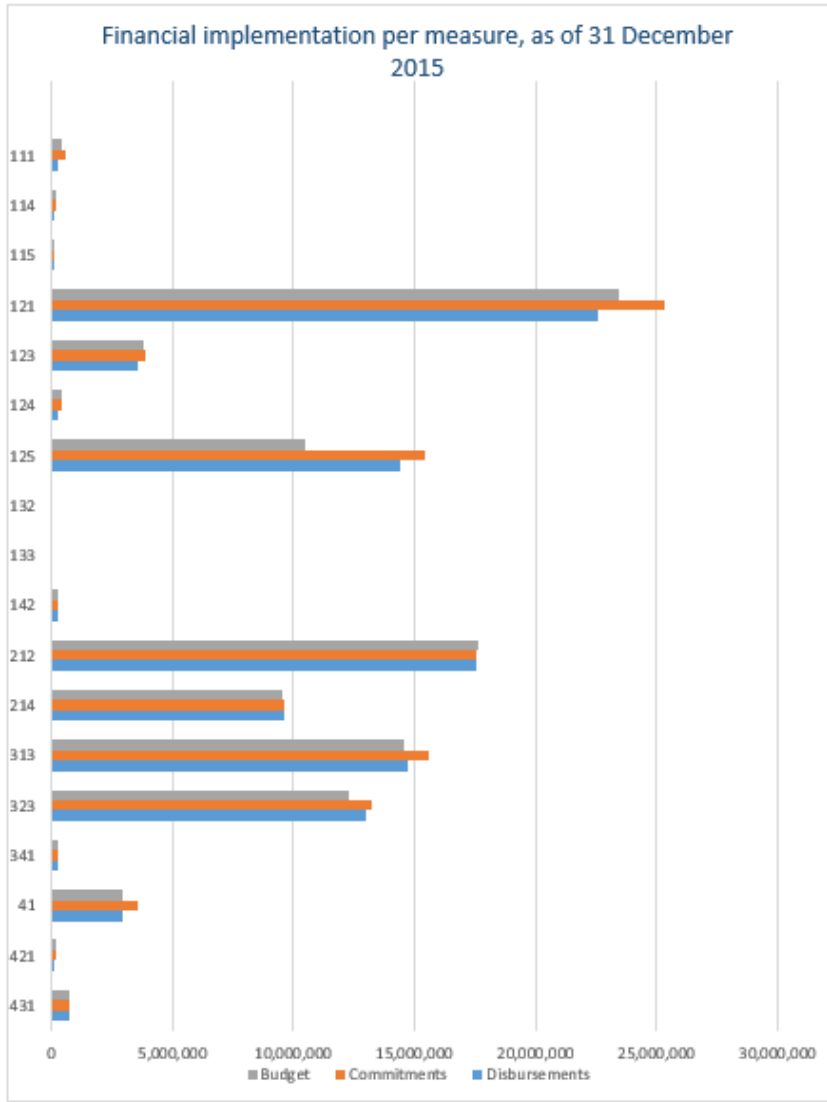


Figure 9 - Commitments and disbursements as compared to the allocated budget (data as of end 2015)¹⁴⁰

The table below represents the number of beneficiaries contracted in 2015, the number of beneficiaries who were paid in 2015 and the total budget allocation for each Measure as at end 2015¹⁴¹

¹⁴⁰ The budget for every Measure reflects the changes in budget allocations carried out through programme modifications in 2015.

¹⁴¹ See above.

Measure Number	Title Title of the Measure	Legal Basis	Total Beneficiaries Contracted in 2015	Total Number of Beneficiaries Paid in 2015	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	0	461,984
Measure 114	Use of advisory services	Article 20(a)(iv) and 24 of Regulation (EC) No 1698/2005	113	161	200,000
Measure 115	Setting up of advisory services	Article 20(a)(v) and 25 of Regulation (EC) No 1698/2005	0	1	99,900
Measure 121	Modernisation of agricultural holdings	Article 20(b)(i) and 26 of Regulation (EC) No 1698/2005	11	74	23,402,970
Measure 123	Adding value to agricultural products	Article 20(b)(iii) and 28 of Regulation (EC) No 1698/2005	0	8	3,829,890
Measure 124	Cooperation for development of new products, processes and technologies in the agriculture and food sector	Article 20(b)(iv) and 29 of Regulation (EC) No 1698/2005	0	0	427,569

Measure 125	Infrastructure related to the development and adaptation of agriculture	Article 20(b)(v) Article 30 of Regulation (EC) No 1698/2005	0	11	10,511,036
Measure 132	Participation of farmers in food quality schemes	Article 20(c)(ii) and 32 of Regulation (EC) No 1698/2005	0	0	7,895
Measure 133	Information and promotion activities	Article 20(c)(iii) and 33 of Regulation (EC) No 1698/2005	0	0	0
Measure 142	Setting up of producer groups	Article 20(d)(ii) and 35 of Regulation (EC) No 1698/2005	0	0	236,000
Measure 212	Natural handicap payments in other areas with handicaps	Article 36(a)(ii) and 37 of Regulation (EC) No 1698/2005	4,112	4,486	17,655,867
Measure 214	Agri-environmental payments	Article 36(a)(iv) Article 39 of Regulation (EC) 1698/2005	1,010	1,301	9,525,000
Measure 313	Encouragement of tourism activities	Article 55 of Regulation (EC) No 1698/2005	0	32	14,575,356
Measure 323	Conservation and upgrading of the rural heritage	Article 57 of Regulation (EC) No 1698/2005	0	5	12,266,036

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	42	63	1,115,000
Measure 421	Inter-territorial and transnational cooperation	Article 63 of Regulation (EC) No 1698/2005	0	3	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 40: Contracted and Payments issued per Measure and payments issued as at end 2015

The beneficiaries under M111 were contracted in 2011 and 2013, following calls for applications in the previous years. Training started in 2011 and continued throughout the following years. Two of the contracted beneficiaries received payments in 2015. Training sessions following the three contracts signed in 2011 have been concluded and an amount of savings have been recorded. These savings were used to honour new commitments under this Measure or transferred to other Measures under the same Axis.

One FAS Consortium was contracted in 2011, under Measure 115. A number of disbursements were carried out during the period under review, amounting to €6,540.68. The FASC continued its operations in 2015 and disbursements were mainly related to salaries and administrative running costs essential to everyday operations.

As at end 2015, the number of beneficiaries contracted under Measure 121 adds up to 363. Out of these, 274 were contracted following the first call and 89 following the 2nd call for applications, eleven of which were contracted in 2015. During the period under review, a substantial amount of payments were made, with seventy four distinct beneficiaries being paid a total of €4,036,788.76. As at end 2015, €25.2 million had been contracted, whilst the amount of €22,558,397 was disbursed.

As at end 2015, the total number of beneficiaries contracted under Measure 123 amounted to forty five, however two contracts were withdrawn in 2015, therefore by end 2015 there were 43 beneficiaries contracted. During the period under review, eight beneficiaries were paid a total of €351,394.45. Savings under this Measure were transferred to M125 and M212 which are overcommitted. The amount of €69,248.08 was transferred from M123 to M125 and the amount of €1,224,396.33 was transferred from M123 to M212.

A total of six beneficiaries have been contracted following two calls under Measure 124. In 2015 there was no disbursement under this measure. The amount of €16,382 (EAFRD part) in savings were transferred from this Measure to M125.

One beneficiary was contracted under Measure 125 in 2011 while an additional 23 beneficiaries were contracted in 2014, 22 of whom contracted through the Local Action Groups. Throughout 2015 the total payments under this measure amounted to €8,498,120. Since this Measure was overcommitted in 2015, savings under M111, M124, M123, M132, M142 and M323 were transferred to this Measure. The total amount transferred to M125 adds up to €580,808.09 (EAFRD part).

No new beneficiaries were contracted in 2015 under Measure 132 and there was no disbursement. Savings under M132 amounting to €1,116 (EAFRD part) were transferred to M125. No new beneficiaries were contracted under Measure 142 and there was no disbursement throughout 2015. In 2015 the amount of €9,750 (EAFRD part) was transferred from M142 to M125.

Under Measure 212, 4486 beneficiaries were paid for a total of €1,566,882.24. For Measure 214, 1,301 beneficiaries were paid a total of €2,45,702.65.

During 2015, no beneficiaries were contracted under Measure 313. Whilst thirty two distinct beneficiaries were paid under M313, for a total of €2,489,692.81. This Measure was also overcommitted, whilst the allocation for the measure was €14,575,356, the amount contracted was €15,579,234.35, however following savings generated within the measure disbursement amounted to €14,729,154.27.

No new beneficiaries were contracted in 2015 under Measure 323. Five distinct beneficiaries were paid a total of €254,074.25. In 2015 following another budget shift from M323 to M125 of €372,549.32 (EAFRD part) the budget allocation for Measure 323 was further reduced to €12,266,036.

No new beneficiaries were contracted under M421 and M431, however, under M421 €27,281.40 were disbursed while €125,763.51 were disbursed under M431. Savings under Axis 4 Measures amount to € 55,416.06.

Further progress was made under Measure 410: forty two contracts were signed and sixty three distinct beneficiaries were paid throughout 2015, the amount disbursed amounted to €2,134,555.17.

With respect to Technical Assistance, €1,256,523 were disbursed in 2015. This Measure was fully absorbed.

Cumulative Financial Scenario as at 31st December 2015

Priority Axis	Measure	Title of Measure	Funds (€) Allocated to Measure as at end Dec 2015	Funds (€) Committed as at end Dec 2015 (Public)	Funds (€) Disbursed as at end Dec 2015 (Public)	Payments (€) Executed in 2015 (Public)	Funds (€) certified to the European Commission as at end Dec 2015 (EAFRD)
1	111	Vocational training and information actions	461,984.00	589,710.00	300,840.00	0.00	225,630
1	114	Use of advisory services	200,000.00	198,859.20	152,639.80	116,743.80	114,479.85
1	115	Setting up of advisory services	99,900.00	99,900.00	92,539.47	6,540.68	69,404.60
1	121	Modernisation of agricultural holdings	23,402,970.00	25,296,538.39	22,558,397.02	4,036,788.76	16,918,79.77
1	123	Adding value to agricultural products	3,829,890.00	3,868,006.06	3,553,507.52	351,394.45	2,665,130.64
1	124	Cooperation for development of new products, processes and technologies in the agriculture and food sector	427,568.00	427,568.80	250,505.51	0.00	187,879.13
1	125	Infrastructure Related To the Development & Adaptation of Agriculture	10,511,035.00	15,467,712.73	14,432,739.09	8,498,118.55	10,824,554.32
1	132	Participation of farmers in food quality schemes	7,895.00	7,895.63	2,966.90	0.00	2,225.18
1	133	Information and promotion activities	0.00	0.00	0.00	0.00	0.00
1	142	Setting up of producer groups	236,000.00	236,000.00	236,000.00	0.00	177,000
Total Axis 1			39,177,242.00	46,192,190.81	41,580,135.31	13,009,586.24	31,185,101.48
2	212	Support for areas with handicaps	17,655,867.00	17,577,206.72	17,577,206.72	1,566,882.24	14,061,76538
2	214	Agri-environment Measures	9,525,000.00	9,655,581.78	9,655,581.78	2,454,702.65	7,724,465.42
Total Axis 2			27,180,867.00	27,232,788.50	27,232,788.50	4,021,584.89	21,786,230.80

3	313	Encouragement of tourism activities	14,575,356.00	15,579,234.35	14,729,154.27	2,489,692.81	11,046,865.70
3	323	Conservation and upgrading of the rural heritage	12,266,035.00	13,222,624.08	12,993,725.39	254,074.25	9,745,294.04
3	341	Skills acquisition, animation and implementation	308,438.00	308,438.29	308,437.93	0.00	231,328.45
Total Axis 3			27,149,829.00	29,110,296.72	28,031,317.59	2,743,767.06	21,023,488.19
4	41	Implementation of Local Development Strategy	2,935,000.00	3,590,176.05	2,925,704.49	2,134,555.17	2,340,563.59
4	421	Inter-territorial and transnational cooperation	165,000.00	165,000.00	116,705.05	27,281.40	93,364.04
4	431	Running costs, acquisition of skills and animation	775,000.00	777,174.39	777,174.39	125,763.51	621,739.51
Total Axis 4			3,875,000.00	4,532,350.44	3,819,583.93	2,287,600.08	3,055,667.14
5	511	Technical Assistance Operations	4,084,473.00	4,163,666.13	4,163,666.13	1,146,486.74	3,112,749.60
Total			101,467,411.00	111,231,292.60	104,827,491.46	23,209,025.01	77,050,487.62

Figure 10 – Cumulative Financial Scenario as at end December 2015

As end 2015 Axis 1 was 117.91% committed. This percentage is more considerable when one takes into consideration the fact that the budget for Axis 1 has increased, following the transfer of funds from Axis 3 in favour of Axis 1. Measure 111, 121, 123, 124, 125, 132 and 142 were fully committed or overcommitted, however by end 2015 savings were registered in all Measures, notwithstanding the disbursed amount for M125 made up for all savings registered in the other measures under Axis 1; hence by end 2015 budget allocation for Axis 1 was exceeded by €2,402,893.31 (Public)

Axis 3 was also over-committed. A budget transfer was carried out in 2014 and 2015 as to transfer unutilised funds towards Axis 1. Even though Axis 3 was overcommitted, savings made from various projects made up for the majority of this over commitment, however by end 2015 budget allocation was exceeded by €881,488.59 (Public).

Axis 4 was also over-committed, however savings made up for this over commitment, by end 2015 disbursement under this Axis fell short by €55,416.07 (Public).

Disbursements

At programme level, payments add up to 103.31% of available funds, representing an adequate time-proportionate progress compared to 80% at end 2014. Disbursements still vary across the Measures, while the cumulated figures for the Axes show a very balanced picture, whereby funds allocated for Axis 1, 2, 4 and 5 were fully absorbed and disbursed, whilst the execution rate for Axis 4 stood at 98.57% which shows a huge improvement compared to the 40% rate at end 2014.

By end 2015 Axis 1 disbursements stood at 106.13% of allocated public expenditure which is the highest ratio among the four axes, this means that funds under Axis 1 were fully absorbed. With respect to the different measures, a wide range of execution rates can be noted. Measure 125 takes the lead with an execution rate of 137.3% followed by 142 with an execution rate of 100%, followed by Measure 121, with an execution rate of 96.39%, M 123 with an execution rate of 92.78 %, M115 with an execution rate of 92.6%, M 114 with an execution rate of 76.31%, M111 with an execution rate of 65.11%, whilst M132 lagged behind with an execution rate of only 37.5%.

With respect to Axis 2, disbursement stands at 100.19%, with respect to the different measures, the execution rates are similar, with an execution rate 99.55% for M212 and executed rate of M214 of 101.37%.

Disbursements under Axis 3 stands at 103.24% of the budget. With respect to Measure 341, 100% of available funds had been disbursed, while for Measure 313 and 323 execution rates stand at 101.05% and 105.93% respectively.

The payment ratio for Axis 4 stands at 98.56% which shows a huge improvement compared to the 40% rate at end 2014. Disbursements under measure 431 proceeded in an adequate pace in 2015, with a closing figure of 100.28%. As regards Measure 410, disbursement caught up from 27% as end 2014 to 99.68% by end 2015. Implementation of Measure 421 has progressed in 2015, however only reaching a disbursement of 70.73%

As regards payments under Technical Assistance, disbursement proceeded with a good pace in 2015, in line with the previous plans, with an execution rate of 101.93% compared to 74% as of end 2015.

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 2013 within the RDP had been entirely executed and exceeded by end of quarter 4 of 2015.

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

The Managing Authority, through contracted external evaluators, is undertaking an ongoing evaluation process for the 2007 – 2013 programming period. Ongoing evaluation is a tool through which the progress of the programme in relation to its objectives can be analysed by means of the attainment of the indicators established in the RDP.

Ongoing and Ex-Post Evaluation

In April 2011 the MA issued the tender for the Ongoing and 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.

The objectives of this contract are to:

- Continue with the ongoing 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 2016 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 (SMR) covered the period from January 2010 to December 2011; and
 - The second SMR covered the period from January 2012 to December 2013;
- Ex-Post Evaluation Report of the Rural Development Programme 2007 – 2013.

Evaluation Activities in 2015

Ongoing evaluators were invited to attend the Monitoring Committee meeting held in April 2015. During this meeting, evaluators presented progress related to ex post evaluation of the Rural Development Programme for Malta 2007 – 2013, which is due to be submitted in 2016, but which will require data gathering efforts in 2015 and 2016.

In January 2015, data queries were submitted regarding measures 123, 214, 313 and 323 to multiple authorities. The mapping of data needed for calculating environmental impact indicators also took place in the early months of the year. In February and March, result indicators for measure 123 were calculated based on data provided by the relevant authority.

The compilation of the Interim Evaluation Report for calendar year 2014 also took place in these months, with the majority of output indicators and reporting on the progress of the programme implementation updated. Regarding the planning of the ex post evaluation due in 2016, the first full data collection roadmap was compiled and reconciled with the Managing Authority.

In July, a one-week fieldwork was organised when 13 interviews were conducted with representatives of the Managing Authority, the Paying Agency, the Ministry for Sustainable Development, the Environment and Climate Change and further stakeholders, including beneficiaries, LAG representatives and other authorities. During this fieldwork all the main information sources for the ex post evaluation were identified. In the course of the summer, an internal expert workshop was organised by the evaluators to review and update the data collection roadmap for the ex post evaluation.

During the second half of the year, the continuous monitoring and update of the data collection roadmap for the ex post evaluation and liaising with the designated representative of the Managing Authority were the main tasks conducted. The focus of the period was on the collection of FADN and further financial data for calculating economic result and impact indicators. In addition, the data collection for the calculation of environmental indicators was also progressing according to the plan for the ex post evaluation.

Reporting

During 2015, External Evaluators submitted one report:

1. Interim Evaluation Report (IER) 2014: 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.

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 for Finance (MFIN), the Employment Training Centre (ETC), the Malta Communications Authority (MCA), the Ministry for Sustainable Development, the Environment and Climate Change (MSDEC), 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

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 and Monitoring Tables.

Evaluation Expert Committee Meetings

During 2015, the MA participated in the 6th, 7th and 8th Meeting of the Expert Group on Monitoring and Evaluating the CAP, held in Brussels:

- The 6th Meeting of the Expert Group on Monitoring and Evaluating the CAP was held on 17th March 2015. During the meeting the commission informed the experts that there will be no separate network for evaluation during the new Programming period, it will form part of the ENRD. Furthermore experts were informed that the Expert Group for Monitoring and Evaluation of the CAP will follow a format similar to the Previous group ExCo, whilst the same rules of procedure as other expert groups will be followed. Following the introductory remarks a number of presentations were delivered concerning; governance structures of the Rural Networks, Presentation of the Annual Working Programme 2015 of the Evaluation Helpdesk, Presentation of the Annual Work Programme 2015 of the Evaluation Helpdesk, Presentation by DG Agri Evaluation and Studies Plan 2015-2018, Presentation of the evaluation of investment support under rural development policy, a group session was also held on the data item list for Pillar II Operation Database presentation on the state of play of the synthesis of the ex-ante evaluations of the RDP's 2014-2020, . During the meeting members were informed that the technical handbook on the monitoring and evaluation frameworks under CAP 2014-2020 with focus towards the general public was finalized and some copies were presented to MS.
- The 7th Meeting of the Expert Group on Monitoring and Evaluating the CAP was held on 25 June 2015. The meeting commenced with the chair briefly informing the members of the outcome of the 2nd meeting of the Rural Networks Steering Group which took place on 12 June 2015. The Chair also informed that Members that the Better Regulation Package was adopted by the Commission on 19 May, with major implications / changes for the whole policy cycle, from the policy design phase to policy implementation and evaluation. Following the introductory remarks a number of presentations and information session were delivered concerning: the study on the competitiveness of European wine, data items list for Pillar II Operations Database, information on the Communication Strategy of the Evaluation Helpdesk, information on the outcomes of the stakeholders survey carried out by the Evaluation Helpdesk, information on the training for LAGs organised in Portugal on 12 and 13 May 2015, presentation on the updated list of guidance material related to monitoring and evaluation for the programming period 2014-2020, presentation on the Member states notification on greening and monitoring indicators for greening, farmland Bird index: Last development and challenges.
- The 8th Meeting of the Expert Group on Monitoring and Evaluating the CAP was held on 8th November 2015. The meeting commenced with DG AGRI informing that the Technical Handbook on the Common Monitoring and Evaluation Framework of the CAP 2014 – 2020 has been sent for translation into 5 languages (FR, DE, IT, ES and PL) and will be available in early 2016. During this meeting presentation and discussions were held on the: 1) overview of data sources available for use on evaluations, 2) Member States notifications on greening and monitoring indicators for greening, 3) the final draft guidelines of the Thematic Working Group "Assessment of RDP results: how to prepare for reporting on evaluation in 2017", 4) draft Annual Work Programme of the Evaluation Helpdesk for 2016, developing a methodological handbook for the evaluation of environmental impacts of RDPs, 5) draft guidelines of the Thematic Working Group "NRN

evaluation" 6) First results of the capacity building events organised in the Member States by the Evaluation Helpdesk.

- Capacity Building Event-Training Seminar organised by the European Evaluation Helpdesk, held in Malta on the 9th of November 2015. During this seminar officers from the Evaluation helpdesk delivered a number of presentations related to the work and scope of the evaluation help desk; the common monitoring and evaluation systems 2014-2020 and the setting up of the systems to answer Evaluation Questions.

Ex-Ante Evaluation and SEA for Rural Development Programme 2014 – 2020

Bids for the tender for Ex-ante evaluation and Strategic Environment Assessment were received between 6th November and 27th November 2012. Evaluation of bids was carried out in January 2013 and the contract was signed on 6th June 2013. The Ex-ante evaluation and SEA were 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. The final version of the RDP 2014-2020 was submitted and adopted on 24 November 2015, with annexes the Ex-ante evaluation and Strategic Environment Assessment reports.

Ex-Ante Evaluation

The ex-ante evaluation report follows up on the draft evaluation report submitted in June 2014. The report is based on a draft version of the RDP submitted by the MA to the evaluators in September 2015, whereby the MA indicated that feedback by the Commission is still being taken into account and the Programme is subject to further revisions particularly with respect to certain measures. The evaluators have since the submission of the first draft (June 2014) and second draft of the RDP been involved in the provision of on-going support to the MA to continue to address comments by the EC and by evaluators themselves, as reflected in the June 2014 report as well as arising later.

The formal objectives of the ex-ante evaluation are stipulated by Article 48 (3) of the Common Provision Regulations. Throughout their appraisal, ex-ante evaluators have identified and appraised 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 proceeded 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; and
- Horizontal and specific themes

Strategic Environmental Assessment

The SEA was carried out in two main phases, mainly the preparation of the Scoping Report and the preparation of the Environment Report.

The scoping stage aims to agree the scope and level of detail of information which must be included in the Environment Report. This sets out the context for the assessment and defines its scope. It is one of the most important stages in the process as it identifies the issues for consideration in the Environment Report. It is considered good practice to clearly document the scoping process. The Scoping Report was available for download from the EU Funds website, and the report was also sent to various stakeholders, including the Ministry for Energy and Health, Ministry for Sustainable Development, the Environment and Climate Change, Department of Fisheries and Aquaculture, Agriculture Directorate, Malta Environment and Planning Authority and Malta Resources Authority.

On the 17th of June 2014, the Managing Authority issued an advert on the Government Gazette to inform the public that the Scoping Report was available for download from the EU Funds website. The documentation was also available for viewing at the MA offices.

This Environmental Report was based on the Scoping Report. It assessed the impacts of the RDP on various environmental parameters. It provided information on the current state of Malta's environment and relevant trends (where available), and indicated 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 were considered: biodiversity, fauna and flora; landscape; human environment including population and human health; physical environment including soils, air, water quality and climate change; material assets and cultural heritage.

The SEA also assessed a number of alternatives to the programme. During the development of the RDP and parallel assessment process, three potential scenarios were identified in line with the consideration of alternatives. The first scenario, the baseline scenario describes development of the sector in the absence of the RDP. The second scenario reflects the development of a Rural Development Programme with a focus largely on increased competitiveness, marketing and productivity with minimal investment in environmental measures and capacity building. The third scenario is the draft RDP. This RDP contributes to climate change mitigation and adaptation and other environmental issues. In addition, based on lessons learnt from the 2007- 2013 RDP, the 2014-2020 draft RDP also contributes a significant portion of the budget towards capacity-building and cooperation in the sector.

The Environment Report and the first draft of the RDP were publicly available for download from the EU Funds website as from 24th June 2014. These documents were also forwarded to several stakeholders, including MSDEC, MEPA, MEH, and the DoA.

The first drafts of the ex-ante evaluation, the SEA, and Rural Development Programme for Malta 2014 – 2020 were submitted through SFC2014 on 1st July 2014.

The final versions of the ex-ante evaluation and the Strategic Environment Assessment were annexed as part of the final version of the RDP 2014-2020 submitted and adopted on 24 November 2015.

7. 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.

The Managing Authority for the European Agricultural Fund for Rural Development was transferred to the Funds and Programmes Division within the *Parliamentary Secretariat* for the *EU Presidency 2017 and EU Funds, which falls within* the Ministry for European Affairs and Implementation of the Electoral Manifesto. The MA previously resided in the Office of the Permanent Secretary within the Ministry for Sustainable Development, the Environment and Climate Change. The Maltese Agricultural and Rural Payments Agency continues to reside within MSDEC.

Additionally, the responsibilities of the Competent Authority for the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development as defined in Articles 1 and 2 of Commission Decision (EC) No 885/2006, which previously resided within the Funds and Programmes Division within MEAIM, were transferred to the new Competent Authority at the Office of the Policy Development and Programme Implementation Directorate, within the same Ministry (MEAIM). The Certifying Body duties continued to reside within the Internal Audit and Investigations Department (IAID) within the Office of the Prime Minister.

This process was completed on Monday 14 April 2014, when the FPD within MEAIM formally took on the role and duties of the MA whilst the Office of the Policy Development and Programme Implementation Directorate within the same Ministry took the role of the Competent Authority for the EAGF and the EAFRD.

These changes were communicated to DG Agriculture and Rural Development by the Permanent Representation to the European Union for Malta.

The MA has the overall responsibility for programme planning, 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 of Council Regulation (EC) No 1698/2005 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 and the Rural Development Programme for the period 2014 – 2010. The MA was also responsible to coordinate the drafting, drawing up and submission of the Rural Development Programme 2014 – 2020.

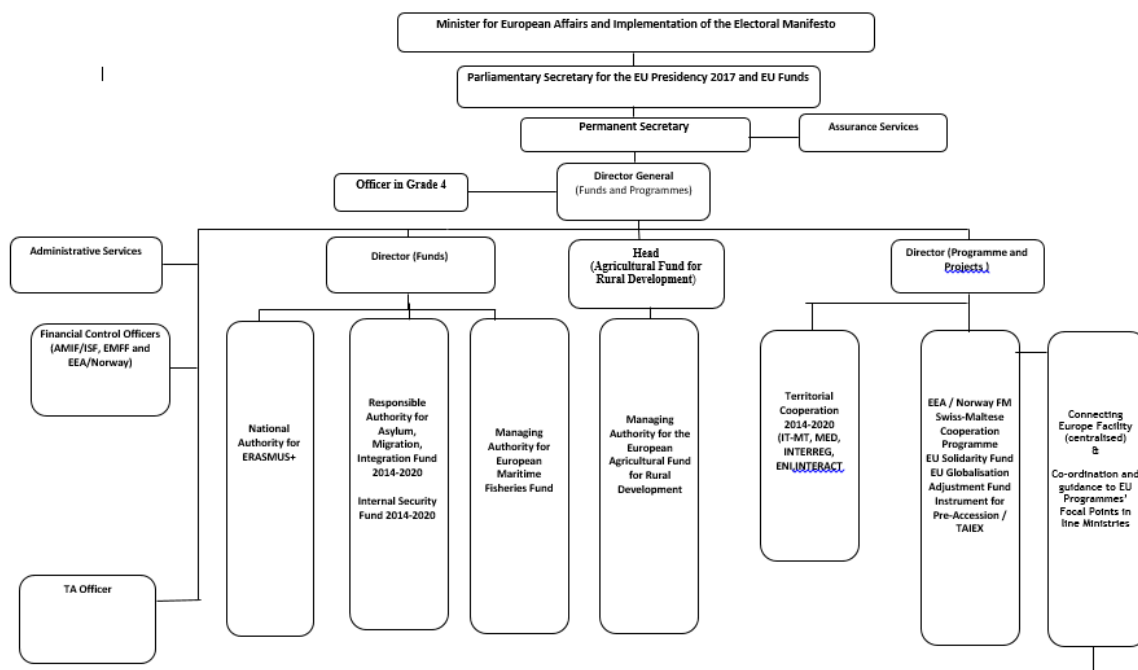


Figure 11 – Organisational Chart FPD

The MA works in close collaboration with the Agriculture and Rural Payments Agency (ARPA) that is responsible for the 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.

The roles of the Managing Authority and the Agricultural and Rural Payments Agency are outlined in the Rural Development Programme for Malta¹⁴², Section 11. This section was updated following the migration of the Managing Authority to MEAIM.

Following this migration, for calls for proposals published after the 1st of August 2014, the Managing Authority was responsible for the publicity and information, drafting of measure guidelines and applications, receipt of applications and their processing, selection of projects and contracting.

The Agricultural and Rural Paying Agency was responsible for part of the authorisation process; procedures for payments; accounting; advances and securities; and recording and follow up of debtors.

Agriculture and Rural Payments Agency

According to Article 6 of Council Regulation (EC) No 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.

¹⁴² The latest version of the RDP 2007 – 2013 can be downloaded from this link:
<http://eufunds.gov.mt/en/EU%20Funds%20Programmes/European%20Agricultural%20Fund/Pages/Links%20and%20Downloads/Links-and-Downloads.aspx>

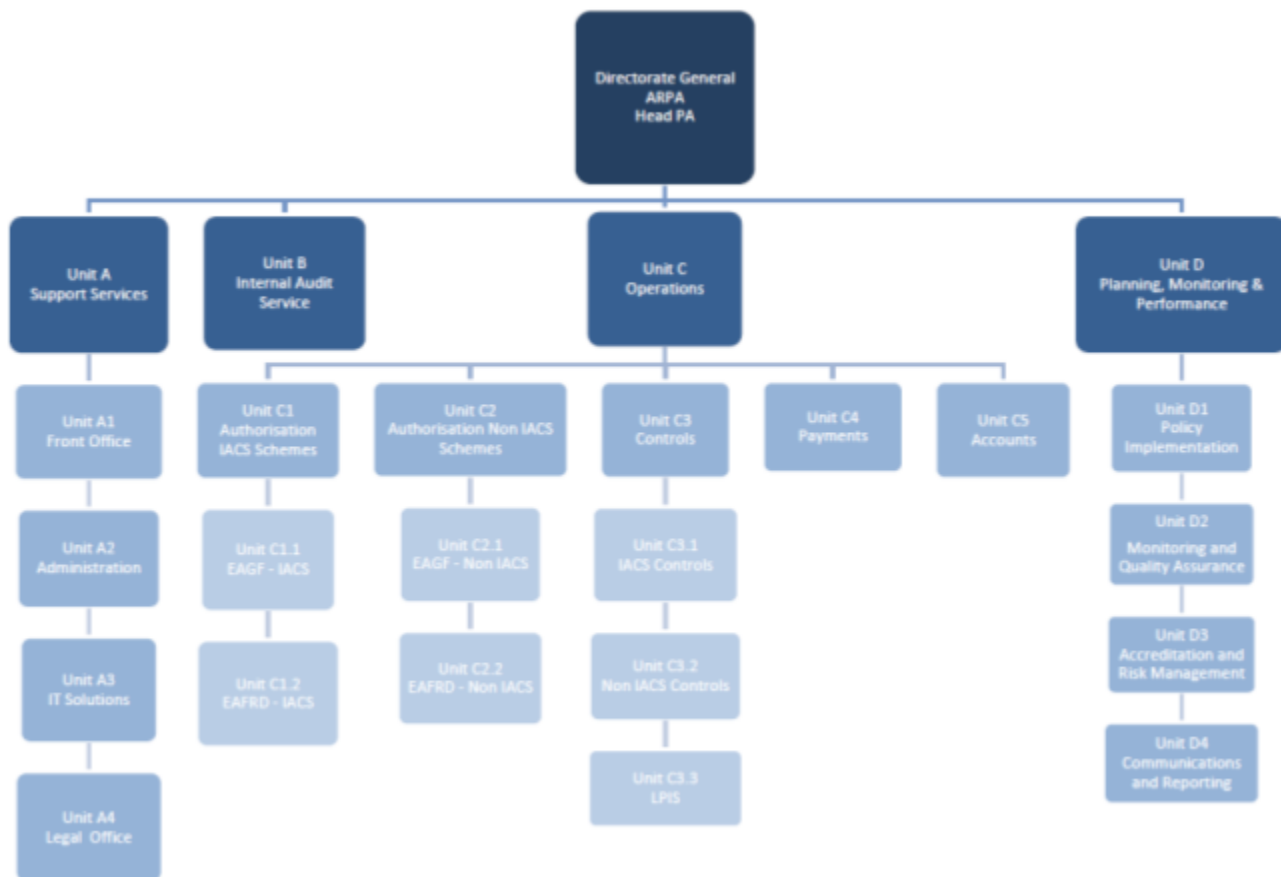


Figure 12 - Organisational Chart of the ARPA

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 (EC) No 1257/1999 and (EC) 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, monitoring, evaluation and review of the programme, while ARPA is responsible for the 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.

Accreditation of the Paying Agency

The responsibilities of the Competent Authority for the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development as defined in Articles 1 and 2 of Commission Decision (EC) No 885/2006, which previously resided within the Funds and Programmes Division within MEAIM, were transferred to the new Competent Authority at the Office of the Policy Development and Programme Implementation Directorate, within the same Ministry as from 14 April 2014, following the move of the EAFRD Managing Authority to the Funds and Programmes Division. Prior to this date and since 2 April 2012, the duties of the Competent Authority were assigned to 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). The European Commission has been informed by means of official communication addressed to Director General, DG Agriculture and Rural Development, in correspondence dated April 2014.

Prior to this, 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).

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 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 strengthening the control system as well as the payment process through which the ARPA issues the relevant payments.

In 2015 a number of enhancements identified during the study carried out in 2013/2014 were implemented. This enabled the paying agency to issue applications related to the new cap 2014-2020 while at the same time manage applications and payments related to the CAP 2007-2013.

2015, in particular the third and last quarter were particularly intensive as a number of funds had to be disbursed through the system in view of the closing of the 2007-2013 period.

Enhancements

A new version of SITI-AGRI was installed in early 2015. Apart of having the same functionality of the previous system, the upgrade ensures that the system is technologically ready to meet the CAP 2014-2020 requirements for land based and RDMI applications. The new version of SITI-AGRI is also more versatile and accessible from any device that can connect to the internet

Testing

In view of the technology upgrade implemented on the system, testing had to be carried out on old and new functionalities. As reported in previous years the same approach to testing has been adopted. Testing was carried out on two environments in different stages. The first testing environment is more focused on the basic functionalities with limited data. When satisfied with the results the modules under test are transferred to the second testing environment. A second set of testing is carried out on this environment which is populated with data that reflects more the real live situation. Furthermore, the transition from one testing environment to another is used as an exercise to identify issues occurring during the transfer and thus taking remedial action to ensure the same issues do not occur when the transfer is carried out from the second testing environment to the live environment.

Analysis

The delivery of a new applications, control and payment requirements for the CAP 2014-2020 was the main focus in 2015. The implementation had to be done in such a way as not to impact on the applications related to the Cap 2007-2013. This was a significant challenge; we had to ensure that changes in the system to cater for the new cap had to co-exist with the requirements that were already in place for measures under cap 2007-2013.

Further Developments

As part of the technology upgrade, a new reporting module has been delivered. This module will enable users to create their own customised reports that can be extracted from a set of predefined data. This will give users, greater freedom in creating reports and less dependency on IT people.

Furthermore, significant developments are envisaged in 2016 for the implementation of the new measures proposed under the Rural Development Program for Malta. Some of these measures are completely new and thus require specific functionalities. These new functionalities shall give officials from MA and Arpa the necessary tools to evaluate and monitor the applications submitted under these schemes.

Monitoring through Bilateral Meetings

Throughout 2015, the Managing Authority continued to hold regular bilateral meetings with Axis 3 beneficiaries, 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 Project Leaders update the MA with implementation progress during the previous quarter regarding any tendering issues, pending MEPA planning permits, disbursement, savings, any requests for changes to the grant agreement and any other matters which affect the implementation of the project.

A similar approach was taken with Measure 313 beneficiaries contracted through the Local Action Groups. These beneficiaries were requested to attend bilateral meetings and submit progress reports to the respective LAG and MA.

During 2015, bilateral meetings were also held with Axis 1 (Measures 121, 123, 125), and Axis 2 (Measure 214, Sub-Measure 10) beneficiaries. All throughout 2015 monthly meetings and ad-hoc meetings were held with Transport Malta main beneficiary contracted under M 125 3rd call, bilateral meetings were also held with beneficiaries contracted under M125 first and second call, ensuring that all projects are continuously monitored and concluded in due time. The MA also organised a meetings with about 40 farmers who were benefitting from Measure 121, especially those which were lagging behind in their implementation schedule. Project status, pending invoices, any problems and pending issues were discussed.

In addition to the above bilateral meetings, Axis 3 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 commitments.

Officers from the Managing Authority also conducted periodic site visits to monitor the progress, especially of Axis 3 projects, most of which are of considerable scale. During these visits, officers from the MA discussed relevant issues with project managers and also documented the progress being made through pictures which are kept for record purposes.

During 2015 MA continued to distribute and collect a 'Final Project Report' which needs to be compiled by the beneficiaries once the project is completed. This report can be downloaded from the MA website from the link below and was distributed annexed to an explanatory circular.

<https://eufunds.gov.mt/en/EU%20Funds%20Programmes/European%20Agricultural%20Fund/Pages/Links%20and%20Downloads/Links-and-Downloads.aspx>

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.

The 11th and last EAFRD Monitoring Committee Meeting for the Rural Development Programme for Malta under the European Agricultural Fund for Rural Development, 2007-2013 was held on the 17th of April 2015. During this meeting the MA presented the main points of the Annual Progress Report including an overview of the progress achieved in programme implementation for 2014 which included a detailed analysis of each Axis, measure and targets. This Intervention was followed by the unanimous approval of the Annual Progress Report for 2014.

The meeting progressed with a presentation on the state of play of the financial execution of the RDP (2007 – 2013) as from 2009 until 1st quarter of 2015, whilst the on-going evaluators for the RDP 2007-2013 delivered a presentation on the approach and timelines to undertake the ex post evaluation linked to programme closure.

The 1st EAFRD Monitoring Committee Meeting for Malta's Rural Development Programme 2014-2020 under the European Agricultural Fund for Rural Development was held on the 18th of December 2015. During the meeting the Terms of Reference of the Monitoring Committee were discussed and approved.

The meeting agenda also comprehended a number of presentations; on the new Rural Development Programme 2014-2020, the Role of the Monitoring Committee, presentation concerning the proposed MC Terms of Reference, project selection criteria, draft Communication Strategy and Ex Ante Conditionality's. During the MC the commission also intervened on the current global refugee crisis, remarking that there is an urgent need to mobilize different mechanisms in aid of these refugees, adding that the commission will support initiatives in this regard.



Figure 13- The 1st EAFRD Monitoring Committee Meeting for Malta’s Rural Development Programme 2014-2020

Annual meeting between the Commission and the Managing Authority

In Accordance with Article 83 of the Council Regulation 1698/2005, the annual meeting between the Commission and the Maltese authorities for Rural Development took place in Malta on 17 December 2015. During the meeting a discussion was held on the results achieved in the previous year based on the Annual Progress Report 2014 submitted by the MA. The agenda of the meeting was structured around various issues concerning the ex-post evaluation report, implementation of measures 2015, financial execution, state of play output and results indicators, error rate, communication strategy, audit follow up for programming period 2007-2013, refugee crisis and the launch of the Monitoring Committee 2014-2020.

Error Rates

Since 2012, Malta has identified the root causes for errors and took a number of actions in order to minimise this error rate. Malta has no issues with the implementation of the established action plan on error rates.

Root Cause	Preventive and Corrective Actions	Audit Report	Timing	Indicator	Latest Known Result
NON AREA RELATED MEASURES (E.G. INVESTMENTS, INFRASTRUCTURE, SETTING UP OF YOUNG FARMERS)					
Errors committed by the administration					
Existing Action Plan on Error Rate					
Nil					
Newly detected root causes and/or actions 5th Follow Up February 2016					
Payment of expenditure exceeding thresholds set in Leader Operating Rules. ¹⁴³	The Managing Authority organised several information and training sessions for all LAGs. The Operating rules were reviewed to ensure that the rules and procedures are clear to the end user. ¹⁴⁴ Guidance on public procurement for beneficiaries was published on the Managing Authority's website, whilst a memo on respect of public procurement was published.	Annual Report of the Certifying body on the accounts of the Agricultural and Rural Payments Agency for the EAGF and EAFRD financial year, ending 15 th October 2013, 2012 – 2013	Training was carried out in July 2014 and the Leader Operating Rules were revised Q3 and Q4 2014. The revised ORs were presented in November 2014. Training and memos on procurement were also presented to the LAGs.	Provision of training to LAG managers. Enhancement of Operating Rules. Provision of Guidance notes on public procurement	Training delivered and a Memo on procurement procedures circulated to all Local Action Groups. Various information meetings held. Leader Operating Rules were revised Q3 and Q4 2014. The revised ORs were presented in November 2015 In 2015 Guidance notes were uploaded on the EU Funds website in a section which may be easily accessed by programme beneficiaries. Beneficiaries will be notified about such guidance during implementation of 2014-2020 RDP.

¹⁴³ This involves overpayment of a small amount of €395.88, thus the impact on error rate is negligible.

¹⁴⁴ The Operating Rules were updated and presented to the LAGs during a seminar held in November 2014. More information about this seminar can be found here: <http://eufunds.gov.mt/en/EU%20Funds%20Programmes/European%20Agricultural%20Fund/Pages/Seminar-on-LEADER--14th-November-2014.aspx>

Incorrect payments procedures/lack of project progress reports.	Follow up of projects was undertaken by the Managing Authority through bilateral meetings, project progress reports and on-site visits by MA staff.	N/A	Follow up of projects were held all through 2015.	Reduction in lack/incorrect payment claims	Most of the payments related to the 2007-2013 rural development programmes were submitted to the Paying Agency on time and including the necessary supporting documentation.
Incorrect application of guidelines and obligations	Ongoing meetings with potential RDP 2014-2020 beneficiaries are being held to clearly explain the RDP measures and the related obligations and conditions as laid down in the RDP.	N/A	Meetings were held in 2015 and 2016. It is an ongoing process.	To prevent errors in the new programme	The MA is holding a number of sessions with potential beneficiaries to explain the conditions laid in the RDP.
Non eligible beneficiaries were contracted	Verification of applications and payment claims	N/A	Checks were held all through 2015	To prevent non eligible applicants	100% checks on each payment claim is conducted by ARPA.
The need of a more in-depth assessment was required	Review of Enterprise size declarations under Measure 123 first and second calls was undertaken due to a finding arising in the certification report for 2014. All the applicants under Measure 123 were reviewed and their enterprise size declarations which they compiled at application stage were verified with the MFSA database in order to ensure that any extra funds paid to enterprises incorrectly were recouped.	Annual Report of the Certifying body on the accounts of the Agricultural and Rural Payments Agency for the EAGF and EAFRD financial year 2014.	This exercise was completed in November 2015	N/A	The relevant financial corrections required by the outcome of this study were eventually made.
Suspicion during the processing claims procedure	As part of the certification report for FY 2014, the certifying body highlighted the fact that creating artificial competition in the photovoltaic industry amongst suppliers of PV panels was possible. The Paying Agency undertook a thorough exercise	Annual Report of the Certifying body on the accounts of the Agricultural and Rural Payments Agency for the EAGF and EAFRD financial year 2014.	This exercise was completed in October 2015	N/A	Though some variances were noted in quotations submitted by the same suppliers to different beneficiaries, the results of the exercise were inconclusive and the Maltese Authorities could not determine that there are issues with the quotations presented.

	whereby a sample of beneficiaries that had PV panels were tested in order to assess whether there is a consistent trend in the pricing of solar panel systems or otherwise.				
Errors committed by beneficiaries					
Existing Action Plan on Error Rate					
Nil					
Newly detected root causes and/or actions 5th Follow Up February 2016					
Nil					

Area Related Measures					
Errors committed by the administration					
Existing Action Plan on Error Rate					
Nil					
Newly detected root causes and/or actions 5th Follow Up February 2016					
Nil					
Errors committed by beneficiaries					
Existing Action Plan on Error Rate					
Disproportionate penalty system	The sanction system applicable to Article 18 of Regulation (EC) No. 1975/2005 in agreement with Commission Services.	Issue was highlighted following an internal review of procedures.	Change in sanction system was applicable from Claim Year 2013.	Reduction in Financial Error.	<p>It was noted that the error rate in FY 2014 under this fund has been halved when compared to prior year. However, being slightly above 2% this error rate still warrants explanation. In a similar manner as in prior year, the error rate is arising from AEMs.</p> <p>As a result of a more detailed analysis, it transpired that all discrepancies in applications controlled in the random sample concerned AEM3 "Low input</p>

					<p>farming”, as was the case in prior year. Out of the 32 beneficiaries in the random sample, 8 beneficiaries were found to be in breach of their obligations. Two (2) of these beneficiaries had a 100% reduction whilst another four (4) had a 15% reduction. Another two (2) had a reduction of 5%, of the amount they originally claimed. In fact the only discrepancies within the random sample for this fund were noted under AEM3. The root cause of the error is related to the cropping area which is reflected in the reductions and sanctions applied under both article 16 and article 18 of Regulation 65/2011. The increase in the error rate is considered to be the result of involuntary non-compliance by farmers and not due to a systematic weakness on the part of the Paying Agency.</p>
Incorrect area declaration	A review of the mapping exercise was carried out and the IT system was enhanced to record more precise information on the commitments in GIS format.	Issue was highlighted following an assessment of control statistics.	Review of mapping exercise was carried out in 2012	Reduction in Financial error.	<p>It was noted that the error rate in FY 2014 under this fund has been halved When compared to prior year. However, being slightly above 2% this error rate still warrants explanation. In a similar manner as in prior year, the error rate is arising from AEMs.</p> <p>As a result of a more detailed analysis, it transpired that all</p>

					discrepancies in applications controlled in the random sample concerned AEM3 “Low input farming”, as was the case in prior year. Out of the 32 beneficiaries in the random sample, 8 beneficiaries were found to be in breach of their obligations. Two (2) of these beneficiaries had a 100% reduction whilst another four (4) had a 15% reduction. Another two (2) had a reduction of 5%, of the amount they originally claimed. In fact the only discrepancies within the random sample for this fund were noted under AEM3. The root cause of the error is related to the cropping area which is reflected in the reductions and sanctions applied under both article 16 and article 18 of Regulation 65/2011. The increase in the error rate is considered to be the result of involuntary non-compliance by farmers and not due to a systematic weakness on the part of the Paying Agency.
Incorrect area declaration	Improved control procedures through more verifiable datasets.	Issue was highlighted following an assessment of control statistics.	Changes in control procedures were effected in 2012 and implemented from CY 2013.	Reduction in Financial error.	The control procedures on the IT system were updated in order to better detect errors and penalise the beneficiary more fairly and proportionality to the breach found.

Incorrect area declaration	Beneficiaries are informed about their obligations through an SMS service, individual training, notifications and workshops.	Issue was highlighted following an assessment of control statistics.	Individual training was Concluded in February 2014. SMS and individual notifications and workshops are carried out and organised on an annual basis.	Number of farmers reached by actions.	<u>Number of individual farmers trained: 188¹⁴⁵</u> <u>Number of SMS sent: 1 SMS to 1,818 farmers.</u> <u>Number of individual letters sent to beneficiaries: 1 letter sent to 2,220 farmers in 2012.</u> <u>Number of workshops organised: 3 per year (2 in Malta, 1 in Gozo).</u>
Beneficiaries do not respect commitments	Beneficiaries are informed about their obligations through an SMS service, individual training, notifications and workshops. The Farm Advisory Service began its operations in 2013 and applied a targeted approach by identifying those beneficiaries with compliance issues in order to mitigate impact on error rate.	Issue was highlighted following an assessment of the control statistics	<p>Individual training was concluded in February 2014. SMS and individual notifications and workshops are carried out and organised on an annual basis.</p> <p>Services provided by the Farm Advisory Service were ongoing and continue until the end of the programme.</p>	<p>Reduction in error rate</p> <p>Number of farmers reached by actions</p>	<p>The information services to beneficiaries, the Farm advisory Services and the courses beneficiary are obliged to attend were continued and enhanced. Individual training for beneficiaries with measure that have high error rate was organised by a professional services provider and the potential pitfalls highlighted to these beneficiaries.</p> <p>Number of SMS sent: 1 SMS to 1,818 farmers.</p> <p>Number of individual letters sent to beneficiaries: 1 letter sent to 2,220 famers in 2012.</p>

¹⁴⁵ This number refers to the farmers identified to be in breach of the obligations linked to the area related measures identified as contributing to an increased rate of error in rural development.

				Number of services provided to individual farmers	Number of workshops organised: 3 per year (2 in Malta and 1 in Gozo). Farm Advisory Service provided to 238 farmers.
Newly detected root causes and/or actions 5th Follow Up February 2016					
Nil					

Audit Missions

One audit mission was held in June 2015, between 22nd and 26th October 2015. The main objective of the audit were two fold, one part of the audit was a follow-up of the Commission's audit No AA/2014/020/MT OF 20-24 October 2014 and focused on the examination of the effectiveness of the administrative and on the-spot checks.

The Second part of the audit visit examined the effectiveness of the supervisory and control systems by way of assessing major key controls for EAGF, EAFRD and cross compliances. For EAFRD the audit focused on measures of Axis 1 (measure 121, 125) axis 3 (measure 313) and technical assistance (measure 511).

Following findings by the audit team, the Maltese authorities have provided further clarifications and replies to the Court of Auditors.

On the 19 of January 2016 the Maltese authorities received an official letter of Closure for Enquiry No RD2/2014/017/MT concerning EAFRD – Rural Development programme 2007-2013 of Malta for Axis 2 Measures 212 and 214, as well as follow-up of enquiry RD2/2010/010/MTM, whereby the commission informs that based on the evidence, the bilateral meetings held on 22nd June 2015 and the addition information received from the Maltese authorities no financial correction will be proposed as a result of the audit mission held on 13-17 October 2014.

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 2015, the MA participated in most Rural Development Committee Meetings during which, several issues were presented, including: RDP revisions, EAFRD financial execution, closure guidelines for 2007 – 2013, SFC2014, Monitoring and Evaluation, control and penalty systems, budget transfer, transitional rules, public procurement, verifiability and controllability of measures, financing and indicator plans, Leader, state aid, EIP, simplified cost options, reporting on fulfilment of ExAnti Conditionalities (ExAC), measure fiches and state of play of 2014 – 2020 approval process.

M313 and M323

The MA also provided ongoing support to beneficiaries concerning their publicity obligations in the design of billboards and plaques. This support has increased all throughout 2015 whilst several projects were being completed. The MA reviewed leaflets, maps, publications, plaques and websites which have been financed through RDP Measures to ensure that all publicity guidelines have been adhered to. The Publicity Guidelines¹⁴⁶ were updated in June 2014 and all beneficiaries were informed through the publication of a Circular.

¹⁴⁶ The Publicity Guidelines can be downloaded from the MA website:

<http://eufunds.gov.mt/en/EU%20Funds%20Programmes/European%20Agricultural%20Fund/Pages/Links%20and%20Downloads/Publicity.aspx>

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, 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 (EC) No 885/2006. The MoP was approved by the Internal Audit and Investigations Department which is the certification body, on the 5th January 2011. This version was issued from Financial Year 2012, with effect from 1st September 2012. The MA is currently working on a revised version of the MoP for the 2014-2020 programming period.

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 No 1083/2006, the MA ensured that there is clear demarcation between the type of actions to be funded through the EAFRD and other financial instruments, including ERDF, ESF and EFF. Demarcation criteria have also been clearly established in the RDP.

This demarcation was maintained both by respecting demarcation criteria in the RDP and through the co-ordination of the Inter-Ministerial Committee (IMCC) which met last on the 6th October. The aim of this Committee is to enhance synergies, ensure coordination and demarcation and ensure complementarity and maximum utilisation of resources whilst monitoring any possibilities of double funding.

Discussion held during the meetings 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. The Committee also discussed how to create a centralised system on double funding checks for the 2014 – 2020 Programming Period.

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 Managing 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 2014- 2015, following the move to MEAIM led to a period of limited administrative capacity within the Managing Authority. Two Agricultural Officers did not move to FPD, whilst during 2015 the Senior Manager a project Manager and two officers also left the MA, leaving the MA in a disadvantaged position when considering the small pool of human resource complementing the unit and the loss of experience and Knowledge.

Action Taken

A number of EU Fund Officers and Projects Managers were recruited in 2015 and 2016, whilst the setup of the MA had been changed by the introduction of the post of a Head of Programme which was contracted in October 2015.

2. *Concurrent Implementation of two Rural Development Programmes*

In 2015 the Managing Authority was preparing the 2014 – 2020 Programme while also implementing the 2007 – 2013 one. In 2015, the Managing Authority had to finalise and launch the 2014 – 2020 Programme whilst concluding the 2007 – 2013 Programme. This required several preparations, between planning for the new programming period, finalising the RDP 2014-2020 and ensuring that all projects being implemented by current beneficiaries are finalised in time.

Action taken

In 2015, the MA engage new staff, including a new Head of Programme. The staff recruited was made up of both experienced and non-experienced personnel, whilst all staff needed time and training to get the necessary skills related to RDP implementation, however the more qualified staff through previous experience were able to adjust faster. The MA gave equal importance to both tasks at hand whilst also planning adequately upfront thus ensuring positive outcomes on both fronts.

3. *MA move to Funds and Programmes Division*

The move from MSDEC to MEAIM led to a number of administrative changes, especially in relation to payments. Given that the Paying Agency and the Managing Authority are now located within different ministries, several arrangements had to be made between the two parties to ensure that programme implementation proceeds without delays.

Action Taken

The Paying Agency and the Managing Authority reviewed and updated several administrative processes and agreed on a way forward to ensure that programme implementation could proceed. Continuous contact is kept between the two entities, through frequent exchanges of correspondence and Payments Committee Meetings organised monthly by the Agricultural and Rural Payments Agency.

4. *Delays in Planning Permits*

Implementation of projects co-financed under Measure 121 are highly dependent on obtaining the necessary planning permits. While most projects under this Measures were well underway in 2015, some

newly contracted in 2015 projects experienced delays in implementation due to delay in completion of the necessary planning permit process.

Action Taken

The MA followed closely development of planning permits in relation to the projects co-financed by the EAFRD and where possible, liaised with the beneficiary and Malta Environment and Planning Authority to ensure timely completion of the relevant planning process.

5. Lengthy tendering procedures

In the case of EU Funded projects managed by Government entities and Local Councils, public procurement procedures in excess of €47,000¹⁴⁷ 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

In 2015 the €47,000 threshold was increased to €120,000, in order to reduce the workload of the Department of Contracts which led to several backlogs. Furthermore in an attempt to increase its capacity, the Department of contracts recruited new procurement officers in 2015.

The Department of contracts is also proceeding with the implementation of the e-procurement strategy and has implemented a full blown e-procurement system aimed at increasing the efficiency and transparency of the Department of Contracts. This system was followed up by the launching of a fully-fledged electronic Public Procurement solution which apart from including the services of the former, allows for the submission of tenders online in a safe a secure manner.

Whilst the Government has enhanced and expanded it's training and re-training programmes for its employees in line with its own lifelong learning objectives, including in areas of public procurement and project management. Procurement managers were also introduced in line Ministries to speed up procurement processes.

¹⁴⁷ This threshold was increased to €120,000 in 2015, in order to reduce the workload of the Department of Contracts which led to several backlogs.

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 (EC) No 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, conferences and events, salaries, IT system development and control functions.

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 2015, €4,163,666.13 were disbursed with an EAFRD contribution of € 3,122,749.60. The Public expenditure between January 2015 and end December 2015 amounted to € 1,146,486.74, with an EAFRD contribution of €859,865.06. Hence by the end of Calendar Year 2015, 100% of the total budget for this Measure had been disbursed. The Measure was over committed by €79,193.13 (Public).

During 2015 disbursement focused mainly on salaries, ongoing evaluation of the 2007 – 2013 RDP, the ex-ante evaluation of the 2014 – 2020 RDP, drafting of the 2014 – 2020 RDP and publication, harmonisation and enhancement of IT systems.

Information and Publicity

Information and Publicity actions and activities are linked to obligations emanating from Article 76 of Council Regulation (EC) No 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.

Beneficiaries are 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 the Publicity Guidelines set by the Managing Authority. The Publicity Guidelines¹⁴⁸ were updated in June 2014 and all beneficiaries were informed through the publication of a Circular.

The Managing Authority is also 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 amounted to approximately 15% of the budget allocated for Technical Assistance which translates to approximately €0.6 million. As at end 2015, about €0.4 million had been disbursed on the implementation of the Communication Plan.

¹⁴⁸ The Publicity Guidelines can be downloaded from the MA website:

<http://eufunds.gov.mt/en/EU%20Funds%20Programmes/European%20Agricultural%20Fund/Pages/Links%20and%20Downloads/Publicity.aspx>

Technical Assistance funded Publicity Activities Undertaken in 2015

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 2015 in order to increase awareness of the funds and subsequent benefits of the Programme.

On the 18 of August 2015 the MA participated to an event organised by ATB a farmers organization in collaboration with the Parliamentary Secretariat for Agriculture, Fisheries, & Animal Welfare. During the event the MA distributed informative publications about the RDP 2007-2014 the MA officers also interacted with those attending by answering any queries related to EAFRD.

Payment Claims Campaign 2015 – Annual Launch of Axis 2 Measures

In 2015, the annual Payment Claims Campaign was launched on 15 March 2015. Payment claims were received at the Paying Agency Front Office until 15th June.

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. These sessions were held as follows:

- 24th March – Notre Dame Parish Hall, Żabbar, 6.30pm
- 10th April – Mgarr Farmers Cooperative, Mgarr, 6.30pm
- 7th April – Government Farm Hall, Xewkija, Gozo, 6.30pm

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 the launch of Local Action Group Actions issued under Measure 410 and Measure 421. In view of the limited budget available for the LAGs to finance their running costs, the MA agreed to finance adverts related to launch of Actions, to ensure that the programme is being given as much exposure as possible.

Annual Publicity events

During the month of November 2015, the MA contracted Television Spots to be broadcasted on the three most viewed local TV stations. All commercials were in Maltese language, having a 20s duration each. The aim was that of making a communication campaign to raise awareness on the success of the European Agricultural Fund for Rural Development Programme 2007-2013 (EAFRD). The spots are accessible on MA Web Site on the below link:

<https://eufunds.gov.mt/en/EU%20Funds%20Programmes/European%20Agricultural%20Fund/Pages/Video-Gallery-.aspx>.

Publication: Project Examples

The Twelfth Edition of NRN newsletter was issued in 2015. The first part of the Newsletter gave an overview of how the 2014 – 2020 Rural Development Programme for Malta has assisted and contributed the continued development of Rural tourism in Malta through Measures 313 “Encouragement of Tourism Activates” and 323 “ Conservation and upgrading of Rural Heritage”. The Newsletter also dwelt into how Gozo action group Foundation Promoted Gozo as a distinct island destination in the Mediterranean under M413.1 “Promotion of Gozo as a distinct destination”. The aim of this publication is to promote the benefits of the Rural Development Programme 2007 – 2013 and ensure that this information reaches not only beneficiaries and prospective applicants, but also the general public. This publication is distributed in events in which the Managing Authority takes part. This publication was printed in December 2015¹⁴⁹.



Figure 14 – Sections of the 12th NRN Newsletter, December 2015

¹⁴⁹ This publication can also be downloaded from the following link:

<http://eufunds.gov.mt/en/EU%20Funds%20Programmes/European%20Agricultural%20Fund/Pages/Newsletter/Newsletter.aspx>

Seminar on the Launch of the LDS Guidelines

On the 19th of February 2015, a seminar was held in preparation for the launch of the New Local Development Strategy under the RDP 2014-2020, the event was held at Għaqda Mużikali Santa Marija, Ħad-Dingli. The 3 Local Action Groups were invited, together with their members, various sectoral cooperatives and officers from the Rural Payments Agency. The Seminar focused on presenting the new LDS guidelines, which will aid the LAGs to draft the Local Development Strategy for the RDP 2014-2020. The three Local Actions Groups also delivered a brief introduction on the Actions supported and an overview of their work. Furthermore, all participants were involved in a fruitful discussion aimed at identifying ways to improve the current governance and decision making rules, processes and structures.¹⁵⁰



Figure 15 -Seminar on the Launch of the LDS Guidelines

¹⁵⁰ More information and outcomes of this event can be accessed through this link:
<http://eufunds.gov.mt/en/EU%20Funds%20Programmes/European%20Agricultural%20Fund/Pages/Seminar-on-LEADER-14th-November-2014.aspx>

Event Organized by ATB, a farmer's organisation

On the 18 of August 2015 the MA participated to an event organised by ATB a farmers organization in collaboration with the Parliamentary Secretariat for Agriculture, Fisheries, & Animal Welfare, where farmers and their families were invited to attend and were presented with their Plant Protection Products Licences (valid for 5 years) and certificates of attendance for the various courses organised to assist them.

During the event the MA distributed informative publications about the RDP 2007-2014 the MA officers also interacted with those attending by answering any queries related to EAFRD.

Training Seminar

In preparation of the launch of the new RDP 2014-2020 on the 12th and 13th of October 2015 the MA organized a Training Seminar for the Managing Authority, Paying Agency, Competent Authority and Certifying Body Staff. During the Seminar a presentation was delivered on the New RDP 2014-2020, more specifically on the main differences from the previous Programme and a short presentation on the different measures of the new RDP 2014-2020. This presentation was followed by a fruitful discussion on the actions to be taken in preparation for the launch of the new RDP 2014-2020. A presentation on the Procurement Procedures by the MA and a presentation by ARPA on the new Agri-environmental-climate Measures was also delivered. The seminar ended with a presentation on disbursement figures and targets, followed by a discussion on the planning and way forward for the closure of the 2007-2013 programme.



Figure 16 -Training Seminar Organized by the MA

Launch on the Rural Development Programme 2014-2020

The Rural Development Programme 2014-2020 was launched on 18 December 2015 by the Deputy Prime Minister. The Press Conference also included a presentation on the main features of the new Rural Development Programme 2014-2020.

The Deputy Prime Minister and Minister for European Affairs and the Electoral Manifesto, the Parliamentary Secretary for EU Presidency 2017 and EU Funds and Parliamentary Secretary for Agriculture, Fisheries and Animal Rights addressed representatives from various NGO's, representatives of the sector as well as the European Commission, highlighting the benefits of the new Programme, explaining how the EU rural development policy in the 2014-2020 period seeks to improve the competitiveness of agriculture, enhance the sustainable management of natural resources and climate action, and foster a balanced territorial development of rural areas.



Figure 17 – Launch of the Rural Development Programme 2014-2020

Other Publicity and Information Activities

MA Website

The Managing Authority website has been migrated to the main EU Funds website which also hosts sections on other funds, including ERDF, ESF, EFF and SOLID Funds. The new website is continuously updated with articles, presentations, news, photographs and activities. The aim of this migration was to align the design of the website to that of the other funds within the same Ministry. Also, the new design is more clear and more user friendly. The contents of the old website were migrated and updated accordingly. The new MA website can be accessed through this link: <http://eufunds.gov.mt/en/EU%20Funds%20Programmes/European%20Agricultural%20Fund/Pages/European-Agricultural-for-Rural-Development.aspx>



Figure 18 – The layout of the new MA website

Sectoral Meeting

On the 30th of March 2015 a seminar related to Eligibility and Selection Criteria was held, during which, draft Eligibility and Selection Criteria were presented and discussed. For the meeting various representatives from the agricultural sector were invited. This meeting was held as part of the consultation process related to the 2014 – 2020 Rural Development Programme. The eligibility and selection criteria document can be accessed on the below link:

<https://eufunds.gov.mt/en/EU%20Funds%20Programmes/European%20Agricultural%20Fund/Documents/MC/Eligibility%20and%20Selection%20Criteria%202014-2020.pdf> .

8. 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 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 National planning and environmental legal frameworks
123	Community Standards related to improving environmental protection, occupational safety, hygiene and animal welfare
125	Water Framework Directive (WFD) National planning and environmental legal frameworks
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)
214 (10)	National planning and environmental legal frameworks
313	National planning and environmental legal frameworks
323	National planning and environmental legal frameworks

Table 40 - 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 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).

A training session was also held for the three Local Action Groups in which, the spirit of Public Procurement which needs to be followed was discussed. This was accompanied by a Circular entitled *'Procurement of Works, Services and Supplies by Local Action Groups, in the ambit of the 2007-2013 Rural Development Programme for Malta'*. This document sets out guidance on procedures outlined in the Operating Rules for Leader to be applied by LAGs, for the procurement of works, services and supplies co-financed by the 2007-2013 RDP.

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.

Throughout the implementation of the Programme, the MA verified that the principles of transparency and fairness were adhered to. 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.

9. 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 the improvement in the quality of life of rural communities through the implementation of Local Development Strategies (LDSs) designed and delivered by Local Action Groups (LAGs). LAGs have a better understanding of the needs and requirements of their region since they work directly in the region and are in close contact with the community and prospective beneficiaries. Therefore, they are in a good position to better understand the needs of the region in which they work. This promotes the bottom-up approach which the LEADER Programme aims to build. In Malta three distinct LAGs have been designated, one for the North of Malta (Majjistral Action Group Foundation, MAGF), another in the South (GAL Xlokk Foundation, GXF) and a third one in Gozo (Gozo Action Group Foundation, GAGF).

The aim of the three LAGs is to effectively implement their respective LDS through a number of Actions and Measures which are launched throughout the lifetime of the programme. Each LDS was developed following a public consultation process which included:

- 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 organisations that operate within the region; and
- online consultation.

The following are the specific Actions programmed under Measure 410 by each respective LAG¹⁵¹:

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.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 413.8 – Branding and Promotion of the Majjistral Region

¹⁵¹ In 2015 The LDSs were amended by the respective Local Action Groups. In view of the fact that a number of Actions did not attract any or enough applicants and were therefore under-subscribed, the LAGs transferred funds to other Actions for which there was a greater demand.

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 19 – Logos of the three Maltese Local Action Groups

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

- 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 Activities;
- Measure 421: Inter-territorial and Transnational Cooperation; and
- Measure 431: Running costs, acquisition of skills and animation.

The financial allocation per LAG, per Measure 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 41 – 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, calls 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 9 projects were contracted in 2014. Given that there was still uncommitted budget it was decided to issue a second call for applications, in order to commit available funds:

Second Call:

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

Following this call, which attracted 14 applications, 13 applicants were contracted in 2014, however 3 beneficiaries withdraw their contract in 2015.

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 and subsequently ranked by their respective Decision Committees. Six contracts for GFX were signed in 2012 and 2013¹⁵². Another six contracts were signed in 2012 with beneficiaries who had applied through GAGF¹⁵³. Three contracts were signed in 2013 by beneficiaries who applied through MAGF. Thirteen projects contracted by the first call were finalised by end 2015.

A second call under M313 was released by GAGF and MAGF in order to contract further beneficiaries to use up funds which had not been allocated following the first call. Applications were received by the respective LAGs between 30th August and 30th September 2013. This call attracted 10 applications in Gozo and 8 applications in the Majjistral territory. Following this call, 15 additional beneficiaries were contracted, 7 beneficiaries hailing from the Gozo region while the remaining 8 hail from the Majjistral region.

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 an agreement with the lead partners from foreign LAGs. In these projects, the Maltese LAGs were partners and not project leaders. The TNC projects have started in 2013, while the main activities took place in 2014 and 2015. 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 Operating Rules were updated throughout the course of 2014 and presented to the three Local Action Groups during a seminar held in November 2014. LAG administrative staff and DC members were also invited to attend. The Managing Authority presented the main changes to the ORs. This was followed by a question and answer session and a workshop aimed at improving governance and the decision making process.¹⁵⁴

The Operating Rules were revised again in June 2015 and forwarded to the three Local Action Groups so as to facilitate Programme closure for the 2007-2013 Programming Period. The Managing Authority made itself readily available so as to help with regards to any issues and bottlenecks that may have

¹⁵² One of the contracts signed by a private entity through GFX was later withdrawn

¹⁵³ One of the contracts signed by a private entity through GAGF was later withdrawn.

¹⁵⁴ More information about this seminar can be found here:

<http://eufunds.gov.mt/en/EU%20Funds%20Programmes/European%20Agricultural%20Fund/Pages/Seminar-on-LEADER-14th-November-2014.aspx>

occurred in the final months. The main changes included a clarification with regards to the extension of project contracts due to any pending administrative matters.

Publicity

Newsletters

In December 2013, GAL Xlokk, under Action 413.A1A (Communication and Branding of the Region) started publishing a newsletter entitled “*Flimkien fix-Xlokk*” 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. In 2015 two newsletters were issued in the months of March 2015 (Version 3) and August 2015 (Version 4). The newsletters included information on a number of projects, cultural activities and history of the region.

Additionally, the Twelfth Edition of NRN newsletter was issued in 2015. The first part of the Newsletter gave an overview of how the 2014 – 2020 Rural Development Programme for Malta has assisted and contributed the continued development of Rural tourism in Malta through Measures 313 “Encouragement of Tourism Activates” and 323 “ Conservation and upgrading of Rural Heritage”.

The Newsletter also dwelt into how Gozo action group Foundation Promoted Gozo as a distinct island destination in the Mediterranean under M413.1 “Promotion of Gozo as a distinct destination”. The purpose of the action was that of providing assistance to the development and implementation of marketing initiatives focused on Gozo’s distinctiveness in six main areas which are: Agriculture, Environment, Landscape, Culture, Heritage and Gastronomy.



Flimkien Fix-Xlokk

06	Proġetti Marsaxlokk Aquatic Sports Club	12	Kultura Il-Produzzjoni tal-Halib	14	Kultura Ghad-dell tal- Mithna fiż-Żurrieq	22	Storja Informazzjoni fuq il-Qrendi
-----------	--	-----------	---	-----------	--	-----------	---



Attivitajiet Kulturali u Edukattivi organizzati b' suċċess

Il-Fondazzjoni GAL Xlokk flimkien ma' diversi Kunsilli Lokali fi hdanha hadmu flimkien sabiex ġew organizzati attivitajiet kulturali u edukattivi fil-irhula tax-Xlokk bil-ghan li jinghata aktar valur lill-wirt storiku u kulturali fil-irhula taghna.

Din il-hidma sarrfet sabiex ġew organizzati attivitajiet f'Marsaskala, fiż-Żejtun, fiż-Żurrieq, f'Hal Qormi, Hal Kirkop, Hal Ghaxaq kif wkoll fil-Qrendi. Ma' dawn l-attivitajiet ser jiġu organizzati oħrajn minn Kunsilli Lokali oħra fix-xhur li ġejjin.

Fost l-attivitajiet li ġew organizzati kien hemm 'Son et Lumier' li ġiet organizzata

f'Marsaskala sabiex tfakkar l-400 anniversarju mill-bini tat-Torri ta' San Tumas mill-Kavallieri.

Fiż-Żejtun ġiet imtella' wirja edukattiva dwar il-Produzzjoni tal-Halib fiż-Żejtun bil-partecipazzjoni tar-rahkala Żwieten. Ghal din il-wirja viżiva mimlija b'informazzjoni interessanti attendew mijiet ta' nies waqt Żejt iż-Żejtun kif ukoll ingiebu mijiet ta' t'fal minn skejfel fix-Xlokk ta' Malta fil-ġranet sussegwenti. Attività oħra kienet dik bl-isem 'Ghad-Dell tal-Mithna fiż-Żurrieq', fejn il-pubbliku kien mistieden iżur il-Mithna tax-Xarolla fiż-Żurrieq f'ambjent imzejjen tal-epoka medjevali sabiex wiehed ikun

jista' japprezza aktar ix-xoghol li kien isir f'dawn l-imitiehn u hajet missirijietna dak iż-żmien.

L-organizzatur ta' dawn l-attivitajiet imqabbad mill-Fondazzjoni GAL Xlokk, is-Sur Keith Abela, wera s-sodisfazzjon tiegħu għall-interess u l-entuzjażmu li l-Kunsilli Lokali qeghdin juru sabiex bl-ghajnuna tal-Fondazzjoni GAL Xlokk jittellghu dawn l-attivitajiet edukattivi u kulturali b' mod professjonali li jkomplu jiġġeneraw aktar turizmu intern b' apprezzament akbar lejn il-valur storiku, kulturali u ambjentali fix-Xlokk ta' Malta. ●

Figure 20 – Third edition of the Xlokk newsletter

On Sunday 29th November 2015 GAL Xlokk published an article on the 8 local newspapers. The article was published on both the Maltese and English newspapers. Both versions gave an overview of the LAG's initial years, the measures issued through the LEADER programme and the main Trans-national projects GAL Xlokk was involved in.

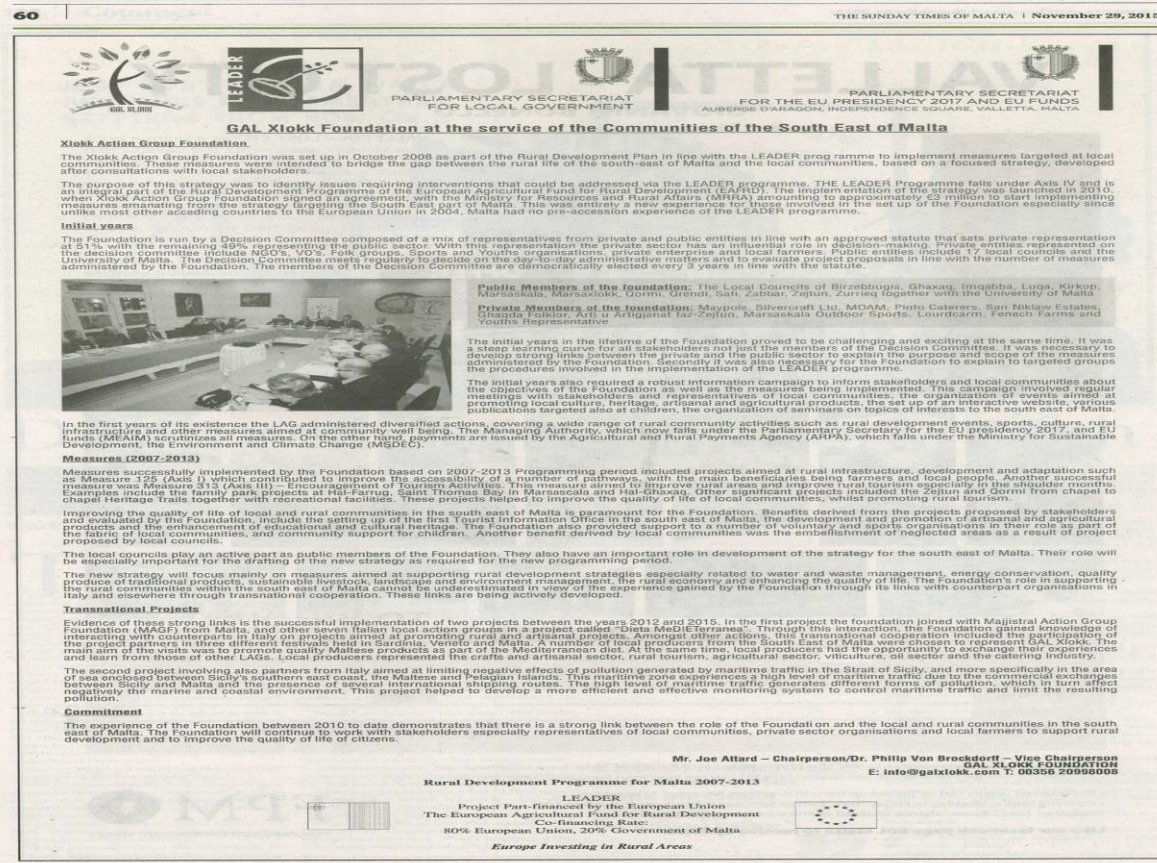


Figure 21 – Article published by GAL Xlokk

Promotion of the Dieta Medietteranea – Food Festival

MAGF and GXF promoted the Dieta Medietteranea – Food Festival held on the 15th and 16th May 2015. A Poster was designed to promote the event. This was printed in A3, in full colour. More than 80 copies were printed and distributed in the locality members of both GAL Xlokk and GAL Majjistral. Copies were also sent to Local Council Members and other private members of both action groups.

A billboard design was created and setup on a billboard on a very busy road in Mdina Road Zebbug for the period of 4 weeks starting the 1st of May 2015. This generated very good visibility for the event and is one of the major contributors to the event's success.

Additionally a 30 second radio advert was produced to promote the event on two very popular radio stations. A total of 30 x 30sec radio adverts were aired on both ONE Radio and Radio 101 in the five days leading to the event. This also generated very good publicity for the event. The radio advertising was complimented by 10min infomercials during which representatives of both

Members of the two Action Groups, also had the opportunity to speak about the event being organized on very popular TV shows. Whilst two 18cm x 2col colour adverts were published on two very popular Maltese newspapers L-Orizzont and In-Nazzjon.

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 sets of Actions. Before implementation, the MA reviewed all proposals and requested the opinion of DG AGRI with regards to their eligibility.

Actions are then launched throughout the year 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. Results are eventually issued by the LAGs and a contract with the beneficiary is signed.

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 and established craft businesses which require assistance to establish, upgrade and maintain their business. Aid was granted for the upgrade of business premises, purchase of equipment and fixtures and fittings. 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, whilst 1 contract was never signed because applicant failed to submit declaration from planning authority. Therefore,

the number of beneficiaries contracted under this action amounts to 5, with a total amount contracted of €24,319. All projects have been completed by end 2014.

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.

One of the beneficiaries contracted under this Action aims to design a limited edition line of contemporary artefacts, following a traditional model. This aims to create a contemporary design to raise hand made products to a high level status. The beneficiary, a designer and a ceramic artist, will produce artefacts which can be purchased by locals and tourists. Funding was requested to partially finance the costs of electrical and gas kilns.

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 arts and culture organisations since they usually rely on donations to cover their costs. The aim of this Action is to support capital investments undertaken by arts and cultural organizations which will help them enhance their capacity in the promotion and delivery of the cultural and artistic practice for the communities within the territory.

A total of 16 applications were received following this call, requesting a total of about €180,000. Ten contracts were signed in 2013, for a total of €89,900 however, one of the contracts was withdrawn in 2015, whilst the remaining 9 projects were completed by end 2015.

One of the beneficiaries is a village band club which promotes music and culture through the provision of free music lessons to children and youths. Following completion of their studies, these children and youths are provided with a free musical instrument. Through this project, the beneficiary aims to upgrade the music room to provide students with an appropriate space for them to learn and practice. Additionally, musical stands, which are used both during performances and practice, were purchased. This ensures that students and performers are provided with appropriate facilities, to ensure that the band club can attract further young people and has the necessary apparatus to perform during several activities throughout the year.

Following this call, several organisations approached MAGF to obtain more information about this Action. In view of the general interest shown by prospective applicants, MAGF re-issued the call in 2014, with applications being received between 8th August and 22nd September 2014. As expected, the response was very positive and 30 applications were received. However the call was eventually cancelled since all applications were administratively incompliant. The call was re-launched for the 3rd time in 2015, with applications being received between 12th January and 12th February 2015. For the 3rd Call 26 Applicants applied and 22 were contracted, 3 projects were rejected and 1 applicant withdrawn, we a total contracting amount of €992,671.

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

The LAG was the direct beneficiary under this Action. The LAG organised a 'Culinary and Crafts Festival', whereby MAGF sought to promote local cuisine, artists, craftspeople and agricultural products, traditions and services. This successful event was held during the Christmas period in 2012 and several actors in the Majjistral Territory showcased their products and produce.

This was a onetime action which took place in December 2012. Payments in relation to this Action, amounted to €180,254 and 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 is to encourage locals and tourists to discover local products and services. This network creates the possibility for anyone to visit and explore rural actors in the Majjistral territory, 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 supported. This action was launched 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 applicant was contracted in 2014, and project was finalised in 2015, with a contracted amount of €89,900.

The contracted beneficiary, manages and promotes a rural tourism network within the Majjistral territory which encompasses the north and west of Malta. The basis of this network had already been set up, however the funding allowed the enterprise, farmers and visitors to benefit from increased investment which will be of more benefit to all parties. The beneficiary organisation was able to grow and maintain this network while farmers were provided with an alternative source of income. Tourists, on the other hand, will benefit from an alternative experience: that of visiting farms in rural areas. Funding covered 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 an updated website which gives more access to foreign markets. Additionally, funding was allocated towards project management costs and to purchase capital equipment such as catering supplies, health and safety equipment, furniture and storage facilities for farm units. Ultimately, the beneficiaries under this action are the farmers and the tourists visiting these holdings.

Merill

Rural Tours | Local Products

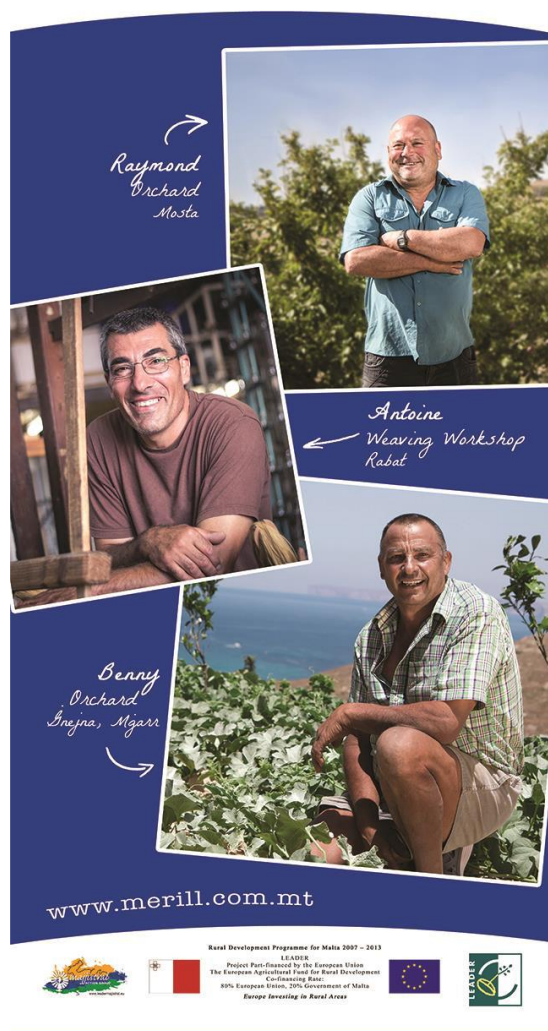


Figure 22 – Rural tours leaflet

Action 413.2: Support for Direct Marketing – Crafts Sector

This call was designed to provide financial support to new and existing crafts businesses in marketing their products. The scope of this action is to improve competitiveness 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, thus enabling beneficiaries 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, seven of these were contracted in 2014, whilst the other two application were rejected for a total value of about €25,700.



Figure 23 – Publication finances through Action 413.2

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 products that are linked to the Majjistral Region. These products promote the identity of the territory and not that of a single locality. Eligible investments included research fees on product development, product design costs, product development costs, recognised certification fees, marketing and promotion 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 were contracted in 2014, for a total of €99,856.

One of the partnerships which benefited under this Action will create, produce and promote a range of products using primary resources of the region, namely clay and honey. Through this project, local private and public entities are able to purchase these products which are produced in the territory. The final products consists of local honey bottled in a range of desktop ornamental pottery containers in the shape of landmarks forming part of the territory. Packaging is branded and labelled accordingly and also includes an information booklet.

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.

One application was received during the application period between 30th October and 16th December 2013, requesting a grant amount of €175,700. The application was rejected and the action was cancelled. This call was not re-issued and funds were reallocated to other Actions.

GAL Xlokk Foundation

Action 413.A1a: Communication and Branding of the Region

This action aims to develop a strategy to promote the region through the creation of an interactive website, publication of brochures, leaflets, maps and a calendar of events. The LAG itself is the beneficiary under this Action. This action was launched as a request for 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, and the project was completed in 2015 with a total budget of €166,800.



Figure 24 – Deliverables from Action 413.A1a

Through this Action, the LAG set up an interactive website, produced a new brand for the Xlokk Region ‘*Fix Xlokk l-aqwa ta’ Malta*’ and printed corporate stationary, such as envelopes, notepads, pens and corporate folder packs. Additionally, newsletters are being produced, printed and distributed together with posters and flyers. Press actions are also being financed through this Action, including organisation of seminars, advertising and drafting of articles and press releases.



Figure 25 – GAL Xlokk Foundation newsletter

Action 413.A3: Open Call for Voluntary Organisations

This action aimed to help voluntary organisations 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 Action 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 in 2013 for value of €147,639. Eight projects have been completed by end 2014, while another two were completed in 2015.

Following the success of the first call, a second call was launched in 2013 between 25th September and 8th November. This call for applications attracted fifteen applications, fourteen being local band clubs and one from a sports club. Following evaluation by the Local Action Group, fourteen applicants were contracted in 2014 and one in 2015. All projects were finalised by 2015, with a total contracted amount of €188,756.63.

One of the beneficiaries is a religious confraternity which aims to professionally restore numerous items. These religious artefacts are used throughout the year during various activities organised by the church. Several silver gilt statues and *bandaloras* were restored while a number of new religious artefacts were produced. Through this project, this entity aims to maintain local religious customs and cultural heritage.

Another organisation, a village band club, constructed an additional two floors on top of a recently restored building. The new floors will serve as storage space and a restoration space for street decorations which are used to decorate the village streets during *festta* time.

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

This Action aimed to support sports organisations as to encourage sports activities, therefore promoting a healthy, active lifestyle. Applicants could decide on what type of activity they would like to pursue, including marketing, awareness, capital investment and research. Eligible applicants 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 were deemed eligible and were contracted in 2013 for a total of €92,508, however by end 2015, only 7 project were completed, with a total amount of € 81,855.72.

One of the beneficiaries contracted under this Action is an aquatic sports club which promotes swimming, water polo and other aquatic sports for young people and adults. Through this project, the sports club aims to enhance its physical infrastructure to offer better services to the community whilst attracting new members. Funding was used to improve accessibility through the construction of a ramp, parapet walls and recasting an open quay. A safe, non-slip staircase was installed. These will ensure that athletes can enjoy a safe and healthy environment before during and after their training sessions.



Figure 26 – Examples of projects financed under this action

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 various 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 were received, one of which was contracted in 2014. Ten events were organised by the winning bidder, between 2014 and 2015 in different rural towns within the Xlokk region.



Figure 27 – Għad-dell tal-Mithna, Żurrieq activity



Figure 28– Qormi KultuRural Fest, an activity held in Qormi

Action 411.2: Capital Investment to Support Artisanal Agricultural Activity

The 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. The scope behind this action was to add intrinsic value to the agro tourism industry by valorising traditional products. Eligible costs under this Action included 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 2013, for a total of €50,000, and completed in 2015.

The beneficiary produces and sells estate wine (DOK certified) and olive oil. The project financed through this Action was directed towards the acquisition of new machinery and equipment so that the winery can adopt modern oenological practices. An automatic bottling line and oak barrels were purchased while a visitors' centre will be restored.

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 citizens' quality of life. This Action aimed to make rural areas in the region more attractive, improve their visual appearance and make them more accessible. Eligible actions under this Action included construction costs for 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 were contracted in 2014 for a total of €85,900, however only 5 projects were completed, the other 3 beneficiaries withdraw their contract, with a total amount contracted of €66,975.03.

One of the Local Councils which was contracted under this Action aims to clear, clean and embellish various inhabited areas around the village. This is being carried out for the benefit of all those who enjoy frequent walks around the village and in the surrounding countryside. This aims to improve the quality of life of residents and attract more visitors to the area.

Action 413.A7: Community Support for Children

This action aims to train elderly people to enable them to support youths and children. The aim was to engage the elderly in assisting children after school hours with homework, teach them new skills, and pass on their knowledge regarding traditions. The call was launched in 2013, with applications received between 8th May and 8th June. All 4 applications received were deemed ineligible.

A second call was re-issued in 2014 and 7 applications were received between 27th June and 28th July. The second call was modified to better address the needs and potential of the region. The second call aimed to organise hands on activities related to food production, visits to farms and fields in the Xlokk region, teach children about Maltese flora and fauna, involve children with mixed abilities and from different ethnic groups in group activities such as drama and increase interest in organic farming. Seven applications were received, four were unsuccessful while the three successful applicants were contracted in 2014 and completed the project.

One of the visits took place at a farm where carob fruit are picked and processed. Children were taught about the benefits of this fruit and how it can be used for cosmetic products, nutritional products, medical products and products which can be used as part of a gluten free diet. Another visit took place on a dairy farm while a third visit took place within a nature reserve where children were toured around the area and taught about the benefits of organic produce and the importance of biodiversity.

413.A1B: Setting up of a Tourist Hub

This action aims to set up a Tourist Hub in the region since currently, no such centre exists. This hub aims to promote products and services, places of interest and events and serve as a one-stop shop for tourists. This action will create and offer new tourist packages through which, the region can be discovered and explored. This hub will serve as a point of promotion for artisanal regional products, and provide information regarding natural, cultural and rural assets.

The first call was launched in 2014, with applications being received between 24th January and 28th February. This call attracted three applicants, however they were deemed ineligible. A second call was re-issued between 9th October and 10th November. One application was received and was contracted and project completed in 2015.

The beneficiary constructed a tourist information hub which will serve as a means of dissemination of information to ensure that tourists are informed of the rich cultural heritage present in the Xlokk Region. The information hub provides tourists with brochures and other printed materials, thus giving tourists tangible information tools. The hub is also equipped with an interactive panel which will allow tourists access to other means of information on local restaurants, means of transport, an up-to-date calendar of events, a list of producers of local products and sites of natural, cultural and rural interest.

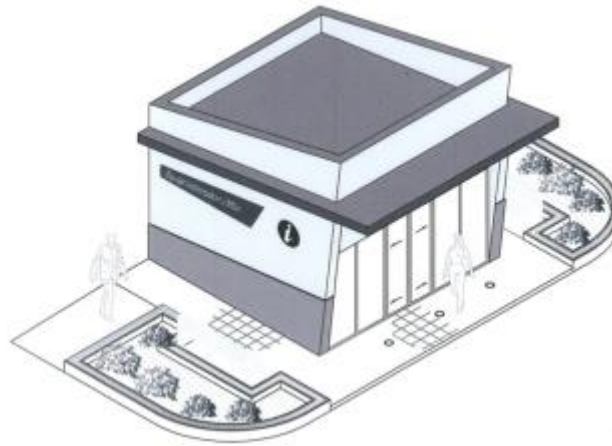


Figure 29 – Design of Tourist Hub set up by the beneficiary

Gozo Action Group Foundation

Action 411.1: Promotion of Gozo Produce

This Action, aims to provide assistance for 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. It aims to enhance marketing skills of local farmers and agricultural food producers and support activities which enable them to connect with buyers. Beneficiaries eligible for funding under this Measure were farmers, farmers' organisations, agri-processors and Producers Organisations. Applications for this Action were received between 5th March and 13th April 2012. Five applications were received, all of which were deemed ineligible. The call was cancelled and was not re-issued.

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, help 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 all of which were deemed ineligible. The call was cancelled and was not reissued.

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, making them more attractive for locals and visitors alike. 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 by the

applicant. Evaluation was finalised in 2014 and two contracts were signed with the selected applicants. The contracted amount adds up to about €93,700.

Following the relatively high demand when the first call was issued, the LAG reissued a second call in 2014. Applications were received between 22nd May and 23rd June 2014. Seven applications were received, one of which was deemed eligible while another application was withdrawn. Five beneficiaries were contracted in 2015, however 1 beneficiary withdrew with a contracted amount of €476,327.67.

One of the beneficiaries which was contracted under this Action embellished a neglected square in the village. This village square is located on a valley and holds panoramic views of the valley. The square will re-paved and made more accessible. A fountain, irrigation system and lighting were also added, together with a water catchment area. Street furniture was also restored and native plants were planted, transforming this square into a small botanical garden.

Action 413.2: Folk and Traditional Activities Support

Funding under this action helped local organisations to implement activities linked to the maintenance and enhancement 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 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 which was found to be ineligible. A 3rd call was issued between 9th October and 6th November 2014. Following this call, three applications were received, one of which was deemed ineligible. The contracts with these two applicants was signed in 2015, with a total amount of €41,123.

One of the beneficiaries contracted organised an event which will include an exhibition, two parades and live musical and folk performances. The event was held in a location of high historical value. Gozo is known for its rich culture, heritage and traditions. Several Gozitans of all ages are actively involved in keeping alive these traditions. The ultimate aim of this project was that of presenting a cultural event that links with the local intangible heritage and bring to life traditional aspects of Gozitan society. This event was held over a weekend and sought to attract both locals and tourists.

Action 413.6: Events and Festivals

The action supported 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.

A second call was reissued in 2014, with applications being received between 1st to 30th April. Six applications were received, three of which were deemed ineligible while the other three were contracted in 2015, two NGOs and one Local Council. The total contracted amount adds up to €45,225.

One of the beneficiaries which was contracted organised a festival related to Gozitan traditional food. This festival also included a seminar about Gozitan traditional food and a culinary competition. Funds will be used for the setting up of stalls, service of entertainers, printing of promotional material, setting up of promotional billboards, rent of a performance stage, service of brass bands and folk bands. Additionally, various traditional attractions have participating in the event, including traditional horse-drawn carriages and a *terramaxka* while those attending could also freely sample several traditional foods.

Action 413.5 Signposting

The purpose of this action is to provide assistance to Public Entities to improve the signage of sites of interest in the GAGF territory. It seeks to improve signposting and ensure signage both for prime locations and other touristic locations which are less mainstream and less known. This action also funded the creation of maps and information tools which were developed for these sites of interest. An integrated approach is therefore being sought. The scope of this action was to improve the touristic experience leading to an increase in the tourism demand and improve internal mobility in an affordable and efficient manner.

Applications were received between 16th October and 13th November 2014. Two applications were received, one of which was deemed ineligible. The eligible application was contracted in 2015 and the contracted value add up to approximately €37,600.

The contracted applicant aims to promote the distinctive natural and cultural heritage sites of Gozo, while facilitating their accessibility by developing a customised geographical informational tool. The latter helps internal mobility around the island and is based on a GIS system, presenting local attractions in a dynamic and interactive manner.

Measure 313 – 1st Call

Applications for Measure 313 were received by the three LAGs between 7th March and 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 received 100% of the total eligible expenditure while private entities received 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 42 – Applications received under Measure 313 - LAGs

The applications were evaluated by the LAGs together with their Technical Experts, ranked by their respective Decision Committees, as per procedure defined in the Operating Rules. A total of €4,536,667 was 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, however one private project was withdrawn, with 5 projects completed. 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 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 in a timely manner.

The total number of beneficiaries contracted through Local Action Groups following this call adds up to 14.



Figure 14 – Three projects implemented by Local Councils through Gozo Action Group Foundation



Figure 30 – M313 project implemented by a Local Council from the GAL Xlokk region



Figure 31 – M313 beneficiary, Local Council from the Majjistral Region

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.

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.

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 43 – Applications received under Measure 313 - LAGs

Gozo Action Group Foundation received ten applications, requesting a total of more than €1.2 million. Seven applications were considered eligible. Seven applicants were contracted in 2014. The total amount contracted adds up to about €919,900. 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 €789,000. All applications were deemed eligible and were contracted in 2014 for approximately €788,300. Results were issued in March 2014.

Following this call for applications, fifteen applicants were contracted. Therefore, twenty nine applicants have been contracted following two calls by the three Local Action Groups.

One of the applicants contracted through MAGF aims to offer tourists a richer experience when visiting the village. The project brings the village alive to anyone at any time and from any place, through mobile and tablet applications. The main aims are to attract more visitors to the village core and to its rural surroundings and provide visitors with an informative and interactive experience. Visitors will also be able to view historical images of the village's past. Through this project, places which are inaccessible to the public will also be made available. This project therefore created an interactive and informal heritage trail which exploits modern technologies including geo-location and landscape recognition.

A beneficiary contracted through Gozo Action Group Foundation created a resting open space between the main village square and a park which has been established through the first call of Measure 313. A heritage trail was also set up, which included appropriate informative panels between the main village square and the park. The heritage trail extended to other parts of the village, including its southern part, the cliffs and rural passages in the area. Street furniture was also installed while a storm water culvert was also constructed in order to alleviate flooding in the area. This village hosts one of the main hotels in Gozo, together with several other self-catering tourist accommodation units, therefore, it is highly important to ensure that the village is well maintained, so that it can attract more visitors. This project is part of an extensive, integrated plan which aims to regenerate the village. The Local Council will be making use of several national funding schemes in order to upgrade the main playing field, construct a new rural park, and create a pedestrian open space.

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. An independent Technical Expert was engaged by the Managing Authority to evaluate the roads submitted. This Technical Expert assessed whether resurfacing of roads will require a planning Permit. 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 was 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 (4 successful applicants)

2nd Call: 30th October – 27th November: 4 applications (3 successful applicants)

GAGF:

1st Call: 2nd May – 28th June 2013: 10 applications (3 successful applicants)

2nd Call: 30th October – 27th November 2013: 4 applications (4 successful applicants)

GXF:

1st Call: 27th – 29th March 2013: 8 applications (2 successful applicants)

2nd Call: 30th October – 27th November 2013: 6 applications (6 successful applicants)

The table below shows the amount of funding requested by applicants from the three LAGs, together with the amounts which were contracted in 2014.

LAG	Amount requested (€)	Amount contracted (€)	Actual Amount Disbursed (€)	Beneficiaries Contracted	Actual Roads Completed
GAGF	759,447	183,391	90,073.68	7	7
GXF	204,000	127,342	105,056.58	8(3 contracts were withdrawn)	5
MAGF	366,161	158,000	60,961.08	7 (1 contract was withdrawn)	6
Total	1,329,608	468,733	256,091.34	22	18

Table 44 – Amount of funding contracted following the two M125 calls

Eighteen projects were completed by end 2015.



Figure 32 – One of the rural roads which will be resurfaced under Measure 125

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 and Majjistral Action Group Foundation participating in the project 'MeDIETerranea', whose lead LAG is *Sulcis Iglesiente Capoterra e Campidano di Cagliari*. This transnational project was aimed at promoting and enhancing the Mediterranean diet as a source of identity and culture. This project aimed at raising awareness on the Mediterranean diet, leading to a greater demand for local produce, both by local consumers and by operators in the catering industry.



Figure 33 – The GAL Xlokk team at one of the MeDIETerranea events

Xlokk Local Action Group participated 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, all LAGs participating in this transnational cooperation project met in Maratea, Italy, as to discuss in detail activities related to this project.

In February 2014, MAGF attended a meeting held in Rome where an activity to be held in Sardinia in May 2014 was planned. Later on in March 2014, MAGF issued a call for operators which were interested in participating during this event held in Sardinia between the 8th and 10th May 2014. Operators from the agricultural, artisanal and tourism sector were invited to submit an application. This call attracted fourteen applications out of which, eight operators were selected. MAGF financed the travel expenses of these participants. During the festival, a MAGF stand was set up where these operators could showcase their products and services. This experience was a very positive one for all those participating since they could share experiences with other operators within various Italian regions. MAGF also financed the participation of a professional chef who presented recipes typical of the Majjistral region.

One of the main activities financed through this Measure is a publication for kids, which also includes contributions by Maltese children. MAGF invited children between the age of 7 and 10 to present a short article explaining what they think about local food traditions. The MAGF Decision Committee chose a short poem written by a young boy who presented this poem in Maltese during the Sardinia festival. Drawings were also submitted by several children, many of which were also included in the publication.

MAGF also participated in an event in Rovigo, Veneto. MAGF again financed the participation of various operators from various sectors. Additionally, a number of LAG DC members also participated in this event.

MAGF collaborating with other LAGs, including another Maltese LAG, GXF, to organise an event in Malta. This event was organised on the 15 and 16 of May 2015, as a collaboration project between the two LAGs. MAGF and GXF launched a call on the 24th March 2015 inviting operators such as farmers, craftspersons, artists, musical societies, professional chefs and tourism operators to apply for participation in the festival to be held in Malta from the 15th to the 16th of May 2015.

MAGF received 37 applications and GXF received 40 applications. The applications were received from craft producers, agro alimentary producers, artists, professional chefs, musical societies and folk groups and persons interested in delivering an information session.

Part of the festival was dedicated to school children, whereby a specific activity “Healthy Food Rocks” was organized where different activities took place amongst which the launch on a local basis of a book and cartoon produced by MAGF and GXF in collaboration with the foreign LAGs to produce and publish a book called ‘Fiaba come Mangi’ and also a cartoon. This activity also included an information sessions about crafts, hands on cooking activities for kids organized by the professional Chefs participating in this project, tasting activities and animation.

A culinary corner was set up at the event whereby continuous cooking sessions took place with specific reference, the chefs also organised hands on activities with the kids.

MAGF and GXF contacted a number of band clubs from their respective localities in order to stimulate their participation during the festival. The idea behind this initiative was to offer a type of animation that would be linked to the cultural element of the territories.

MAGF and GXF also contacted different experts that delivered information sessions during the festival. The themes that were proposed were beekeeping and honey, viticulture, sports, nutrition, rural tourism, nature/environment and organic.



Figure 34- Chefs at Work, during a festival organised by MAGF GEX, held in Malta from the 15th to the 16th of May 2015



Figure 35- Artist at work, during a festival organised by MAGF GEX, held in Malta from the 15th to the 16th of May 2015



Figure 36- Craft producers at work, during a festival organised by MAGF GEX, held in Malta from the 15th to the 16th of May 2015

In order to foster Transnational collaboration Between 6th and 13th November 2015, the Chairperson and Vice-Chairperson of the GAL Xlokk Foundation paid a courtesy study visit to GAL Valle Umbra e Sibillini. Both representatives had the opportunity to meet and discuss areas of rural tourism of the Umbria region. At the same time, new contacts with the President of the Italian Local Action Group and a number of mayors of the same LAG were formed. The purpose of this visit was to develop relations with the LAG Valle Umbria and Sibillini with a view to determining common areas of interests and learn from each other's experience in implementing Leader Programme measures. Transnational collaboration especially in the field of developing and promoting traditional products such as olive oil and honey was also discussed with GAL Valle Umbria.

Gozo Action Group Foundation

GAGF participated 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 has 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 be promoted as an integrated tourist offer, both at a regional and transnational level.

GAGF 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 four 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 of the project was 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.

As part of this project 'Network of Transnational Eno-gastronomic itineraries for the promotion of the Mediterranean cultural-food model', The Gozo Action Group Foundation organised a seminar in Gozo

on the 20th July 2015 promoting the objectives of the project. After the seminar the Maltese TV station TVM Malta showed a short clip in relation to the TNC project. The Gozo Action Group Foundation also published a booklet: TEINET- the Gozo Eno-Gastronomic Itinerary as part of this project.



Figure 37 - Banner of the MeDIETerranea event organized in Malta by the GAGF

GAGF also attended three fairs for year 2015: i) Nice Fair from Friday 27th May 2015 to Tuesday 31st May 2015, ii) Milano EXPO from Friday 25th September 2015 to Monday 28th September 2015 iii) IFTM TOP RESA of Paris from Thursday 29th September 2015 to Monday 2nd October 2015.



Figure 38- Showcasing of Maltese products during an event in Nice- by GAGF

Measure 431

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 of the LAG. This Measure finances the day to day running costs of the Local Action Groups, including LAG Manager and secretary salaries, rent, stationary, utilities, internet, website upkeep, purchase of IT equipment, 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 and the LAGs were required to set up their operations. Every year the LAG provides the Managing Authority with a breakdown of its budget for the coming year. Transfer between line items may be carried out when extensive savings are made and there is no plan to make use of such savings within the same line item. These changes are then reviewed by the MA and approved by the Paying Agency. As at end 2015, a total of €777,174.39 were disbursed under this Measure, with an EAFRD contribution of €621,739.51.

Annual General Meetings

Local Action Groups organised Annual General Meetings, in which, all LAG members are invited to attend. The Managing Authority is also invited as an observer. During AGMs, the minutes of the previous meeting are presented and approved. The LAG managers also present the administrative and financial reports. An update on the status of each Action is presented. During these meetings, a discussion on the progress in the implementation of the LDS is also held while the administrative and financial reports are then approved.

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.

The Maltese NRN Newsletter

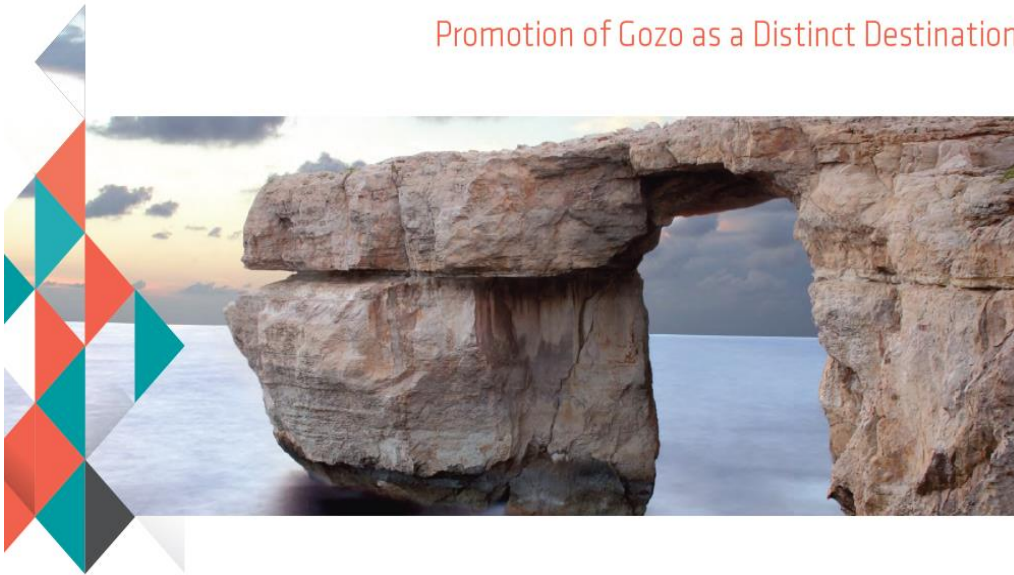
The NRN newsletter is a communication tool developed in conjunction with the Managing Authority NRN members and individuals active in rural development. Stakeholders are periodically invited to suggest important topics, contribute articles and promote forthcoming activities. The newsletter is available for download from the new Managing Authority website:

<http://eufunds.gov.mt/en/EU%20Funds%20Programmes/European%20Agricultural%20Fund/Pages/Newsletter/Newsletter.aspx>

The Twelfth Edition of NRN newsletter was issued in 2015. The first part of the Newsletter gave an overview of how the 2014 – 2020 Rural Development Programme for Malta has assisted and contributed the continued development of Rural tourism in Malta through Measures 313 “Encouragement of Tourism Activates” and 323 “ Conservation and upgrading of Rural Heritage”.

The Newsletter also dwelt into how Gozo action group Foundation Promoted Gozo as a distinct island destination in the Mediterranean under M413.1 “Promotion of Gozo as a distinct destination”. The purpose of the action was that of providing assistance to the development and implementation of marketing initiatives focused on Gozo’s distinctiveness in six main areas which are: Agriculture, Environment, Landscape, Culture, Heritage and Gastronomy. One of the beneficiary under this action was the Gozo Tourism Association, with their project encompassing a number of interventions that will strengthen the destination’s ability to position and promote itself on variety of niches and as a destination with a distinct personality from Malta.

Promotion of Gozo as a Distinct Destination



One of the main measures launched by the Gozo Action Group Foundation during 2014 was the Promotion of Gozo as a distinct destination. In fact during the consultation stage it was one of the most important topics discussed by the social partners.

The action aims to generate tourism demand in Gozo, especially in shoulder months. The strategic objective of the action is to develop Gozo distinctiveness and enhance synergies with tourism-related activities in order to promote growth and reduce seasonality in a sustainable manner.

The purpose of the action is to provide assistance to the development and implementation of marketing initiatives focused on Gozo's distinctiveness in six main areas which are: Agriculture, Environment, Landscape, Culture, Heritage and Gastronomy.

Figure 39 – Promotion of Gozo as a Distinct Island Destination M 413.1



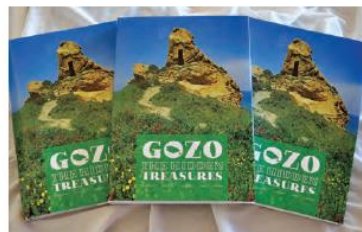
1. Gap Analysis and Creation of a Gozo Tourism Marketing Plan

This intervention will consist of studies and research related to an analysis of the current situation outlining the macro and micro environmental factors affecting tourism in Gozo, the compilation of finite milestones set over a period of time, the development of an Action Plan and implementation schedule which identifies the details of the work required and marketing strategy specifically designed around Gozo's distinctiveness.



2. Local and International Promotion

Gozo enjoys a combination of domestic and international tourists. The project will implement a local and international promotion campaign focusing on innovative promotional techniques ensuring a maximum exposure of the destination. Part of the promotion will involve short TV spots on local TV stations, themed editorials on various local magazines, online Monthly Traveller's Blog, innovative Ad campaign using traditional print adverts and a varied social media campaign, short promotional videos for social media and youtube as well as promotional material in the form of publications.



3. Enhancement of the website www.islandofgozo.org

The website, developed, owned and managed by GTA will be enhanced and revamped through this project allowing tourists a better online access to the destination. The portal will be re-designed and upgraded to match the professionalism of the national tourism portals. The portal will be upgraded to allow for access from mobile devices and enabling the platform of the Traveller's Blog. The website will also be enhanced to include a booking engine to GTA members.



4. Organisation of an International Tourism Conference

On the 21st of May 2015, the GTA in collaboration with MTA organized the first International Island Tourism Conference with the theme 'The Image & Sustainability of Island Tourist Destinations'. The main aim of this international conference is to present and discuss national and international experiences about tourism competitiveness, customer's experience, destination image and branding, sustainability and tourism marketing on islands.



Figure 40 – Areas of Intervention of the Gozo Tourism Association Project under M 413

Part of the 12th Edition of NRN Newsletter was dedicated to a brief introduction of the main new elements of the Maltese's Rural Development Programme (RDP) 2014-2020, whereby the new main elements of this programme were compared with their RDP 2007-2013 equivalent. The Newsletter explained that whilst all measures in the new programme are somewhat different to the previous ones, the framework of the more important schemes under the 2007-2013 RDP have been replicated and enhanced further. Equivalents of the most important 2007-2013 measures such as M11, M114, M115, M121, M123, M125, M212 and M214, as well as LEADER will all form part of the new programme, under different titles, and with some slight differences with respect to eligibility conditions and selection criteria, as well as eligible costs financeable under each individual scheme.

Structure of the Programme

The 2007-2013 comprised various measures falling under one of the identified 5 priority axes. The first notable difference in the new RDP sees the removal of this axis structure, replaced by 6 EU priority areas, sub-divided in a total of 18 focus areas. The consultation process and preparations leading up to the drafting of the new programme also identified 5 main needs for the Maltese agriculture sector, namely:

- Water, wastes and energy
- Maltese quality produce
- Sustainable livestock
- Landscape and environment
- Wider rural economy and quality of life

These needs were derived from the feedback received during consultation with numerous stakeholders in the sector, from a SWOT (strengths, weakness, opportunities, threats) analysis of the sector which was carried out, and on the basis of the aforementioned EU priorities. The menu of measures selected by the Managing Authority to be programmed under the RDP, was that which was deemed most suitable to address positively the identified 5 needs for Malta and Gozo.



Calls

The new programme will see the launch of an open call. An open call is one which does not close, and for which there is no deadline for submission of applications; or rather, calls will only close once the budgetary allocation for the measure in question is entirely used up.

Under an open call procedure, potential beneficiaries will be able to benefit from increased flexibility in submitting project proposals. Periodical evaluations of received applications will be carried out; this means that applicants will be able to revise and resubmit unsuccessful applications quickly, rather than having to wait for the next time the call for applications opens. It will also allow the possibility for beneficiaries to carry out a number of projects during the 2014-2020, being able to apply for further funding under the same measure straight after concluding their initial projects.

Other Regulatory Changes

Other key differences between the 2007-2013 and 2014-2020 programme include:

- A minimum of 30% of the total RDP budget will be earmarked for actions which contribute to the achievement of EU-wide climate change targets
- The new programme will not support interventions carried out to conform to obligatory standards, unless these standards are newly introduced throughout the life of the programme
- The eligibility of expenditure which can be claimed by beneficiaries will commence on the date of signing of the relevant grant agreement, not before

The total RDP budget has also increased when compared to the 2007-2013 funds. The programme will now carry a total of almost €130 million, an increase of around €30 million from the previous RDP. 25% of this total will be covered by the Maltese Government, while the remaining amount will be provided by the European Commission under the European Agricultural Fund for Rural Development (EAFRD).



Figure 41 – brief Summary of the new Rural Development Programme (RDP) 2014-2020

Work Envisaged on National Rural Network (NRN) for 2016

- The NRN section on the MA website will be enhanced and upgraded in order to serve as a more accessible and user-friendly forum of information for rural development stakeholders and potential beneficiaries.
- Innovation support will form a particular aspect of work within the rural network in order to ensure specialised advice and support in areas targeted for innovation activities.
- Furthermore, a portion of the technical assistance budget will be devoted to attendance of meetings, conferences and workshops organised at EU-level in order to ensure that MA and PA staff are provided with adequate and effective training. Specific and targeted training programmes using expertise from, and visits to, other EU Member States will form part of the training of MA and PA personnel in order to provide exposure to best practice within the EU. Training needs will be identified at the start of the programme and will be implemented in relation to RDP requirements.
- NRN Malta shall continue to reach key target groups through its newsletter which will be published every four months.
- The identity and role of the Maltese National Rural Network will be strengthened for the 2014-2020 period. A greater emphasis will be given to effective stakeholder engagement, including the involvement of a higher number of individuals with the required knowledge to provide effective support to the implementation of the RDP.

- The activities of the National Rural Network and the Managing Authority will build upon what was already accomplished through the 2007-2013 programme and continue to provide advice and information on the RDP. The provision of information will be continuously developed throughout the life of the new RDP based on the requirements at the time, and on the requirement to reach the cross-cutting rural development objectives as well as relevant EU 2020 targets. Such information will be provided through the organisation of NRN information seminars and workshops, as well as through newsletters, leaflets and other information material as required.

10. CONCLUSION

This Annual Progress Report conveys not only the challenges faced but also the achievements obtained during the year 2015. Due to 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.

Furthermore the year 2015 presented several challenges to the MA and all stakeholders involved. These challenges included commitments emerging from the N+2 commitments for 2015 and the financial targets that had to materialise in the final year of programme implementation. The MA also carried out its final budget transfers to ensure that any savings at Measure level were transferred to Measures which were overcommitted, hence diminishing the risk of unutilized funds. The MA also monitored all projects and made its outmost effort to ensure that projects are concluded in due time. Additionally in 2015, the MA also faced challenges related to the launch of the 2014 – 2020 Rural Development Programme, which was adopted in December 2015.

Out of the eighteen measures being implemented through the RDP, thirteen were active in 2015, whilst all Axes were committed or overcommitted. During 2015 the Managing Authority transferred funds between Measures in order to make use of any savings at Measure level. Overall disbursements adds up to more than €104.8 million, with an absorption rate of 103.31%. All the allocated budget per Axis was absorbed, with the only exception of axis 4 whereby disbursement fell short by €55,416.07(Public). More than 8,654 beneficiaries have benefitted from different Measures and Actions implemented under the RDP.

The year 2016 will present several new challenges to the MA. Following the launch of the RDP 2014-2020, the MA is working on the implementation of the new programme, which includes meeting with various stake holders, drafting of guidelines, applications and contracts, launching of calls, organizing information sessions and all other preparation to successfully implement the new Rural Development Programme.

Finally, the Managing Authority would like to thank the European Commission, especially the staff at DG AGRI, for their ongoing support and assistance.

