

ANNUAL REPORT
for the
EUROPEAN ECONOMIC AREA (EEA)
FINANCIAL MECHANISM

MALTA

1 September 2009 – 30 September 2010

Compiled by:

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ACRONYMS

ACRONYM	DEFINITION
EEA	European Economic Area
EEAFM	EEA Financial Mechanism
EEA/N FM	EEA and Norwegian Financial Mechanisms
EFTA	European Free Trade Association
ENPI	European Neighbourhood Partnership Instrument
ERDF	European Regional Development Fund
ESF	European Social Fund
FMO	Financial Mechanism Office
FP	Focal Point
HNS	Hazardous Noxious Substances
IAID	Internal Audit and Investigations Department
IFAC	International Federation of Accountants
MEPA	Malta Environment and Planning Authority
MFEI	Ministry of Finance, the Economy and Investment
MGOZ	Ministry for Gozo
MMA	Malta Maritime Authority
MoU	Memorandum of Understanding
MRRA	Ministry for Resources and Rural Affairs
NFM	Norwegian Financial Mechanism
NSRF	National Strategic Reference Framework
OP	Operational Programme
OPM	Office of the Prime Minister
PCR	Project Completion Report
PIP	Project Implementation Plan
PIR	Project Interim Report
PP	Project Promoter
PPCD	Planning and Priorities Co-ordination Department
RTDi	Research, Technological Development and Innovation
TM	Transport Malta

1. EXECUTIVE SUMMARY

This annual report gives an analysis of the implementation of the EEAFM between 1 September 2009 and 30 September 2010 and outlines the progress made by the individual projects being co-financed under this Mechanism. Moreover, the report sets out a work plan with objectives to reach over the coming year.

The main items discussed in this report are:

- Strategic background of the financial mechanism vis-à-vis National Priorities
- Projects' progress and contribution to the Priority Areas and Cross-cutting issues
- Financial matters relating to project modifications and payment process

This was the fifth year of implementation for the projects co-financed by the EEAFM. During this reporting period, steady progress was registered in the five projects which are co-financed by this Mechanism. Four of these projects have been modified through either internal budgetary re-allocations or by an extension to their respective planned completion dates, or both. Monitoring of projects was constant, through a number of meetings as well as on-the-spot checks carried out on project sites. The period under review also witnessed substantial progress in the processing of payments for each project through the electronic database system. PIRs have been regularly submitted and payment claims made have been reimbursed by the FMO.

2. STRATEGIC BACKGROUND

a. BRIEF OVERVIEW OF THE EEA / NORWEGIAN FINANCIAL MECHANISM 2004–2009 IN MALTA

May 2004 saw the enlargement of the EEA by ten new EU Member States, with an additional two countries becoming members in 2007, thus bringing the total number of EU Member States to 27. The EEA also comprises three non-EU Member States, albeit European countries – Iceland, Liechtenstein and Norway – which, following an agreement with the European Community and EU Member States, are allowed to participate in the Internal Market on the basis of their application of the Internal Market acquis.

The year 2004 also saw the establishment of two Financial Mechanisms to support social and economic cohesion within the enlarged EEA. These are the EEA Financial Mechanism (EEAFM) and the Norwegian Financial Mechanism (NFM) and both have a five-year programming period covering 2004 – 2009.

The main aims are:

→ EEA FINANCIAL MECHANISM:

“To reduce social and economic disparities within the EEA and to enable Iceland, Liechtenstein and Norway to participate fully in the Internal Market”

→ THE REPUBLIC OF MALTA:

“To select projects for funding, which contribute to the achievement of reducing social and economic disparities”

→ MALTESE FOCAL POINT (FP):

“To ensure the effective implementation of the EEA Financial Mechanism”

Through the EEAFM, EEA European Free Trade Association (EFTA) states are contributing towards:

- SOLIDARITY, by reducing the social and economic disparities in the newly enlarged EEA;
- OPPORTUNITY, by helping new EEA members become fully integrated in the Internal Market;
- COOPERATION, by bringing old and new EEA members together and opening new arenas for political and economic relations.

Following its accession to the EU on 1 May 2004, Malta automatically became a party to the EEA Agreement. Furthermore, the EEA Enlargement Agreement became applicable as of 1 May 2004 and Malta therefore became eligible for funding under the EEAFM. On 28 April 2005, a MoU on the implementation of the EEAFM in Malta was signed by the Government of Malta and the Donor States, namely Iceland, Liechtenstein and Norway.

As a result, a total of €1.92 million have been made available to Malta under the EEA FM for the commitment period running from 1 May 2004 to 30 April 2009. A number of Priority Areas were identified in the MoU. These are¹:

- Protection of the environment, including the human environment, through, inter alia, reduction of pollution and promotion of renewable energy
- Promotion of sustainable development through improved resource use and management
- Conservation of European cultural heritage, including public transport, and urban renewal
- Human resource development through, inter alia, promotion of education and training, strengthening of administrative or public service capacities of local government or its institutions as well as the democratic processes, which support it
- Health and childcare
- Academic research in so far as it is targeted at one or more of the priority sectors

The Planning and Priorities Co-ordination Department (PPCD) within the Office of the Prime Minister (OPM) is the designated Maltese Focal Point (FP) and acts as the main contact point between the Financial Mechanism Office (FMO) and the Project Promoters (PP) and all local stakeholders in the management of both EEA and Norwegian Financial Mechanisms. The FP is responsible for the identification, planning, implementation and monitoring of projects as well as the use of funds under both mechanisms.

A total of five projects are being co-funded under the EEAFM. Two of these projects are solely co-funded by the EEAFM whilst a further three are co-financed by both the EEAFM and the NFM². Following the Donors' approval, the projects which were ultimately selected and which are now being implemented through co-financing by the EEAFM or the EEAFM and NFM are:

¹ The Priority Areas listed above are those mentioned in Article 6 (1) in MoU between Malta and the Republic of Iceland, the Principality of Liechtenstein and the Kingdom of Norway, otherwise known as the EFTA States. Annex B of the MoU further identifies which of the above Priority Areas and respective Focus Areas are targeted in Malta.

² Originally there were 3 projects which were co-financed solely by the EEAFM, namely MT0005, MT0010 and MT0012. However, following approval for reallocation of uncommitted funds and savings from other projects, MT0012 became co-financed also from the NFM as of 17 March 2009.

EEA FINANCIAL MECHANISM PROJECTS ³						
CODE / MT	PROJECT TITLE	GRANT AMOUNT	PP CO-FINANCING	TOTAL PROJECT VALUE (EXCL. VAT)	FINANCIAL MECHANISM	PROJECT PROMOTER
0005	Masterplan for the Cittadella – the Old Fortified City of the Island of Gozo	€229,075	€40,425	€269,500	EEA	Ministry for Gozo (MGOZ)
0010	Setting up an Oil Spill Response Capability for the Protection of Our Seas	€800,000	€200,000	€1,000,000	EEA	Transport Malta (formerly Malta Maritime Authority [MMA])
0011	Xrobb I-Għagin Nature Park and Sustainable Development Centre	€263,389	€88,916	€724,641	EEA	Nature Trust (Malta)
		€372,336			N	
0012	Consolidation of Terrain and Historic Ramparts Underlying Council Square, Mdina	€477,215	€99,262	€661,750	EEA	Ministry for Resources and Rural Affairs (MRRA) [Restoration Unit]
		€85,273			N	
0013	Technical Assistance Fund for Malta	€36,644	€12,932	€86,220	EEA	Office of the Prime Minister (OPM) [PPCD]
		€36,644			N	

Table 1 EEAFM Projects

³ Projects MT0011, MT0012 and MT0013 are co-financed by both the EEA and N FM. In the case of MT0011, this was done following a recommendation by the FMO after the application was submitted. In the case of MT0012, this came into effect on 17 March 2009 when approval for the reallocation of uncommitted funds and savings from other projects was received.

b. BRIEF OVERVIEW OF THE NATIONAL STRATEGIC REFERENCE FRAMEWORK (NSRF) AND OTHER FINANCIAL INSTRUMENTS EMPLOYED IN MALTA

A total of €855 million worth of EU funds has been allocated for Cohesion Policy 2007 – 2013 in Malta by the European Commission. The goals and strategic priorities for Cohesion Policy 2007 – 2013 in Malta are identified in the National Strategic Reference Framework (NSRF), which was approved by the European Commission in December 2006. Malta was in fact the first Member State to obtain approval for its NSRF.

The Strategic Objectives of the NSRF are:

1. Sustaining a growing knowledge-based, competitive economy
 - Supporting enterprise
 - Mobilising investment in RTDi
 - Sustaining the tourism industry and promoting culture
2. Improving Malta's attractiveness and quality of life
 - Improving and expanding the transport infrastructure
 - Environment and risk prevention
 - Energy
 - Urban regeneration
 - E-society
 - Health
3. Investing in human capital
 - Education and employment
 - Social inclusion
 - Institution building
4. Addressing Gozo's regional distinctiveness
 - Enterprise promotion
 - Accessibility and inter-island transport
 - Human capital skills

The strategy set out in the NSRF forms the basis of two Operational Programmes (OP), each setting out the framework within which Structural Funds and the Cohesion Fund will be implemented in Malta and Gozo between 2007 – 2013. These are:

- OPERATIONAL PROGRAMME I – Investing in Competitiveness for a Better Quality of Life. This OP focuses on the European Regional Development Fund (ERDF) and Cohesion Fund.

- OPERATIONAL PROGRAMME II – Empowering People for More Jobs and a Better Quality of Life. This OP focuses on the European Social Fund (ESF).

Malta is also participating in five Territorial Cooperation Programmes⁴ which are financed by the European Regional Development Fund. These programmes have their own Operational Programme documents and aim to encourage cross-border, transnational and territorial cooperation across EU Member States and regions.

The financial allocations for the 2 OPs and the Territorial Cooperation Programmes are:

PROGRAMME	EU CONTRIBUTION	FUND
Operational Programme I	€444M	ERDF
	€284M	Cohesion Fund
Operational Programme II	€112M	ESF
Territorial Cooperation Programmes	€15M	ERDF
Total	€855M	

Table 2 Cohesion Policy 2007 - 2013

The overall objective of the OP I is 'Investing in Competitiveness for a Better Quality of Life to develop and generate economic growth based on competitive economic activities, underpinned by adequate physical infrastructure, leading to a better quality of life for Maltese citizens.' Furthermore, action under OP I seeks the attainment of the dual NSRF strategic objectives of 'Sustaining a growing, knowledge-based, competitive economy' and 'Improving Malta's attractiveness and quality of life'.

PRIORITY AXES IN OP I	FOCUS AREAS	TOTAL ALLOCATION	EU FUNDS	FUND
1. Enhancing Knowledge and Innovation	<ul style="list-style-type: none"> Enterprise Infrastructure; Aid Schemes to the manufacturing and service industries; Financial engineering; Investment in RTDi and RTDi-related infrastructure and ICT 	€120,000,000.00	€102,000,000.00	ERDF
2. Promoting Sustainable Tourism	<ul style="list-style-type: none"> Product development; Niche market development and branding; Aid schemes to Tourism/Cultural undertakings 	€120,000,000.00	€102,000,000.00	ERDF
3. Developing the TEN-T	<ul style="list-style-type: none"> Road transport links; Maritime transport links; Major projects (improving the TEN-T road infrastructure) 	€169,038,258.82	€143,682,520.00	Cohesion Fund
4. Mitigation and Adaptation to Climate Change	<ul style="list-style-type: none"> Energy; Flood relief; Major projects (reduction of emissions from the Delimara Power Station, National Flood Relief Programme) 	€121,000,000.00	€102,850,000.00	ERDF

⁴ These are the Italy-Malta Programme, the Med Programme, the Interreg IV C programme, the Espon II Programme and the Interact II Programme. Moreover, Malta is also benefiting from the European Neighbourhood Partnership Instrument (ENPI), an external budget programme.

5. Safeguarding the Environment	<ul style="list-style-type: none"> o Solid waste; o Storm water management; o Major projects (Mechanical Biological Treatment Plant; Rehabilitation and Restoration of Existing and Former Waste Dump Sites; An Integrated Water Management Approach to Flood Relief and Water Conservation) 	€165,250,000.00	€140,462,500.00	Cohesion Fund
6. Urban Regeneration and Improving the Quality of Life	<ul style="list-style-type: none"> o Urban regeneration; o Internal mobility; o E-accessibility; o Education, social and health-related infrastructure; o Environmental monitoring 	€149,000,000.00	€126,650,000.00	ERDF
7. Technical Assistance	<ul style="list-style-type: none"> o Implementation of the programme; o Common activities between OP I and OP II 	€12,327,095.29	€10,478,031.00	ERDF

Table 3 Priority Axes in OP I

The overall objective of the OP II is 'to invest in human capital in order to raise Malta's employment rate to 57% by 2013.' Furthermore, action under OP II seeks the attainment of the NSRF strategic objectives of 'investing in human capital' and 'strengthening labour market structures'.

PRIORITY AXES IN OP II	FOCUS AREAS	TOTAL ALLOCATION	EU FUNDS	FUND
1. Improving Education and Skills	<ul style="list-style-type: none"> o Investing in the Educational System; o Addressing skills mismatches; o Research and innovation; o Information and Communication Technology; o Innovative activities 	€37,400,000.00	€31,790,000.00	ESF
2. Investing in employability and adaptability of the workforce	<ul style="list-style-type: none"> o Continuous training and education; o Supporting the private sector; o Innovative activities 	€30,995,000.00	€26,345,750.00	ESF
3. Promoting an equal and inclusive labour market	<ul style="list-style-type: none"> o Female participation in the labour market; o Promoting an inclusive society; o Addressing labour market distortions and ensuring that work pays; o Innovative activities 	€36,900,000.00	€31,365,000.00	ESF
4. Strengthening of institutional and administrative capacity	<ul style="list-style-type: none"> o Supporting Public Sector Reform; o Lifelong Learning for the Public Sector; o Strengthening the quality of employment services; 	€21,405,000.00	€18,194,250.00	ESF

	<ul style="list-style-type: none"> ○ Promoting a more effective social and civil dialogue in Malta; ○ Innovative activities 			
5. Technical Assistance	<ul style="list-style-type: none"> ○ Implementation of the programme and capacity building; ○ Information and publicity; ○ Transnational / Interregional activities; ○ Common activities between OPI and OPII; ○ Innovative activities 	€5,064,705.00	€4,305,000.00	ESF

Table 4 Priority Axes in OP II

3. SUMMARY OF PREVIOUS ANNUAL REPORT AND MEETING

a. THE ANNUAL MEETING BETWEEN THE MALTESE FP AND THE DONOR STATES

The last joint Annual Meeting for the EEA FM and the NFM was held in Gozo in October 2009 between the Maltese FP and representatives of the Donor States, the Royal Norwegian Embassy, the Financial Mechanisms Office and the local horizontal stakeholders.

The full day session started with visits to two project sites, Mdina (MT0012) followed by the Cittadella in Gozo (MT0005). Both site visits provided an opportunity for the overseas delegates to meet the two respective project promoters and their teams who delivered detailed and interesting presentations about their projects complemented by a tour around the sites. This helped the delegates to further understand the work being carried out at these sites through the Financial Mechanisms' valuable support, with added appreciation of the sites' historical contexts.

The high level session and joint technical meeting for the EEA N FM was held later in the day. The FP gave an overview of the projects' progress between October 2008 and September 2009 as well as a brief commentary and updates on the Annual Reports.

A number of horizontal issues were also discussed during the meeting. Prime importance was given to the expected submission of Project Interim Reports (PIRs). The FP explained that a number of financial and documentary checks needed to be carried out prior to the submission of certified PIRs and that these checks were to be made through an electronic database that had come on stream earlier in the year. On this note, the FP agreed to the FMO's request of submitting any pending PIRs by December 2009.

Information and publicity actions and the following year's work plan and audit plan were also discussed. The FP also presented an Information Note on the Cohesion Policy 2007 – 2013 which was welcomed by the Donor States in view of the ongoing negotiations in preparation for the 2009 – 2014 programming period.

b. MAIN POINTS ARISING FROM THE ANNUAL REPORT

The previous Annual Report was the fourth for the EEAFM and covered the period 1 October 2008 and 31 August 2009.

The main sections of the fourth Annual Report were:

- PROJECT PROGRESS, where an overview of the progress achieved in the projects co-financed under the EEAFM was given. The main focus of this section was on the contracts signed and activities implemented since the respective contract signature;
- MATTERS OF A HORIZONTAL NATURE, where a summary of the amendments made and proposed to the projects was given. MT0005 had a minor change in one of the activities while de-commitments were proposed on MT0005 and MT0013 (the latter being partly co-financed by NFM). It was proposed that de-committed funds as well as uncommitted funds should be allocated to MT0012. The request for

de-commitment was submitted prior to the deadline of 31 October 2008. This section also included an overview of Financial Control checks carried out on projects. Information about the modifications made to the electronic database and to payment progress was also given;

- PUBLICITY dealt with publicity actions carried out at project level by the PPs and others being planned at programme level by the FP;
- WORK PLAN SEPTEMBER 2009 – AUGUST 2010 described the FP activities foreseen for the following year; and
- AUDIT PLAN gave an overview of how the Internal Audit and Investigations Department were planning to carry out audits on the projects being implemented in the following 12 months.

A cover note providing clarifications and updates in terms of achievement between the report cut-off date at the end of August 2009 and 30 September 2009 was provided to offer the latest information on the projects.

C. CONCLUSIONS DRAWN FROM THE ANNUAL REPORT

The fourth year of implementation brought about considerable progress in the individual projects despite the stumbling blocks which were encountered in terms of payment processing and various other project-specific situations.

Most projects underwent spot checks. The fact that the tendering for many projects was moving at a swift pace was recorded as positive, especially when one considered that across both mechanisms there was one project already completed, another nearing completion and two which had concluded their tendering processes.

As in the previous year, it was still early to determine the overall impact the projects were having on cross-cutting issues and priority areas given that only one project was completed by this time. Despite this, it was already evident that the work carried out under the projects targeting the Implementation of the Schengen acquis contributed to Malta's successful entry into the Schengen Zone. All PPs had submitted their intended approach towards addressing cross-cutting issues in their application forms. These cross-cutting issues and the principles of good governance, transparency and fair competition were being adhered to by all PPs, irrespective to whether they were public entities, private companies or NGOs.

One project was afflicted by delays in securing MEPA permits and in properly defining project activities. However, the modifications which were proposed together with the reallocations suggested were made to ensure the utilisation of the available funding in a most effective and efficient manner.

4. PROJECT PROGRESS

a. INDIVIDUAL PROJECT PROGRESS

→ MT0005: MASTERPLAN FOR THE CITTADELLA – THE OLD FORTIFIED CITY OF THE ISLAND OF GOZO

This project targets the *Conservation of European Cultural Heritage, including public transport and urban renewal and academic research* priority. The Project Promoter is the Ministry for Gozo (MGOZ). The original total eligible cost for this project was €301,500 with a grant rate of 85% (€256,275). Savings of €32,000 emerged upon contract signature. Of these, €4,000 was shifted internally to bolster the publicity component while the remaining €28,000 was de-committed from this project. Hence, the new total eligible cost is €269,500.00 and the grant amount was subsequently reduced to €229,075.00 (85%). The Grant Agreement was signed in September 2007 and the Implementation Agreement between the PP and the FP was entered into on 5 May 2008.

The contract with Politecnica – Ingegneria ed Architettura (Italy) was signed on 17 October 2008 and work kicked off a few days later with data collection and evaluation. The contractor held monthly meetings with the PP and a number of meetings with the Cittadella stakeholders, including residents, shop owners, the Cathedral, the Association of Tourist Guides and the Victoria Local Council. A number of meetings were also held with governmental bodies involved in the management of the Cittadella, among which are MEPA, Heritage Malta, the Superintendence for Cultural Heritage, the Restoration Unit within the Works Division as well as utilities, Water Services Corporation and Enemalta Corporation.

By January 2010, the draft Master plan document was drawn up and presented for consultation to the PP. It was presented to the Cittadella stakeholders and the general public in March 2010. Following the consultations, the contractor presented the finalised Master plan documents to the PP.

The closure event for MT0005 was held at the Cittadella on 17 June 2010 and it was given extensive coverage in the local print and audio-visual media.

→ MT0010: SETTING UP AN OIL SPILL RESPONSE CAPABILITY FOR THE PROTECTION OF OUR SEAS

This project targets the *Protection of the Environment* priority. The Project Promoter is Transport Malta, formerly the Malta Maritime Authority. The total eligible cost for this project is €1,000,000 with a grant rate of 80% (€800,000). The Grant Agreement was signed on 23 July 2007 and the Implementation Agreement between the PP and the FP was signed on 14 May 2008.

The required studies and reports falling under the services component, namely the hydrographic study, the environmental sensitivity mapping, the incident risk assessment report and the incident impact assessment report, had been drawn up and issued during the previous reporting period. During the current period, the tender for the equipment component, which was based on the technical specifications proposed in the above-mentioned studies and reports, was awarded. A sum retained as 'Contingency' was used for the extra work related to the updating of the National Contingency Plan and to carry out inspection and servicing of the

existing oil pollution equipment at Oil Pollution Response Module as well as to update the gap analysis report accordingly. These services were successfully delivered.

The contract for the supply of the Oil and Hazardous and Noxious Substances (HNS) Pollution Response Equipment was signed in January 2010. The cost of the equipment was lower than the budget, resulting in some savings. To utilise these, the PP sought and eventually obtained approval from the Department of Contracts to enter into a negotiated procedure and sign a second contract with the same supplier to procure additional equipment, such as oil containment booms.

In October 2009, the PP was invited to deliver a presentation about this project at an international conference entitled 'Lessons learned and looking forward - EEA and Norway Grants in the Environmental Sector', held in Warsaw.

The closure event to mark the successful completion of MT0010 was held on 8 July 2010. Mr. Richard Scarborough, First Secretary at the Royal Norwegian Embassy, attended the event. He congratulated Transport Malta on the attainment of increased protection for Maltese waters through this co-financed project.

→ MT0011: XROBB L-GHAGIN NATURE PARK AND SUSTAINABLE DEVELOPMENT CENTRE

This project also targets the *Protection of the Environment* priority. The Project Promoter is Nature Trust (Malta). The total eligible cost for this project is €724,641 with a grant rate of 87.73% (€635,725). The Grant Agreement was signed on 23 October 2007 and the Implementation Agreement was entered into on 2 May 2008 by the PP and the FP.

A Management Agreement between the Line Ministry, MEPA and the PP was made in December 2007 and governs the management of the Nature Park site.

A total of 15,500 trees, exceeding the target of 10,500 set in this project's PIP, had already been planted during the previous period. Meanwhile, restoration works have continued on the existing structures, including all the roofs and the internal walls; interior electricity and plumbing have been installed; the various tenders were issued and have been adjudicated; ground trenching and the laying of water and drainage pipes are in progress while the wind turbines are on order. The tender for the photovoltaic (PV) panels was recently also awarded, while the sewage treatment plant, other restoration works and interior fittings are envisaged to be completed by early next year.

Publicity measures undertaken to date include the PP's delivery of a presentation about this project during an international conference entitled 'Lessons learned and looking forward - EEA and Norway Grants in the Environmental Sector' which was held in Warsaw in October 2009, and a half-day seminar for students the PP itself organised together with the University of Malta last December on campus.

In October 2009, H.E. Ms. E. Walaas, Norwegian State Secretary for Foreign Affairs visited the site of MT0011 while in Malta for a one-day bilateral seminar between the two countries on 'Energy Efficiency and Renewable Energy'. During the seminar, which was jointly organised by the Malta Intelligent Energy Management Agency (MIEMA) on behalf of the Ministry for Resources and Rural Affairs, and the Royal Norwegian Embassy, Malta's Minister for Resources and Rural Affairs had words of praise for this project, describing it as an excellent example of local renewable and sustainable energy efforts. He pointed out that the wind turbines would also serve as a pilot for future projects of this kind in Malta.

Over the summer months 2010, the PP established contact with education centres using renewable energy in Europe. The aim was to organise bilateral exchanges to encourage the sharing of knowledge and experience in the operation of such centres. Such exchanges would additionally promote the park at Xrobb I-Għaġin as a potential centre for the organisation of future environmental camps, hence extending publicity to the project from the local to the European level.

An article on project MT0011 and the assistance received through these Financial Mechanisms is expected to feature on a local publication in due course.

→ MT0012: CONSOLIDATION OF TERRAIN AND HISTORIC RAMPARTS UNDERLYING COUNCIL SQUARE, MDINA

This project, implemented by the Ministry for Resources and Rural Affairs targets the *Conservation of European Cultural Heritage* priority. The Grant Agreement for this project was signed on 23 October 2007 and the Implementation Agreement was signed by the PP and FP on 5 May 2008.

The original total eligible cost for this project was €500,000 with a grant rate of 85% (€425,000) co-financed under the EEA FM. However, in October 2008, a request was made to the FMO to re-allocate de-committed funds as well as reserve funds to this project to support a proposed extension to the project. The request was approved on 17 March 2009 and hence, the new total eligible cost went up to €661,750, with the grant of €562,488 (85%) comprising of both EEA and NFM co-financing.

Work on the original 25-metre stretch of St Paul's Bastion and the preliminary excavations and underground consolidation of the 5-metre extension had been finalised during the previous reporting period, with the actual restoration works of the 5-metre extension being in the final stages of completion on 30 August 2009. All physical work was in fact completed by the following month.

H.E. the Norwegian State Secretary for Foreign Affairs visited this project also on 27 October 2009, following her visit to project MT0011. The Minister for Resources and Rural Affairs pointed out that the technical work carried out on the whole 30-metre stretch of bastion had proven to be a successful pilot restoration that would be applied on a much larger project utilising ERDF funds to restore fortifications around Malta and Gozo.

b. TECHNICAL ASSISTANCE FUND FOR MALTA (MT0013)

The Technical Assistance Fund for Malta is being managed by the Planning and Priorities Coordination Department, within the Office of the Prime Minister, which acts as the Focal Point for these Financial Mechanisms. The fund is implemented in the same way as an individual project and is therefore governed by two Grant Agreements (one for each Financial Mechanism) which were signed on 12 February 2007.

The original total eligible cost for this project was €101,740 with a total grant rate of 85% (€43,240 EEA FM and €43,240 NFM). €15,520 was de-committed from the project, giving a new total eligible cost of €86,220. The grant amount was reduced accordingly to €73,288 (85%).

On 2 September 2009, the FP organised the Monitoring Committee meeting with the participation of the representatives of the various ministries and Civil Society stakeholders. Mr Arne Gjermundsen, Minister Counsellor from the Royal Norwegian Embassy for Malta also took part in the meeting. The FP subsequently organised the Annual Meeting with the FMO and the Donors on 8 October 2009. A summary of the outcome of this meeting is found in section 3a of this report.

Elsewhere, the FP held meetings with the various PPs in order to monitor the implementation of the individual projects and to discuss any issues and difficulties that arose. The FP has also carried out spot checks on projects to verify expenditure claims before these were submitted to the FMO along with Project Interim Reports.

A substantial amount of payments has also been processed through the electronic database.

Additionally, the FP twice launched a departmental call for tenders for an Information and Publicity Campaign at programme level. The first call was issued in the Malta Government Gazette of 8 January 2010 but no bids were submitted. So the call was reissued on 16 July 2010, resulting in one applicant whose offer was deemed technically non-compliant at the adjudication stage. Subsequently the Departmental Contracts Committee (DCC) approved the recommendation of the Evaluation Committee for a direct agreement with this sole bidder in terms of Article 20 (4) of the Public Procurement Regulations.

C. PROJECTS' CONTRIBUTION TO PRIORITY AREAS

Two priority areas are targeted by the EEA Financial Mechanism in Malta. These are the *Protection of the Environment, including the human environment* and the *Conservation of European Cultural Heritage, including public transport and urban renewal*.

MT0010 and MT0011 target the environment priority area in two distinct manners. MT0010 intervenes in the protection of Maltese waters in case of oil spills; creating a response capability should such a disaster occur. On the other hand, the actions under MT0011 are rather land-based through the development of a nature park which comprises 15,500 trees intended to create different natural habitats and ecological units. Furthermore, project MT0011 will also make use of renewable energy sources, contributing to further research into their use.

On the other hand, the cultural heritage priority area is addressed by MT0005 and MT0012, both of which have been implemented on old fortified settlements. While MT0005 has developed a Masterplan for the better use and safeguarding of the Cittadella in Gozo, with the recommendations made to be implemented through other sources of funding, MT0012 has served as a pilot project on the consolidation of terrain and historic ramparts. A larger project covering other, more extensive areas of intervention round the walled cities of Malta and Gozo is being co-funded through the European Regional Development Fund (ERDF) 2007 – 2013.

d. PROJECTS' CONTRIBUTION TO CROSS-CUTTING ISSUES

A number of cross-cutting issues are upheld by the EEA and NFM and were assessed during the project selection phase in 2005. The main areas are Sustainable Development (Environmental, Economic and Social), Gender Equality, Good Governance and Bilateral Relations. These cross-cutting issues have been addressed by the projects throughout their lifespan, to some degree or other, depending on their relevance to the project.

→ SUSTAINABLE DEVELOPMENT (ENVIRONMENTAL, ECONOMIC AND SOCIAL)

The three pillars of Sustainable Development are well addressed in all projects co-financed under the EEAFM.

MT0005 has mapped out ways in which the Cittadella can be safeguarded in view of its historical significance and natural setting. Improvement in the state of the Cittadella should help to generate economic growth by attracting more visitors to the island of Gozo. All areas targeted by the Master plan were discussed with the residents and shop owners of the Cittadella, the Cathedral, the Association of Tourist Guides and the Victoria Local Council who are the main stakeholders in the area.

Similarly, project MT0012 has consolidated and restored a 30-metre stretch of the fortifications which surround the old medieval city of Mdina. Given that Mdina is one of the most visited locations in Malta, the actions undertaken in the project have added value to the site from all aspects of sustainable development: the visible fissures in the stretch of bastions treated under this project have been consolidated against further damage to the fortification while the environment around the site has been improved. By inference, the economic value of the site has increased, especially through the discovery of the remains of a medieval tower, and furthermore prosperity in the area is improved.

Meanwhile, project MT0010, while focusing on the protection of the marine environment through the studies made and the equipment procured, has also addressed issues of an economic and social nature. Our seas are one of the main visitor attractions the Maltese archipelago has to offer and for this reason, if an oil spill occurs, this would be detrimental to the Maltese tourism industry and the workers employed in this sector. Moreover, the project also investigated the possible application of the 'polluter pays principle' and has established a task force comprised of the Armed Forces of Malta, the Civil Protection Department and Transport Malta among others, to respond in case of such a disaster.

The MT0011 project is also well set to address the Sustainable Development cross-cutting issue through the afforestation component as well as through the harnessing of renewable energy sources. Moreover, the NGO implementing the project foresees that the site being developed will eventually be able to sustain itself through activities held at the nature park which is being made accessible to all.

→ GENDER EQUALITY

All the projects being implemented under the EEAFM respect the gender equality policy and are equal opportunity initiatives. Moreover, all the actions envisaged in all the projects discussed in this report do not discriminate between genders and are thus equally applicable to both males and females. The project teams in all cases are also formed of both males and females.

→ GOOD GOVERNANCE

Once again, good governance is a cross-cutting issue which targets all projects in the same manner and is an area which is firmly emphasised by the FP, which devised a Manual of Procedures, in support of the correct implementation of the projects. Furthermore, PPs which are not public entities have been encouraged to follow the spirit of public procurement to ensure that the procurement of works, services and supplies is carried out in a most transparent and fair manner.

→ BILATERAL RELATIONS

While none of the projects have entered into partnerships or contracts with entities from the Donor States, the PPs are obliged to recognise the assistance received through the use of logos, co-financing statements and good publicity efforts.

Having said that, during the current reporting period, the Minister Counsellor from the Royal Norwegian Embassy to Malta attended the Monitoring Committee held by the FP in September 2009 and has remained regularly in touch. The Minister Counsellor, the Donors and FMO representatives visited Malta for the Annual Meeting on 8 October 2009 where they were taken to visit the sites of MT0005 and MT0012.

Later that same month, the Minister Counsellor also accompanied H.E. the Norwegian State Secretary for Foreign Affairs on her visit to Malta for a bilateral seminar between the two countries on Energy Efficiency and Renewable Energy. Ms Walaas was also escorted to site visits in Mdina and Xrobb I-Għagin to witness the concrete results of these projects. She also took some time to personally meet and thank the Focal Point for its dedicated work and to have discussions about how bilateral relations between Malta and Norway could be improved.

5. MATTERS OF HORIZONTAL NATURE

a. PROJECT MODIFICATIONS

Throughout the current reporting period, a number of modifications were made on individual projects during their respective eligibility period.

Following written requests from some of the PPs, the FP submitted covering letters justifying to the FMO the need for modifying some of the Project Implementation Plans (PIPs). The modifications entailed extensions of planned completion dates and/or transfer of funds between budget headings and/or activities. The following projects were modified:

- MT0005 had a planned completion date set to August 2009 on its PIP. Following a justified request made by the PP to the FP, the FMO approved an extension of the project's planned completion date to May 2010.
- MT0010 had a planned completion date in January 2009. Project management was carried out in-house by the PP itself and this brought external project management costs down to €25,000 from an original estimate of €80,000 in the PIP's 'Management Costs' budget heading. Furthermore, the contract covering Activity 1 (i.e. the external project management and the Service component) was awarded for €191,000, resulting in savings of €29,000 on the €220,000 combined budget headings. Following an official request from the PP through the FP, the FMO approved the shifting of the €29,000 to the 'Equipment' component (Activity 2) thus increasing the budget from €780,000 to €809,000. The FMO also approved the requested extension of the project planned completion date to 21 August 2010, which is also the project's final eligibility date.
- MT0011 needed an extension to its planned completion date from July 2009 to December 2010. This was also granted by the FMO on 28 April 2010 on the basis of the justification provided by the PP and the FP.
- MT0013 also received FMO approval to extend its planned completion date to April 2011, which is also the final eligibility date for all remaining projects under the EEA/N FM 2004-2009. Given that Technical Assistance aims at monitoring the implementation of individual projects and seeing to the overall operation of the programme, such extension ensures that the FP fulfils its management role till the very end. A modification involving a transfer of less than 15% between activities was made to increase the budget of the publicity component.

b. MONITORING AND FINANCIAL CONTROL

Financial control checks, known as 'on-the-spot' checks or 'spot-checks', are carried out by the FP and focus on the administrative, financial and physical aspects of a project. During these checks, the FP gains assurance that the project is being implemented as planned and in accordance with sound financial management principles. These financial control checks were intentionally carried out by the FP on projects before submitting payment

claims through a 'statement of expenditure' along with a Project Interim Report that covered the same progress period. Such checks help the FP to verify that all eligible rules and regulations were adhered to, and to confirm the authenticity of certified payment documents.

During the financial control checks, emphasis is also placed on the verification that PPs are adhering to tendering and contracting procedures as laid down in Public Procurement Regulations. In the case of project MT0011, which is run by a non-governmental organisation, a degree of flexibility is allowed as long as the PP follows the spirit of public procurement practices and ensures fair competition, transparency and good governance throughout.

Moreover, the FP has been in regular contact with all PPs whose projects were still under implementation throughout this year under review. Meetings were regularly held between FP and PPs to address issues such as the need for extending a project completion date, public procurement difficulties, shifting funds between budget headings and/or activities and so forth.

All projects registered substantial physical and financial progress over the last year, leading to successful project completion for the majority of them. The couple of projects that are left are progressing well too, both in physical implementation and in registering payments.

C. PAYMENT PROCESS AND PROGRESS

The database application SFD 07-13, which was also modified to cater for the EEA and Norwegian Financial Mechanisms, enables quicker collection of financial information from various sources and allows for monitoring on a day-to-day basis by the horizontal stakeholders. The database application also facilitates the verification and certification process for both the FP and the Paying Authority whilst also allowing Treasury to authorise and effect the payments through the Central Bank of Malta. The application forms part of a larger system which is used to monitor projects being financed by the EU Cohesion Policy Funds 2007 - 2013 in the same manner.

The system caters for modules dealing with the two separate financial mechanisms (EEAFM / NFM), as well as the joint mechanism (EEANFM), where projects take into consideration the various co-financing ratios as well as documentary requirements in view of the variety of beneficiaries (public entities, private companies, NGOs).

During the current reporting period, notable progress in payments made through the system was registered in comparison to the previous reporting period. Most projects have had all their payments executed through the system by Treasury, and this, in turn, has sped up the processing of pending Project Interim Reports (PIRs).

The table below indicates the amounts processed and paid through the EEA and Norwegian Financial Mechanisms national database to date:

FINANCIAL MECHANISM	PROJECT	ELIGIBLE AMOUNT (GRANT + MT)	VAT (NON-ELIGIBLE)
EEAFM	MT0005	€267,854.64	€47,801.55
EEAFM	MT0010	€998,434.61	€13,751.97
NFM	MT0006	€1,046,314.00	€182,646.60
NFM	MT0008	€290,184.00	€52,233.12
NFM	MT0014	€34,788.33	€6,261.90
EEA+NFM	MT0011	€111,932.44 ⁵	€19,540.52
EEA+NFM	MT0012	€618,375.60	€111,307.59
EEA+NFM	MT0013	€34,695.98	€408.62
Total		€3,402,580.03	€433,951.99

Table 5 Amounts processed and paid to date through EEA / N FM database

It should be noted that Table 5 captures all payments executed at national level by Treasury up to the end of period under review.

Projects are fully pre-financed by the Maltese authorities. Payments may be processed in two ways – either through a reimbursement of funds by Treasury to the Project Promoter following the latter's payment to contractor/supplier, or by means of direct payment transfer by the Treasury's into contractor/supplier's bank account.

Both payment methods are processed through the EEA / N FM database, ensuring an audit trail at each stage of the payment process. However, payments declared to the FMO in a given PIR are limited to those executed by the Treasury during the reporting period covered by that PIR. This explains why claims to the FMO always lag behind the level of physical implementation as well as the level of payments at national level.

The following table shows the PIRs which have been submitted and the respective amounts claimed:

FINANCIAL MECHANISM	PROJECT	PIR #	REPORTING PERIOD	AMOUNT CLAIMED
EEAFM	MT0005	1	March 07 - February 08	€99
		2	March 08 – February 09	€44,880
		3	March 09 – August 09	€-
NFM	MT0006 ⁶	1	January 07 – October 07	€465,271
		2	PCR (November 2009)	€52,341
NFM	MT0008	1	February 07 - October 07	€ -
		2	November 07 – October 08	€ -
EEAFM	MT0010	1	March 07 - February 08	€ -
		2	March 08 – January 09	€125,480

⁵ This amount does not include the €73,374 in-kind value of donated trees since the latter was not processed, like other payments, through the database.

⁶ Following the finding of an audit carried out by the IAID, the amount of €2,076.26 is in the process of being recovered from the PP.

EEA+NFM	MT0011	1	February 07 - January 08	€ -
		2	February 08 - January 09	€ -
EEAFM	MT0012	1	April 07 – May 08	€ -
		2	April 08 - March 09	€117,304
		3	April 09 – January 10	€329,473
EEA+NFM	MT0013	1	September 06 – August 07	€8,648 ⁷
		2	September 07 – August 08	€ -
NFM	MT0014	1	October 07 - September 08	€ -
		2	October 08 – June 09	€ -
		3	July 09 - October 09	€ -

Table 6 Project Interim Reports (PIRs) submitted by end of this report

It is to be noted that since MT0006 had only one PIR foreseen in view of its short implementation timeframe; a Project Completion Report (PCR) was drawn up once the PIR was approved. The PCR consolidated the project and reported on achievements made in terms of cross-cutting issues, indicators met, lessons learnt, and overall financial performance in comparison to the planned schedules.

All amounts shown in Table 6 above have been reimbursed by the FMO. The discrepancy between the amounts paid at national level given in Table 5 and the amounts reimbursed by the FMO illustrated in Table 6 is due to the way the payments system functions by firstly executing all payments at the national level and subsequently claiming the Donors' share from the FMO through the PIRs submitted later. Some PIRs have been overdue, mainly because of ad hoc project modifications requiring a revision of respective PIPs before a PIR could be generated, and due to the lengthy process taken for PIRs to be compiled, vetted and certified at national level.

⁷ This was an advance payment from FMO in 2007

6. PUBLICITY

a. PUBLICITY AT PROJECT LEVEL

Publicity actions by all projects are monitored by the FP and are governed by the Manual of Procedures issued by the FP and the guidelines on promotional material and publicity actions available on the FMO website. The FP insists that there is clear acknowledgement of the funding source at all stages of the project. The PPs are instructed to use the co-financing statement bearing the logo of the Financial Mechanism assisting the project at all stages of tendering (advertising on government gazette/newspapers; tender document etc.) as well as on all items procured or on published material.

In the case of MT0005, the launching of the Master plan was covered by the local media. A television programme explained the benefits of having this Master plan for the Cittadella. The local newspapers also published regular articles about the project and the contractor created a dedicated website. (<http://www.cittadellamasterplan.com>).

While the billboard for project MT0005 has remained affixed to the wall at the side of the hill leading up to the Cittadella, the PP also published 5000 booklets containing details of the Master plan. An exhibition made up of posters was also mounted for the closure event organised by the PP on 17 June 2010.

The PP of MT0010 also organised the event to mark the closure of the project on 8 July 2010. All stakeholders and the Royal Norwegian Embassy for Malta in Rome were invited. Additionally, equipment procured through this project displays acknowledgment of the funding source.

In October 2009, the PPs of MT0010 and MT0011 were invited to a conference in Warsaw entitled 'Lessons learned and looking forward - EEA and Norway Grants in the Environmental Sector', held for all PPs in Beneficiary States of the EEA N FM. The two Maltese PPs gave presentations on their projects.

In early December 2009, the PP of MT0011 held a half-day seminar for University of Malta students. This project was also featured on a local TV educational programme earlier in 2010.

Also in October 2009, the local news media extensively covered the visit of H.E. Ms. E. Walaas, Norwegian State Secretary for Foreign Affairs, who was accompanied by H.E. the Norwegian Ambassador and their delegation to the sites of MT0011 and MT0012 by the Maltese Minister for Resources and Rural Affairs.

b. PUBLICITY AT PROGRAMME LEVEL

On 8 January 2010, the FP launched a departmental call for tenders for an Information and Publicity Campaign on the EEA and Norwegian Financial Mechanisms. The call failed to attract any offers by the closing date of 29 January 2010.

Following some amendments to the original terms of reference, the tender was re-issued on 16 July 2010 and the closing date for the receipt of offers, only one bid was submitted. During the evaluation stage however, this sole bid was deemed to be technically non-compliant. Given the fact that the tender had been issued twice without success and having regard to the looming final eligibility date, the Evaluation Committee recommended that the Departmental Contracts Committee (DCC) authorises a direct agreement with the bidder. The DCC accepted this recommendation and gave its permission to the FP in terms of Article 20 (4) of Public Procurement Regulations (LN 296/2010).

The negotiations with the sole tenderer for this contract were still under way at the cut-off date of this report. The information and publicity campaign has a budget of €15,254 (excluding VAT) and is envisaged to have two main phases:

PHASE	MEANS	TARGET AUDIENCE	SUMMARY OF ACTION
1	<ul style="list-style-type: none"> Thematic Lessons + Site Visits Artistic competition and launch of artistic exhibition Publication of Calendar 	<p>Direct: senior school students + teachers</p> <p>Indirect: students' and teachers' families; other students/teachers/staff within chosen schools; officers within Education Division; visitors to art exhibition</p> <p>Press coverage will be given to the exhibition launch</p>	<p>Teachers deliver thematic lessons on the Priority Areas targeted by the 2 Financial Mechanisms and take students to site visits;</p> <p>Students create artworks which will be exhibited in central location;</p> <p>Best 12 artworks will be utilised to publish a calendar to be distributed among participating schools and parties involved in the campaign (Education Division, PPs, etc.)</p>
2	<ul style="list-style-type: none"> Street advertising, such as billboard advertising 	<p>Direct: motorists, passengers and pedestrians in central localities</p> <p>Indirect: recipients of word of mouth promotion</p> <p>Press coverage may be given to this phase in conjunction with Phase 1</p>	<p>A suitable manner for street advertising, such as billboards, will be selected to best portray the three areas of action targeted by the 2 Financial Mechanisms in Malta; artwork produced by the students in Phase 1 may be utilised to create a cohesive Information and Publicity campaign</p>

7. WORK PLAN OCTOBER 2010 – OCTOBER 2011

OCTOBER 2010	NOVEMBER 2010	DECEMBER 2010
→ Hold Monitoring Committee	→ Contract signing and kicking off the implementation of Phase 1 of the Information and Publicity Campaign (I&PC); → Hold Annual Meeting	→ I&PC Phase 1: in progress; → Preparations for I&PC Phase 2
<ul style="list-style-type: none">○ Monitor payments carried out through the EEA & NFM database○ Submit PIRs and PCRs as required○ Carry out financial controls (on-the-spot checks)○ Day-to-day implementation of projects including ad hoc meetings		
JANUARY 2011	FEBRUARY 2011	MARCH 2011
→ I&PC Phase 1: in progress	→ I&PC Phase 1: final stage; → I&PC Phase 2: set-up of billboard advertising	→ I&PC Phase 2: final stage → I&PC final reporting, marking completion of campaign
<ul style="list-style-type: none">○ Monitor payments carried out through the EEA & NFM database○ Submit PIRs and PCRs as required○ Carry out financial controls (on-the-spot checks)○ Day-to-day implementation of projects including ad hoc meetings		
APRIL 2011	MAY 2011 – OCTOBER 2011	
→ End of eligibility period of the EEA/N FM 04-09 (physical and financial implementation for pending individual projects ends here)	→ Submit last PIRs and any generated PCRs, for projects whose final eligibility date was April 2011; → Draw up Annual Reports for last Monitoring Committee and Annual Meeting; → Organise the last Monitoring Committee and Annual Meeting	
<ul style="list-style-type: none">○ Monitor payments carried out through the EEA & NFM database○ Submit PIRs and PCRs as required○ Carry out financial controls (on-the-spot checks)○ Day-to-day implementation of projects including ad hoc meetings		

8. CONCLUSION

During this reporting period, substantial progress was registered in all projects implemented under the EEA FM. All projects have been concluded and achieved the planned results, except two - MT0011 and MT0013. These are still in progress and expected to be completed in a few months.

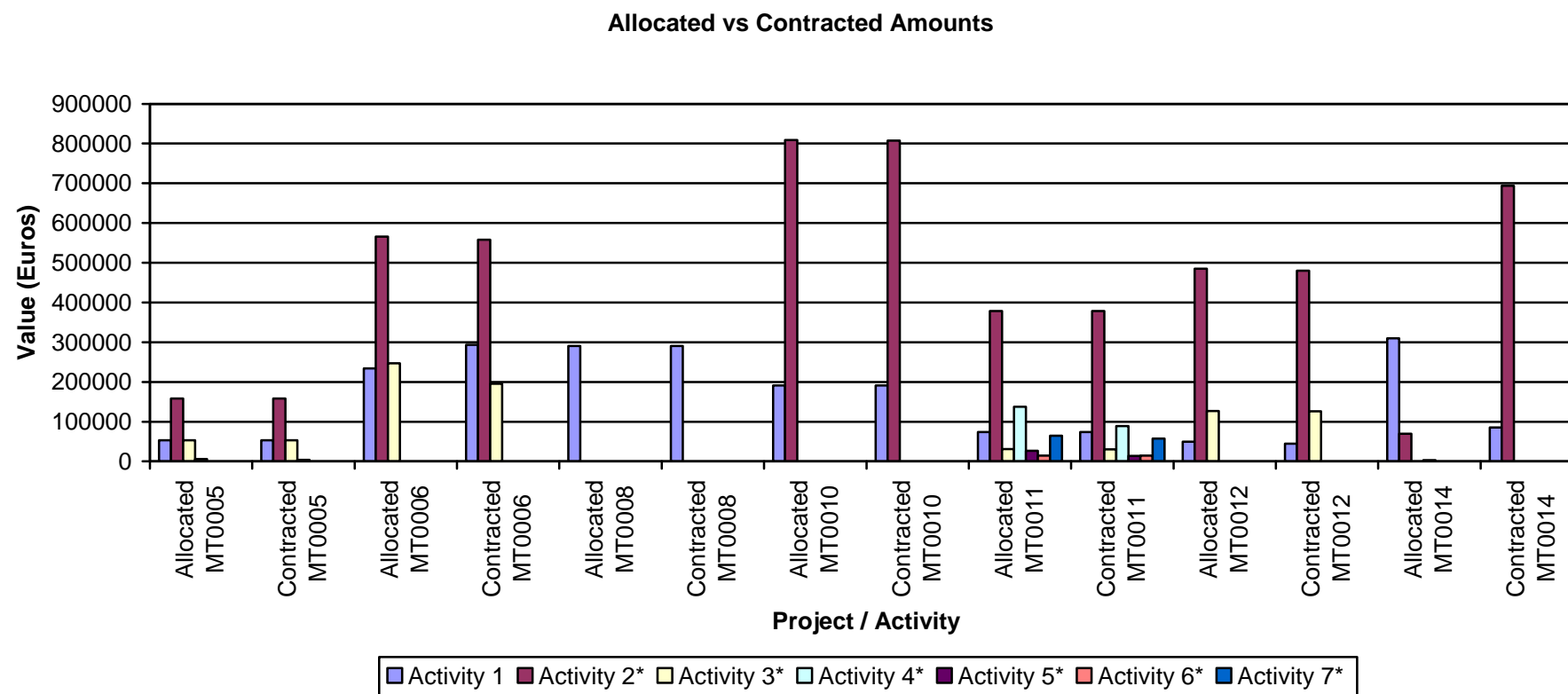
In terms of horizontal matters, the FP has kept up the pressure on the PPs to execute payments and draw up the requested reports in as timely a manner as possible. One needs to acknowledge the fact that the process of inputting the required information in the electronic database, the certification carried out at Beneficiary, Line Ministry and Treasury levels for a payment to be fully processed, and hence executed, at a local level; and furthermore the desk-based checks drawn up by the FP and transmitted to the Paying Authority together with a PIR and respective payment claim via a Statement of Expenditure, together with the checking process at PA level, is evidently lengthy, taking a number of weeks to be ready for submission to the FMO. Every effort is done at each level to ensure prompter processing of documentation to keep these timeframes to a minimum. As mentioned earlier, the FP carries out monitoring and first level financial control to ensure that all documentation necessary for processing payments is in place, its authenticity verified, and an audit trail exists.

The Information and Publicity Campaign is intended to heighten public awareness of the results achieved in the EEA / N Financial Mechanisms 2004-09 Priority Areas that have been targeted in Malta and Gozo.

ANNEXES

I. PROJECT CONTRACTING AND DISBURSEMENT STATUS AT NATIONAL LEVEL

All figures represented in the tables hereunder are net of VAT which is a non-eligible expense.



* The number of activities per project varies.

ACTIVITY	MT0005	
	ALLOCATED	CONTRACTED
1	€ 52,800.00	€ 52,800.00
2	€ 158,400.00	€ 158,400.00
3	€ 52,800.00	€ 52,800.00
4	€ 5,500.00	€ 3,854.64
Total	€ 269,500.00	€ 267,854.64

ACTIVITY	MT0006	
	ALLOCATED	CONTRACTED
1	€ 234,000.00	€ 293,081.00
2	€ 566,000.00	€ 557,863.00
3	€ 246,822.00	€ 195,370.00
Total	€ 1,046,822.00	€ 1,046,314.00

ACTIVITY	MT0008	
	ALLOCATED	CONTRACTED
1	€ 290,184.00	€ 290,184.00
Total	€ 290,184.00	€ 290,184.00

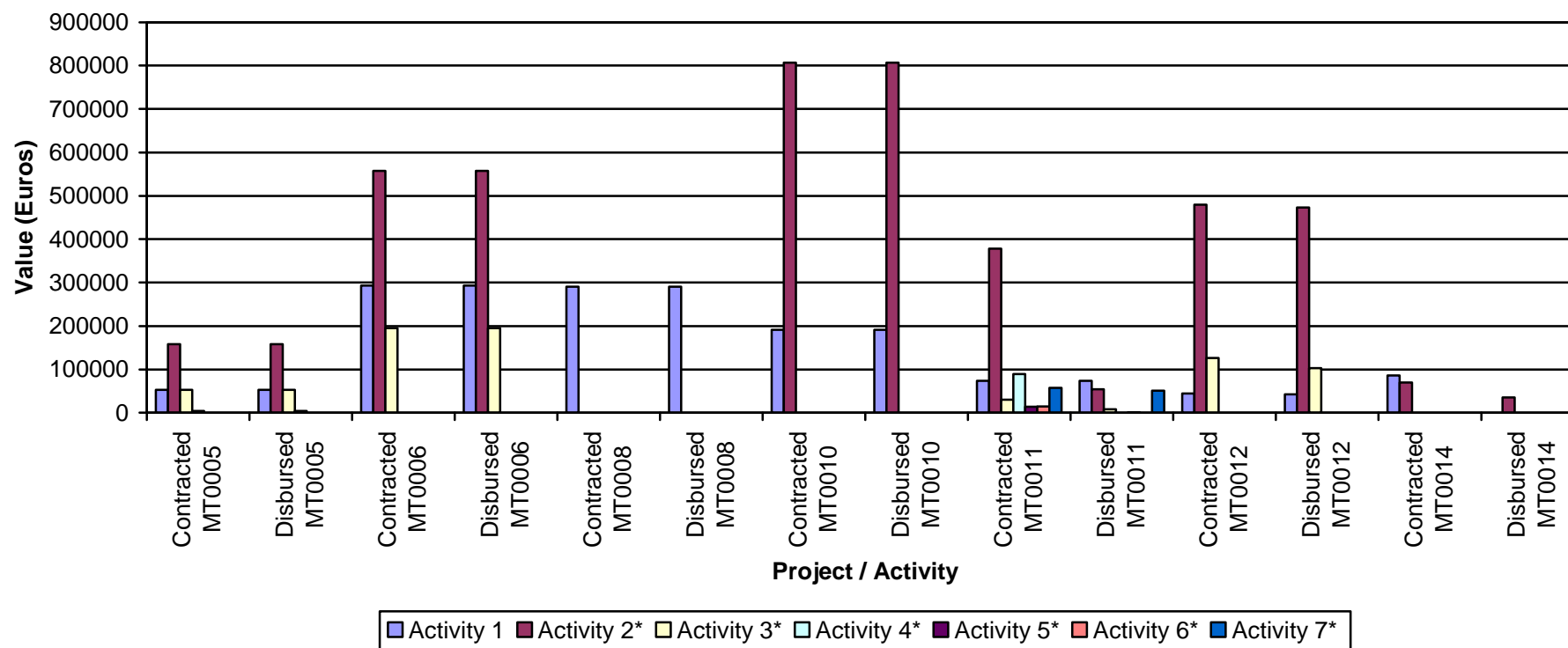
ACTIVITY	MT0010	
	ALLOCATED	CONTRACTED
1	€ 191,000.00	€ 191,000.00
2	€ 809,000.00	€ 807,434.64
Total	€ 1,000,000.00	€ 998,434.64

ACTIVITY	MT0011	
	ALLOCATED	CONTRACTED
1	€ 73,374.00	€ 73,374.00
2	€ 377,969.00	€ 377,969.00
3	€ 30,679.00	€ 29,963.00
4	€ 137,430.00	€ 89,366.00
5	€ 26,664.00	€ 13,883.00
6	€ 13,974.00	€ 13,975.00
7	€ 64,550.00	€ 57,303.00
Total	€ 724,641.00	€ 655,833.00

ACTIVITY	MT0012	
	ALLOCATED	CONTRACTED
1	€ 49,500.00	€ 44,235.00
2	€ 485,000.00	€ 480,000.00
3	€ 127,250.00	€ 126,451.64
Total	€ 661,750.00	€ 650,686.64

ACTIVITY	MT0014	
	ALLOCATED	CONTRACTED
1	€ 309,650.00	€ 85,999.00
2	€ 69,400.00	€ 69,400.00
3	€ -	€ -
4	€ 3,140.00	€ 88.33
Total	€ 382,190.00	€ 155,487.33

Contracted vs Disbursed Amounts



ACTIVITY	MT0005	
	CONTRACTED	DISBURSED
1	€ 52,800.00	€ 52,800.00
2	€ 158,400.00	€ 158,400.00
3	€ 52,800.00	€ 52,800.00
4	€ 3,854.64	€ 3,854.64
Total	€ 267,854.64	€ 267,854.64

ACTIVITY	MT0006	
	CONTRACTED	DISBURSED
1	€ 293,081.00	€ 293,081.00
2	€ 557,863.00	€ 557,863.00
3	€ 195,370.00	€ 195,370.00
Total	€ 1,046,314.00	€ 1,046,314.00

ACTIVITY	MT0008	
	CONTRACTED	DISBURSED
1	€ 290,184.00	€ 290,184.00
Total	€ 290,184.00	€ 290,184.00

ACTIVITY	MT0010	
	CONTRACTED	DISBURSED
1	€ 191,000.00	€ 190,999.97
2	€ 807,434.64	€ 807,434.64
Total	€ 998,434.64	€ 998,434.61

ACTIVITY	MT0011	
	CONTRACTED	DISBURSED
1	€ 73,374.00	€ 73,374.00
2	€ 377,969.00	€ 53,777.83
3	€ 29,963.00	€ 7,490.70
4	€ 89,366.00	€ -
5	€ 13,883.00	€ 349.41
6	€ 13,975.00	€ -
7	€ 57,303.00	€ 50,314.50
Total	€ 655,833.00	€ 185,306.44

ACTIVITY	MT0012	
	CONTRACTED	DISBURSED
1	€ 44,235.00	€ 41,924.01
2	€ 480,000.00	€ 473,440.60
3	€ 126,451.64	€ 103,010.99
Total	€ 650,686.64	€ 618,375.60

ACTIVITY	MT0014	
	CONTRACTED	DISBURSED
1	€ 85,999.00	€ -
2	€ 69,400.00	€34,700.00
3	€ -	€ -
4	€88.33	€88.33
Total	€ 155,487.33	€34,788.33

II. PUBLICITY BEST PRACTICE



MT0005: An exhibition of posters displaying sections from the Masterplan during the project's closure event held at the Cittadella in June 2010



MT0005: Hon. G. Debono, Minister for Gozo, addressing those present at the closure event of the Cittadella Masterplan project



MT0011: H.E. Ms E. Walaas, Norwegian State Secretary for Foreign Affairs, planting a tree in the afforestation area at the Xrobb I-Għagin Nature Park and Sustainable Development Centre



MT0012: Hon. G. Pullicino, Minister for Resources and Rural Affairs, showing
H.E. Ms. E. Walaas Norwegian State Secretary for Foreign Affairs around the newly restored St Paul's Bastion, Mdina

III. AUDIT PLAN

1. Year under review

During the year under review, the IAID was in the process of conducting sample checks on three projects namely MT005, MT0010 and MT0012. To date the sample checks on these projects are in a very advanced stage and the conclusions of these checks will be communicated in due course.

2. Audit Plan

The IAID is responsible for drawing up an annual audit plan with respect to the audits of the EEA and Norwegian Financial Mechanisms (2004-2009). The IAID is independent of the Focal Point and the Paying Authority.

Sample checks on Expenditure

As can be inferred from the previous section, the IAID is responsible for conducting sample checks on expenditure. Given the increasing expenditure claims being made to the FMO, the IAID plans to conduct regular checks on a sample of expenditure declared to the FMO.

During the forthcoming year the IAID will finalise the sample checks already in progress i.e. in relation to MT005, MT0010 and MT0012 and will possibly conduct sample checks on the remaining projects co-financed by the EEA & Norwegian Financial Mechanisms. The expenditure to be checked on each of these projects will amount to at least 10% of total expenditure claimed from the FMO.

The word 'possibly' has been used as obviously whether the sample checks on the remaining projects will be concluded in the forthcoming year will depend on whether a significant amount of expenditure in relation to these projects will be claimed by the Paying Authority (PA) from the FMO.

The expenditure to be audited within particular projects will be prioritised on the basis of a risk assessment.

The work done by the IAID in the sample checks basically involves a thorough financial audit aimed at establishing whether selected expenditure is eligible and regular and thus determining the reliability of payment claims and the effectiveness of controls by the Focal Point and by all the stakeholders involved in the management, implementation and control of the EEA and Norwegian Financial Mechanisms.

The objectives of the IAID in such audits will thus include the verification that:

- i. the management and control systems are properly and effectively applied;
- ii. there is a sufficient audit trail;
- iii. supporting documents are accurate and complete and provide reliable financial and other information on the projects implemented;
- iv. accounting records are adequately held by the bodies involved in the implementation of the projects;
- v. the expenditure items correspond to the eligibility requirements;
- vi. the use or intended use of the project is consistent with the objectives originally set;
- vii. appropriate co-financing has in fact been made available.

Scope and Methodology

The methodology used by the IAID is based on internationally accepted audit standards including those published by the International Federation of Accountants (IFAC).