

Operational Programme I Cohesion Policy 2007-2013

Investing in Competitiveness for a Better Quality of Life

Annual Implementation Report 2009

**Monitoring Committee
20 May 2010**

Overview



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Overview

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Project Selection

- **Calls for Project Proposals:**

	2009			
	PA 3	PA 4	PA 5	PA 6
Calls launched	Call CF1 Call CF2	Call 5 Call 7	Call CF1 Call CF2	Call 4 Call 6
Projects submitted	2	7	3	35
Projects approved	1	0	1	2

Project Selection (cont.)



- **Project Selection Outcome:**

- 49 meetings held in 2009:
- As at end 2009 the project selection process for Call 4 was still ongoing.
- During 2009:
 - 14 projects were approved;
 - 22 grant agreements signed for Call 1 and Call 2.



Progress in Programme Implementation

Implementation of the 10% Commitment for Gozo

- Call 5 under PA 4 was issued specifically for Gozo based projects.
- 4 ERDF projects and 1 CF project were approved in 2009 to be implemented in Gozo amounting to €10,026,161.
- Enterprises based in Gozo have benefited from €1,197,643.95 under the Malta Enterprise Aid Schemes and the Sustainable Tourism Scheme.
- As at end of 2009, the total commitment for Gozo was close to €41 million, equivalent to nearly 5% of the OP allocation mirroring the overall OP commitment rate.

Progress in Programme Implementation (cont.)



Aid Schemes implemented under Article 107 of the Treaty

3 Covenants were signed with 3 Intermediate Bodies

Intermediate Body	Calls launched	Approved Projects	Contracted Amounts
Malta Enterprise, MFEI	2 Calls for 6 ERDF Schemes 1 Call for R&D Schemes	144	€9,034,010.30
Tourism and Sustainable Development Unit, OPM	2 Calls for 1 ERDF Scheme	30	€2,003,200.87
Department for Social Welfare Standards, MSOC	1 Call for 1 ERDF Scheme	0	€ 0.00



Progress in Programme Implementation

JASPERS and JEREMIE

JASPERS

- Malta signed the 4th Action Plan with the EIB regarding assistance from JASPERS in a number of areas, including health, environment, transport and tourism.
- During 2009, 13 missions took place mobilising a total of 19 JASPERS experts.

JEREMIE

- Q1, 2009 local stakeholders met with the EIF to determine the way forward for JEREMIE's mobilisation and implementation in Malta.
- Q4, 2009 Malta informed the EIF its intention to increase the allocation from the OP to the Holding Fund to €10 million.

Further Guidance on Implementation



Eligibility Rules

In 2009 the Rules were amended to provide more clarification and to reflect the changes which occurred in the General Regulation 1083/2006 and in the Implementing Regulation 1828/2006.

Manuals of Procedures 2007-2013

The *Manual of Procedures for Projects Implementation Cohesion Policy 2007-2013* was updated twice: in April and August.

The second *Manual of Procedures, Manual of Procedures for Horizontal Stakeholders Cohesion Policy 2007-2013* which gives an insight into the back end national procedures was published in 2009.



Structural Funds Database 2007-2013



- The new Statement of Expenditure module was launched;
- A browser based interface to the database started being tested;
- A separate application was being tested by Treasury to be utilised for Treasury-based functions;
- Data gathering and reporting functionalities were carried out for the development of the next modules; and
- The departmental tender for IT equipment and hardware was signed in November 2009.



Strengthening Administrative Capacity



- The MA increased the capacity of the OPI unit with 4 FTEs.
- 6 FTEs (on both OPI and OPII) were also recruited within the Line Ministries.
- 2 FTEs were employed within the Certifying Authority specifically on OPI.
- 1 FTE was employed within the Department of Contracts.
- In line with PPCD Structural Funds Stakeholders' Training Strategy, a number of capacity building measures were undertaken, including:
 - Induction training sessions for new officers;
 - Capacity building training Programme for NGOs;
 - Train-the-Trainer Programme on the SFD 07-13 for stakeholders; and
 - Management Verifications workshop for the MA and the IBs.
- A number of conferences and training seminars were also attended by members of staff of different stakeholders.



Financial Information

2009	Expenditure paid out by Beneficiaries	Corresponding public contribution	Payments received from Commission
PA 1	703,258.40 ¹	572,684.18	0.00
PA 2	722,945.34	722,945.34	94,048.45
PA 3	27,199.00	27,199.00	0.00
PA 4	384,593.10	384,593.10	0.00
PA 5	22,952,489.13	22,952,489.13	0.00
PA 6	4,343,629.89	4,343,629.89	1,369,240.53
PA 7	466,988.21	466,988.21	173,584.19
Total	€29,601,103.07	€29,470,528.85	€1,636,873.17

¹ Includes private share for Aid Scheme projects.

OP towards the Lisbon Objectives



- €283,990,000 are earmarked for Lisbon Agenda related projects.
- €67,858,637 were committed in approved projects as at end 2009.
- If one includes the allocation for Aid Schemes and one major project (eventually approved on 5 February 2010), the allocation of projects targeting Lisbon objectives totals to €149,408,761.
- €149,408,761 is equivalent to 53% of the total amount earmarked within the OP.



Compliance with Community Law

- Compliance with **state aid regulations** is ensured by the screening of applications by the State Aid Monitoring Board prior to approval by the MA:
 - During 2009, the Board gave its state aid guidance on 98 project proposals which included the screening of 77 draft applications (for ESF, ERDF, CF).
- Quality assurance during **public procurement** is ensured through checks and vetting by DoC:
 - As at end 2009, DoC launched 144 procurement procedures of which 22 were cancelled, 70 were contracted, 35 were still ongoing and 17 were re-issued.
- MEPA supports the Beneficiaries and the MA on **planning and environmental** permits:
 - As at end 2009, MEPA approved 25 planning permits, received 23 new applications and 45 requests were still ongoing;
 - MEPA participated in the evaluation of 2 rounds of applications for ERDF environmental support scheme administered by Malta Enterprise.

Problems Encountered and Measures Taken



- Problems in the implementation of the programme at this stage of the cycle relate to the Project Selection, Public Procurement Process and Planning Permits.
- Although the **Project Selection** is lengthy, one must note that:
 - Malta is still one of the countries that has high commitments in projects;
 - The MA will discuss the process with the evaluators undertaking the mid-term evaluation with a view to making the process more efficient.
- Within the **Public Procurement Process** delays are due to:
 - Limited amount of experts (both at Beneficiary and DoC level);
 - Unsuccessful procedures leading to re-launching of tender;
 - Appeals procedure, which takes, on average, 3 months.



Problems Encountered and Measures Taken (cont.)



- Malta's territorial constraints are a critical factor in the **Planning Permit Process** requiring the procedure to be supported by extensive studies.
- The planning permit process automatically impacts the procurement process.
- In an effort to curtail delays:
 - MEPA intensified its co-operation with various Government Departments and Authorities; and
 - Structured co-operation has been set up through regular updates forwarded by MEPA to the MA.



Changes in the context of the OP implementation



- The challenges due to the international economic crisis caused setbacks and delays in the project implementation process.
- The Maltese Authorities have undertaken a series of measures to mitigate the impact of the crisis.
- An additional €12 million were allocated to a number of Aid Schemes for the private sector targeting E-business development, R&D, International Competitiveness, Innovation and Energy.
- The Maltese Authorities also continued to provide a pre-financing arrangement for payments (also for NGOs and Local Authorities) in order to mitigate delays arising from cash flow problems.



Monitoring by the Managing Authority



- Day-to-Day;
- Project Progress Reporting (135 reports);
- Ministerial Steering Committees (12 meetings)
- Inter Ministerial Coordination Committees (2 meetings);
- High Level Meetings (29 projects reviewed); and
- Regular Cabinet updates.



Evaluation

- On 25 August 2009, the Evaluation Steering Group was set up to:
 - Support the MA in executing the Evaluation Plan;
 - Assist the MA in drafting the ToR of evaluation activities and evaluation questions;
 - Support the MA in the selection of evaluators and in the evaluation work; and
 - Give opinion on reports.
- In Quarter 4 2009, the tender for Mid-Term Evaluation targeting both OP I and OP II was launched.

Implementation by Priority Axis



PA 1: Enhancing Knowledge and Innovation

- **Progress:**

- Out of the total allocation for this PA (€120,000,000):
 - €93,800,687 were committed in the 16 projects (€66,800,688) and 6 Aid Schemes (€27,000,000);
 - €4,655,900.94 were contracted through projects and €5,829,500.10 in projects approved under Aid Schemes; and
 - a total of €572,684.18 of the contracted amounts were processed in payments.

- **Outcomes:**

- A lot of effort was focused on the preparation, publishing and evaluation of tenders with:
 - 76 tenders published; and
 - 14 contracts signed.
- Till end 2009, 246 beneficiaries were selected (mostly SMEs).



Implementation by Priority Axis

PA 2: Promoting Sustainable Tourism



- **Progress:**

- Out of the total allocation for this PA (€120,000,000):
 - €83,495,650 were committed in 13 projects and 1 Aid Scheme;
 - €9,599,953.33 were contracted through projects and €2,003,200.87 in projects approved under Aid Schemes; and
 - €862,351.68 of the contracted amount were processed in payments.

- **Outcomes:**

- 11 projects out of the 14 approved had launched their first tenders, resulting in:
 - 58 tenders being launched in 2009; and
 - 38 contracts signed amounting to approximately €11,603,154.20.
- 29 Grant Agreements were signed through the Tourism Aid Scheme



Implementation by Priority Axis



PA 3: Developing the TEN-T

- **Progress:**

- Out of the total allocation for this PA (€169,038,258):
 - €71,086,931 were committed in the 2 CF projects; and
 - €27,199 contracted and paid.
- The first major project under TEN-T road was approved by the MA on 11 August 2009 and submitted to the Commission on 26 August 2009.

- **Outcomes:**

- Under this Axis, the year was characterised with:
 - preparatory work with regard to the submission of the TEN-T road application;
 - approval of four MEPA permits; and
 - preparation and drafting of tenders including launching of 6 tenders.
- JASPERS assistance continued to be provided to both TEN-T road and TEN-T maritime projects.



Implementation by Priority Axis

PA 4: Mitigation and Adaptation to Climate Change

- **Progress:**
 - Out of the total allocation for this PA (€121,000.000):
 - €24,462,606 were committed in approved projects and schemes. Major project in the pipeline €57,240,000;
 - €2,020,027 were contracted through approved projects and Aid Schemes; and
 - €384,593.10 of the contracted amounts were processed in payments.
- **Outcomes:**
 - 2 calls for projects were issued by the MA during 2009.
 - 55 beneficiaries were selected under the Energy Aid Scheme amounting to €3.18 million.
 - With regards to the Major Project ‘National Flood Relief Project’ most of the work focused on the CBA and EIA requirements.

Implementation by Priority Axis

PA 5: Sustaining the Environment



- **Progress:**
 - Out of the total allocation for this PA (€165,250,000):
 - €78,085,474 were committed in approved projects;
 - €61,885,276.50 were contracted; and
 - €22,952,489 were processed in payments.
- **Outcomes:**
 - 2 calls for projects were issued by the MA during 2009.
 - Advanced stage in terms of physical implementation of the Malta South Sewage Treatment Infrastructure.
 - Preparatory works of the ‘Rehabilitation & Restoration of Existing and Former Waste Dump Sites’ major project were undertaken. As at end 2009, the evaluation of the project was still ongoing.
 - JASPERS assistance has been extremely useful and contributed significantly to the level of progress achieved.



Implementation by Priority Axis

PA 6: Urban Regeneration and Improving the Quality of Life

- **Progress:**
 - Out of the total allocation for this PA (€149,000,000):
 - €66,133,958 were committed in projects and one Aid Scheme; and
 - €14,540,970 were contracted and €5,980,162 (41%) paid;
 - Call for projects under the Childcare Aid Scheme was launched.
- **Outcomes:**
 - 2 Calls for proposals were issued by the MA during 2009.
 - Preparation of new major project 'Mater Dei Oncology Centre'.
 - Further achievements on 2008 results have been registered in 4 indicators, mainly:
 - Pupils/students/trainees who are benefiting from upgraded and modernised facilities/services (result 'core' indicator) (1,606);
 - Number of existing learning facilities refurbished (5);
 - Km of upgraded roads (non TEN-T) (0.75);
 - Sq m of modernised facilities refurbished (1,671.40).

Implementation by Priority Axis

PA 7: Technical Assistance



- **Progress:**

- A number of changes were approved during the MC held in May 2009.
- During 2009, the MA received 102 requests. The bulk of the requests for funds was for salary commitments and the launch of the CBA tender.
- By end of 2009, the MA had approved 198 separate mini operations for technical assistance to the value of €3,029,043.
- Out of the total allocation for this PA (€12,327,095.29):
 - €3,029,043 were contracted as at end 2009;
 - €466,410.28 were paid during 2009, equivalent to 3.78% of the amount allocated for the PA; and
 - €662,813.99 were disbursed as at end 2009.



Implementation of Major Projects



- **Improving the TEN-T Road Infrastructure (PA 3):**
 - Phase 1:
 - The first major project Application submitted by Malta to the Commission on 26 August 2009;
 - 63% of the total value of the project was launched in tenders;
 - As at end 2009, €27,199 had been paid, of which €19,039.30 were certified.
 - Phase 2:
 - Preparations for the submission of the Application was still in its initial stages;
 - Preliminary discussions were also held with MEPA.



Implementation of Major Projects (cont.)



- **Modification of Boilers at Delimara Power Station to Reduce Emissions (PA 4):**
 - Project still in its final preparatory phase;
 - JASPERS recommended Malta to seek clearance from the Commission with respect to State Aid implications;
 - As at end 2009, the state aid notification procedure was still ongoing;
 - A revised version of the CBA and draft major application was sent to JASPERS in March 2009;
 - Information resulted in identifying that the total project costs are circa €20 million and thus no longer constituted a major project.



Implementation of Major Projects (cont.)

- **National Flood Relief Programme (PA 4):**
 - Project still in its preparatory phase;
 - Most of the work focused on the preparatory stages of the project, including data collection, drawings, simulations, designs and drafting of studies;
 - In November, full development planning applications were submitted to MEPA;
 - As at end 2009, 2.5% of the project was contracted and €400,000 was spent;
 - Considerable support is being received from JASPERS: 3 visits took place in 2009 which mobilised 3 experts in each mission.
- **Malta North Waste Treatment Facility (PA 5):**
 - Project still in its preparatory phase;
 - Focus was on concluding the studies required for planning permission;

Implementation of Major Projects (cont.)

- **Rehabilitation and Restoration of Closed Landfills (PA 5):**
 - The CBA and the compiling of the major project application form were in the final stages;
 - As at end 2009, 2.6% of the project was contracted;
 - A decision on the full development planning application of the former Maghtab landfill was taken in December 2009.
- **Urban Waste Water Treatment Plant for the South of Malta (PA 5)**
 - As at end 2009, the Application was still being prepared with JASPERS assistance;
 - Project registered substantial progress in physical works;
 - As at end 2009, 87% of the project was contracted, €23 million of the project were disbursed and €15,285,428.84 were verified to the EC.

Implementation of Major Projects (cont.)



- **Mater Dei Oncology Centre (PA 6):**
 - The project, which was submitted under Call 6 for ERDF applications, had a total budget exceeding €50 million;
 - In November 2009, the PSC informed the Applicant that a major project process was required;
 - JASPERS assistance was immediately mobilised and as at end 2009, the CBA was well underway;
 - A works tender for bulk excavations was launched on 24 November 2009;



Technical Assistance



- TA funds has financed costs relating to:
 - Salaries and equipment for use by staff workings on OPs;
 - Information and Publicity, including the Annual Event and the launches of the Calls for Project Proposals;
 - Training events for horizontal stakeholders and beneficiaries; and
 - Development of new modules of the SFD 07-13.
- The public eligible amount paid during 2009 amounted to €466,410.28, equivalent to 3.78% of the amount allocated for Axis 7.



Information and Publicity



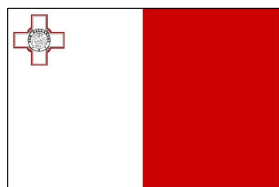
- The MA continued with the implementation of the Communication Plan.
- The MA also monitored the Plan's implementation and gathered data on activities carried out in order to update the Plan in 2010.
- The Annual event for 2009 consisted of two national conferences (one in Malta and another in Gozo) held in December 2009.
- Other information and publicity measures to promote OP I included:
 - 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 the local newspapers;
 - Organisation of various information sessions; and
 - Regular updating of the MA's website www.ppcd.gov.mt and the respective IB websites.



Concluding Remarks

- 2009 was characterised by the:
 - Finalisation of Grant Agreements;
 - Intense monitoring of the projects' implementation;
 - The submission of the first major project to the Commission; and
 - The verification of the April and November SOE resulting on the first claim of interim payments on the Programme.
- As at 2009 there were:
 - 53 mainstream projects (including aid schemes) under implementation;
 - 176 projects within aid schemes under implementation;
 - Circa 50% of the Programme's overall commitment rate;
 - €29,470,529 payments made; and
 - €21,810,248 of eligible public expenditure certified to the Commission.

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.



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