

Operational Programme I Cohesion Policy 2007-2013

Investing in Competitiveness for a Better Quality of Life

Annual Implementation Report 2010

**Monitoring Committee
29th April 2011**

Overview



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Achievement and Analysis of the progress

- New Launched calls for Proposals

| | 2010 | | | |
|---------------------------|-------------------------|--------------------------|-------------------------|--------------------------|
| | PA 2 | PA 4 | PA 3 | PA 5 |
| Calls launched | Call 8 | Call 9 | Call 2 Non-Major | Call 2 Non-Major |
| Projects submitted | 27 | 16 | 1 | 2 |
| Status | Evaluation Concluded | Still being Evaluated | Evaluation Concluded | Still being Evaluated |

Achievement and Analysis of the progress (cont.)

- New Approved Projects

| | 2010 | | |
|--------------------------------|--------|--------|---------------------|
| | PA 6 | PA 4 | PA 3 |
| | Call 4 | Call 5 | Call 2 Non-Major |
| No of Projects approved | 3 | 3 | 1 |

| | 2010 | |
|--|------|------|
| | PA 6 | PA 5 |
| No of Major Projects approved for endorsement | 1 | 1 |

Achievement and Analysis of the progress (cont.)

- Approved Major Projects by EC

| 2010 | | |
|---------------|--|---------------------|
| Priority Axis | Name of Project | Total Eligible cost |
| PA 3 | CF 117: Improving the TEN-T Road Infrastructure (Phase I) | €57,588,381 |
| PA 5 | CF118 - Rehabilitation and Restoration of Closed Landfills | €26,224,382 |
| PA 5 | CF116 – Malta South Sewage Treatment Infrastructure | €69,985,474 |

- Allocation of €10 million to the Holding Fund for JEREMIE First Lost Portfolio Guarantee product

Achievement and Analysis of the progress (cont.)

- New Pre-Announced calls for Proposals

| | 2010 | | |
|------------------------------|---------|---------|---------|
| | PA 2 | PA 6 | PA 4 |
| Calls Pre-Announced | Call 10 | Call 11 | Call 12 |
| Indicative Thresholds | €42m | €10m | €5m |

Progress in Programme Implementation

- Aid Schemes implemented under Article 107 of the Treaty

| 2010 | | |
|-------------------------|--|---|
| Intermediate Body | Calls launched | No. Applications Received |
| Malta Enterprise (MFEI) | 1 Call for 6 ERDF Schemes 1 Call for R&D Scheme | 626 |
| TSDU (OPM) | 1 Call for Scheme | Call closed on 14 th January 2011 |
| DSWS (MEEF) | 1 Call for Scheme | Call closed on 28 th January 2011 |

Progress in Programme Implementation (cont.)

- Aid Schemes implemented under Article 107 of the Treaty

| Till end of 2010 | | | |
|-------------------------|-------------------------|---------------------------|--------------------|
| Intermediate Body | Grant Agreements signed | Value of Grant Agreements | Concluded Projects |
| Malta Enterprise (MFEI) | 399 | €24,385,625 | 46 |
| TSDU (OPM) | 43 | €3,635,227 | 6 |
| DSWS (MEEF) | 6 | €171,485 | None |

Progress in Programme Implementation (cont.)



JASPERS

- Malta was the first Member State to sign the 5th Action Plan with the EIB for 2010.
- During 2010, 11 missions took place (& 2 teleconferences) mobilising a total of 15 JASPERS experts.

JEREMIE

- Q1 2010 Minister of Finance and EIF signed the Funding Agreement allocating €10 million to the Holding Fund.
- Q3 2010 Call for Expression of Interest for Financial Intermediaries was launched & 3 Applications were received.



Changes to Operational Programme



During the May 2010 Monitoring Committee the following changes in the OP were adopted:

- Changes in JEREMIE allocation
- Changes in Indicators
- Removal of Major project (Reduction of Emissions from the Delimara Power Station)
- Change in Title of Major project (CF 116)
- Inclusion of another Major Project (ERDF196)



Strengthening Administrative Capacity



Capacity within Horizontal Stakeholders

- There were only minor changes in terms of capacity in the main stakeholders



Strengthening Administrative Capacity (cont.)



- A selection of Capacity Building/ Training provided

| Training | Participants | No of Participants |
|--|---------------------------|--------------------|
| Project Management Tools for Monitoring | MA | 15 |
| Introduction to Payment Procedures; Guidelines to VAT | Project Leaders | 63 |
| Understanding the ABC of CBAs | MA | 17 |
| Project Progress Report for NGOs and Social Partners | NGOs & Social Partners | 8 |
| Eligibility: Simplified Costs | MA | 15 |
| Start Up Training for New Beneficiaries | Project Leaders | 18 |
| Monitoring of Horizontal Policies | MA & IB | 14 |
| Train-the-Trainer Programme | Project Leaders | 68 |



Financial Information

| Summary - Verified, Certified and Received | Verified by MA in 2010 | Certified by CA in 2010 | Received from EC in 2010 |
|---|---------------------------|----------------------------|-----------------------------|
| | (public share, €) | (public share, €) | (EU share, €) |
| ERDF November 2009 | N/A | N/A | 3,717,805 |
| ERDF June 2010 | 20,393,673 | 20,393,673 | 17,334,622 |
| ERDF September 2010 | 8,292,538 | 8,292,538 | 7,048,657 |
| ERDF Total | 28,686,211 | 28,686,211 | 28,101,084 |
| CF November 2009 | N/A | N/A | 13,183,943 |
| CF March 2010 | 14,307,743 | 14,307,743 | 12,161,582 |
| CF September 2010 | 8,462,187 | 8,462,187 | 7,192,859 |
| CF December 2010 | 23,372,146 | 23,372,146 | N/A |
| Cohesion Fund Total | 46,142,076 | 46,142,076 | 32,538,384 |
| Total | 74,828,287 | 74,828,287 | 60,639,468 |

Financial Information (cont.)



| Fund | OP Allocation | % Committed | % Contracted | % Paid |
|------|-----------------|-------------|--------------|--------|
| ERDF | €522,327,095.29 | 78% | 38% | 41% |
| CF | €334,288,258.82 | 56% | 45% | 79% |

| Total OP Allocation | % Committed | % Contracted | % Paid |
|---------------------|-------------|--------------|--------|
| €856,615,354.11 | 70% | 40% | 54% |



OP towards the Lisbon Objectives



- €283,990,000 are earmarked for Lisbon Agenda related projects
- Current commitments (Community amount) sums up to €188,521,511 which is equivalent to 66% of the Programme's earmarked amount



Problems Encountered and Measures Taken

1. Project Selection Process

- Main Issues:
 - Lengthy process in terms of Project Selection
 - Fragmentation in terms of Projects Submitted leading to volume of work created compared to funds committed
 - Complex nature of projects submitted requiring multiple clarifications and additional data or studies
 - Availability of Committee Members
- Mitigation Measures:
 - Efforts to increase the number of scheduled meetings
 - Revisions in the PSC procedures

Problems Encountered and Measures Taken (cont.)

2. Public Procurement Process

- Main Issues:
 - Delays due to centralisation of Procurement process
 - A substantial amount of unsuccessful bids (17% of the procedures) leading to re-launching of tender
 - Limited amount of experts (both at Beneficiary and DoC level)
- Mitigation Measures:
 - DoC revised the contracting procedures allowing the possibility of an additional two working days for the bidders to rectify its administrative compliance position
 - DoC updated and simplified tender templates with a view to reduce administrative errors
 - Ongoing efforts towards increasing capacity

Problems Encountered and Measures Taken (cont.)

3. Planning and Environmental Permitting Process

- Main Issues:
 - Planning Permit automatically impacts the Procurement Process
 - Complexity of EIA and Traffic Impact Statement
 - Territorial Constraints
 - Contestation by various stakeholders
- Mitigation Measures:
 - Preparation of necessary studies at an early stage
 - Pro Active Approach in terms of Consultation Process with a view to pre-empt potential issues
 - Intensified co-operation between MEPA and various Government Departments and Authorities
 - Involvement of MEPA at High Level Monitoring Meetings with a view to closely monitor the situation

Problems Encountered and Measures Taken (cont.)

4. Priority Axis 4

- Main Issues:
 - Clarifications with respect to the Interpretation of Article 55 resulting in a number of Beneficiaries not being able to provide the relevant funding
 - Development of a Feed In Tariff Policy
- These issues gave rise to delays in the preparation and finalisation of Grant Agreements
- Mitigation Measures:
 - MA discussed with EC the interpretation of Art 55
 - MA closely followed the development of the Feed In Tariff Policy with MRA

Monitoring by the Managing Authority



- SFD 2007-2013
- Day-to-Day
- Project Progress Reporting (175 reports)
- Ministerial Project Steering Committees (22 meetings)
- Intermediate Bodies Steering Committees (4 meetings)
- Inter Ministerial Coordination Committee (1 meeting)
- High Level Meetings (44 projects reviewed)
- Update to Cabinets



Evaluation



- Mid-Term Evaluation – key milestones include:
 - Award for the Tender of Mid-Term Evaluation to KPMG in Q2 2010
 - Preparatory meeting
 - Finalisation of Inception Report
 - Kick-off workshop with relevant stakeholders
 - Consultations with MA
 - Survey questionnaire to Beneficiaries
 - Interviews with 26 Beneficiaries of mainstream Projects
 - Other consultations with senior policy executives including MEPA, DoC and Treasury amongst others
- Participation in a number of Evaluations undertaken by DG Regio
- Participation in two Evaluation Network Meetings organised by DG Regio



Implementation by Priority Axis

- PA 1: Enhancing Knowledge and Innovation

| PA Allocation | Total No of Projects | Commitments | Contracts | Payments |
|---------------|----------------------|--------------|-------------|----------------|
| €120,000,000 | 22 | €105,730,471 | €50,735,138 | €25,881,701.03 |

- Progress on Indicators:

| Indicator | Target | Result |
|---|--------|--------|
| No of SMEs receiving grants | 450 | 262 |
| No of RTDi projects | 10 | 8 |
| No of new/modernized specialized learning facilities constructed/refurbished | 22 | 12 |
| No of SMEs launching new or improved product or processes | 35 | 23 |
| No of SMEs assisted in environmentally sensitive technologies, operating systems and processes | 100 | 5 |
| No of enterprises involved in networking and new collaboration with other businesses and academia | 10 | 11 |

Implementation by Priority Axis (cont.)

- PA 2: Promoting Sustainable Tourism

| PA Allocation | Total No of Projects | Commitments | Contracts | Payments |
|---------------|----------------------|----------------|----------------|---------------|
| €120,000,000 | 13 | €77,272,606.28 | €28,083,202.75 | €7,133,920.92 |

- Progress on Indicators:

| Indicator | Target | Result |
|---|---------|--------|
| No of assisted tourism and cultural projects | 8 | 1 |
| Surface area of rampart elevation plan restored (m ²) | 135,000 | 18,900 |
| No of projects implemented by NGOs/enterprises | 300 | 6 |

Implementation by Priority Axis (cont.)

- PA 3: Developing the TEN-T

| PA Allocation | Total No of Projects | Commitments | Contracts | Payments |
|-----------------|----------------------|-------------|----------------|---------------|
| €169,038,258.82 | 3 | €82,366,391 | €12,861,704.29 | €1,977,621.47 |

- 14 tenders were published in 2010
- 10 tenders were contracted in 2010
- 5 calls for employments were issued in 2010 for which 2 were contracted in 2010

Implementation by Priority Axis (cont.)

- PA 4: Mitigation and Adaptation to Climate Change

| PA Allocation | Total No of Projects | Commitments | Contracts | Payments |
|---------------|----------------------|----------------|----------------|---------------|
| €121,000,000 | 8 | €81,132,370.02 | €15,813,372.86 | €2,526,025.93 |

- Progress on Indicators:

| Indicator | Target | Result |
|--|--------|----------|
| Annual penetration rate of installed PV, micro-wind and solar (in kWpeak/annum or equivalent in energy saving) generating systems starting in 2008 (kWp/annum) | 340 | 1,643.70 |
| No of energy efficiency schemes | 2 - 3 | 2 |
| Total annual electricity generated from small scale PV and micro-wind installations (MWh/annum) | 3000 | 2,463.95 |
| Total energy savings per year (MWh/annum) | 24,300 | 2,479.82 |

Implementation by Priority Axis (cont.)



- PA 5: Sustaining the Environment

| PA Allocation | Total No of Projects | Commitments | Contracts | Payments |
|-----------------|----------------------|-----------------|----------------|----------------|
| €165,250,000.00 | 3 | €104,309,856.31 | €70,440,377.90 | €63,379,874.07 |

- 12 contracts were signed in 2010
- The Malta South Sewage Treatment Infrastructure was in its final stages of completion with the Rinella pumping station at Rinella in Kalkara (Component 2), the Xghajra pumping station (Component 3) and the 1.7 km Transmission Gallery from Rinella to Ta' Barkat limits of Xghajra (Component 4) fully completed. The Urban Waste Water Treatment Plant (Component 1) was close to completion.



Implementation by Priority Axis (cont.)

- PA 6: Urban Regeneration and Improving the Quality of Life

| PA Allocation | Total No of Projects | Commitments | Contracts | Payments |
|-----------------|----------------------|-----------------|----------------|----------------|
| €149,000,000.00 | 23 | €133,555,861.35 | €42,201,042.89 | €27,522,614.06 |

- Progress on Indicators:

| Indicator | Target | Result |
|---|-----------|-----------|
| Km of upgraded roads (non TEN-T) | 7 | 4.7 |
| No of existing learning facilities refurbished (with new equipment) / constructed within intervention areas by 2013 | 30 | 39 |
| Sq m of modernized facilities refurbished (with new equipment/constructed within intervention areas by 2013) | 2040 | 11,842 |
| Road surface condition of upgraded roads | 1,0 – 1,5 | 1,0 – 1,5 |
| Pupils/ students/ trainees benefiting from upgraded and modernized facilities/services (per annum) (core indicator) | 25,000 | 7,883 |

Implementation by Priority Axis (cont.)

- PA 7: Technical Assistance

| PA Allocation | Commitments | Contracts | Payments |
|---------------|-------------|---------------|---------------|
| €12,327,095 | €12,327,095 | €4,729,627.80 | €1,651,272.39 |

- 82 Applications for TA were received from MA, CA, AA, DoC and Treasury
- The bulk of the payments related to personnel working on the Programme in the different horizontal stakeholder organisations. Some payments were made under capacity building; implementation, as well as furniture and equipment.
- 4 Tenders were launched and awarded

Implementation of Major Projects



All 7 Major Projects foreseen under the OP have started.

3 Major Projects Approved by the Commission during 2010:

- CF 117: Improving the TEN-T Road Infrastructure (Phase I)
- CF 118: Rehabilitation and Restoration of Closed Landfills
- CF 116: Malta South Sewage Treatment Infrastructure



Implementation of Major Projects (cont.)



4 Major projects in the Pipeline:

- ERDF 120: National Flood Relief Project
- ERDF 196: Mater Dei Hospital Oncology Centre
- CF 119: Malta North Waste Treatment Facility
- CF 125: Improving the TEN-T Road Infrastructure



Implementation of Major Projects (cont.)



- Improving the TEN-T Road Infrastructure Phase I (PA 3):

| Public Eligible | Contracts | Payments | Certified |
|-----------------|---------------|----------|-----------|
| €57,588,381 | €3,164,842.60 | €97,763 | €97,763 |

- **Approved by EC in February 2010**
- **All works tenders launched, one of which awarded in 2010**



Implementation of Major Projects (cont.)

- Rehabilitation and Restoration of Closed Landfills (PA 5):

| Public Eligible | Contracts | Payments | Certified |
|-----------------|-------------|----------|-------------|
| €26,224,382 | €960,637.52 | €542,740 | €483,780.58 |

- Approved by EC in July 2010
- In 2010 3 project service management tenders were launched for all 3 landfill sites (2 of which were awarded). 2 major works tender for the M'Scala and Maghtab site were also launched

Implementation of Major Projects (cont.)

- Malta South Sewage Treatment Infrastructure (PA 5):

| Public Eligible | Contracts | Payments | Certified |
|-----------------|----------------|----------------|----------------|
| €69,985,474 | €68,471,770.06 | €62,319,429.45 | €59,005,439.04 |

- Approved by EC in November 2010
- All contracts foreseen under this project were signed by end 2010 and the project is expected to be operational in 2011
- By end of 2010, the status of works was as follows:
 - 91% of works completed on the South Sewage Treatment Plant
 - 98% of works completed on the Rinella Sewage Pumping Station
 - 62% of works completed on the Submarine Outfall
 - Xghajra Pumping Station and Transmission Gallery were complete

Implementation of Major Projects (cont.)



- National Flood Relief Project (PA 4):

| Public Eligible | Contracts | Payments | Certified |
|-----------------|---------------|---------------|-------------|
| €50,902,570 | €1,640,007.29 | €1,281,574.97 | €598,087.47 |

- Being prepared for submission to EC
- 2 planning permits were issued in 2010
- 1 open tender awarded for excavation works of a reservoir
- JASPERS reviewed the CBA/EIA and the major project proposal



Implementation of Major Projects (cont.)

- Mater Dei Hospital Oncology Centre (PA 6):

| Public Eligible | Contracts | Payments | Certified |
|-----------------|-------------|-------------|-----------|
| €48,802,722 | €106,276.45 | €106,276.45 | €0 |

- Being prepared for submission to EC
- Bulk Excavations on site commenced
- Design, development and build tender was launched on the market
- JASPERS were engaged to provide assistance on the CBA and the drafting of the project proposal

Information and Publicity

- The MA continued with the implementation and monitoring of the Communication Plan
- Data on activities carried out was gathered in order to update the Plan in 2010

Annual Event

- The Annual Event for 2010 consisted of two information festivals (one in Malta and another in Gozo) held in September 2010. These included:
 - Information booths presenting selected projects under the chosen themes:
 - Employment Opportunities
 - Education and Health
 - Science and Technology
 - the Natural and Built Environment
 - PPCD Information booth
 - Children’s Corner with drawing competition
- The Event was complemented by the distribution of an information/ promotional leaflet to all households in Malta and Gozo

Information and Publicity (cont.)



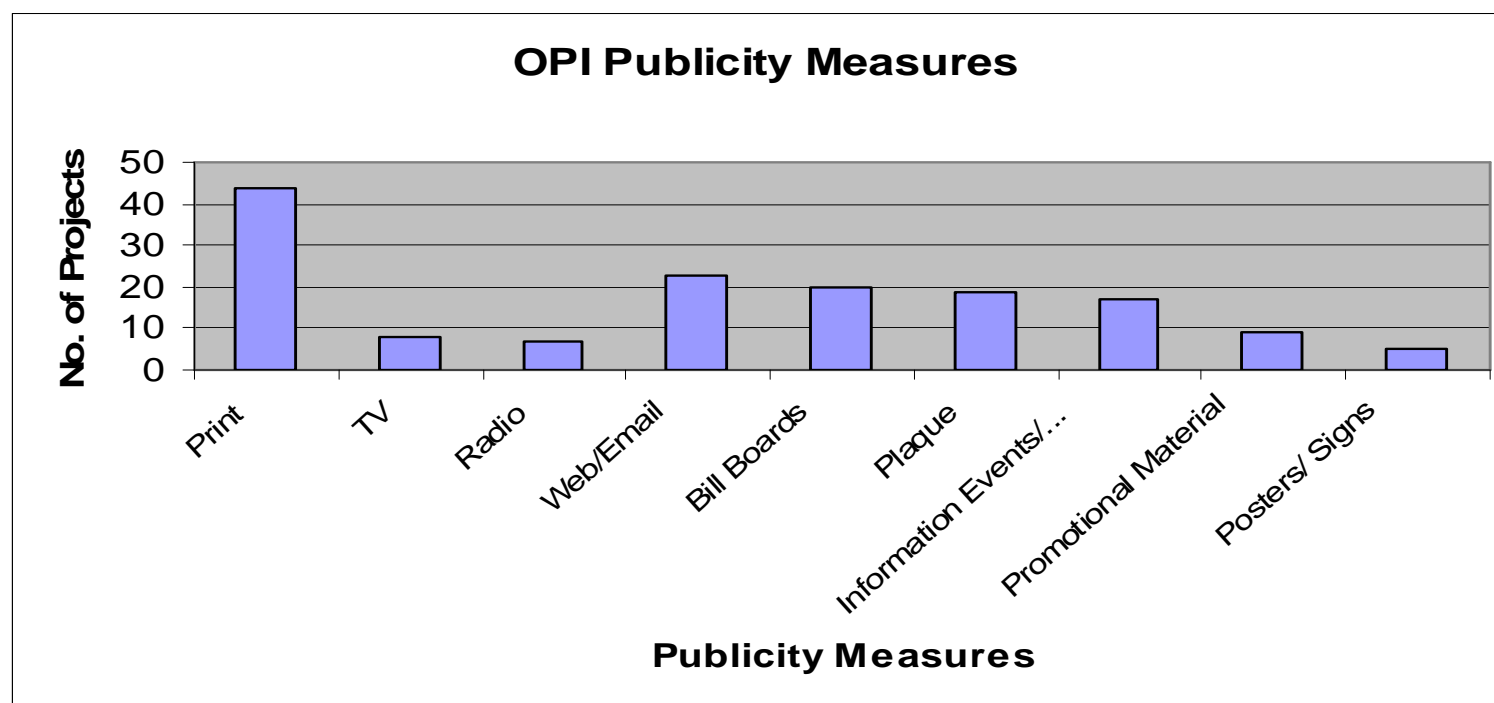
- **Other information and publicity measures to promote OP I included:**
 - Procurement of various promotional items
 - Participation of PPCD staff and the IBs on local radio and TV programmes
 - Networking with the INFORM network of DG REGIO
 - Launch of Calls for Project Proposals on local newspapers and press release by both the MA & the IBs
 - Organisation of various information sessions by MA & one-to-one marketing & info sessions by IBs
 - Assistance through Email Helpdesk
 - Enhanced web-presence through regular updating of the MA's website www.ppcd.gov.mt, a page on a social networking site and the respective IB websites.



Information and Publicity (cont.)

Expenditure by the Beneficiary

- A good mix of publicity measures were undertaken by OPI Beneficiaries with Printed Media being the most popular



Information and Publicity (cont.)

Communications Plan Review

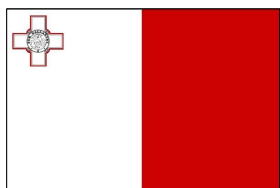
- **May 2010 MC was notified that an internal review of Communication Plan was being carried out**
 - **Reasons which led to the review included:**
 - the pace of project implementation
 - publicity at IB and Beneficiary level
 - overexposure and repetition of publicity actions
 - limiting print publications
 - use of in-house resources
 - A number of activities which were listed in the Plan have already been implemented
- **The Mid-Term Evaluation also assessed the Communication Plan**
- **MC had been informed that MTE outcome would be taken into consideration in the review**
- **Since MTE has recently been concluded, the review of the Communication Plan shall be finalised during the coming weeks**

Concluding Remarks

As at 2010 there were:

- 65 mainstream projects and 9 Aid Schemes under implementation
- 42 Public Entities/NGOs/Local Councils were benefitting
- 448 Enterprises were benefitting from Aid Schemes and 1,856 households were benefitting through the domestic scheme
- Circa 70% of the Programme was committed
- €128,421,758.08 payments were made
- €96,638,429.12 of eligible public expenditure was certified to the EC

Thank you



Operational Programme I – Cohesion Policy 2007-2013
Investing in Competitiveness for a Better Quality of Life
Event part-financed by the European Union
European Regional Development Fund
Co-financing rate: 85% EU Funds; 15% National Funds.



Investing in your future.

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