



EUROPEAN REGIONAL DEVELOPMENT FUND
COHESION FUND
MALTA 2007-2013



OFFICE OF THE DEPUTY PRIME MINISTER
MINISTRY FOR EUROPEAN AFFAIRS

PARLIAMENTARY SECRETARIAT
FOR THE EU PRESIDENCY 2017 AND EU FUNDS

Thematic Evaluation of Operational Programme I

Monitoring Committee
4th November 2014



Structure of Presentation:

1. Results and Recommendations for Competitiveness
2. Results and Recommendations for Quality of Life
3. Way Forward
4. Contact Details



2. Results and Recommendations for Competitiveness

Theme 1 – Enterprise and Competitiveness

- Due to the early stage of implementation, ‘number of direct jobs’ created as a result of OPI impacts to date appears low
 - Additional employment impacts expected as more projects completed
- Employment Growth in SMEs in Malta has been above the European average
- Output and result indicators used to capture SME effects performing well
- Projects examined under Theme 1 included ERDF 087, ERDF 001, ERDF 199, ERDF 127, ERDF 128 (Innovation), ERDF 128 (Environment), ERDF 200 (JEREMIE)
- Potential for other themes to assist in enhancing competitiveness.
 - These include Theme 2 (R&D and S&T), Theme 4 (Transport), Theme 5 (Energy), Theme 6 (Waste Infrastructure) and Theme 7 (Health, Education and E-accessibility)

2. Results and Recommendations for Competitiveness

Theme 1 – Enterprise and Competitiveness

- Theme 1 enterprise and SME measures are aligned with the economic objectives for Malta
- Not possible to evaluate the effectiveness of all Theme 1 projects at present
- Projects focused on creating new facilities for enterprise such as ERDF 001 and ERDF 199 likely to fulfill the key Theme 1 objectives of OPI

2. Results and Recommendations for Competitiveness

Theme 1 – Enterprise and Competitiveness

- Aid schemes such as ERDF 127 (Small Start-up Grant Scheme) and ERDF 128 (Innovation and Environment) also considered under Theme 1
- The outcome of these schemes appears to be broadly in line with targets
 - The only indicator that is significantly below target is the number of start-up businesses supported. However, this is likely to improve.

2. Results and Recommendations for Competitiveness

Theme 1 – Enterprise and Competitiveness

JEREMIE Case Study

- Leverage figures for JEREMIE suggest scheme has led to significant levels of investment by the SME sector
- 2012 EIF figures indicate 413 SMEs supported and 456 loans granted
- 2013 figures indicate 583 SMEs supported and 665 loans provided
- Most up-to-date figures (28th February 2014) indicate 606 SMEs have been assisted and 691 loans granted
- The overall level of loans committed amounts to €57m

2. Results and Recommendations for Competitiveness

Theme 2 – S&T and R&D

- Although the Maltese economy characterized by relatively low levels of R&D investment, OPI target for R&D investment has been met
- Projects examined under Theme 2 included ERDF 087, ERDF 164, ERDF 076, ERDF 077, ERDF 078, ERDF 081, ERDF 065, ERDF 058, ERDF 056, ERDF 011, ERDF 012, ERDF 017, ERDF 018
- Majority of Theme 2 projects focused on increasing the skill base or improving the research infrastructure

2. Results and Recommendations for Competitiveness

Theme 2 – S&T and R&D

- Strong performance of Theme 2 projects in data may reflect modest targets set for some indicators
- Target is still below average EU levels (OP Target for R&D expenditure for Malta set at 0.45% increase by 2013). Target in relation to R&D expenditure has already been achieved (0.55% increase in 2012)
- Constraints on absorption capacity in Malta could impact ability to reach EU levels in terms of the number of specialised R&D personnel which can be recruited within a given timeframe. EU 2020 process is sensitive to this

2. Results and Recommendations for Competitiveness

Theme 2 – S&T and R&D

- Complementarities between Themes 2 and 7 require consideration in next programming period to distinguish between projects under these themes
- Infrastructure projects submitted under Theme 1 also likely to improve conditions for private sector investment in R&D
- Scope to use financial instruments to promote R&D in the economy

2. Results and Recommendations for Competitiveness

Theme 3 – Tourism product

- 42% increase in tourist numbers since 2006
- Task 1 - only 3 tourism projects included in analysis
- Projects under Theme 3 include: ERDF 032, ERDF 155 and ERDF 212
- Overview examination of a wider range of projects also undertaken

2. Results and Recommendations for Competitiveness

Theme 3 – Tourism product

- OPI tourism projects aim to improve quality of tourism product and culture in Malta
- Seasonality has not improved to date
- May require additional priority to developing special interest niche tourism projects in the next programming period to change the nature of the tourism product
- Our research has also identified impacts on the tourism sector by transport and environmental focused projects

2. Results and Recommendations for Competitiveness

Theme 4 – Transport

- Focus of OPI on improving the physical infrastructure (road network and port facilities)
- Projects examined under Theme 4 include: ERDF 183, CF 117, CF 124, CF 198, ERDF 047, ERDF 048
- Marked improvement in international competitiveness rankings for road network from 2009 to 2012
- Some improvement in port rankings
- More detailed empirical evidence on impact indicators required before any definitive conclusions concerning the impacts of theme 4 investments

2. Results and Recommendations for Competitiveness

Theme 4 – Transport

- Indicator data suggests progress in improving transport network but significant further progress needed if overall targets to be met
- Public transport usage has increased in recent years
- Review of overall developments in public transport and examination of transport modalities required in Task 3
- Level of investment in the road network may have implications for public transport use

2. Results and Recommendations for Competitiveness

Horizontal Priorities – Equal Opportunities and Sustainable Development

- Project managers consider competitiveness projects as having relatively strong equal opportunities and sustainable development effects
- Care has been taken to design projects to cater for equal opportunities issues and to avoid adverse environmental and other sustainable development impacts
- Our initial examination of individual projects shows an awareness of and progress in achieving horizontal priorities
- Further progress needed in mainstreaming these priorities

2. Results and Recommendations for Competitiveness

Recommendations on Indicators:

Recommendations regarding use and design of Indicator data

1. London Economics recommends that the Managing Authority should consider revisions to the numerical targets associated with certain result, output or impact indicators to take account of statistical updates on baseline figures or developments since the OP was prepared on an ongoing basis. The MA were already aware of this and in 2013 the MA revised a number of workings and targets. A revised OP was approved in March 2014; the changes thereof will be incorporated in Task 2 report.
2. Consideration should be given by the Managing Authority to develop selected new indicators which may capture better the overall benefits of the intervention and the contribution to wider policy objectives. In this context the benefits of including some new indicators should be evaluated. These for example might include the following:
 - Increase in the number of ISCED Level 8 graduates per thousand of the population aged 25 – 34 which may be used to assess the research capacity in the economy;
 - Changes in the seasonality of tourism. In particular, to monitor the percentage of tourists in October-March compared with annual tourism numbers.

2. Results and Recommendations for Competitiveness

Recommendations on Indicators:

Recommendations regarding use and design of Indicator data

3. Refinement of some of the output indicators should be considered to take account of the scale as well as the number of projects or interventions assisted. For example, measures of the size as well as the number of projects would merit monitoring.
4. On the jobs created indicator the basis for the target of 1,400 FTEs should be reviewed. The merits of including a more precise target based on the experience of the net jobs created in projects implemented to date should be considered.
5. Additional resources should be allocated to ensure accurate and timely updates of all indicator data and to ensure consistency of all inputs submitted by beneficiaries. An additional guidance note to beneficiaries on the measurement and submission of indicators may also be useful.

2. Results and Recommendations for Competitiveness

Recommendations on HPs:

Recommendations regarding Horizontal Priorities

1. Elements of behavioural change towards better integration of HP objectives should be considered for incorporation in projects of an infrastructural nature, to enhance the performance of the project in terms of HP, and to potentially make a distinct contribution towards these objectives. This would be especially important in relatively large scale environmental projects aiming at a better quality of life, as well as in transport projects aiming at sustaining competitiveness.
2. Projects operating within a national or sectoral strategy incorporating an emphasis on behavioural change (where needed) should be considered favourably.

2. Results and Recommendations for Competitiveness

Recommendations on HPs:

Recommendations regarding Horizontal Priorities

3. Behavioural change can in itself be the main instrument of a project proposal for funding, incorporating elements of education, training and communication. In this context, it will be important to derive measures to evaluate the extent of the need for, and progress achieved towards, behavioural change.
4. Aside from behavioural change, London Economics recommends that the MA develop a consistent framework for monitoring the success of projects in terms of the HPs.
5. Further training and support for project leaders with regard to the implementation of the HPs should be considered. This may involve discussion of best practice in recently completed OP projects and how this may be applied in future projects.

2. Results and Recommendations for Competitiveness

Recommendations on Next Programming Period:

Overall Recommendations for Next Programming Period

1. We have not identified any major gaps in broad categories of support which should be included in the new Programmes but we recommend some changes in emphasis and priorities.
2. We believe that there would be merit in further emphasizing certain areas such as R&D, SME aid schemes (particularly in SME financing) and transport infrastructure and supports.
3. Priority should also be given to improving the energy intensity of the Maltese economy.
4. Additional resources are also likely to be required for investment and behavioral changes to ensure sustainable water management.

2. Results and Recommendations for Competitiveness

Recommendations on Next Programming Period:

Overall Recommendations for Next Programming Period

5. Overall we would recommend that initiatives should be focused on enhancing resources in Malta whether in areas of natural resources or improvements in infrastructure or knowledge.
6. We recommend there should be a very strong emphasis on measures which will leverage private sector investment and thus maximise the use of CSF measures.
7. There may be merits in the next programming period to consider additional priority to overcoming finance barriers to investment and this could build on the success of the JEREMIE Project. Specifically, the development of enhanced financial instruments to build on the early success of the JEREMIE programme and to support SME financing is recommended including start-up funding and working capital supports.

2. Results and Recommendations for Competitiveness

Recommendations on Next Programming Period:

Overall Recommendations for Next Programming Period

8. Further investment is recommended to support a change in transport modalities in the next programming period and to reduce the economic costs of road congestion. In particular we recommend measures to achieve behavioural change in the usage of public transport. These could include investment in real time information systems for commuters, marketing campaigns and continued investment in public transport infrastructure. It may also be desirable to consider supporting wider policy incentives in taxation to underpin behavioural change.
9. Additional investment in tourism projects that reduce seasonality should be supported in the next programming period. A specific focus on developing special interest niche tourism products is recommended.
10. In order to maximise the impact of scarce EU funding, it is critical that investment is explicitly targeted at areas of identified market failure. This will be examined further in subsequent evaluation reports.



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3. Results and Recommendations for Quality of Life

Theme 5 – Energy

- Renewable energy generated solely by households has increased from 530 MWh in 2009 to 13,620 MWh in 2013.
 - However, this on its own accounts for less than 1% of Malta’s annual electricity production.
- Interventions towards promoting RES under OPI have included aid schemes and infrastructure grants which target public and private organisations along with SMEs and households.
- No Theme 5 projects were included in Task 1 of this evaluation
 - However projects in this regard will be assessed in the following deliverables
- Indicator data shows positive results against targets set in the OP
 - Renewable energy generation through funded projects stood at 16,816 MWh in 2012, compared with a target of 14,000 MWh

3. Results and Recommendations for Quality of Life

Theme 5 – Energy

- Strong take-up of grants for solar PV equipment amongst households
 - No. of households who have solar PV equipment installed has increased from 140 in 2009 to 4,861 in 2012
- Significant progress has been made in increasing renewable energy sources in the Maltese economy
 - However much remains to be achieved to reach the 10% target by 2020
 - Malta continues to have a more energy intensive economy than the EU average and the importance of reducing energy intensity remains

3. Results and Recommendations for Quality of Life

Theme 6 – Environment and Risk Prevention

- Individual waste projects examined form part of an overall waste strategy in Malta
 - Aims to make the disposal and treatment of waste more efficient and sustainable, particularly with respect to waste recycling and limits on landfilling
- Projects examined under Theme 6 included: CF 116 ,CF 118 and CF 123
- Targets set of constructing two solid waste treatment plants has been achieved
- The amount of waste managed in Malta is generally going down
- The number of landfills rehabilitated has exceeded the target level

3. Results and Recommendations for Quality of Life

Theme 6 – Environment and Risk Prevention

- The waste projects examined under Task 1 are likely to have significant impacts on wider objectives
 - such as tourism (CF 116) through the improvement of the quality of the bathing water
 - land use (CF 118) through the rehabilitation of landfills which has an impact on the Maltese landscape
 - the Gozo dimension (CF 123) through the construction of a transfer facility leading to the eventual recycling of municipal solid waste as well as the reduction of nuisance for people crossing between Malta and Gozo.

3. Results and Recommendations for Quality of Life

Theme 6 – Environment and Risk Prevention

- Theme 6 projects appear in general to be performing well against OPI output targets.
 - However, limited progress at present on land rehabilitation and landfill volume saved.
 - Result indicators are likely to improve as implementation of different projects progresses.
- The lack of availability of impact data at this stage in the OP prevents an evaluation of the likely overall impact of Theme 6 measures.

3. Results and Recommendations for Quality of Life

Theme 6 – Environment and Risk prevention

CF 116 Case Study

- Effectiveness of CF 116 assessed by how it compares against the objectives of the project and national objectives and priorities
 - Project has achieved its primary objectives including improving the quality of the coastal water in Malta
 - Achieved by significantly reducing the level of sewerage that goes to sea
- Improvement in overall bathing water quality and increased competitiveness of coastal areas formerly plagued by raw sewage discharge are the key benefits

3. Results and Recommendations for Quality of Life

Theme 6 – Environment and Risk prevention

CF 123 Case Study

- Effectiveness of CF 123 considers the large number of policy objectives towards which it will be contributing
 - In improving the sustainability of Gozo, investment in further waste infrastructure is important
- Early stage of implementation of this project means that we are currently unable to assess how the project has performed against the various objectives
- This project highlights how structural funds can fulfil a number of different policy objectives and this is important in terms of wider infrastructure investment

3. Results and Recommendations for Quality of Life

Theme 7 – Health, Social, Education and E-accessibility

- Education sector in Malta has a high rate of early school leavers and lower tertiary education participation when compared with other EU countries
- OPI interventions appear to contribute positively towards improving education infrastructure in Malta but OPII type interventions which are more training-focused are more likely to address the key objectives of early school leavers and participation in tertiary education
- Projects examined under Theme 7 included: ERDF 045, ERDF 164, ESF 1.130, ESF 2.139, ESF 3.102 , ERDF 114 , ERDF 072, ERDF 159, ERDF 068 and ERDF 196

3. Results and Recommendations for Quality of Life

Theme 7 – Health, Social, Education and E-accessibility

- Number of hospital beds per capita remains lower than the EU 27 average
 - LE notes that there will be 144 new hospital beds created under ERDF 196 and ERDF 319
- Many output indicators used to measure the progress of Theme 7 are close to or ahead of OPI overall targets
- Given the early stages of implementation of a number of projects, it is too early to make any definite conclusions regarding the impact of the projects
 - LE will be assessing the impact of other approved projects that contribute to this dimension in the subsequent tasks

3. Results and Recommendations for Quality of Life

Recommendations on Indicators:

Recommendations regarding use and design of Indicator data

1. London Economics recommends that the Managing Authority should consider revisions to the numerical targets associated with certain result, output or impact indicators to take account of statistical updates on baseline figures or developments since the OP was prepared on an ongoing basis. The Managing Authority was already aware of this and in 2013 the MA revised a number of workings and targets.
2. Consideration should be given by the Managing Authority to developing selected new indicators which may better capture the overall benefits of the intervention and the contribution to wider policy objectives. In this context the benefits of including some new indicators should be evaluated. These for example might include the following:
 - Increase in the number of ISCED Level 8 graduates per thousand of the population aged 25 – 34
 - The change in CO₂ equivalent emissions compared to a defined base case
 - Indicator designed to assess the sustainability of water management such as the Total Water Balance or the Water Exploitation Index

3. Results and Recommendations for Quality of Life

Recommendations on Indicators:

Recommendations regarding use and design of Indicator data

3. Refinement of some of the output indicators should be considered to take account of the scale as well as the number of projects or interventions assisted. For example, measures of the size as well as the number of projects would merit monitoring including the levels of funds allocated to specific projects.
4. Additional resources should be allocated to ensure accurate and timely updates of all indicator data and to ensure consistency of all inputs submitted by beneficiaries. An additional guidance note to beneficiaries on the measurement and submission of indicators may also be useful.

3. Results and Recommendations for Quality of Life

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Recommendations regarding Horizontal Priorities

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3. Results and Recommendations for Quality of Life

Recommendations on HPs:

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5. Further training and support for project leaders with regard to the implementation of the HPs should be considered. This may involve discussion of best practice in recently completed OP projects and how this may be applied in future projects.

3. Results and Recommendations for Quality of Life

Recommendations on Next Programming Period:

Overall Recommendations for Next Programming Period

1. We have not identified any major gaps in broad categories of support which should be included in the new Programmes but we recommend some changes in emphasis and priorities as outlined below.
2. Priority should also be given to improving the energy intensity of the Maltese economy.
3. Additional resources are also likely to be required for investment and behavioral changes to ensure sustainable water management. In particular, we recommend continued investment in measures to address leakages and improve efficiency as well as information campaigns. It may also be desirable to review water pricing to facilitate sustainable development and conservation.

3. Results and Recommendations for Quality of Life

Recommendations on Next Programming Period:

Overall Recommendations for Next Programming Period

4. Overall we would recommend that initiatives should be focused on enhancing resources in Malta whether in areas of natural resources or improvements in infrastructure or knowledge.
5. We recommend there should be a very strong emphasis on measures which will leverage private sector investment and thus maximise the use of CSF measures.
6. In order to maximise the impact of scarce EU funding, it is critical that investment is explicitly targeted at areas of identified market failure. This will be examined further in subsequent evaluation reports.



4. Way Forward

- Tasks 2 & 3 include an update of evaluation reports from Task 1 (This will include additional projects)
- Task 2 will also include an assessment of the impact indicators and an update of the output and result indicators
- Kick-off meeting for Task 2 – 4th September 2014
- Cut-off date for Task 2 – 31st December 2013
- Submission of draft thematic evaluation
- Task 3 will also include a final update of the data, analysis, conclusions and recommendations of the results achieved

7. CONTACT DETAILS

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