



REPORT

(outside the standard reporting cycle)

**on the implementation of the
EUROPEAN ECONOMIC AREA (EEA) FINANCIAL MECHANISM
and the
NORWEGIAN FINANCIAL MECHANISM
2009 – 2014**

**Malta
2011**

PREFACE

The purpose of this Report on the implementation of the EEA Financial Mechanism and the Norwegian Financial Mechanism 2009-2014 in Malta is to give updated information on the preparation of the programmes during the year 2011.

The Report has been prepared by the Maltese National Focal (the Funds and Programmes Division within the Office of the Prime Minister) and covers the state of affairs of the implementation of the new programming period up from the signing ceremony of the Memoranda of Understanding on 27 September 2011 up to 31 January 2012.

This Report will be presented during the first Annual Meeting to be held on 7 March 2012 in Valletta, Malta.

I. INTRODUCTION

Two Memoranda of Understanding were signed between Malta and the Donor States: one for the implementation of the Norwegian Financial Mechanism 2009-14, which was officially signed between Malta and the Kingdom of Norway on 27 September 2011 in Valletta, Malta, and the other one for the implementation of the EEA Financial Mechanism 2009-14. The latter was signed officially by all parties on 10 October 2011.

According to the signed Memoranda of Understanding (MoU), two Programmes will be implemented in Malta - one for each Financial Mechanism. Each Programme will cover a number of Programme Areas from the 32 established by the Donor States. These are:

Norwegian Financial Mechanism Programme:	
PA 25	Capacity-building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities
PA 32	Correctional Services, including Non-custodial Sanctions

EEA Financial Mechanism Programme:	
PA 6	Renewable Energy
PA 7	Adaptation to Climate Change
PA 16	Conservation and Revitalisation of Cultural and Natural Heritage

Two other programme areas, PA10 'Funds for Non-governmental Organisations' and PA22 'Global fund for Decent Work and Tripartite Dialogue', have been identified under the EEA MoU and Norway MoU respectively. Projects under these programme areas however, will be managed in accordance with article 5.13 of the Regulations 'Programmes operated by the FMO, inter-governmental organisations or Donor States entities'. Section IIB of this document provides further details on this matter.

In the case of both MoU's, Section 2 of Annex B specifies that the National Focal Point will also act as the Programme Operator (PO) for both Programmes. Section 3 of the same Annex pre-defines the projects to be co-financed under both Programmes.

Following signature of the MoU, up to the cut-off date of this Report, the key activities listed below were carried out at national level. The activities are listed in chronological order:

- Signing of the *Technical Assistance (TA) Agreement* between the Donors and the National Focal Point (NFP) on 17 November 2011;
- Submission of the *Workplan for the proposed activities under the fund for bilateral relations at national level* and the *Brief description of the implementation system for the fund for bilateral relations at national level* on 29 November 2011. Feedback was received from the FMO on the workplan and so it is being revised by the NFP in light of that feedback;
- Commencement of preparations for the establishment of the Monitoring Committee, including the drafting of its Terms of Reference and Rules of Procedure;
- A call under PA 22 issued by the Innovation Norway was disseminated to potential beneficiaries by the NFP;
- Drafting of the two Programme Proposals (as further described on the subsequent page);
- Works on the establishment of a new payments database for the 2009-2014 programmes.

II. STATUS OF PREPARATION OF PROGRAMMES

Following signature of the two MoU, a *Detailed Project Description Form* was created by the NFP and sent to the Project Promoters identified under each MoU. The aim of this form was to acquire detailed information about each pre-defined project, determine the state of play of the projects, examine the implementation schedules and gain assurance of the procedures to be used throughout the project duration. The form covered requirements for the drafting of the two programme proposals as per Annex 9 of the Regulations.

The Project Promoters submitted their Forms to the NFP/PO by 28 November 2011. Then they were reviewed by the NFP/PO and where necessary further clarifications were sought from the Project Promoters. At the cut-off date of this Report, the NFP/PO was seeking to finalise all clarification requests through written correspondence and meetings with the Project Promoters. Once it is confirmed that the required information is complete, the NFO/PO will compile the programme proposals. The NFP/PO is aiming to submit the programme proposals to the FMO by mid-March 2012.

A particular concern which we would like to highlight relates to the Fund for Bilateral Relations at *Programme Level*. Since the NFP will be utilising the Fund for Bilateral Relations at *National Level* for the preparatory meetings between the Project Promoters and their respective Project Partners, the NFP/PO is still unsure about how and on what to make use of these funds.

A. Status of the pre-defined projects

The Project Promoters are currently undertaking the groundwork and doing preparatory work related to the project that is necessary prior to the signing of the project contract. Where applicable, this includes establishing and developing relations with partners from the Donor States. The NFP/PO has also requested Project Promoters to start compiling tender documentation in order to be able to launch the procurement procedures once that the Programme Agreements are signed.

B. Programmes Operated by FMO or Donor State entity in accordance with article 5.13 of the Regulations

As mentioned under Section 1 above, projects under two Programme Areas will not be operated by the NFP/PO. Instead, their management has been entrusted in accordance with article 5.13 of the Regulations to the following POs:

Under the EEA Financial Mechanism:	Programme Operator
PA 10: Funds for Non-governmental Organisations	FMO
Under the Norwegian Financial Mechanism:	Programme Operator
PA 22: Global fund for Decent Work and Tripartite Dialogue	Innovation Norway

To date, Innovation Norway has requested the NFP to disseminate the call for project proposals, which will close on 31 March 2012. The NFP has circulated the call amongst potential beneficiaries in Malta. The NFP also ensured that the call was featured in the newsletter of the Malta-EU Steering Action Committee (MEUSAC) which acts as a public EU information agency.

The Funds for NGOs has not been launched as yet.

III. STATUS OF THE PROGRESS ON THE NATIONAL IMPLEMENTATION SET-UP

A. The national management and control structure

In accordance with the Regulations, the MoU defines the roles and responsibilities of the NFP, the Certifying Authority (CA) and the Audit Authority (AA). It also states that the AA will be responsible for the preparation and submission of irregularities reports. As described earlier in this Report, the MoU specifies that the NFP will also act as the PO for both Programmes. The description of the management and control systems of the NFP, the CA and the AA covering both Financial Mechanisms shall be submitted to the FMO by 27 September 2012 as required by Article 4.8 of the Regulations.

B. The Monitoring Committee

The Terms of Reference and the Rules of Procedure of the Monitoring Committee (MC) were drafted by the NFP. Preparations for convening the first meeting of the MC, in accordance with Article 4.4 of the Regulations are currently in hand.

To ensure transparency in the nomination of representatives from the non-Governmental sector, the NFP called upon the relevant Ministries to facilitate the process leading to the selection of four NGOs from the heritage, environment, equal opportunities and inclusion non-governmental sectors to sit on the MC. All relevant and eligible NGOs in Malta and Gozo had to be involved in the process.

Once it receives the names of the nominated NGOs, the NFP will be in a position to convene the first meeting of the MC. It is envisaged that this will take place during H1 2012 and the agenda will mainly include the approval of the Terms of Reference and Rules of Procedure and a brief presentation on the 2009-14 programme period.

C. The TA Agreement

In accordance with article 7.12 (6) of the Regulations, the NFP provided the FMO with the technical assistance budget covering the years 2011 to 2016 (one budget for both FMs). The FMO reviewed the budget and prepared the TA Agreement for the NFP's review. Following replies from the FMO to clarifications sought by the NFP, the TA Agreement was signed on 17 November 2011 by both parties.

No advance payment was requested.

D. Interest-bearing bank accounts

Following a request dated 5 August 2011 from the FMO, the NFP, through the CA, provided the FMO with an official letter containing information on two separate interest-bearing bank accounts dedicated to the EEA Financial Mechanism and the Norwegian Financial Mechanism respectively. This was in line with the requirement of article 4.5 (2) of the Regulations.

In order to distinguish the interest generated from the TA, and for ease of reference and transparency, the CA also opened a third interest-bearing bank account for the Technical Assistance. It was consequently agreed between the FMO and the CA¹ that once that the FMO makes transfers to the EEA Financial Mechanism and the Norwegian Financial Mechanism accounts respectively, the CA will make a further transfer from these two accounts to the TA account. Once the CA transfers these amounts from the EEA and Norwegian accounts to the TA account, it is considered that funds have reached the final beneficiary (which is the Focal Point in this case), therefore any interest generated on the TA account does not belong to the Donors.

¹ Refer to correspondence between Mr. David Tas (FMO) and Mr. Joseph Sghendo (CA) dated 7 - 16 September 2011.

IV. RISK ASSESSMENT

A. General risks for the implementation of the EEA and the Norwegian Financial Mechanisms in Malta

At present, the NFP views as the biggest risk hindering the preparation and implementation of the programmes the non-timely cooperation between all stakeholders involved. In mitigation of this, constant follow up and meetings are taking place between the NFP/PO and the Project Promoters to ensure a smooth, well-timed coordination.

B. Risks identified at programme level

The following are the main project risks as identified through the *Detailed Project Description Forms* submitted by the Project Promoters. The NFP/PO considers these to be potential threats to the implementation and achievement of results by the programmes. However, it is to be noted that ways to mitigate each risk have been identified by each Project Promoter through a risk mitigation plan provided in the *Detailed Project Description Forms*.

1. Projects Promoters not having the necessary human capacity to implement the project;
2. The possibility of having national political elections in the coming months which may have an effect on the implementation schedule of the projects;
3. Projects involving substantial public procurement procedures which might affect the project's timeline;
4. Projects which require a 3-year or longer implementation period might have to request an extension when taking into consideration that implementation is not foreseen to kick off before Q4 2012;
5. Insufficient collaboration between the partners and stakeholders involved in the programme / project.

The risks identified within each project will be monitored by the PO through periodical progress reports and by carrying out on-the-spot checks at the project sites. A Risk Mitigation Plan, providing more details on the risk assessment and mitigation activities and tools, will be attached to the Programme Proposals as required by the Regulations and the Monitoring Guidelines.

V. PUBLICITY AND COMMUNICATION

A. At national level

The NFP has carried out a number of publicity and communication activities during the review period.

1. The signing of the MoU was publicised by a press release issued through the Ministry of Foreign Affairs. The press release and photographs of the event were published on the NFP's website and on the Funds and Programmes Division's Facebook page.
2. The NFP is to submit to the FMO by 10 February 2012 a Communication Strategy to cover both Financial Mechanisms. The strategy will cover the relevant requirements as set down in the Regulations and guidelines issued by the FMO.
3. In accordance with the introduction of the new logos for the EEA and Norway Grants, the NFP has also started to include these logos on its information and promotional material including power points and reports.
4. As part of its role as a public information provider, the NFP has answered queries from the general public concerning the grants. Such queries are mostly received through the generic email of the Division.

5. A new webpage (<http://www.ppcd.gov.mt/eeanorway0914>) has also been created on the Division's website to provide general information on the Grants. Key documents have also been uploaded on this webpage.

B. At the Programme Operators' level

The objective with regard to communication at the PO level is to take a joint approach in order to ensure a more powerful and wider impact. Considering that the NFP and the PO are the same entity, and that the funds available for promotional and information activities under the TA and PO Management Costs budgets are limited, it is deemed that it would be more beneficial if publicity and communication activities are organised jointly to boost the common objectives of the NFP and the PO, i.e. raising awareness and increasing the visibility of the Grants.

VI. INDICATIVE IMPLEMENTATION PLAN FOR THE NEXT PERIOD

[covering the period from the annual meeting 2012 until the annual meeting in 2013]

Period	Activity	Responsibility
1 March 2012	Participation at the Communications Workshop being organised by the Donors	NFP
By 15 March 2012	Submission of 1 st Interim Financial Report (TA and Fund for Bilateral Relations at national level)	NFP
By 15 March 2012	Submission of 1 st Interim Financial Report (PO Management Costs)	PO
March 2012	Submission of the EEA FM and Norwegian FM Programme Proposals to the FMO	PO
Q1 2012	Setting up of Monitoring Committee	NFP
Q2 2012	1 st Monitoring Committee meeting	NFP
By 15 July 2012	Submission of 2 nd Interim Financial Report (TA and Fund for Bilateral Relations at national level)	NFP
By 15 July 2012	Submission of 2 nd Interim Financial Report (PO Management Costs and Projects)	PO
Q2-Q3/2012	Implementation of the payments database for the 2009-14 programmes	NFP + PO
By 15 September 2012	Submission to the FMO the 'Description of the management and control systems of the PO'	NFP
Q3/2012	Submission to the FMO of the 'Description of the management and control systems of the NFP, CA and AA'	NFP
Q3/2012	Envisaged approval of the Programme Proposals, leading to signing of the Programme Agreements	NFP + PO
Q3-Q4/2012	Envisaged organisation of the new programmes public launch event	NFP
Q3-Q4/2012	Envisaged signing of the Project Contracts between the PO and the PPs	PO
By 15 November 2012	Submission of 3 rd Interim Financial Report (TA and Fund for Bilateral Relations at national level)	NFP
By 15 November 2012	Submission of 3 rd Interim Financial Report (PO Management Costs and Projects)	PO
Q3/2012 – Q1/2013	Kick-off of the implementation of the projects	PPs
January 2013	Submission of combined Strategic Report and Annual Programme Report to the FMO.	NFP + PO
March 2013	Organisation of the Annual Meeting 2013	NFP + PO

VII. FUNDS FOR BILATERAL RELATIONS

A. Fund for Bilateral Relations at national level

On 29 November 2011, the NFP submitted to the FMO the *Work plan for the proposed activities under the Fund for bilateral relations at national level* and the *Brief description of the implementation system for the fund for bilateral relations at national level*. On examining the work plan, the FMO saw the need for a round of consultations between the Donors and Malta in order to develop the work plan to secure a strategic use of these funds. Consequently a telephone conference was held on 10 January 2012 between the FMO, the Royal Norwegian Embassy to Malta in Rome and the NFP to discuss the best way forward. An amended work plan will be submitted to the FMO for its consideration.

Considering that the FMO has granted the NFP the option of making use of these funds for preparatory meetings between the Project Promoters and their partners, an amount from this fund has been set aside to that purpose. The NFP has proposed to utilise the rest of the fund for bilateral relations at national level to organise a one- or two-day seminar for participants from the respective countries. The seminar would tackle a theme of common interest such as Renewable Energy with a focus on the Mediterranean, Regional Cooperation Initiatives, Human Rights Education, Management of Irregular Migration and/or Management of Maritime Resources.
