



STRATEGIC AND ANNUAL PROGRAMME REPORT 2016

EEA AND NORWEGIAN FINANCIAL MECHANISMS 2009-2014

MALTA

6 January 2017

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1. Executive Summary

It is the fourth year that a combined Strategic and Annual Programme Report is being presented to the Donor Authorities and the second year in which one report is being presented for both mechanisms. This report is in compliance with Articles 2.2 and 5.11 of the Regulations on the implementation of the EEA and Norwegian Financial Mechanisms 2009-2014. The aim of this report is to capture progress registered during the last full year of implementation at project level.

Throughout the implementation of the projects in 2016, the overall objectives of the Grants, mainly to contribute to the reduction of economic and social disparities in the European Economic Area and to strengthen bilateral relations between the donor states and the beneficiary states, were always kept in perspective in all the activities.

The bilateral relations between Malta and Norway were mainly fostered through collaboration sought with different organisations in Norway, which partnered with local project promoters both directly with the projects under the EEA and Norway Grants as well as under the Fund for Bilateral Relations at Programme Level. These bilateral initiatives serve as an experience of sharing of knowledge and expertise and the exchange of ideas between the Donor countries and the Beneficiary State.

In year 2016 the Grants received public exposure through a number of information and publicity events, such as the visit to Malta by the Minister of EU Affairs in Norway and the visit of the Minister Councillor at the Royal Norwegian Embassy in Rome to Malta during which the progress of the current programme as well as ideas and plans on the new programming period were exchanged.

The key challenge in the implementation process still relates to matters arising out of procurement procedures and time constraints. However, the projects are now progressing according to their latest planned schedules and all are expected to achieve satisfactory results by the end of April 2017. No major risk of failing in achieving the expected outcomes due to procurement procedures or time constraints needs to be taken into consideration.

The Maltese NFP/PO continued to monitor closely the implementation of all the projects in order to ensure that the expected outcomes are achieved by the stipulated deadlines.

2. Assessment of the Effect of the Grants

In accordance with the Memorandum of Understanding between Malta and Norway that was signed on 27 September 2011 and the Programme Agreement for the financing of the Norwegian Financial Mechanism Programme signed on 9 April 2013, the following seven (7) programme areas are receiving financing from the EEA and Norway Grants:

Programme Area 1 Integrated Marine and Inland Water Management

Programme Area 7 Adaptation to Climate Change

Programme Area 10 Funds for Non-Governmental Organisations¹

Programme Area 16 Conservation and Revitalisation of Cultural and Natural Heritage

Programme Area 22 Global Funds for Decent Work and Tripartite Dialogue

Programme Area 25 Capacity-building and Institutional Cooperation between
Beneficiary State and Norwegian Public Institutions, Local and
Regional Authorities

Programme Area 32 Correctional Services, including Non-custodial Sanctions

The Programmes under the EEA and the Norway Financial Mechanisms 2009-2014 seek to contribute to the reduction of economic and social disparities within the EEA while enhancing bilateral cooperation between Malta and The Kingdom of Norway, Iceland and Liechtenstein. The EEA Financial Mechanism aims to contribute to socio-economic development in Malta through the adaptation to a changing climate, support to NGOs, the protection of cultural heritage and increased conservation awareness of inland

¹ The Financial Mechanism Office is the Programme Operator for this Fund. The FMO designated SOS Malta as NGO Fund Operator following a call for expressions of interest in 2012.

water management. The Norwegian Financial Mechanism aims to contribute to socio-economic development in Malta through the partnering of the Department for Local Government with the Norwegian Association of Local Municipalities (KS) and the Council of Europe, the partnering of the Ministry for Home Affairs and National Security and the Directorate of the Norwegian Correctional Service and the strengthening of tripartite cooperation and social dialogue in Malta for a sustainable economy and social development.

2.1 Cohesion

2.1.1 Programme Area 1- Integrated Marine and Inland Water Management – Project MT02/7 – Malta Water Conservation Awareness Centre

The Water Conservation Awareness Centre within the Project MT02/7 is the first and only Water Conservation Centre in Malta. One of its aims is to highlight the importance of Water Conservation in the Maltese Islands.

Evolution of Water Conservation in Malta

Ever since pre-historic times, Malta has recognised the need to preserve water. The primitive builders, way back in the Stone Age and during which Hagar Qim and Mnajdra Temples were built, used to dig cisterns into the limestone to be used as storage for rain water.



Figure 1: Cisterns dug into the limestone near Mnajdra Temple and Hagar Qim Temple, Malta.

In the 1600s, the Knights of St John built aqueducts that transported water by gravity from one village to another. The Knights also made it a requirement by law that each house has its own cistern.



Figure 2: The Wignacourt Aqueduct in Birkirkara Malta to carry water from springs in Dingli and Rabat to the newly-built capital city Valletta

In the 1980s, Malta's government invested in the first Reverse Osmosis Desalination Plant. Reverse-Osmosis is a process through which filtered seawater is forced under very high pressure against permeable membranes. The membranes are so fine that they can filter out molecules, including salt and some bacteria, purifying the source water to potable standards. Reverse-osmosis water comes with a high environmental footprint due to carbon gases emitted to produce the electricity the technology needs. It is also more expensive to produce than naturally occurring, high quality freshwater. Malta however, has little choice in the matter - current freshwater that demand from the agricultural, domestic and industrial sectors is well above the amount of freshwater that nature can provide to the Maltese Islands. This has forced the islands to focus strongly

on other means of generating freshwater, notably through reverse-osmosis desalination of seawater.



Figure 3: Reverse Osmosis Plant in Malta

Current Situation

February of 2016 has been listed down as the driest month since 1923. The decrease in annual rainfall in the Mediterranean due to climate change is of particular concern to Malta. Rain falling on Malta gets absorbed into the ground and slowly, over a period of decades, makes its way into the aquifers², thus replenishing groundwater bodies. Less annual rainfall will result in less water recharging Malta's aquifers. Furthermore, the rain which does fall will do so over shorter, more intense periods of time. To avoid flooding, much of this water will need to be diverted into the sea. This will continue to reduce the amount of rainwater available to recharge the aquifers. The prevalent weather conditions between 2015 and 2016 has also led to crops being destroyed by pests such as birds and insects which were both out and about due to the unseasonal warm weather. Facing the prospect of an even warmer climate and less rain in the

² A body of permeable rock which can contain or transmit groundwater.

future, Malta is even more seeking to invest in water conservation and recycling methods.

Initiatives on and awareness of, Water conservation

The importance of water conservation should first and foremost be taught to the younger generation. As part of Water Awareness Campaign, in 2015 HSBC Bank Malta worked with the government's summer school programme, *Skola Sajf* 2015, to raise awareness on water conservation. During the academic year 2013-2014, staff volunteers at HSBC Bank Malta conducted 305 presentations to 19,438 students, thus reaching almost half the target number of 50,000 students being the campaign's target until 2016.

Another initiative by HSBC Bank Malta was The HSBC Water Programme – “Catch the Drop” in which the HSBC team carried out a number of activities during the 2013, 2014 and 2015 scholastic years. These activities brought together representatives from NGOs, corporate, and local and national government to discuss and debate the global challenges in relation to water. As expected, it was stated that Malta is high on the list of countries with acute water challenges. The main aim of the HSBC Water Programme – “Catch the Drop” was to forge a blueprint for progress on sustainability of water as a resource. Students taking part in this campaign had the chance of presenting a number of projects ranging from installation of efficient irrigation systems to replace water taps and the distribution of reusable water bottles to recycling bags.



Figure 4: The HSBC Water Programme – Catch the Drop 2016

During World Water Day on 22 March 2016 in Malta, HSBC Bank Malta, the Water Services Corporation (WSC) and the Sustainable Energy and Water Conservation Unit (SEWCU) teamed up to celebrate the importance of water. Apart from fun activities for young students, visitors also had the chance to ask about the new laboratories at WSC. These labs, as well as the control room, represent one of the many important functions at Water services Corporation since they are used for the monitoring of production as well as the quality and consumption of water in the Maltese Islands.

2.1.2 Programme Area 7 – Adaptation to Climate Change – Project MT02/2 – ‘Oil/HNS Spill Response Capacity Building for the Protection of Malta’s Seas’

The Ports and Yachting Directorate is considered as the central authority for ports in Malta responsible for the management and development of ports while it also exercises control over all port commercial activities including regulating and controlling yachting centres. The Directorate is also responsible for the prevention and control of pollution, including the control of ship-generated wastes; Project MT02/2 led by this Directorate is considered to be a continuation of what has been achieved so far with respect to Oil/HNS pollution preparedness and response at State level.

Climate adaptation and climate change

The Intergovernmental Panel on Climate Change (IPCC)³ defines *adaptation* to be:

“Adjustments in natural or human systems, in response to actual or expected climatic stimuli or their effects, which moderate, harm or exploit beneficial opportunities”.

Malta’s coast and marine waters are at high risk from pollution incidents, either accidental or operational, involving vessel calling at Malta’s ports, anchored in waiting and bunkering areas or navigating international shipping routes past the Maltese coastline.

³ IPCC is the international body for assessing the science related to climate change. It was set up in 1988 by the World Meteorological Organisation (WMO) and United Nations Environment Programme (UNEP) to provide policymakers with regular assessment of the scientific basis of climate change, its impacts and future risks, and options for adaptation and mitigation.

Growth rate of gross weight handled in Malta rose by a staggering 11.6% between 2013 and 2014. This is the highest increase rate in the latest update by Eurostat statistic.⁴

Malta's strategic position in the central of the Mediterranean Sea and the available facilities provide the perfect combination for vessels to call in Malta for various cargo operations and other maritime related activities. The number of vessels visiting the Maltese ports and the respective gross tonnage continued to increase in 2015.⁵ Certain cargo operations and activities pose some threat to the Marine Environment due to the risk of Oil/HNS pollution. These are mainly cargo operation of tanker vessels and ship to ship operations such as Bunkering.

Malta is situated along a number of main shipping lanes. Annually, over 65,000 vessels pass within 20 nautical miles of the Maltese Islands; the main types of these vessels are identified as Container (25%) and Merchant (26%) vessels, while tanker vessels account for about 16% of the total number of vessels.⁶

This means that the island is vulnerable to possible sea bourn pollution. Although the above mentioned operations have some risks, these can be minimised if the necessary precautions and measures are in place thus the risks mitigating the risks on climate change.

Climate Change adaptation is a major issue of many countries especially Malta which is particularly vulnerable due to its small size.

The subject of climate change was always a priority in Malta. In the beginning of 2016 the former Minister for Sustainable Development, the Environment and Climate, Dr. Leo Brincat, launched the Board for Climate Change with the aim of implementing legislation to be approved by the Maltese Parliament on future action regarding climate. He also announced that an Action Fund in Favour of Climate will be set up in the future. The Board for Climate Change, as well as the Action Fund in Favour of Climate will be tasked with ensuring Malta's conformity with national, European and multilateral obligations.

⁴ [http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Gross_weight_of_seaborne_goods_handled_in_all_ports,_1997-2014_\(in_million_tonnes\).png](http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Gross_weight_of_seaborne_goods_handled_in_all_ports,_1997-2014_(in_million_tonnes).png)

⁵ <http://www.transport.gov.mt/admin/uploads/media-library/files/Number%20of%20Vessels%202015.pdf>

⁶ <https://era.org.mt/en/Documents/MSFD-InitialAssessment-SignificantPollution.pdf>

Impact of an Oil spill on the Maltese coastline

An Oil spill can have various effects, mainly on the environment. Underwater animal life or those living near the shore are the most affected by oil spills. In most cases, the oil simply chokes the animals to death. In extreme, cases birds and mammals can be blinded due to repeated exposure to oil.

Oil spills also affect the economy. When precious crude oil or refined petroleum is lost, it affects the amount of petroleum or gas available for consumption. This means that more barrels would have to be imported from other countries. The process of cleaning an oil spill also requires a lot of financing.

The Maltese islands have experienced a few oil spills. In 2016, 37 maritime incidents, including oil spills, were reported in Mediterranean. Others were not reported since they were not considered problematic. Despite this, an oil spill still has repercussions which might be still evident after some years. In fact in August 2016, on the local news⁷ it was reported that the sabotage committed in the 1950s in a bay in the South of Malta is still the cause of appearances oil spilling from time to time. It was that on August 15th, traces of black oil were once again seen in the sea at Birzebbuga Bay.

The International Convention for the Prevention of Pollution from Ships (The MARPOL Convention) seeks to eliminate and reduce the amount of garbage being dumped into the sea from ships. Under Annex V of the Convention, garbage includes all the kinds of food, domestic and operational waste, excluding fresh fish, generated during the normal operation of the vessel. Annex V totally prohibits the disposal of plastics anywhere in the sea, and severely restricts discharges of other garbage from ships into coastal waters and special areas that include the Mediterranean Sea.

Malta Freeport Terminals is a leading transshipment hub in the Mediterranean region with a total throughput of over 2.9 million TEUs⁸ annually. It serves around 2,000 vessels annually. In December 2015, the Malta Freeport issued its second Waste Management Plan for Ship-Generated Waste.

⁷ <http://www.tvm.com.mt/en/news/62-year-old-sabotage-oil-spill-continues-birzebbuga/>

⁸ Twenty-Foot Equivalent Unit which can be used to measure a ship's cargo carrying capacity.

A section of this plan is also dedicated to care for the environment at Malta Freeport. In fact, while at berth at Malta Freeport Terminals Ltd., it is strictly prohibited for vessels to discharge, throw, deposit or permit to escape any waste matter, including oil, into the sea. The same plan also states that, in the event of a spillage or discharge of any dangerous, hazardous or poisonous substances or any contaminant or pollutant, the vessel shall immediately inform the Terminal Authorities and take necessary steps to limit the extent of such spillage or discharge, including providing relevant information or expertise. Despite the rules placed by the Malta Freeport, oil spills at the Freeport occur continuously. In fact in September 2015, Transport Malta coordinated a clean-up operation during which the shipping traffic at the Freeport Terminals had to be suspended until the port was deemed safe for navigation.



Figure 5: Aerial view of the Malta Freeport Terminals

In March 2016, a massive crude oil spill occurred in Kerkennah Islands, one of Tunisia's richest habitats for wildlife and sea life. These islands in Tunisia are less than 300 kilometres away from Malta and less than 136 kilometres away from Lampedusa. This occurrence thus raised concerns for the coasts and beaches of Lampedusa, causing a state of alert and the immediate intervention of Italian Marine Biology experts who were also worried that the oil spill could eventually also affect the Italian Archipelago. Luckily the sea currents in the Mediterranean were pushing the crude oil back towards Tunisia and did reach neither Lampedusa nor Italy, and therefore neither Malta nor Gozo.

2.1.3 Programme Area 16 – Conservation and Revitalisation of Cultural and Natural Heritage – Project MT02/3 – A New Environmental Management System for the Hal Saflieni Hypogeum World Heritage Site

Project MT02/3 seeks to ensure the comprehensive stabilization of the Hal Saflieni Hypogeum World Heritage Site through the application of the latest current technologies. The Maltese community can continue admiring the remarkable Hal Saflieni Hypogeum by means of the financial support of the EWEA Grants towards studies carried out on the Condition Assessment, Biological Survey and the Assessment of the Rate of Deterioration of this monument of world heritage importance. Works inside the Hal Saflieni Hypogeum will entail the elimination of organic materials and the installation of intelligent passive climate control measures.

Culture and tourism

Tourism is the main source of income for the Maltese Islands. The total inbound tourism in Malta for 2015 was 1,807,269 with the majority of tourists coming from the United Kingdom (526,089). In the first seven months of 2016, Malta registered over one million tourists inbound. In July only, an average of 230,000 tourists visited Malta. This amounts to 10.7 per cent growth when compared with the same month of the previous year. This marks an increase of €9.42 million directly injected into the Maltese economy.

In the survey *Attitudes of Europeans towards Tourism*⁹ conducted by the European Commission, respondents falling under the age category of 55 years and over identifies culture as the reason for going on holiday, while respondents between the ages of 25 and 39 chose sun and beaches as the main reason for going on holiday. When respondents were asked for the reasons for returning to the same place for holidays, the next most significant factors mentioned after natural features were cultural and historical attractions as well as quality of accommodation. One must highlight that Malta offers all reasons mentioned above being an island surrounded by the sea, having mostly sunny days sunny, is capable of offering quality accommodation and is rich in

⁹ *Attitudes of Europeans Towards Tourism*, Flash Euro barometer 432 Report March 2016, pg. 9

history. In fact, Malta offers a varied span of 7,000 years of historical and archaeological heritage.

The Ħal Saflieni Hypogeum¹⁰

A masterpiece in archaeological heritage is surely the Ħal Saflieni Hypogeum, in Paola. In 2015, the total number of visitors visiting this Hypogeum reached 28,698 visitors. One must bear in mind though that not only tourists visit this precious site. Locals find the Ħal Saflieni Hypogeum to be an excellent outing both for their families residing in Malta as well as relatives and friends visiting Malta from abroad.



Figure 6: The Ħal Saflieni Hypogeum

The value of the Ħal Saflieni Hypogeum has been recognized by the United Nations Educational, Scientific and Cultural Organization (UNESCO). It is a unique monument of exceptional value. The Ħal Saflieni Hypogeum is the only known European example of a subterranean 'labyrinth' from about 4,000BC to 2,500BC. The quality of its architecture and its remarkable state of preservation make it one of the most essential prehistoric monuments of world heritage.

The Ħal Saflieni Hypogeum represents a masterpiece of human creative genius. It is also an outstanding example of a type of architectural ensemble which illustrates a significant stage in human history. The most striking finds from the Ħal Saflieni Hypogeum are the stone, and clay figurines. These depict human figures which are

¹⁰ <http://heritagemalta.org/projects/other-projects/mt023-new-environmental-management-system-for-the-hal-saflieni-world-heritage-site/>

seated, standing or even lying down. The most impressive of these figures is that showing a woman sleeping on a bed or 'couch', popularly known as the 'Sleeping Lady' which is at present on exhibit at the National Museum of Archaeology in Valletta.

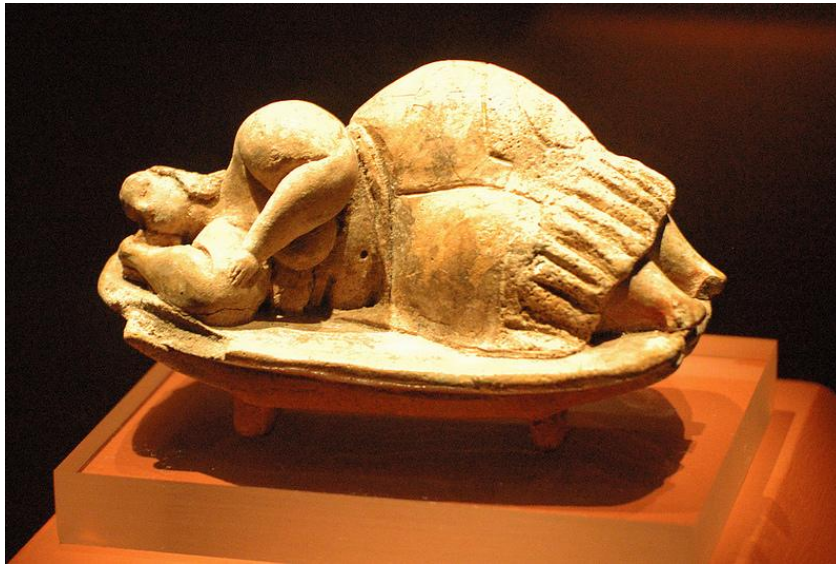


Figure 7: The sleeping lady

2.1.4 Programme Area 25 – Capacity-building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities – Project MT04/1 – A Partnership for Creative Governance

The main aim of project MT04/1 is to enhance the knowledge base of the local councils so as to render them more responsible, accountable, participative and responsive to the needs of the local community.

Good governance

Good governance is a term used with great flexibility. Depending on the context and the overriding objective sought, good governance has been said to encompass the full respect of human rights, the rule of law, transparent and accountable processes and institutions, effective participation, access to knowledge, information and education, and political empowerment of equity amongst others. In its resolution 2000/64, the former Commission on Human Rights identified the key attributes of good governance

as: transparency, responsibility, accountability, participation and responsiveness to the needs of people.

Local government and local councils

The Department of Local Government in Malta is responsible for 68 Local Councils. It ensures that Local Councils have the legislative authority to respond to local needs and offers management and administrative support along with statutory funding to all Local Councils. The Local Councils are representatives and administrators of a locality. Each local council is elected by the residents of the locality and therefore works directly for the needs of the locals.

On 28 June 2015, 76 executive secretaries hailing from local councils had completed Diploma Courses in Local Government. The Parliament Secretary for Local Government, Dr Stefan Buontempo, explained that through these courses, the executive secretaries were given an important contribution and deserved recognition for their hard work. He also explained that further investment in additional training funded by the Norwegian Funds can further enhance the operation of local councils on the basis of modern management.

On 4 May 2016, the Justice Minister Hon. Owen Bonnici confirmed that Malta will be hosting the *2017 Commonwealth Local Government Forum*. The conference that will be held from the 21 to the 24 November 2017 in Valletta will focus on strategies aimed at boosting local government's resource base and capacity to improve its performance and service delivery. The conference is expected to bring over 500 senior policy makers to Malta, and its outcomes will be presented to the 2018 CHOGM in the United Kingdom.



Figure 8: The 2017 Commonwealth Local Government Conference

2.1.5 Programme Area 32 – Correctional Services, including Non-custodial Sanctions – Project MT04/2 – ‘Renewing the Centre of Residential Restorative Services (CoRRS)’

The main aim of MT04/2 is the relocation and extension of the Young Offenders Unit Rehabilitation Services (YOURS) housing Malta’s young offenders away from the main prison in Corradino, Paola to the Young Offenders Unit in Mtahleb, and the subsequent restructuring of the internal running of the Unit.

Current Situation in Malta

Up until 17 June 2016, the Corradino Correctional Facility in Paola, Malta had a population of 495 male and 47 female prisoners. In order to reduce overcrowding in the main prison in Paola, way back in 2013, the Young Offenders section was moved from the Corradino Correctional Facility to Mtahleb, the current Young Offenders Unit Rehabilitation Services (YOURS) site.

On 14 October 2016, Home Affairs Minister Carmelo Abela paid a visit to the YOURS facility in Mtahleb. Whilst there, he outlined the progress made so far in order to reform the youth correctional system. This facility will create much needed space for therapeutic care, workshops, classes, visitor rooms, new showers, a library, a gym and games rooms. Mr Abela pointed out that all youths should be given the chance to succeed in life, including those who end up in prison at a tender age. He continued by

saying that the government is committed to give these youths some dignity and attention needed after the rough experience they all pass through.

Home Affairs Minister explained that keeping persons under the age of 21 at the prison in Corradino was unacceptable. They are now being sent to a better adaptable environment. In this way more attention shall be given to their skills development and rehabilitation process. Until October 2016, there were 17 persons residing at the facility, the youngest being 16 and the oldest 20. Ten persons were Maltese nationals whilst the others were foreigners. Their crime varied from aggravated theft to possession and importation of drugs to causing grievous bodily harm.

2.2 Bilateral relations

2.2.1 Bilateral relations at National level

Both the EEA and Norwegian Financial Mechanisms contributed to the strengthening of bilateral relations during the reporting period. All the activities listed below and opportunities emanating from them were co-financed by the grants, either through Bilateral Funds at National Level or through Technical Assistance.

The Maltese National Focal Point and Programme Operator actively participated in the Best Practices and Communications workshop organised by the Financial Mechanism Office, in Bucharest in March 2016. This workshop served as a valuable opportunity for continuing to build a good working relationship with the FMO whilst establishing new contacts with representatives of other countries.

Representatives from the National Focal Point and the Certifying Authority in Croatia organised a study visit to Malta on the 4th and 5th October 2016 and met the National Focal Point and Programme Operator for Malta in order to exchange information on the role of the National Focal Point and the Programme Operator as a means of preparedness for the new programme 2014-2021. Whilst in Malta, the participants from Croatia also had the opportunity to visit the CORRS site in Mtaħleb.



Figure 9: The National Focal Point and Certifying Authority for Croatia together with the National Focal Point and Programme Operator for Malta

5 October 2016

In its capacity as the National Focal Point and the Programme Operator of the EEA and Norway Grants in Malta, the Funds and Programmes Division (FPD) is responsible for providing information about these funding mechanisms and the financed ongoing projects. To reach this objective, the FPD promotes widespread understanding and appreciation of the role and purpose of these Grants, as well as the Donors' contribution to the socio-economic development of the Maltese Islands.

On the 14 and 15 November, the country officer for Malta, Mr Thorsteinn Björnsson together with Ms Réka Kenesei, Legal Officer at the FMO organised a technical meeting with the Maltese National Focal Point in order to discuss issues in the current programme as well as discussions on the new programming period. Whilst in Malta, Mr Björnsson and Ms Kenesei visited three sites, which are currently undergoing works. During such visits, the visitors from the FMO had the opportunity to meet with the project leaders and discuss any updates. Following this visit the Maltese National Focal Point and Programme Operator were invited for a meeting in Brussels on 2 December 2016 to further discuss the negotiations regarding the new programming period 2014-2021.



Figure 10: Mr Björnsson and Ms Kenesei together with Ms Maria Elena Zammit, project leader during the visit at Hal Saflieni Hypogeum

On 6 June 2016, the Minister for Foreign Affairs, Hon. Dr George Vella, held bilateral talks with the Norwegian Minister for EU Affairs, Hon. Elisabeth Aspaker. The official talks centred on the Mediterranean's ongoing problems related to irregular migration, with both ministers stressing the urgency of the situation as well as the importance of the humanitarian aspect of the phenomenon. Dr Vella thanked Norway for financial support and cooperation provided under the European Economic Area and the Norway Grants Programme. He said the two countries should explore new possibilities to further augment commercial exchanges and contacts, as well as maximising existing potentiality for tourism.

Hon. Elisabeth Aspaker also met Parliamentary Secretary for EU Affairs Hon. Dr Ian Borg, during which the Presidency of the EU Council 2017 as well as the negotiations on the new EEA and Norway Programmes 2014-2021 were amongst the agenda items discussed.



Figure 11: The Minister, Hon. Dr George Vella and Hon. Elisabeth Aspaker at the Ministry for Foreign Affairs, Malta on 6 June 2016

(Source: Official website of the Ministry for Foreign Affairs)

On 25 October 2016 Ms Hanne Brusletto, Minister Counsellor at the Royal Norwegian Embassy in Rome visited the Funds and Programmes Division. During this visit, Ms Brusletto, the Director General Raphael Scerri, Director Carmen Dalli and the NFP/PO discussed the progress on the current programme and the planned targets to reach full implementation of the programmes by end of April 2017. Discussions were also made on the new EEA and Norway Programmes 2014-2021 and the future visit of the Norwegian Prime Minister in Malta envisaged for 3 February 2017.

2.2.2 Bilateral Funds at Programme Level

The following is the list of projects that were granted funds under the Bilateral Relations at Programme Level under the EEA Grants during 2016:

- *Advancing current scientific techniques and methods for cultural heritage support in conservation-restoration and preservation – Heritage Malta in collaboration with the Norwegian University of Life Sciences and the Cultural Heritage Science Open Source of Bologna, Italy*

This activity involved a training programme divided into two phases. In phase 1 training was delivered in Malta by a Norwegian expert from the University of Life Sciences. Two scientists from Heritage Malta participated during Phase 1. Phase 2 training was delivered by an Italian expert from the Cultural Heritage Science Open Source of

Bologna being the most acclaimed experts in this specialised area. Heritage Malta employees as well as the Norwegian expert attended Phase 2 of the training which was organised in Malta between the 15th and 19th February 2016.

- *Advancing current scientific techniques and methods for cultural heritage support in conservation-restoration and preservation Cycle 2 – Heritage Malta with the University of Bologna and a Norwegian Academic.*

Part of this bilateral activity involved training delivered in the University of Bologna between the 19th and 21st December 2016 whilst another bilateral activity within the same initiative is to be delivered in Malta in the first quarter of 2017. For the first part of this activity, the Italian expert delivered training on the advanced current scientific techniques and methods in conservation-restoration and preservation of cultural heritage to a Norwegian academic and one scientist from Heritage Malta. For the second part of the bilateral activity, the Norwegian Academic shall visit the Diagnostic Science Laboratories under Heritage Malta to share knowledge and expertise on how to better equip the labs with the latest technology. Such an exchange of ideas will strengthen the bilateral relations between Norway and Malta in the field of heritage science. Both parties will also be presenting each institution's portfolios for possible future collaboration.

- *Establishing bilateral relations with Norwegian Agencies involved in the development of public information campaigns in the environmental/water management sector – The Sustainable Energy and Water Conservation Unit with Norsk Teknisk Museum and the Norwegian Water Resources and Energy Directorate.*

This initiative carried out in October 2016, involved a visit by a Maltese delegation of 5 persons to the Norsk Teknisk Museum and other Norwegian Water Management Institutions under the Norwegian Water Resources and Energy Directorate. The visit included discussions and site visits to public engagement programmes related to water and other water management initiatives undertaken in Norway.

The following is the list of projects that were granted funds under the Bilateral Relations at Programme Level under the Norway Grants:

- *Bilateral visit to Norway, involving the Ministry for Home Affairs and National Security/Department of Correctional Services and the Directorate of the Norwegian Correctional Facility.*

This initiative was carried out between the 18th and 22nd December 2016 in Norway. A Maltese delegation of four persons together with the Directorate of the Norwegian Correctional Services visited a number of correctional facilities in Norway to enhance their expertise in the specific area, in preparation for the launch of the newly built and refurbished facilities, financed from the Norway Grants. The Maltese Delegation also had the opportunity to discuss the new training programmes and systems planned for the new CORRS facility.

3. Reporting on Programmes

3.1 Overview of Programme status

All the approved projects, namely MT02/2, MT02/3, MT02/7, MT04/1 and MT04/2, experienced major challenges even though they are all being implemented as planned according to the Project Contract. A project status update web page was developed and is available on:

<https://eufunds.gov.mt/en/EU%20Funds%20Programmes/Bilateral%20Programmes/Pages/Projects.aspx>.

The 5th Monitoring Committee Meeting took place on 20 January 2016. During this Monitoring Committee, Director General Mr Raphael Scerri highlighted the year's progress including the signature of two new projects namely '*Malta Water Awareness Centre*', which replaced a project that was discontinued in 2014 and '*Renewing the Centre of Residential Restorative Services (CORRS)*'. Another very crucial aspect of the programme in 2015 was undoubtedly the granting by the Donors of the extension of the eligibility period till April 2017. This came into force in October 2015. The presentation delivered at the Monitoring Committee may be found on the following link:

<https://eufunds.gov.mt/en/EU%20Funds%20Programmes/Bilateral%20Programmes/Pages/EEA--Norway%20Grants-2009-2014.aspx>

The Annual meeting with the Donors was held on 25 May 2016 in Brussels. Amongst other matters discussed during the Annual Meeting, Mr Erdal, former chairman of FMO remarked that there is the need of more progress on the project implementation. Mr Erdal also pointed out that Malta needs to make the grants more visible. He added that Malta should take the opportunity of promoting the EEA and Norway Grants during the Presidency of the EU Council.

Overview of Budget Status

A total of €2,516,471 in eligible expenditure has been committed through the EEA Programme which represents 100% of the Programme allocation. By 2016, an amount of €2,058,230.94 was contracted. A total eligible sum of €795,432.31¹¹ was disbursed in the year 2016. All tenders under MT02 were awarded and contracts started by Q4 of 2016, namely the works tender under project MT02/7, the works tender under MT02/3 and the provision of specialised training under MT02/2.

A total of €10,386.13 is reported as savings under the Programme Operator costs. These savings from the Provision of the Computerised Accounting Records System (CARS) will be utilised to cover another claim for reimbursement of salary of an additional employee under Programme Operator costs.

A total of €1,694,118 in eligible expenditure has been committed through the Norwegian Programme which represents 100% of the Programme allocation. By 2016, €1,513,921.20 was contracted. A total eligible sum of €544,768.93¹² was disbursed in the year 2016. The main tender under project MT04/2 was awarded and contract started by Q4 of 2016.

A total of €5,614.54 is reported as savings under the Programme Operator costs. These savings from the Provision of the Computerised Accounting Records System (CARS) will be utilised to cover another claim for reimbursement of salary of an additional Programme Operator under Programme Operator costs.

Six Interim Financial Reports (IFRs) were submitted in 2016, three under the EEA Grants and another three under the Norway Grants, covering expenditure between 1

¹¹ Sum reflects total eligible sum disbursed by 31 December 2016 estimating only year 2016.

¹² Same as above.

September 2015 and 31 August 2016 for both Programmes. The incurred expenditure under the EEA Grants is € 214,907. The incurred expenditure under the Norway Grants is € 55,490. Expenditure affected under the EEA and Norway Grants consisted of reimbursements of the salary of one officer carrying out full time duties as Programme Operator, the hosting of CARS and the mid-term information activity organised by the National Focal Point/Programme Operator as well as expenditure covered by the projects under the EEA and Norway Grants mainly MT02/2, MT02/3, and MT04/1.

| Programme | Period | Amount |
|-----------|---------------------------|----------|
| EEA | September – December 2015 | € 104442 |
| EEA | January – April 2016 | € 65512 |
| EEA | May – August 2016 | € 44953 |
| Norway | September – December 2015 | € 7766 |
| Norway | January – April 2016 | € 16588 |
| Norway | May – August 2016 | € 31136 |

Figure 12: Table representing expenditure incurred under the EEA and Norway Grants between 1 September 2015- 31 August 2016, reported in the Interim Financial Reports (IFRs)

Table 1 - Allocated versus incurred expenditure under the EEA Grants from 5 December 2012 till 31 December 2016

| MT02 EEA Grants | | | |
|--|---|---|---|
| Budget Heading | Allocated Eligible Expenditure € | Contracted Eligible Expenditure till end of 2016 € | Incurred Eligible Expenditure till end of 2016 € |
| Programme management | 114,412 | 114,412 | 81,050.70 |
| Developed strategies and measures for adopting to a changing climate | 520,238 | 316,226.13 | 228,357.37 |
| Culture heritage restored , renovated and protected | 880,500 | 754,644.88 | 302,614.26 |
| Integrated marine and inland water management | 948,574 | 833,913 | 362,150.54 |
| Fund for bilateral relations | 37,747 | 24,034.93 | 6,085.93 |
| Preparation of programme proposal | 15,000 | 15,000 | 15,000 |
| Total | 2,516,471 | 2,058,230.94 | 995,258.80¹³ |

¹³ This amount reflects the total expenditure incurred from the beginning of the programming period that is 2012 until end of 2016.

Table 2 - Allocated versus incurred expenditure under the Norway Grants from 5 December 2012 till 31 December 2016

| MT04 Norway Grants | | | |
|---|---|---|---|
| Budget Heading | Allocated Eligible Expenditure € | Contracted Eligible Expenditure till end of 2016 € | Incurred Eligible Expenditure till end of 2016 € |
| Programme management | 61,177 | 61,177 | 43,329.49 |
| Increased and strengthened cooperation between public institutions, local and regional authorities in the Beneficiary states and similar institutions and authorities in Norway | 321,976 | 196,271.20 | 194,205.84 |
| Increased focus on vulnerable groups in prison | 1,285,553 | 1,249,673.00 | 563,699.85 |
| Fund for bilateral relations | 25,412 | 6,800 | 6,800 |
| Total | 1,694,118 | 1,513,921.20 | 808,035.18¹⁴ |

¹⁴ Same as above.

3.2 Individual Programme reporting

3.2.1 Programme Area 1- Integrated Marine and Inland Water Management

- Project MT02/7 - Malta Water Conservation Awareness Centre

Recently, the Sustainable Energy and Water Conservation Unit (SEWCU) in charge of project MT02/7, was renamed as the Energy and Water Agency under the Office of the Prime Minister. The project contract for MT02/7 was signed under the EEA Financial Mechanism on 4 September 2015.

The contract for works was signed on the 12th May 2016 making the end of a lengthy public procurement process and works on site commenced immediately with the development of the lower floors of the Centre. During the initial development stage, further investigations were undertaken by the Superintendence for Cultural Heritage, who, on the basis of the results of these investigations requested a further modification to the project design to ensure a wider buffer zone around the Punic road unearthed on site. This request entailed a major modification to the design of the project's lower floors, which resulted in the increase in elevation of the Centre's ground floor by six courses to accommodate the wider span required for the road. From a water conservation perspective, this modification had a positive impact of increasing the volume of the project's water harvesting capabilities through the enlargement of the volume of its cisterns.

Works are currently being undertaken on site, and according to the works programme are on schedule and should be completed by March 2017. Progress can be followed on our website

<https://eufunds.gov.mt/en/EU%20Funds%20Programmes/Bilateral%20Programmes/Pages/Projects/MT027-MALTA-WATER-CONSERVATION-AWARENESS-CENTRE.aspx>



Figure 13: Works on site, Project MT02/7

During the year under review, the project was also presented in two prestigious international competitions, namely the 'UK's International Design Awards (SBID)', under the innovative design category, where it placed as one of the finalists; and under the Public Awareness category, of the 'Greening the Islands Award', an award which recognizes initiatives undertaken by islands in the energy, water and waste sectors. It is worth noting that the Water Conservation Awareness Centre won the award under the Water Sector.

In addition to the structural works, calls for tender for the supply of four interactive wall screens, eight touch screens, eight tablets with stands, two augmented reality sand boxes and five weather instruments were published during November 2016. This equipment will form the basis of the educational component of the project in the inner and outer areas of the centre. The supply and installation of the equipment is expected to be undertaken during the first half of March 2017 to coincide with the completion of works on site.

From an educational perspective, a Memorandum of Understanding is being finalised with the EcoSkola Initiative, for the coordination of educational activities in the Centre. In addition, a collaborative agreement is also being discussed with the Global Water Partnership – Mediterranean for the use of interactive educational material on water management in the Mediterranean to be utilised in the Centre.

Finally the Centre has been included as one of the venues which will host site visits during meetings, which will be held in Malta as part of Malta's Presidency of the Council

of the European Union during the first half of 2017. The most prestigious of these meetings is the informal meeting of the Water Directors of the European Union, Candidate and EFTA Countries, planned to be held in June 2017.

3.2.2 Programme Area 7 – Adaptation to Climate Change – Project MT02/2 – ‘Oil/HNS Spill Response Capacity Building for the Protection of Malta’s Seas’

The tender for the supply, delivery and commissioning of pollution response equipment for Oil/HNS training and the tender for the supply, delivery and commissioning of IT related equipment for Oil/HNS Pollution Response Training were both issued in February 2016.

On 5 April 2016 Transport Malta organised a meeting with potential stakeholders interested in receiving the training. On 2 June Transport Malta received nominations from these stakeholders of the persons who will be attending the training following the award of the Tender for the Provision of Specialised training courses.

The tender for the provision of training courses, as identified in the studies carried out by Gorton Consultancy Ltd, was issued in May 2016 and awarded to AOST Technology Ltd in November. Training successfully commenced in December and is expected to be complete by the beginning of March 2017.

Transport Malta reported savings in Activities 1, 3, 4 and 6 and made a formal request to transfer all savings to activity 4 ‘Upgrading of training equipment and facilities’ under the same budget heading. These savings will be used to procure more pollution response equipment, some VHF radios, a vehicle pick-up, some oil sampling kits and the upgrading of control room equipment.

To date, project MT02/2 achieved a study on the pollution risks associated with offshore oil drilling, an updated version of the National Marine Pollution Contingency Plan 2009, and gaps in training requirements identified, summing up to three out of four outputs achieved. The only pending output is the 22 trained personnel available to respond to oil/HNS pollution incidents with most of the personnel trained to a higher level which will be achieved by Q1 of 2017.

3.2.3 Programme Area 10 – Funds for Non-Governmental Organisations (NGO) - SOS Malta

SOS Malta has been appointed Fund Operator for the NGO Programme Malta. SOS Malta is a registered Voluntary Organisation (VO No. 033) that works with local and international organisations to assist socially disadvantaged groups in improving their quality of life. SOS Malta is built upon 4 pillars: Overseas Development; Social Integration; Research and Training; Volunteering.

The objective of the EEA Funds for Non-Governmental Organisations is the strengthening of civil society development and enhancing the contribution to social justice, democracy and sustainable development.

During the year 2016, SOS MALTA continued to provide assistance to Maltese NGOs who were beneficiaries of the EEA NGO Malta Programme. Twelve NGOs benefitted from the NFO Fund under the EEA.

By June 2016, all Beneficiaries had to finish their projects including an evaluation of their projects and outcomes. This evaluation had to be commissioned to external evaluators and such cost be borne by the project promoters even though it was an eligible cost if incurred and paid within the approved time-frame of the Project. In the subsequent months, these project promoters worked on the final reporting.

As Fund Operator, SOS MALTA continued working on the assessment of technical and final reports followed by relevant disbursements to the Beneficiaries.

On 28th October 2016, SOS MALTA organized a final conference entitled '*Towards strengthened civil society, social justice and sustainable development in Malta*' opened by the Hon. Helena Dalli - Minister for Social Dialogue, Consumer Affairs and Civil Liberties. Representatives from donor countries were also invited for this Conference. This conference tackled three main pillars of the EEA NGO Malta Programme, being:

- Session 1: Democracy, Equality, Human Rights, Social Inequalities and Services
- Session 2: Environment and Climate Change
- Session 3: Networking and Advocacy

as well as serving as a show-case for projects funded under the EEA NGO Malta Programme.



Figure 14: SOS Final Conference on 28 October 2016 – Presentation of EEA/Norway Grants by Ms Carmen Dalli, Director FPD

3.2.4 Programme Area 16 – Conservation and Revitalisation of Cultural and Natural Heritage – Project MT02/3 – A New Environmental Management System for the Hal Saflieni Hypogeum World Heritage Site

Project MT02/3 involves the issue of several tenders in order to reach the expected results. Following the award of the contract related to the Condition Assessment in October 2014, this study is now concluded and all related payments have been made.

Tender 2, pertaining to the Biological Survey of Hal Saflieni, was awarded on 26 June 2015 and studies are also concluded and all related payments have been made.

Tender 3, which relates to the Rate of Deterioration, was first published on 19 December 2014. The bids submitted were over the estimated eligible amount of the tender and Heritage Malta was obliged to re-launch the tender on the open market in April 2015. Only one bidder was evaluated as technically compliant but once again the financial offer was over the budget.

In an attempt to find a feasible solution to this issue, Heritage Malta will be carrying out in-house the small scale reports emanating from tender 4, thus enabling the shifting of an amount of the eligible budget from tender 4 to tender 3. In this way, it would be covering the current cost of tender 3. Heritage Malta would carry out the reports in-house since an expert in the field was engaged with the Agency after the signature of the project contract. Work on the Geological Survey is ongoing and the interim report

has been submitted. Following this shift in budget, Tender 3 was issued for the third time and finally awarded. Studies are currently in progress.

Tender 5, related to structural works, which will absorb the largest eligible amount of the project budget, had to be re-issued for the second time since no bids were submitted in response to the first call. The second deadline for submission for bids on this tender was 28 January 2016. This call was once again unsuccessful, and following discussions with the Department of Contracts, it was re-issued as a Negotiated Procedure among all tenderers, who had submitted an offer in the second call.

This tender was awarded and works on site have commenced with the setting up of a protective platform over the Upper Level. To ensure that this platform would have no impact on the site, locations of scaffold footings were agreed upon beforehand between the contractor, the consultant architect and Heritage Malta personnel. The site was further protected with plastazote foam and wooden boards wherever footings needed to rest directly on prehistoric surfaces. The protective platform is providing a working platform while protecting the site from spillage of dust and debris. It will also keep the environment within the site relatively stable while the overlying polyurethane sandwich roof is replaced.

Work carried out so far also includes the removal of old equipment from the site, the removal of old furniture and services from the site, the removal of the wall panelling and soffit from the visitor areas, and commencement of electrical and plumbing works. The steel structure supporting the site's glass enclosure was also stripped from old paint and rust and repainted with intumescent paint. Works on roof replacement have also commenced. Works shall be concluded by April 2017.



Figure 15: works at the Hal Saflieni Hypogeum

The contract of the engineer, designing the environmental management system for the site, was cancelled by mutual agreement. The work was taken over by the project consultant already working on the site. The transition was smooth and work on this element of the project is progressing with the works contractor submitting required designs and proposals for the consultant's approval.

Another tender was issued to replace two wrought iron drain pipes at a third party property, which are visible from the Hypogeum. Leakages were noted from these drainpipes in the past and short-term solutions were found at the time. With the replacement of these pipes, leakages in this area of the hypogeum will now be eliminated. The work, which is estimated to be completed in six weeks, will involve the displacement of the tenant living in the related property, with whom discussions in this regard are ongoing. The evaluation of this tender is therefore ongoing.

Publicity actions for the project are also being carried out according to the publicity plan included in the project contract. The site's Facebook page is regularly updated with posts about ongoing works. The project was also publicized in a paper about the project which was published in Heritage Malta's bi-annual journal, *Tesserae*. A Request for Quotations (RFQ) was published for the documentation of ongoing works and the production of an infomercial to publicize the project, once concluded. The evaluation of this RFQ is work-in-progress. Draft Terms of Reference for an RFQ for the publication of a project book have also been drafted. This RFQ will be published in January 2017. A

second seminar about the project, organized for members of the local community with the support of the Paola Local Council was held in December.

To date, project MT02/3 achieved a report on the review of the lighting system within the site, as well as a report on Condition Assessment and a report on the Biological Survey.

3.2.5 Programme Area 25 – Capacity-building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities – Project MT04/1 – A Partnership for Creative Governance

The aim of project MT04/1 is to create a set of initiatives that will research, examine, focus and create a number of measures to strengthen institutional capacity of local councils in order to improve the quality and accessibility of services provided and to create a professional programme for exchange of personnel.

The first phase of the Leadership Academy programme (LAP), a learning and action programme for Mayors, senior officials and elected representatives of local government, were held between the 6 and 11 July 2015. The second stage of the LAP was held in November 2015 and the third and final stage of the LAP was organised between the 20th and 23rd June 2016.



Figure 16: Former Project leader Adrian Mifsud together with the Council of Europe during the closing event of the project on 25 November 2015

An information session on European Label of Governance Excellence (ELOGE) was held on the 24th of June 2016. Executive secretaries and elected members of Local Councils were trained on the 12 principles of good governance as established by the Council of Europe.

The final conference was held on the 25th of November 2016 where 15 participating local authorities received a certificate of participation in the ELoGE benchmarking exercises. Since none of the local councils reached the ELOGE benchmark, the award could not be distributed to any of them. In view of this, the NFP/PO discussed this matter with the FMO during the technical meeting on 2 December 2016. It was agreed that the source of verification at programme level will be changed to reflect the participation of the local councils for the ELOGE award rather than receiving the award itself. The Local Government Division, together with the Centre of Expertise for Local Government Reform within the Council of Europe, will organise a number of further training sessions for interested Local Councils in order to better assist them in the compilation of the necessary requirements to be better placed for the ELoGE award. All other indicators related to the project are achieved to date.

Project MT04/1 reported savings under all activities, which will be transferred to project MT04/2 under the Norway Grants. This will be formalised by a programme amendment on DORIS by the NFP/PO.

3.2.6 Programme Area 32 – Correctional Services, including Non-custodial Sanctions – Project MT04/2 – ‘Renewing the Centre of Residential Restorative Services (CoRRS)’

The main aim of project MT04/2 is the relocation and extension of the current centre of Residential Restorative Services (CORRS) housing Malta’s young offenders away from the main prison in Corradino, Paola.

On 28 January 2016, the Tender *for the Extension of the Centre of Residential Restorative Services (CORRS) Using Environmentally Friendly Products and Materials at Imtahleb* was awarded to Central Power Installations. On 11 February 2016, an appeal was lodged by the bidder who submitted the cheapest bid, but had been found

technically non-compliant. The hearing of the lodged appeal was held on 25 February 2016. Following this hearing, the Appeals Board decided against the appellant. On 22 March 2016, the same bidder lodged a further appeal in the Civil Superior Courts of Malta. A week later, all parties concerned were officially informed by the Maltese Courts that the first hearing for the last appeal shall be held on 16 May 2016. On 27 May 2016, the Court decided to defer the case with the final decision taken in favor of the winning bidder.

The contract in relation to works (Construction, Mechanical & Electrical and Finishes) was signed on 21st June 2016 with a financial allocation of €1,532,077.79 (Excluding VAT). Till end of 2016, 80% of the structural works on site have been achieved. M&E is already ongoing and finishes will be starting at the beginning of February.



Figure 17: Works on site at CORRS, Mtahleb

A working group composed of two Maltese professionals in the field related to therapy and education has been in continuous liaison with the Directorate of the Norwegian Correctional Services represented by Mr Kim Ekhaugen. The cost of these two Maltese professionals for their contribution in creating and finalising the Operational System as well as travel expenses of Mr Kim Ekhaugen during August and September 2016 shall be covered by the grants.

The project will be incorporating two phases of training in order to cover the soft components of the project. Phase 1 of the training will commence on 20 February 2017.

This will be followed by a second phase on the 27 February 2017. The latter training will take 10 working days to be completed. Both training sessions will be delivered in Malta.

3.3 Risks

A number of risks could impede the efficient and timely implementation of the programme. Most common risks of implementation are related to procurement procedures, such as tender offers exceeding the available budget, or found not technically compliant during the evaluation process, or the eventuality of appeals lodged following the publication of tender results causing further delays in awarding a contract.

With regard to procurement processes, the National Focal Point monitors the progress on tenders that are issued by the Department of Contracts from launch till contract signature. The National Focal Point/ Programme Operator also insists on having tender adjudicating boards set up by the tender closing dates so tender evaluations can start immediately after.

The Monitoring Plan, prepared and updated each year by the Programme Operator, presents a risk tracing system complementing risk assessment and risk management. The plan also devises a tool to assess the probability and impact of identified risks which helps the Programme Operator to evaluate the level of risk.

All five projects under the EEA and Norway Grants 2009-2014 have now reached their final stages of implementation. Works related to projects MT02/3, MT02/7 and MT04/2 are processing well thus most of the risks identified in previous years were mitigated. Compared to year 2015, the disbursement is much higher for 2016 but still relatively low in comparison to the construction works achieved to date. The NFP is continuously monitoring the projects and keeping in liaison with the project leaders in order to ensure higher disbursement rates.

3.4 Cross-cutting issues

As a Beneficiary State, the country of Malta is expected to adhere to the three crosscutting issues namely good governance, sustainable development and gender equality as stipulated in Chapter 3.11 of the Programme Operator's Manual.

3.4.1 Principles of Good Governance

The NFP/PO continued to adhere to the six main principles of good governance. As in previous years, during the reporting period the NFP/PO continued with the monthly bilateral meetings with the project promoters. The NFP also carried out several on-the-spot checks, notably on award of every contract, immediately on signature, and carried out 100% checks on all claimed expenditure. These spot checks are a crucial tool for the PO, as well as the Line Ministries, to have the necessary assurances before any expenditure is certified. During these checks, the PO ensures that procurement is carried out in line with the Public Procurement Regulations outlined in Legal Notice 352/2016 (Laws of Malta) published in October 2016. In parallel, the Manual of Procedures for Project Promoters is regularly updated according to exigencies. This Manual is intended to serve as an aid tool for all key players, in relation to the Regulation for the implementation of the EEA Financial Mechanism 2009-2014, the Regulation for the implementation of the Norwegian Mechanism 2009-2014 and all Guidelines issued by the FMO.

In addition to the risk assessment carried out by the NFP/PO in relation to the EEA and Norway Grants 2009-2014, in June 2016, the Funds and Programmes Division introduced an Anti Fraud Strategy and an Anti Fraud Policy for the ESIF Programming period 2014-2020. The aim of this strategy is to ensure the detection of and the deterrence of fraud and corruption and to take immediate action where this is suspected or detected. The strategy is based around four key terms: Prevention, Detection, Investigation and Prosecution and Reparation.

3.4.2 Sustainable Development - Environmental

At Programme level, the NFP/PO is making every effort to achieve measures that are favourable to the environment making sure that green measures are adhered to by every member of staff e.g. Limited use of printed paper where digital correspondence suffices.

Project MT02/2 will provide the necessary national preparedness to contain an oil spill at sea should this happen. Malta's coastline has environmental designations of local, national and international importance. Considering that the project shall enhance Malta's capacity to respond to Oil/HNS pollution through an improved emergency response, this would result in reduced impact on the environment in the event of an incident at sea.

Project MT02/3 involves the design and implementation of an environmental control system to preserve a UNESCO World Heritage site. Through such system, less electricity is consumed, which in turn lowers and offsets the site's carbon footprint.

Project MT02/7's main objective contributes towards educating and raising awareness aimed at appreciation of water as a scarce yet fundamental resource.

Project MT04/1 does not target environmental issues directly. However, the general environment of localities will indirectly benefit from the improved quality standards set by the established performance management indicators.

Project MT04/2 involves the re-use of secondary water and subterranean reservoirs. This project also took all necessary steps to respect the natural and cultural heritage of the surrounding area of the site designated for the development of a new correctional facility.

3.4.3 Sustainable development – Economic

Being an island, Malta is particularly vulnerable to marine and coastal pollution. The negative impact resulting from an oil/HNS incident at sea would beyond doubt have a devastating ripple effect on tourism, which Malta's economy depends heavily upon, and other economic marine activities such as fishing and aquaculture. Good quality vigilance and proactive response achieved through Project MT02/2 would render, to a degree, the national economy sustainable in this respect.

Project MT02/3 strives to keep the Hal Saflieni Hypogeum accessible to the public for future generations. The site is one of the most sought after visitor destinations in Malta and significantly contributes to Malta's tourism industry.

On the other hand, Project MT02/7 will raise awareness and appreciation, especially among the younger generation, of water as a scarce yet fundamental resource. In the long term, this will reduce the demand for the production of treated water.

3.4.4 Sustainable development – Social

Project MT02/2 will provide access to education and skills to those who are interested in receiving training on combating oil/HNS pollution at sea. Should a nationwide operation to fight marine pollution be needed, trained people and organisations would be better prepared in carrying out their assigned roles. This project also involves the interaction between Transport Malta as the Project Promoter and Kystverket as the Project Partner. Kystverket is considered to be highly experienced in the field of contingency planning and pollution prevention and control and therefore Transport Malta's engagement with the latter will positively affect overall capacity building and a more efficient management and response to incidents on a national level.

By ensuring the accessibility of the Hal Saflieni Hypogeum to the general public for many years to come, Project MT02/3 preserves the right of individuals to enjoy this World Heritage Site. The site's Outstanding Universal Value was recognized by UNESCO when it was inscribed in the World Heritage List in 1980, on the basis of Criterion (iii) of the Operational Guidelines for the Implementation of the World Heritage Convention, which it fulfils as a site that bears a unique testimony to a cultural tradition, which has disappeared. Ensuring that the site remains accessible to the public contributes to the preservation and promotion of the site in accordance with the UNESCO World Heritage Convention (1972) on behalf of the international community.

Project MT02/7 will promote water conservation awareness and responsible water use among the general public, in particular school children with the hope of nurturing and fostering such conscientious practices that would improve with time. The social impact resulting from the outcomes of the project through the delivery of highly educational

and awareness messages is undoubtedly priceless. The result and effect of this increased awareness campaign will in the long-term, result in a culture change throughout the entire society.

Project MT04/1's National Training Strategy (NTS) is considered as a local government tool for improving the social situation of local communities through the creation of high training standards, clearer policies and information that facilitates more effective training for administrative staff and elected members working in a local government environment. Project MT04/1 also provides support and training to the Maltese local government through the participation of a team of experts from its Norwegian counterpart and the Council of Europe.

3.4.5 Gender equality

Throughout the implementation of all programme activities, it has always been ensured under both the EEA and Norway Grants Programmes that gender equality is in all instances respected. In its checks, the NFP/PO makes sure that, in their terms and conditions, tender documents clearly state that bidders are obliged to incorporate equal opportunity policies within their organisations. Bidders are also required to report about such policies in their offers. Furthermore, any publicity carried out for both Programmes is gender sensitive, avoiding stereotyping.

All projects undertaken by both Programmes are of benefit to the entire country, irrespective of age, gender or nationality. Where projects involve training such as MT02/2, this activity is open to all genders. With regard to Project MT04/2, provision of segregated accommodation for males and females will be provided, bearing in mind the sensitivity of the situation of the population in question.

4. Management and Implementation

4.1 Management and control systems

Among other provisions, the Description of Management and Control Systems (DMCS) stipulates the staff complement to act as NFP/PO under the Bilateral, Other Funds and Programmes Unit: a Senior Manager and one desk officer that carry out Programme

Operator duties and another desk officer who is missing replacement. Another desk officer from the Financial Control Unit within the Funds and Programmes Division performs duties of verification of payment claims checked by the Programme Operator. This officer reports directly to the Director General in his capacity as the Head of the NFP/PO. At present, the Certifying Authority has one missing staff complement since only one Programme Manager is engaged and reporting directly to the Senior Manager.

4.1.1 The Computerised Accounting Records System (CARS)

During 2016, FPD extended the contract with MITA in order to improve the monitoring service as well as a backup media loading and unloading service thus ensuring that written data can be read back from the tape in the case of disaster recovery.

As already reported in chapter 3, both under the EEA and the Norway Grants, the NFP/PO shall be reporting savings on the CARS which will be utilised instead to claim part of the salary of the programme operator.

4.2 Compliance with EU legislation, national legislation and the MoU

The Laws of Malta include chapters outlining the obligations, which bind project promoters in matters related to project contracts, including equal opportunities irrespective. Project promoters need to follow public procurement rules as well as state aid and environmental regulations. Public Procurement in Malta is governed by the Public Procurement Regulations under Legal Notice 352 of 2016, published in October 2016. Obligations on Equality for men and women are governed by Chapter 456 of the Laws of Malta while State Aid is governed by Legal Notice 210 Of 2004 and the Protection of the Environment by Chapter 435 of the Laws of Malta.

LN352/2016 published on the 28 October 2016, introduced new public procurement regulations for Malta, in line with EU latest regulations. Now, when the estimated value does not exceed €5,000, a public contract can be awarded either after obtaining a minimum of three hand quotations /issuing a competitive call for quotations or awarding directly at the discretion of the Head of the Contracting Authority. When the estimated value is equal to or exceeds €5,000 but does not exceed €10,000, public

contracts shall be awarded after issuing a published competitive call of quotations or awarding a direct contract at the discretion of the Head of the Contracting Authority. When the estimated value exceeds €10,000 up to €135,000, public contracts shall be awarded after a departmental call for tenders. For tenders with estimated value higher than €135,000, a public call for tenders, through the DOC, has to be issued with notification in both local newspaper and the EU journal.

The changes envisaged in the new Public Procurement Regulations enable Contracting Authorities to procure goods, services and works faster in a manner resulting from reduced time limits, less bureaucracy and a greater focus in securing best value for public money in line with good governance practices.

4.3 Irregularities

Nine irregularities were recorded on MT04/1 while three irregularities were recorded on MT02/2. All irregularities were deducted prior to submission of the relevant IFR. Further information on these irregularities is provided as a separate document to this report shown as Annex 2.

4.4 Audit, monitoring, review and evaluation

A systems audit carried out by the Audit Authority in mid-2013 on the management controls performed by the NFP/PO did not report any systemic risks. The Audit Authority made two recommendations though and these recommendations were taken on board and duly adopted by the NFP/PO.

The NFP/PO closely adhered to the Monitoring Plan for 2016, making sure that all 5 projects are on schedule and according to budget, while addressing any risky issues immediately on detection.

The bilateral meetings held regularly with Project Promoters and Programme Implementation Departments of the respective line Ministries, were also given priority during 2016 since this was the last full year of implementation of the EEA and Norway Grants 2009-2014. These bilateral meetings help the NFP/ PO in continuing with its close monitoring on the implementation and disbursement of all projects in line with

the Programme Regulations and National procurement regulations. Additional to these meetings, which so far have proved a success in settling most issues, the NFP/PO also attended a Steering Committee meeting held by the Ministry for Transport and Infrastructure in order to participate in the discussion related to updates on the Oil/HNS Spill project by Transport Malta.

The purpose of the on-the-spot checks is to examine the correctness of the procurement process of all projects under the EEA and Norway Grants while ensuring that the filing system for project-related documentary records was in good order as instructed in the Manual of Procedures for the EEA and Norway Grants. In total, eight on-the-spot checks supplemented by administrative checks, were performed in 2016. Three checks were performed on Project MT04/1, other three checks were performed on MT02/2, one check was performed on MT02/3 and another check was performed on Bilateral funding at National Level under Technical Assistance. The NFP has also started another on-the-spot check on MT04/2, which has not yet been finalised. During the mentioned spot checks, twelve different irregularities were detected, four of which were administrative findings.

The Audit Plan for 2017 and an updated Monitoring Plan are being forwarded together with this Report as Annex 1 and 12 respectively.

The NFP/PO envisages the commissioning of an independent final mid-year evaluation of the EEA and Norway Grants in 2017. The budget under this heading is €19,000, one hundred percent of which would be disbursed in 2017 in the form of one payment to the contractor upon completion of the evaluation exercise.

4.5 Information and publicity

Project MT02/3 - 'A New Environmental Management System for the Ħal Saflieni Hypogeum World Heritage Site'- On 1 December 2016, the project leader for project MT02/3, Ms Maria Elena Zammit, together with the project manager Ms Katya Sammut, in collaboration with the Paola Local Council, organised the second information seminar on the project. This seminar was aimed at the local community, especially those residents living in the vicinity of the Ħal Saflieni Hypogeum in order to explain the

ongoing works related to the project, thus reducing any effects from the inconvenience caused by the machinery and transport used during work-in-progress.



Figure 18: Ms Maria Elena, Project Leader and Ms Katya Zammit, Project Manager during seminar held on 1 December 2016

Ms Maria Elena Zammit and Ms Katya Sammut from Heritage Malta have also published an article about the project on the latest edition of *Tesserae*, Heritage Malta's bi-annual publication. This publication is a platform whereby Heritage Malta employees and other professionals in the field share their ongoing research on projects in the heritage sector with the general public. Print versions of the publication can be purchased from Heritage Maltashops, leading bookshops and online on:

<http://www.heritagemalta.org/shop/product/tesserae-issue-1/>

Project MT02/7 - 'Malta Water Conservation Awareness Centre' – On 31 August 2016, the Parliamentary Secretary for European Funds, Hon. Dr Ian Borg visited the Water Conservation Awareness site. He explained to the media present that this project is being financed by the EEA Grants which are funds granted from countries which have a treaty with the EU which they benefit from rights and/or trade markets, in return for a contribution they make to the Member States. He continued by informing those present that project MT02/7 will be ready in April next year and shall include the construction of water reservoirs, to be used mainly for irrigation of trees and plants. All national newspapers and audio visual media were present for this event.



Figure 19: Parliamentary Secretary Hon. Dr Ian Borg together with the Project Leader Mr Manuel Sapiano and Director General FPD, Mr Raphael Scerri on

31 August 2016

(Source: www.tvm.com.mt)

Project MT04/2 - 'Centre for Residential Restorative Services (CORRS)' - Home Affairs Hon. Minister Carmelo Abela visited the CORRS site on 14 October 2016 and explained the importance of having a young offenders centre separated from the main prison in Corradino, Paola. He mentioned that the project which costs €1.5 million is co-funded through the Norway Grants. The local media including Malta's national TV station covered this event.



Figure 20: Home Affairs Minister Hon Carmelo Abela during the visit to the CORRS site in Mtaħleb on 14 October 2016

(Source: The Malta Independent, www.independent.com.mt)

4.6 Work plan

The Work Plan (Annex 1) outlining the milestones for the implementation of the EEA and Norway Grants 2009-2014 over the next year, is provided as a separate document to this report.

5. Summary List of issues and recommendations

During the year under review, as could be expected on any project, there were issues related to the implementation of the projects. These were tackled during the bilateral meetings and through continuous communication between the project leaders and NFP/PO.

With regard to MT02/7 – Malta Water Conservation Awareness Centre, although a modification to the contract was required following further investigations made by the Superintendence for Cultural Heritage, works continued as scheduled and shall be completed by March 2017. Furthermore, this resulted in a positive impact since it meant an increase in the volume of the project's water harvesting capabilities through the enlargement in volume of its cisterns.

The training services, a procurement of which was found to be somewhat problematic in the beginning, is now under way under Project MT02/2 – 'Oil/HNS Spill Response Capacity Building for the Protection of Malta's Seas' and is expected to be complete by the beginning of March 2017.

Works on project MT02/3 – A New Environmental Management System for the Hal Saflieni Hypogeum World Heritage Site are ongoing and will be concluded by April 2017. However, the allocated eligible budget for this project is expected to be absorbed before all works are completed since the project costs exceed the total eligible amount exceeds covered by the EEA grants. Notwithstanding, the Ministry for Justice, Culture and Local Government under which portfolio Heritage Malta falls, is committed towards finalising this project through the required allocation from national funds.

An information session on ELoGE under project MT04/1 – A Partnership for Creative Governance was held on the 24th of June 2016. Executive secretaries and elected members were given training on the 12 principles of good governance as established by

the Council of Europe. Since none of the Local Councils reached the ELOGE benchmark, the ELOGE award could not be distributed to any of them. Furthermore, MT04/1 reported on savings on the project, all of which shall be transferred to project MT04/2 under the Norway Grants.

Construction works in relation to Project MT04/2 – ‘Renewing the Centre of Residential Restorative Services (CoRRS), are now also heavily under way, notwithstanding all the stumbling blocks encountered during the procurement process. Following the completion of construction works, the training programmes are expected to be delivered during the month of February 2017.

The NFP/ PO shall continue with its close monitoring on the implementation and disbursement of all projects in line with the Programme Regulations and National procurement regulations in order to ensure the full absorption of the EEA and Norwegian Grants. It also plans to continue its bilateral meetings with the project promoters on a bi-monthly basis till Programme closure.

The NFP/ PO is highly grateful for the support provided by the FMO, as well as the Royal Norwegian Embassy in Rome. It also looks forward to further collaboration over the next year, and the next programming period 2014-2021.

6. Attachments to the Strategic Report

This report also includes the following attachments:

- Annex 1 Work plan for 2017
- Annex2 Irregularities
- Annex3 MT02 Monitoring Plan-Activities planned for 2017
- Annex4 MT04 Monitoring Plan-Activities planned for 2017
- Annex5 Risk Assessment at National Level for EEA Financial Mechanism
- Annex6 Risk Assessment at National Level for Norway Financial Mechanism
- Annex7 Risk Assessment at Project Level for EEA Financial Mechanism
- Annex8 Risk Assessment at Project Level for Norwegian Financial Mechanism

| | |
|---------|---|
| Annex9 | Information on Donor project partner MT02/2 |
| Annex10 | Information on Donor project partner MT04/1 |
| Annex11 | Information on Donor project partner MT04/2 |
| Annex12 | Audit Plan for 2017 |

Annex 1-WORKPLAN FOR 2017

| Period | Activity | Responsibility |
|---------------|---|-----------------------|
| January | 6 th Monitoring Committee meeting | NFP |
| | Submission of combined Strategic and Annual Programme Reports together with Annexes and Annual Meeting draft Agenda to FMO Launch of Tender for Programme Evaluation | |
| March | 5 th Annual Meeting and approval of Strategic and Annual Programme Reports | NFP + PO > FMC/NMFA |
| | Interim Financial Reports for Programmes MT01, MT02 and MT04 | NFP/PO>CA |
| April | Award of Tender for Programme Evaluation | NFP NFP/PO |
| | Publishing of Strategic and Annual Programme Reports and Annual Meeting minutes on FPD website | NFP |
| June | Final Conference | NFP/PO |
| July | Interim Financial Reports for MT01, MT02 and MT04 | NFP/PO>CA |
| September | Submission of Annual TA budget for the following year | NFP > CA> FMC/NMFA |
| November | Interim Financial Reports for MT01, MT02 and MT04 | NFP/PO>CA |

Annex 2-Irregularities

a) EEA Financial Mechanism Programme 2009-2014

| | |
|--|--|
| Project | MT02/2 – Oil/HNS Spill Response for the Protection of Malta’s Seas |
| Programme Area 7 | Adaptation to Climate Change |
| <p>IRREGULARITY 1 DESCRIPTION</p> <p>This is an administrative finding. The performance guarantee for the tender “Engagement of consultancy services to carry out studies to address pollution risks from oil industry operation outside Malta’s territorial waters” was not extended after 30th April 2015 following that the final report was received by Transport Malta on 8th May 2015.</p> <p>This is an administrative finding in line with the fact that the performance guarantee was in place and hence the general conditions of the tender document were met by the bidder and there was no discrimination. In addition timeframes of the contract were respected by the supplier.</p> <p>IRREGULARITY 2 DESCRIPTION</p> <p>This irregularity was detected during an on-the-spot check carried out by the FCU. In the request for quotation, TM requested 250 A4 plain notepads of 25 pages with colour printing on front cover only (250gsm). The winning bidder provided a quote where the front cover was printed on 300gsm instead of 250gsm. TM chose this bidder as it was the cheapest bidder.</p> <p>Given that that the technical specifications provided by the bidder were not the same as those requested by TM, this bidder should have not been the selected as it was technically non-complaint. This quote was not comparable with the request for quotation and with the other bids. A 5% financial correction of € 22.50 was deducted from this payment.</p> <p>IRREGULARITY 3 DESCRIPTION</p> <p>The procurement of tender MT002/2014 was checked by the MA under Project ESF4.218: Capacity Building for transport Malta Employees. When verifying the payments NFP noted that the contract in question expired on 30th September 2015. A</p> | |

proper addendum was not done but only a notification letter from Transport Malta was sent to MPS in order to inform them about the extension. Given that Invoices 079186, 079586, 079395, 079396, 079585, 079185 were issued after the end date of the contract, they therefore cannot be reimbursed. In addition, the tender document did not provide for the design and artwork of the roll-up banner in the tender specifications. Invoice 077361 was not paid as its design was not listed in the tender specification.

b) Norwegian Financial Mechanism Programme 2009-2014

| | |
|---|---|
| Project | MT04/1- A Partnership for Creative Governance |
| Programme Area 25 | Capacity-Building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities |
| <p>IRREGULARITY 1 DESCRIPTION</p> <p>RFQ 11/2014: Administrative Finding - In its quotation, Le Meridien hotel quoted for the equipment and technician for an additional price of €1533.60. Therefore, the total price was €5499.69. During the evaluation DLG informed the bidders through a telephone conversation confirming that the technician and the equipment will not be needed any longer and hence (when removing this cost) Le Meridien hotel resulted as the cheapest option. In the award email DLG is stating that the technician and the equipment will be provided by their department. However, after carrying out a site visit, it was concluded that the equipment could be used as it was already installed in the meeting room without any additional cost. The project promoter has to make sure that clarifications are not done via telephone but send via email so as to have a good audit trail and to ensure that all bidders are treated equally. Furthermore, RFQs should contain specifications that are actually needed. The fact that the project promoter choose the cheapest option, and that no extra price was charged for the use of equipment and technician, there is no financial implication</p> <p>Financial Finding - In the RFQ a description of the venue and photos were requested. Le Meridien did not provide any description of the venue but only provided a photo in classroom shape. The RFQ requested a U - shaped setting. DLG confirmed that the setting was going to be a U shaped during the site visit. In the quotation, Le Meridien sent a specific menu and then before the meeting the menu was changed so that 3 different menus were offered for 3 separate dates. The project promoter has to make sure during evaluation that every bid submitted contains all the information or documentation requested in the request for quotation. This ensures a fair playing field amongst all bidders. A 2% financial correction was applied amounting to € 66.10.</p> <p>IRREGULARITY 2 DESCRIPTION</p> <p>RFQ10/2014- This is an administrative finding and hence no actual provision has been</p> | |

infringed. However the NFP drew the attention of the project promoter, so that the procedures are carried out in a more stringent and proper manner.

IRREGULARITY 3 DESCRIPTION

RFQ/9/2014- In Section 4 of the request for quotation DLG asked for a proposal, confirmation of the terms of reference, quotation and any additional information. Only Guttenberg Press provided a proposal and a confirmation of the terms of reference. The other bidders only provided the details form and the quotation. The evaluation report dated 15th May 2015 lists all bidders including Salander Group which is the winning bidder as compliant bid.

Moreover, in section 2 of the RFQ there is mentioned that the works should be carried out in two (2) weeks following the letter of acceptance. The acceptance letter is dated 18th May 2016 while the delivery date is on 21/08/2015. In addition the invoice is dated 31/07/2016. A 5% financial correction was applied to this payment amounting to € 39.90.

IRREGULARITY 4 DESCRIPTION

MT04/1/XLC- Xewkija Local Council. This irregularity covers both an administrative error as well as a financial error.

In the administrative finding the quotations were not comparable with the chosen flight but the cheapest option was chosen. Additionally the request for quotation was not sent to Air Malta and the request for quotations were not all sent on the same date. In the financial finding, DLG are claiming ineligible VAT amounting to € 9.00 which was not paid by the NFP

IRREGULARITY 5 DESCRIPTION

MT04/1/Mellieha – This irregularity covers both an administrative error and a financial error.

In the administrative finding the request for quotations, as well as the quotation of the chosen flight were gathered via telephone. Despite the fact that SL 363.01Rg 24 (4) (a) does not lay down the RFQ below €1164.69 threshold should be made in writing, there was not enough audit trail. However given that the cheapest option was chosen, there is no financial implication. In the financial finding, DLG ineligible VAT amounting to € 7.63 which was not paid by the NFP.

IRREGULARITY 6 DESCRIPTION

MT04/1/FLC – Floriana Local Council. This irregularity covers an administrative error.

In the administrative finding, Floriana local council are not respecting the deadline for the submission of quotations, provided in the request for quotation. In addition there is a mistake in the dates written on the purchase order and on the statement of expenditure.

IRREGULARITY 7 DESCRIPTION

MT04/1/KLC – Kalkara Local Council. This irregularity covers an administrative error. In the administrative finding the request for quotation was not sent to Air Malta as the national airline.

IRREGULARITY 8 DESCRIPTION

MT/04/1/MTLC- A VAT receipt was not presented together with the claim of the taxi service provided from Mtarfa to Swatar and return. This also confirms that the provisions of LN234 of 2011, which specifies the content of the fiscal tax meter, were not adhered to and hence the NFP did not reimburse the cost of the taxi service amounting to €60.00.

IRREGULARITY 9 DESCRIPTION

MT/04/1/SLC – As per section 6.2 (9) of the Manual of Procedures, the Project Promoter must always ensure fair competition and transparency. This provision has been infringed as the request for quotations were not sent on the same day. In addition the Project Promoter is claiming ineligible VAT. The total irregular amount was € 329.67.

Annex 3-MT02 MONITORING PLAN - ACTIVITIES PLANNED FOR 2017

| Project # | Name Project | Monitoring action | Planned timing: Q1, Q2, Q3, Q4 | Criteria for monitoring (especially for site visits) | Risk issue with the project (if applicable) | Comments |
|-----------|---|---|---|--|---|---|
| All | All | Computerised Accounting Records System (CARS) | Ongoing | Financial management, monitoring of expenditure, verifications | Not related to any specific risk. | - |
| All | All | Bilateral meetings | Bi-Monthly | Periodical monitoring | Not related to any specific risk. | - |
| All | All | Regular contact with Project Promoter | Day to day | Financial and Physical monitoring | Not related to any specific risk. | |
| MT02/7 | Malta Water Conservation Awareness Centre | Project Progress Report | Q2, Q4 | Periodical reporting | Not related to any specific risk. | - |
| | | On-the-spot checks (OTS) | To be carried out following award of contracts and prior to verification of | Very low impact | Not related to any specific risk. | OTSs will be undertaken as part of the PO obligations to perform at least one on-site visit per |

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| | | | first expenditure | | | programme per year. |
|--------|---|--------------------------|---|----------------------|-----------------------------------|---|
| MT02/2 | Oil/HNS spill response capacity building for the protection of Malta's seas | Project Progress Report | Q2, Q4 | Periodical reporting | Not related to any specific risk. | - |
| | | On-the-spot checks (OTS) | To be carried out following award of contracts and prior to verification of first expenditure | Very low impact | Not related to any specific risk. | OTSs will be undertaken as part of the PO obligations to perform at least one on-site visit per programme per year. |
| MT02/3 | A new environmental management system for the Hal Saflieni Hypogeum World Heritage Site | Project Progress Report | Q2, Q4 | Periodical reporting | Not related to any specific risk. | - |
| | | On-the-spot checks | To be carried out following award of contracts and prior to verification of first expenditure | Very low impact | Not related to any specific risk. | This on-site visit will be undertaken as part of the PO obligations to perform at least one on-site visit per programme per year. |

Annex 4- MT04 MONITORING PLAN - ACTIVITIES PLANNED FOR 2017

| Project # | Project name | Monitoring action | Planned timing: Q1, Q2, Q3, Q4 | Criteria for monitoring (especially for site visits) | Risk issue with the project (if applicable) | Comments |
|------------------|---------------------------------------|--|---|---|---|-----------------|
| All | All | Computerised Accounting Records System | Ongoing | Financial management, monitoring of expenditure, verifications | Not related to any specific risk. Ongoing monitoring. | - |
| All | All | Regular contact with Project Promoter | Day to day | Financial and Physical monitoring | Not related to any specific risk. Ongoing monitoring. | |
| All | All | Bilateral Meetings | Monthly | Periodical reporting | Not related to any specific risk. Regular monitoring. | - |
| MT04/1 | A partnership for creative governance | Project Progress Report | Q2, Q4 | Periodical reporting | Not related to any specific risk. Regular monitoring. | - |

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| | | | | | | |
|--------|---|--------------------------|---|----------------------|---|---|
| MT04/1 | | On-the-spot checks (OTS) | To be carried out following award of contracts and prior to verification of first expenditure | Very low impact | Not related to any specific risk. Awarded contracts | OTSs will be undertaken as part of the PO obligations to perform at least one on-site visit per programme per year. |
| MT04/2 | Renewing the Centre of Residential Restorative Services (CoRRs) | Project Progress Report | Q2,Q4 | Periodical reporting | Not related to any specific risk. Regular monitoring. | - |
| | | On-the-spot checks (OTS) | To be carried out following award of contracts and prior to verification of first expenditure | Very low impact | Not related to any specific risk. Awarded contracts | OTSs will be undertaken as part of the PO obligations to perform at least one on-site visit per programme per year. |

Annex 5: Risk assessment at the national level for EEA Financial Mechanism

The risk assessment at the national level regards risks to the two overall objectives and overall operations of the Grants.

| Type of objective ¹⁵ | Description of risk | Likelihood ¹⁶ | Consequence ¹⁷ | Mitigation planned/done |
|---|---------------------------------------|--------------------------|---------------------------|---|
| Cohesion objective: Reducing economic and social disparities in the European Economic Area | Project implementation | 1 | 1 | Regular contact between NFP/PO and PP is kept on a regular basis to mitigate any risks which might evolve during the project duration. The extension granted by FMO to all project partners has further mitigated the risk that any one of the projects is not implemented on time! |
| Bilateral objective: To Strengthening of bilateral | Cooperation of Donor Project Partners | 1 | 1 | Close contact between NFP/PO and FMO thus ensuring that the FMO is alerted immediately and in a timely manner regarding any difficulties encountered in this |

¹⁵ The risks should be categorised in one of 3 ways, depending on whether it poses a risk to the cohesion objective, the bilateral objective, or is more of an operational issue.

¹⁶ Each risk should be described as to whether it poses a risk to the cohesion objective, the bilateral objective, or is more of an operational issue, where 4 = Almost certain (75 – 99% likelihood); 3 = Likely (50 – 74%); 2 = Possible (25 – 49%); 1 = Unlikely (1 – 24%)

¹⁷ Assess the consequence(s) in the event that the outcomes and/or crucial operations are not delivered, where 4 = severe; 3 = major; 2 = moderate; 1 = minor; n/a = not relevant or insignificant.

| | | | | |
|---|---|---|---|--|
| relations with the 15 Beneficiary States in Central and Southern Europe | | | | regard by any of the project partners. |
| Operational issues: | Possible delays in procurement | 2 | 2 | Regular contact between NFP/PO and PP and timely necessary action taken by the Head of NFP/PO through contacts with the Department of Contracts. |
| | The TA allocation seems to be insufficient to cover the whole implementation period | 2 | 2 | TA budget was restricted to NFP only. |

Annex 6: Risk assessment at the national level -Norwegian Financial Mechanism

The risk assessment at the national level regards risks to the two overall objectives and overall operations of the Grants.

| Type of objective ¹⁸ | Description of risk | Likelihood ¹⁹ | Consequence ²⁰ | Mitigation planned/done |
|---|---------------------------------------|--------------------------|---------------------------|---|
| Cohesion objective: Reducing economic and social disparities in the European Economic Area | Project implementation | 1 | 1 | Regular contact between NFP/PO and PP is kept on a regular basis to mitigate any risks which might evolve during the project duration. The extension granted by FMO to all project partners has further mitigated the risk that any one of the projects is not implemented on time! |
| Bilateral objective: To Strengthening of bilateral relations with the 15 | Cooperation of Donor Project Partners | 1 | 1 | Close contact between NFP/PO and FMO thus ensuring that the FMO is alerted immediately and in a timely manner regarding any difficulties encountered in this regard by any of the project partners. |

¹⁸ The risks should be categorised in one of 3 ways, depending on whether it poses a risk to the cohesion objective, the bilateral objective, or is more of an operational issue.

¹⁹ Each risk should be described as to whether it poses a risk to the cohesion objective, the bilateral objective, or is more of an operational issue, where 4 = Almost certain (75 – 99% likelihood); 3 = Likely (50 – 74%); 2 = Possible (25 – 49%); 1 = Unlikely (1 – 24%)

²⁰ Assess the consequence(s) in the event that the outcomes and/or crucial operations are not delivered, where 4 = severe; 3 = major; 2 = moderate; 1 = minor; N/A = not relevant or insignificant.

| | | | | |
|---|---|---|---|--|
| Beneficiary States in Central and Southern Europe | | | | |
| Operational issues: | Possible delays in procurement | 2 | 2 | Regular contact between NFP/PO and PP and timely necessary action taken by the Head of NFP/PO through contacts with the Department of Contracts. |
| | The TA allocation seems to be insufficient to cover the whole implementation period | 2 | 2 | TA budget was restricted to NFP only. |

Annex 7-EEA Financial Mechanism 2009-2014

MT02/2 - Oil/HNS spill response capacity building for the protection of Malta's seas

Risk Assessment

| Type of Objective ¹ | Outcome | Description of risk | Likelihood ² | Consequence ³ | Mitigation plan/action taken |
|--------------------------------|---------|---|-------------------------|--------------------------|---|
| | | Issues with the contractual obligatory roles of assigned personnel that may delay contract execution. | 1 | 1 | Foresee any contractual obligations that may arise during execution so that these are addressed during drafting of tender document. |
| | | Identified personnel may not be able to attend training on stipulated dates. | 1 | 1 | Inform about training dates in advance. In case identified personnel could not attend, other officers of a similar rank will be delegated to attend in their place. |
| | | Delays in tender adjudication for new activities resulting from | 2 | 2 | Ensure that adjudicating committee members are |

| | | | | | |
|--|--|---|--|--|--|
| | | savings on the project or in case of an appeal that would have a direct impact on the overall timely execution. | | | resourced and available at the appropriate time, and that they are well briefed on the procedures adopted in tender adjudication. Tender documentation is reviewed considerably prior to issuing tender to ensure that there are no areas that may give rise to misinterpretation. |
|--|--|---|--|--|--|

¹ The risks should be categorised in one of 3 ways, depending on whether it poses a risk to the cohesion objective, the bilateral objective, or is more of an operational issue.

² Each risk should be described as to whether it poses a risk to the cohesion outcomes (programme outcomes), the bilateral outcome or crucial operational issues 4 = Almost certain (75 – 99% likelihood); 3 = Likely (50 – 74%); 2 = Possible (25 – 49%); 1 = Unlikely (1 – 24%)

³ Assess the consequence(s) in the event that the outcomes and/or crucial operations are not delivered, where 4 = severe; 3 = major; 2 = moderate; 1 = minor; N/A = not relevant or insignificant.

MT02/3 - A New Environmental Management System for the Ħal Saflieni Hypogeum World Heritage Site

Risk Assessment

| Type of Objective ¹ | Outcome | Description of risk | Likelihood ² | Consequence ³ | Mitigation plan/action taken |
|--------------------------------|---------|--|-------------------------|--------------------------|--|
| | | Adverse weather conditions during site's roof replacement which may cause flooding of the site. | 2 | 3 | The project architect has designed an alternative possibility for replacing the roof in stages thus minimising the site's exposure. |
| | | Material that shall be removed from the site as part of restoration is organic and may biologically contaminate the site during removal. | 2 | 3 | The site has been sealed before works commence to ensure that no contaminants enter the site. The removal of these biological materials shall be employed in a way which minimises the spread of organic contaminants. |

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| | | | | | |
|--|--|--|--|--|---|
| | | | | | Works shall also be monitored to ensure that the methodology is adhered to. |
|--|--|--|--|--|---|

¹The risks should be categorised in one of 3 ways, depending on whether it poses a risk to the cohesion objective, the bilateral objective, or is more of an operational issue.

² Each risk should be described as to whether it poses a risk to the cohesion outcomes (programme outcomes), the bilateral outcome or crucial operational issues 4 = Almost certain (75 – 99% likelihood); 3 = Likely (50 – 74%); 2 = Possible (25 – 49%); 1 = Unlikely (1 – 24%)

³ Assess the consequence(s) in the event that the outcomes and/or crucial operations are not delivered, where 4 = severe; 3 = major; 2 = moderate; 1 = minor; N/A = not relevant or insignificant.

MT02/7 - Malta Water Conservation Awareness Centre
Risk assessment

| Outcome | | Description of risk | Likelihood ²¹ | Consequence ²² | Mitigation plan/action taken |
|---------|--|--|--------------------------|---------------------------|---|
| | | Possible loss of expertise along the course of project implementation. | 1 | 1 | Expertise to be engaged on a contractual basis to ensure availability and continuity of work. Contracted expert must also provide a performance guarantee against contract. |
| | | Issues arising during the reviewing of landscaping agreements with ELC for | 2 | 1 | Back-up plan (for the direct undertaking of landscaping works) |

²¹ Likelihood of risks to whether it poses a risk to the cohesion outcomes (programme outcomes), the bilateral outcome or crucial operational issues: 4 = Almost certain (75 – 99% likelihood); 3 = Likely (50 – 74%); 2 = Possible (25 – 49%); 1 = Unlikely (1 – 24%).

²² Consequence(s) in the event that the outcomes and/or crucial operations are not delivered: 4 = severe; 3 = major; 2 = moderate; 1 = minor; N/A = not relevant or insignificant.

| | | | | | |
|--|--|---|---|---|--|
| | | the roundabout area. | | | to be developed by project promoter should ELC not agree to contract amendments |
| | | Possible delays in procurement and implementation processes related to the development of the multi-media platform for the centre's audiovisual exhibition. | 2 | 2 | procurement process (writing and issuing calls for tenders and evaluate tender offers) being concluded |
| | | Poor managerial and organisational skills in the execution of the project. | 1 | 2 | The Project Promoter must ensure that the contracted expert possesses sound organisation skills and has sufficient knowledge and |

| | | | | | |
|-------------|---|--|---|---|--|
| | | | | | practical experience in project management |
| | Improved knowledge and mutual understanding | Risk of diverse geographical and climate conditions hampering the establishment of common issues with technical entities involved in the Bilateral Project | 1 | 1 | Contacts with Technical Experts from these institutions to be established well before the technical visits |
| | Wider effects | Inclusion of Centre as a visiting point during water related meetings under Malta's Presidency of the EU. | 1 | 1 | Use of Centre as a venue to be outlined to Presidency Unit with initial submissions on these meetings |
| Operational | Implementation | Possible delays in procurement. | 2 | 2 | Monitoring and regular contact between NFP/PO and PPs |

Annex 8-Norwegian Financial Mechanism 2009-2014

MT04/1 – A Partnership for Creative Governance

Risk Assessment

| Type of Objective ¹ | Outcome | Description of risk | Likelihood ² | Consequence ³ | Mitigation plan/action taken |
|--------------------------------|--|--|-------------------------|--------------------------|---|
| Cohesion | Enhanced institutional capacity and human resources development in public institutions, local and regional authorities in the Beneficiary States | Training may not be sufficient to the local government context. | 1 | 4 | Tight terms of reference so that service providers ensure training of local government practices are optimal |
| | Enhanced capacity and quality of the services provided | Tendering offers may be above the allocated budget resulting in cancellation of awards of tenders or lack of funding. This could delay implementation. | 1 | 1 | Crosscutting measures can be set and assistance sought from Government in the first year. It is to be ensured that sufficient financial provision is made in the government |

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| | by public institutions, local and regional authorities through enhanced institutional capacity and human resources development | | | | annual estimates during the project period |
| | | Lack of value in tender offers and/or the event of appeals that may delay project implementation. | 1 | 1 | Ensure that adjudicating committee members are resourced and available at the appropriate time, and that they are well briefed on the procedures adopted in tender adjudication. Tender documentation is reviewed considerably prior to issuing tender to ensure that there are no areas that may give rise to misinterpretation. |

¹The risks should be categorised in one of 3 ways, depending on whether it poses a risk to the cohesion objective, the bilateral objective, or is more of an operational issue.

² Each risk should be described as to whether it poses a risk to the cohesion outcomes (programme outcomes), the bilateral outcome or crucial operational issues 4 = Almost certain (75 – 99% likelihood); 3 = Likely (50 – 74%); 2 = Possible (25 – 49%); 1 = Unlikely (1 – 24%)

³ Assess the consequence(s) in the event that the outcomes and/or crucial operations are not delivered, where 4 = severe; 3 = major; 2 = moderate; 1 = minor; N/A = not relevant or insignificant.

MT04/2 - Renewing the Centre of Residential Restorative Services

Risk Assessment

| Type of Objective ¹ | Outcome | Description of risk | Likelihood ² | Consequence ³ | Mitigation plan/action taken |
|--------------------------------|---|--|-------------------------|--------------------------|--|
| Cohesion | Increased application of alternatives to prison | Inmate risk assessments might deter some residents from partaking of alternatives to imprisonment opportunities. Hence number of inmates benefitting from these programmes might be minimal. | 1 | 1 | Psychosocial interventions shall be directed at lessening the risk potential of these inmates. |
| | | Opposition to change current legal 'practices' into ones that enable more integration and participation of inmates in community work and community-based educational | 1 | 1 | Ongoing consultation and cooperation with the relevant Ministry and the Commissioner for Children. |

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| | | programmes. | | | |
| | | Given the difficulty in forecasting future population parameters, there might be an oversupply or undersupply of inmates who can partake of community work. | 1 | 1 | Risk mitigation plan shall need to be drawn once the risk situation is properly identified. |
| | Increased focus on vulnerable groups in prison | Increase in professional personnel might not be financially feasible. | 1 | 1 | Hiring of part-time instead of full-time personnel. |
| | | Legal authorities might not concede changes in legislation in line with proposed programme. | 1 | 1 | Adjust the programme in line with prevalent legislation. |
| | | Female offender capacity might, at times, be too small, risking isolation or limitations of service provision. | 2 | 2 | Programme shall have to be adapted to very small populations or to isolated units. |
| | Improved | Education levels of | 1 | 1 | Staff needs to be properly selected and inmates need |

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| | competences of both inmates and prison staff | inmates and staff might render it difficult to benefit from certain training with the result that inmates and staff might need to be left out of certain training opportunities. | | | to be helped more in their literacy skills. |
| | | Length of inmate stay might not be long enough to fully partake of educational and therapeutic programmes and so the success of the programme shall be diminished | 2 | 2 | Participation in certain programmes needs to be made available even after the resident has left the facility. |
| | | Lack of finances available to run periodic in-service training courses for the staff. Hence, the skills and competencies attained by the initial | 2 | 2 | Utilise free public training services to deliver specific training. |

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| | | training shall be lost. | | | |
| Operational | Implementation | Possible delays from the original timeframes. | 1 | 1 | Monitoring and regular contact between NFP/PO and Project Promoters. The Contracting Authority is now projecting to conclude the project by February or March 2017. Every success depends on the tender related to works. Hence, as stated above, the Contracting Authority and the NFP/PO are very closely monitoring the evaluation process of the tender in caption. |

¹ The risks should be categorised in one of 3 ways, depending on whether it poses a risk to the cohesion objective, the bilateral objective, or is more of an operational issue.

² Each risk should be described as to whether it poses a risk to the cohesion outcomes (programme outcomes), the bilateral outcome or crucial operational issues 4 = Almost certain (75 – 99% likelihood); 3 = Likely (50 – 74%); 2 = Possible (25 – 49%); 1 = Unlikely (1 – 24%)

³ Assess the consequence(s) in the event that the outcomes and/or crucial operations are not delivered, where 4 = severe; 3 = major; 2 = moderate; 1 = minor; N/A = not relevant or insignificant.

Annex 9: Information on the Donor Project partner

EEA FINANCIAL MECHANISM 2009-14

MT02/2

| INFORMATION ON THE DONOR PROJECT PARTNER | |
|---|---|
| Project Title | Oil/HNS spill response capacity building for the protection of Malta's seas |
| Programme Area 7 | Adaptation to Climate Change |
| Donor Project Partner | Norwegian Coastal Administration (Kystverket / NCA) |
| Number of partnership projects | 1 |
| Proportion of partnership projects | 33% |

| SHORT DESCRIPTION OF THE PROJECT |
|--|
| <p>This project will compliment the project carried out by the EEA Financial Mechanism 2004-09 and can be considered as a continuation of what has been achieved so far with respect to oil/HNS pollution preparedness and response at State level. Malta's capacity to respond to oil/HNS spills will be taken a step further through the actions undertaken as part of this project. The project objectives are to:</p> <ul style="list-style-type: none"> - Address training requirements at national level in case of Tier 2 or Tier 3 spills - Establish a training programme once the training needs have been identified - Address pollution from oil offshore drilling operations within and outside of |

Malta's territorial waters following recent concerns in this sector

With respect to identifying training needs and embarking upon them, a training gap analysis and proposals to address this gap is necessary. The training requirements for the twenty-five roles identified in the National Maritime Pollution Contingency Plan (NMPCP) 2009 as requiring specialised or refresher training, as well as the deployment of additional personnel including volunteers and their coordinators, will be addressed. Training courses will be provided. The project will also establish which equipment would be required for immediate and sustainable long-term training and will also include study visits.

In order to address risks from offshore drilling, the project will also yield studies addressing potential pollution from offshore oil drilling operations. The results of these studies will then be incorporated as an appendix to the approved NMPCP 2009, thereby addressing this risk in line with national requirements and International Conventions such as OPRC90.

Annex 10 - Information on the Donor Project Partners

NORWEGIAN FINANCIAL MECHANISM 2009-14

MT04/1

| INFORMATION ON THE DONOR PROJECT PARTNERS | |
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| Project Title | Partnership for Creative Governance |
| Programme Area 25 | Capacity Building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities |
| Donor Project Partners | <ol style="list-style-type: none"> 1. Department for Local Government, Royal Ministry of Local Government and Regional Development, Norway 2. Norwegian Association of Local Municipalities (KS) |
| Other Project Partners | <ol style="list-style-type: none"> 3. Local Councils Association, Malta 4. Centre of Expertise for Local Democracy Reform, Council of Europe |
| Number of partnership projects | 1 |
| Proportion of partnership projects | 50% |

SHORT DESCRIPTION OF THE PROJECT

The proposed partnership between Malta and Norway in the area of local government will create a set of initiatives that will research, examine, focus and create a number of measures to strengthen institutional capacity, strengthen people development within the respective departments

responsible for local government, the elected and the executive arms of local and regional government, improve the quality and accessibility of services provided and create a professional programme for exchange of personnel.

The project consists of a comprehensive training needs analysis (TNA) which will kick start with the setting up of a national Steering Group composed of key stakeholders. This shall be followed by the preparation and launch of a National Training Strategy (NTS) as well as a number of other activities including the development of a Leadership Academy Programme (LAP), a strategy on innovation and good governance and a European Label of Excellence. This label is to be awarded nationally to local authorities that have achieved a high overall level of governance, as measured against the twelve European principles of Good Democratic Governance.

Annex 11: Information on the Donor Project Partners

NORWEGIAN FINANCIAL MECHANISM 2009-14

MT04/2

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|------------------------------------|---|
| Project Title | Renewing the Centre of Residential Restorative Services (CORRS) |
| Programme Area 32 | Correctional Services, including Non-Custodial Sanctions |
| Donor Project Partners | Directorate of the Norwegian Correctional Services (NCS) |
| Number of partnership projects | 1 |
| Signature of Partnership Agreement | 9 September 2015 |
| Proportion of partnership projects | 50% |

SHORT DESCRIPTION OF THE PROJECT

The Directorate of the Norwegian Correctional Services (NCS or KDI) has offered to help in the training component of the project, due to its high level of expertise in the area and the need for specialised training. In this regard, the training component of the project will be divided into two phases. Phase one will cover general topics related to dealing with young offenders in correctional facilities and will be carried out by Maltese trainers. This training will form part of an EU funded initiative and will prepare the trainees for the second phase of their training. The second phase, which shall be funded through the project's eligible budget, will be more specialised and will focus on the new operational system of the correctional facility. It will be conducted by Mr Ekhaugen himself.

Part of the eligible project budget will be used to cover travel-related expenditure, i.e. flights and travel subsistence allowance of the experts from NCS, as well as fees for the rental of training venues.